PEACHTREE STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The Peachtree State University (Institution) 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, the nation, and throughout the world.

Reporting Entity

As defined by Official Code of Georgia Annotated (O.C.G.A) § 20-3-50, the Institution is part of the University System of Georgia (USG), an organizational unit of the State of Georgia (the State) under the governance of the Board of Regents (Board). The Board has constitutional authority to govern, control and manage the USG. The Board is composed of 19 members, one member from each congressional district in the State and five additional members from the state-at-large, appointed by the Governor and confirmed by the Senate. Members of the Board serve a seven year term and members may be reappointed to subsequent terms by a sitting governor.

The Institution does not have the right to sue/be sued without recourse to the State. The Institution's property is the property of the State and subject to all the limitations and restrictions imposed upon other property of the State by the Constitution and laws of the State. In addition, the Institution is not legally separate from the State. Accordingly, the Institution is included within the State's basic financial statements as part of the primary government as defined in section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the Institution. {DELETE IF NOT APPLICABLE: In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements.} These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2017, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's CAFR. The most recent State of Georgia CAFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/comprehensive-annual-financial-reports.

{DELETE IF NOT APPLICABLE: Discretely Presented Component Units
The below organizations are legally separate, tax-exempt component units of the State. Although the State (primary government) is not fiscally accountable for these entities, it has been determined that

the nature and significance of the relationship between the primary government and the below organizations is such that exclusion from these departmental financial statements would render them misleading. The below organizations met the requirements for discrete presentation as defined by GASB Codification Sections 2100 and 2600. Each of the below organization's fiscal year ends on June 30 each year, except for VSU Auxiliary Services Real Estate Foundation, Inc. VSU Auxiliary Services Real Estate Foundation, Inc.'s fiscal year ends December 31 each year. Separately issued financial statements are available from the addresses listed below.

- Augusta University Foundation, Inc. 1120 15th Street, Fl-1049, Augusta, GA, 30912
- Augusta University Research Institute, Inc. 1120 15th Street, AA 311, Richmond, Augusta, GA, 30912
- Georgia Advanced Technology Ventures, Inc. 221 Uncle Heinie Way, NW, Fulton, Atlanta, GA, 30332
- Georgia College & State University Foundation, Inc., 231 W Hancock St., CBX 96, Milledgeville, GA, 30161.
- Georgia Gwinnett College Foundation, Inc., 1000 University Center Lane, Lawrenceville, GA, 30043.
- Georgia Southern University Housing Foundation, Inc., P.O. Box 8020, Statesboro, GA 30460
- Georgia State University Foundation, Inc., Attn: Dale Parmer, GSU Foundation, 533 One Park Place, Atlanta, GA 30301-2668.
- Georgia State University Research Foundation, Inc., 100 Auburn Avenue, Suite 315, Fulton, Atlanta, GA, 30303
- Georgia Tech Athletic Association, 150 Bobby Dodd Way, Atlanta, Georgia 30332-0455
- Georgia Tech Facilities, Inc., 221 Uncle Heinie Way, Lyman Hall Room 325, Atlanta, Georgia 30332-0257
- Georgia Tech Foundation, Inc., 760 Spring Street, Atlanta, Georgia 30332
- Georgia Tech Research Corp., 505 10th Street, Atlanta, Georgia 30332-0415
- Kennesaw State University Athletic Association, Inc., 590 Cobb Avenue MD# 0201, Cobb, Kennesaw, GA, 30144
- Kennesaw State University Foundation, Inc., 3391 Town Point Drive, Suite 4530/Mail drop 9101, Kennesaw, GA 30144.
- Medical College of Georgia Foundation, 545 15th Street, Augusta, GA 30901

- Middle Georgia State University Real Estate Foundation, Inc., 100 University Pkwy, Macon, GA 31206
- University of Georgia Athletic Association, Inc., 456 E. Broad Street, Athens, GA 30602
- University of Georgia Foundation, 394 S. Milledge Ave, Suite 100, Athens, GA 30602
- University of Georgia Research Foundation, Inc., 324 Business Services Building, 456 E. Broad Street, Athens, GA 30602
- University of North Georgia Real Estate Foundation, Inc., 110 South Chestatee Street, Suite 320, Dahlonega, GA 30597
- University System of Georgia Foundation, Inc., 270 Washington Street, SW Suite 7007, Atlanta, Ga 30334
- MCG Health Systems, Inc. d/b/a AU Health System, 1120 15th Street. FY139, Augusta, GA 30912
- Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries, 1499 Walton Way, Ste. 1400, Augusta, GA 30901
- VSU Auxiliary Services Real Estate Foundation, Inc., 1500 N. Patterson St, Valdosta, GA 31698
- UWG Real Estate Foundation, Inc., 1601 Maple St, Carrollton, GA 30118

See Component Unit Note for additional information related to discretely presented component units.}

Basis of Accounting and Financial Statement Presentation
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 Institution's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

The Institution's business-type activities {DELETE IF NOT APPLICABLE: and fiduciary fund} financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. All significant intra-fund transactions have been eliminated.

{DELETE IF NOT APPLICABLE:
The Institution reports the following Fiduciary Fund:

Pension and Other Post-Employee Benefit Trust Fund(s) – Account(s) for the activities of the Early Retirement Plan, the Board of Regents Retiree Health Benefit Fund and the IRS 457f Deferred Compensation Fund.}

New Accounting Pronouncements

For fiscal year 2017, the Institution adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses accounting and financial reporting issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

For fiscal year 2017, the Institution adopted Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of this Statement does not have a significant impact on the USG's financial statements.

For fiscal year 2017, the Institution adopted GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement does not have a significant impact on the USG's financial statements.

For fiscal year 2017, the Institution adopted GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certian information about the agreements. The adoption of this Statement does not have a significant impact on the USG's financial statements.

For fiscal year 2017, the Institution adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution other postemployment benefit (OPEB) plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions. The adoption of this Statement does not have a significant impact on the Institution's financial statements.

Future Accounting Pronouncements
In fiscal year 2018, the Institution will adopt Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this Statement establish accounting and financial reporting standards for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. Implementation of this Statement will require the Institution to record a liability for its proportionate share of the OPEB Liability of plans in which it participates. Actuarial estimates are

currently being made to determine the Institution's liability, the effects of which are believed to be material.

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 (Ga Fund 1) and the Board of Regents Short-Term Investment Pool, as applicable.

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

DELETE IF NOT APPLICABLE:
Investments
Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The Institution accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The {EDIT AS NECESSARY: Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, the Board of Regents Total Return Fund, the Board of Regents Diversified Fund, the Board of Regents Diversified Fund for Foundations, and the Georgia Extended Asset Pool} are included as investments.

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

DELETE IF NOT APPLICABLE; EDIT AS NECESSARY:
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.

DELETE IF NOT APPLICABLE; EDIT AS NECESSARY:
Non-current Cash and Investments
Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position.

DELETE IF NOT APPLICABLE:
Prepaid Items
Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

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 Institution's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed $100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, 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 fully understand plant additions in the Institution, 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, GSFIC retains construction in progress in its accounting records throughout the construction period and transfers the entire project to the institutional unit of the University System when complete. For projects managed by institutions of the USG, the institutions retain construction in progress on their books and are reimbursed by GSFIC.

{DELETE IF NOT APPLICABLE:

Capital Liability Reserve Fund

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The balance included on the Institution's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the Institution's contribution to the Fund.

DELETE IF NOT APPLICABLE:

Deferred Outflows of Resources

Deferred outflows of resources consist of the consumption of net assets by an institution that are applicable to a future reporting period.

DELETE IF NOT APPLICABLE:

Deposits

Deposits represent good faith deposits from students to reserve housing assignments, meal plans or other auxiliary services.

DELETE IF NOT APPLICABLE:

Advances

Advances 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. Advances also include amounts received from grant and contract sponsors that have not yet been earned.

DELETE IF NOT APPLICABLE:

Deposits Held for Other Organizations

Deposits held for other organizations result primarily from the Institution acting as an agent or fiduciary, for another entity. Deposits held for others include scholarships, fellowships, study abroad deposits and other funds held for various governments, companies, clubs or individuals.

DELETE IF NOT APPLICABLE

Claims and Judgments:

An estimated loss from claims and judgments is recognized when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

DELETE IF NOT APPLICABLE

Pollution Remediation Obligations:

Pollution remediation obligations are recorded when the Institution knows that a site is polluted and one or more obligating events have occurred. The amount recorded is an estimate of the current value of potential outlays for cleanup, calculated using the "expected cash flows" measurement technique.

Compensated Absences

Employee vacation pay is accrued at the end of the fiscal year for financial statement purposes. The liability and expense incurred are recorded at the end of the fiscal year as compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statements of Revenues, Expenses, and Changes in Net Position.

Non-current Liabilities

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

DELETE IF NOT APPLICABLE:

Deferred Inflows of Resources

Deferred inflows of resources consist of the acquisition of net assets by an institution that are applicable to a future reporting period.

Pensions and Net Pension Liability

The net pension liability represents the unfunded pension liability which is the difference between the total pension liability as a result of the exchange for employee services for compensation and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position, additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by Teachers' Retirement System of Georgia and Employees' Retirement System of Georgia. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

DELETE IF NOT APPLICABLE:

Service Concession Arrangements

Service concession agreements are arrangements between a government (transferor, one of our institutions) and a third party (operator) in which all of the following criteria are met:

a) The institution conveys to the operator the right and obligation to provide public services through the use and operation of a capital asset in exchange for significant consideration. Significant consideration could be in the form of up-front payments, installment payments, a new facility or improvements to existing facility.
b) The operator collects and is compensated by fees from third parties.
c) The institution has the ability to modify or approve what services the operator is required to provide, to whom services are provided, and prices or rates that can be charged for those services.
d) The institution is entitled to significant residual interest in the service utility of the asset at the end of the arrangement.

Net Position

The Institution's net position is classified as follows:

Net Investment in capital assets represents the Institution'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 net investment in capital assets. 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 – nonexpendable net position includes endowments and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. For institution-controlled, donor-restricted endowments, the by-laws of the Board of Regents of the University System of Georgia permits each individual institution to use prudent judgment in the spending of current realized and unrealized endowment appreciation. Donor-restricted endowment appreciation is periodically transferred to restricted – expendable accounts for expenditure as specified by the purpose of the endowment. Each institution maintains pertinent information related to each endowment fund including donor; amount and date of donation; restrictions by the source of limitations; limitations on investments, etc.

Restricted – expendable net position includes resources in which the Institution is legally or contractually obligated to spend resources in accordance with restrictions by external third parties.

Unrestricted net position represents 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 Institution, 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 Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Income Taxes

The Institution, 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 and Expenses

The Statement of Revenues, Expenses and Changes in Net Position classifies fiscal year activity as operating and non-operating according to the following criteria:

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.

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

- Operating expense includes activities that have the characteristics of exchange transactions.

- Non-operating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

DELETE IF NOT APPLICABLE; EDIT AS NECESSARY (Describe items and associated costs/revenues associated with special/extraordinary items which would include costs related to a large bequest by private citizens, material gains or sale of assets, lawsuit settlements):

Special and Extraordinary Items

Extraordinary items are transactions or other events not within the control of management that are both unusual in nature and infrequent in occurrence. Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence are special items.

For fiscal year ended 2016, the Institution reported one extraordinary item which resulted from a gain related to an impaired capital asset. A facility sustained fire damage, which resulted in an asset impairment loss of $143,235. The Institution received insurance proceeds to repair the fire damage in the amount of $875,000, which resulted in a net impairment gain of $731,765.

The Institution also reported one special item related to the transfer of $466,637 in endowments to Middle Georgia State University Foundation, Inc.

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 Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the Institution, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the Institution's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the Institution has recorded contra revenue for scholarship allowances. **{EDIT AS NECESSARY (enter amounts for scholarship allowances and non-money institutional fee waivers applied to students' accounts - i.e. accounts 4013xx, 4023xx, 4033xx, 4043xx, 4053xx, 4063xx, 4073xx, 4083xx, 408410, 480502, 409999, etc.):** Student tuition and fees and auxiliary revenues reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of $____________ and $____________, respectively.

DELETE IF NOT APPLICABLE:

Restatement of Prior Year Net Position

The Institution made the following restatements:

	Business-type Activities	Pension and Other Post-Employment Benefit Trust Funds	Discretely Presented Component Units
Net position, beginning of year, as originally reported	$ -	$ -	$ -
Changes in Financial Reporting Entity	-	-	-
Changes in Accounting Principles	-	-	-
Correction of Prior Year Errors	-	-	-
Net position, beginning of year, restated	$ -	$ -	$ -

DELETE IF NOT APPLICABLE:

Changes in Financial Reporting Entity

{Below text is provided for example purposes only. Edit text for specific situations} Due to changes made to the bylaws of Georgia Southern University Housing Foundation, Inc., University of West Georgia Real Estate Foundation, and Valdosta State University Auxiliaries Foundation, these foundations no longer met requirements for inclusion in the financial reporting entity as business-types activities. However the determination was made that it would be misleading to exclude these foundations from the financial reporting entity, Therefore, these foundations are reported as discretely presented component units. This change resulted in a decrease in the beginning net position for business-type activities of $__________. In addition, beginning cash and cash equivalents in the statement of cash flows was decreased $___________.

The determination was made that Augusta University Foundation, Inc., Augusta University Research Institute, Inc., Georgia Advanced Technology Ventures, Inc., Georgia College & State University Foundation, Inc., Georgia Gwinnett College Foundation, Inc., Georgia Southern University Housing Foundation, Inc., Georgia State University Foundation, Inc., Georgia State University Research Foundation, Inc., Georgia Tech Athletic Association, Georgia Tech Facilities, Inc., Georgia Tech Foundation, Inc., Georgia Tech Research Corp., Kennesaw State University Athletic Association, Inc., Kennesaw State University Foundation, Inc., Medical College of Georgia Foundation, Middle Georgia State University Real Estate Foundation, Inc., University of Georgia Athletic Association, Inc., University of Georgia Foundation, University of Georgia Research Foundation, Inc., University of North Georgia Real Estate Foundation, Inc., University System of Georgia Foundation, Inc., MCG Health Systems, Inc. d/b/a AU Health System, Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries, VSU Auxiliary Services Real Estate Foundation, Inc., UWG Real Estate Foundation, Inc. met requirements for inclusion as discretely presented component units, which increased beginning net position for business-type activities in the amount of $___________.

DELETE IF NOT APPLICABLE:
Changes in Accounting Principles
{Below text is provided for example purposes only. Edit text for specific situations} Beginning net position for business-type activities was increased/decreased $_________ related to the re-evaluation of capital lease agreements with affiliated organizations.

DELETE IF NOT APPLICABLE:
Correction of Prior Year Errors
{Below text is provided for example purposes only. Edit text for specific situations} Amounts reported at June 30, 2016 for capital assets were overstated/understated by $__________, accounts receivables were overstated/understated by $_________, prepaid items were overstated/understated by $_________, accounts payable were overstated/understated by $__________, and capital leases were overstated/understated by $__________. For fiscal year 2017, beginning net position for business-type activities was adjusted $__________ to reflect correction of prior year amounts.

Note 2 Deposits and {DELETE IF NOT APPLICABLE: Investments}

Cash and cash equivalents and investments as of June 30, 2017 are classified in the accompanying statement of net position {DELETE IF NOT APPLICABLE: and statement of fiduciary net position} as follows:

Cash & Cash Equivalents	$	-
Short-Term Investments		-
Fiduciary Investments		-
Non Current - Cash		-
Non Current - Investments		-
Cash (Externally Restricted)		-
Short Term Investments (Externally Restricted)		-
Investments (Externally Restricted)		-
	$	-

Cash on hand, deposits {DELETE IF NOT APPLICABLE: and investments} as of June 30, 2017 consist of the following:

Cash on Hand	$	-
Deposits with Financial Institutions		-
Investments		-
Assets Held at USG on Behalf of Component Units		-
	$	-

A. Deposits with Financial Institutions

Deposits include certificates of deposits and demand deposit accounts, including certain interest bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the Institution's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the Institution) 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, 2017, the bank balances of the Institution's deposits totaled $___________. {DELETE IF NOT APPLICABLE: This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the USG.} Of these deposits, $____________ were exposed to custodial credit risk as follows:

Uninsured and uncollaterized	$	-
Uninsured and collateralized with securities held by the pledging financial institution		-
Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the Institution's name		-
Total deposits exposed to custodial credit risk	$	-

DELETE IF NOT APPLICABLE:

B. Investments

The Institution maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility it has to the citizens of Georgia and which conforms to Board of Regents investment policy. All investments are consistent with donor intent, Board of Regents policy and applicable federal and state laws.

The Institution has adopted GASB Statement No. 72, *Fair Value Measurements and Application*, which requires fair value measurement be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

> DELETE IF NOT APPLICABLE:
> Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.
>
> DELETE IF NOT APPLICABLE:
> Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies.
>
> DELETE IF NOT APPLICABLE:
> Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments.

The following table summarizes the valuation of the Institution's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2017.

	Fair Value	Fair Value Hierarchy Level 1	Level 2	Level 3
Investment type				
Debt Securities				
U.S. Treasuries	$ -			
U.S. Agencies				
Explicitly Guaranteed	-			
Implicitly Guaranteed	-			
Bond Securities	-			
Corporate Debt	-			
General Obligation Bonds	-			
Money Market Mutual Funds	-			
Municipal Obligations	-			
Mutual Bond Funds	-			
Repurchase Agreements	-			
Other Investments	-			
Cash Surrender Value	-			
Equity Mutual Funds - Domestic	-			
Equity Mutual Funds - International	-			
Equity Securities - Domestic	-			
Equity Securities - International	-			
Real Estate Held for Investment Purposes	-			
Real Estate Investment Trusts	-			
Other	-			
	-	$ -	$ -	$ -
Investment Pools				
Board of Regents				
Short-Term Fund				
Legal Fund				
Balanced Income Fund				
Total Return Fund				
Diversified Fund				
Office of the State Treasurer				
Georgia Fund 1				
Georgia Extended Asset Pool				
Total Investments	$ -			

DELETE IF NOT APPLICABLE:
Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

DELETE IF NOT APPLICABLE:
Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

DELETE IF NOT APPLICABLE:
Investments classified in Level 3 includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using the net asset value of the Institution's ownership interest in partners' capital. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

Note to institutions: Use this note if your only investments are investment pools.

At June 30, 2017, the carrying value of the Institution's investments were $___________, which is materially the same as fair value. These investments were comprised entirely of funds invested in the Board of Regents and/or Office of the State Treasurer investment pools *(reword as appropriate)* as follows:

Investment Pools	
Board of Regents	
Short-Term Fund	
Legal Fund	
Balanced Income Fund	
Total Return Fund	
Diversified Fund	
Sub Total	-
Office of the State Treasurer	
Georgia Fund 1	
Georgia Extended Asset Pool	
Sub Total	-
Total Investment Pools	$ -

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the University System of Georgia. This audit can be obtained from the Georgia Department of Audits and Accounts – Education Audit Division or on their web site at http://www.audits.ga.gov.

Required for institutions with Georgia Fund and Georgia Extended Asset Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company. This investment is valued at the pool's share price, $1.00 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 56 days.

The Georgia Extended Asset Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company. Net Asset Value (NAV) is calculated daily to determine current share price, which was $______ at June 30, 2017. The Georgia Extended Asset Pool is an AAA rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is _____ years.

Commented [BoR3]: Insert Weighted Average Maturity as of 6-30-2016

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. *If Institution's investments are exposed to interest rate risk policy must be disclosed. (Note that any policy described must have been formally adopted in some way by the appropriate governing body):*
The USG's policy for managing interest rate risk is contained in the investment policy guidelines for the various pooled funds:

1. In the Short Term fund, the average maturity of the fixed income portfolio shall not exceed three years.

2. In all the other pooled funds, the average maturity of the fixed income portfolio shall not exceed ten years.

3. Fixed income investments, except in the Diversified Fund, shall be limited to the U.S. government agency and corporate debt instruments that meet investment eligibility under Georgia Code 50-17-63.

4. The fixed income target allocation is defined in the investment policy guidelines for each pooled investment fund. These targets may be modified upon recommendation of the fund investment manager and approval by the Board of Regents.

Include Effective Duration information for all applicable investments

The Effective Duration of the Short Term Fund is ____ years. Of the Institution's total investment of $ __________ in the Short Term Fund, $____________ is invested in debt securities.

The Effective Duration of the Legal Fund is ____ years. Of the Institution's total investment of $ __________ in the Legal Fund, $____________ is invested in debt securities.

The Effective Duration of the Total Return Fund is ____ years. Of the Institution's total investment of $ _________ in the Total Return Fund, $____________ is invested in debt securities.

The Effective Duration of the Balanced Income Fund is ____ years. Of the Institution's total investment of $ _________ in the Balanced Income Fund, $____________ is invested in debt securities.

The Effective Duration of the Diversified Fund is ____ years. Of the Institution's total investment of $ ________ in the Diversified Fund, $____________ is invested in debt securities.

Custodial Credit Risk disclosure is not required if investments only in BOR, Georgia Fund 1 and/or Georgia Extended Asset investment pools.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Institution's policy for managing credit quality risk is ____. *If the Institution's investments are exposed to credit quality risk (note that any policy described must have been formally adopted in some way by the appropriate governing body): Or:* The Institution does not have a formal policy for managing credit quality risk.

Investments

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

The Institution's investments as of June 30, 2017 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Interest Rate Risk

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type						
Debt Securities						
U.S. Treasuries	$ -					
U.S. Agencies						
Explicitly Guaranteed	-					
Implicitly Guaranteed	-					
Bond Securities	-					
Corporate Debt	-					
General Obligation Bonds	-					
Money Market Mutual Funds	-					
Municipal Obligations	-					
Mutual Bond Funds	-					
Repurchase Agreements	-					
	-	$ -	$ -	$ -	$ -	$ -
Other Investments						
Cash Surrender Value						
Equity Mutual Funds - Domestic						
Equity Mutual Funds - International						
Equity Securities - Domestic						
Equity Securities - International						
Real Estate Held for Investment Purposes						
Real Estate Investment Trusts						
Investment Pools						
Board of Regents						
Short-Term Fund						
Legal Fund						
Balanced Income Fund						
Total Return Fund						
Diversified Fund						
Office of the State Treasurer						
Georgia Fund 1						
Georgia Extended Asset Pool						
Total Investments	$ -					

Insert statement regarding policy related to variable-rate securities and reset dates, if applicable.

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares.

Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the University System of Georgia. This audit can be obtained from the Georgia Department of Audits – Education Audit Division or on their web site at http://www.audits.ga.gov.

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, $1.00 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 56 days.

The Georgia Extended Asset Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company. Net Asset Value (NAV) is calculated daily to determine current share price, which was $_____ at June 30, 2017. The Georgia Extended Asset Pool is an AAA rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is _____ years.

Commented [BoR6]: Insert Weighted Average Maturity as of 6-30-2016

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. *If Institution's investments are exposed to interest rate risk (note that any policy described must have been formally adopted in some way by the appropriate governing body):*
The Institution's policy for managing interest rate risk is ________________________. *Or:* The Institution does not have a formal policy for managing interest rate risk.

Include Effective Duration information for all applicable investments

The Effective Duration of the Short Term Fund is ____ years. Of the Institution's total investment of $ __________ in the Short Term Fund, $____________ is invested in debt securities.

The Effective Duration of the Legal Fund is ____ years. Of the Institution's total investment of $ __________ in the Legal Fund, $___________ is invested in debt securities.

The Effective Duration of the Total Return Fund is ____ years. Of the Institution's total investment of $ _________ in the Total Return Fund, $____________ is invested in debt securities.

The Effective Duration of the Balanced Income Fund is ____ years. Of the Institution's total investment of $ _________ in the Balanced Income Fund, $____________ is invested in debt securities.

The Effective Duration of the Diversified Fund is ____ years. Of the Institution's total investment of $ ________ in the Diversified Fund, $____________ is invested in debt securities.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Institution will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. *If university's investments are exposed to custodial credit risk (note that any policy described must have been formally adopted in some way by the appropriate governing body):* The Institution's policy for managing custodial credit risk for investments is ________________________________. *Or:* The Institution does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2017, $________________ of the Institution's applicable investments were uninsured and held by the investment's counterparty in the Institution's name and $______________ were uninsured and held by the investment's counterparty's trust department or agent, but not in the Institution's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *If university's investments are exposed to credit quality risk (note that any policy described must have been formally adopted in some way by the appropriate governing body):* The Institution's policy for managing credit quality risk is _______________________ *Or:* The Institution does not have a formal policy for managing credit quality risk.

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	-					
Bond Securities	-					
Corporate Bonds	-					
Corporate Debt	-					
General Obligation Bonds	-					
Money Market Mutual Fund	-					
Municipal Obligation	-					
Mutual Bond Fund	-					
Repurchase Agreements	-					
	-					
	$ -	$0	$0	$0	$0	$0

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. *If Institution's investments are exposed to concentration of credit risk (note that any policy described must have been formally adopted in some way by the appropriate governing body):* The Institution's policy for managing concentration of credit risk is ______________________________. *Or:* The Institution does not have a formal policy for managing concentration of credit risk.

Describe holdings of investments (other than obligations of U.S. government agencies explicitly guaranteed by the U. S. government) in any one issuer in concentrations of greater than 5% of total investments held.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. *If Institution's investments are exposed to foreign currency risk (note that any policy described must have been formally adopted in some way by the appropriate governing body):* The Institution's policy for managing exposure to foreign currency credit risk is ________________________. *Or:* The Institution does not have a formal policy for managing exposure to foreign currency risk.

Currency	Short-Term	Debt	Equity	Total
Argentine peso	$ -	$ -	$ -	$ -
Aruban guilder				-
Australian dollar				-
Total Securities subject to foreign currency risk	0	0	0	-
United States dollars (securities held by International investment managers)				-
Total international investment securities	$ -	$ -	$ -	$ -

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2017:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees		
Auxiliary Enterprises and Other Operating Activities		
Federal Financial Assistance		
State General Appropriations Allotment		
Georgia Student Finance Commission		
Georgia State Financing and Investment Commission		
Margin Allocation Funds		
Due from Affiliated Organizations		
Due from Component Units		
Due From Other USG Institutions		
Other		
	-	-
Less: Allowance for Doubtful Accounts		
Net Accounts Receivable	$ -	$ -

Note 4 Inventories

Inventories consisted of the following at June 30, 2017:

Consumable Supplies	
Merchandise for Resale	
Total	$ -

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2017. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the Institution for amounts cancelled under these provisions. As the Institution determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The Institution has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2017, the allowance for uncollectible loans was $_________.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2017 are shown below:

	Beginning Balances July 1, 2016	Additions	Reductions	Balance June 30, 2017
Capital Assets, Not Being Depreciated:				
Land	$ -			$ -
Capitalized Collections	-			-
Construction Work-in-Progress	-			-
Software Development-in-Progress	-			-
Total Capital Assets Not Being Depreciated	$ -	$ -	$ -	$ -
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	-			-
Building and Building Improvements	-			-
Facilities and Other Improvements	-			-
Equipment	-			-
Capital Leases	-			-
Library Collections	-			-
Capitalized Collections	-			-
Water, Timber, Mineral Rights, and Easements	-			-
Patents, Trademarks, and Copyrights	-			-
Software	-			-
Total Capital Assets Being Depreciated/Amortized	$ -	$ -	$ -	$ -
Less: Accumulated Depreciation/Amortization				
Infrastructure	-			-
Building and Building Improvements	-			-
Facilities and Other Improvements	-			-
Equipment	-			-
Capital Leases	-			-
Library Collections	-			-
Capitalized Collections	-			-
Water, Timber, Mineral Rights, and Easements	-			-
Patents, Trademarks, and Copyrights	-			-
Software	-			-
Total Accumulated Depreciation/Amortization	$ -	$ -	$ -	$ -
Total Capital Assets, Being Depreciated/Amortized,	-	-	-	-
Capital Assets, net	$ -	$ -	$ -	$ -

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the Institution when complete. For projects managed by the Institution, the Institution retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2017, GSFIC transferred capital additions from GSFIC managed projects valued at $_________ to the Institution. In addition, at June 30, 2017, GSFIC had construction in progress of approximately $________________ for incomplete GSFIC managed projects for the Institution.

Or: For the year ended June 30, 2017, GSFIC did not transfer any capital additions to the Institution related to GSFIC managed projects.

A comparison of depreciation expense for the last three fiscal years is as follows:

Fiscal Year	Depreciation Expense
2017	$ -
2016	$ -
2015	$ -

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2017:

	Current Liabilities	Non-Current Liabilities
Prepaid Tuition and Fees		
Research		
Other - Advances		
Totals	$ -	$ -

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2017 was as follows:

	Beginning Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Current Portion
Leases					
Lease Purchase Obligations	$ -	$ -	$ -	$ -	$ -
Other Liabilities					
Compensated Absences	-			-	
Net Pension Liability	-			-	
Notes and Loans Payable	-			-	
Claims and Judgments	-			-	
Other Post Employment Benefits Liability	-			-	
Pollution Remediation	-			-	
Total	-	-	-	-	-
Total Long-Term Obligations	$ -	$ -	$ -	$ -	$ -

DELETE IF NOT APPLICABLE:

Notes and Loans Payable

The Institution entered into a notes payable to secure an Energy Performance Contract. The interest rate for the note is 2.04% and matures during fiscal year 2024. Below is the annual debt service related to the outstanding notes payable at June 30, 2017.

	Principal	Interest
Year Ending June 30:		
2018	$ -	$ -
2019	-	-
2020	-	-
2021	-	-
2022	-	-
2023 through 2027	-	-
2028 through 2032	-	-
2033 through 2037	-	-
2038 through 2042	-	-
2043 through 2047	-	-
2048 through 2052	-	-
2053 through 2057	-	-
	$ -	$ -

DELETE IF NOT APPLICABLE:

Pollution Remediation

Pollution remediation obligations reflect estimates that have the potential to change due to such items as price increases or reductions, new technology, or changes in applicable laws or regulations.

{EDIT AS NECESSARY} The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. USG has recorded a liability related to this pollution remediation in the amount of $_______. The liability was determined using a five-year budget estimated provided by Brown and Caldwell. The University of Georgia does not anticipate any changes to the expected remediation outlay. There are no expected recoveries that have reduced this liability.

{EDIT AS NECESSARY} Georgia Institute of Technology is responsible for pollution remediation at all Institute sites including, but not limited to ground contamination, storage/treatment/disposal of hazardous materials, and asbestos abatement. USG has recorded a liability related to this pollution remediation in the amount of $_______. There are no expected recoveries that have reduced this liability.

DELETE IF NOT APPLICABLE:

Note 9 Service Concessions Arrangements

{EDIT AS NECESSARY:} DELETE IF NOT APPLICABLE

University System Office

During fiscal year ended June 30, 2015, the Board of Regents of the University System of Georgia (BOR) entered into a Service Concession Arrangement (SCA) with Corvias Campus Living-USG,LLC, whereby Corvias Campus Living-USG,LLC, manages, maintains and operates certain existing student housing resources on the campuses of nine institutions: Abraham Baldwin Agricultural College; Armstrong State University; Augusta University; College of Coastal Georgia; Columbus State University; Dalton State College; East Georgia State College; Georgia State University; and the University of North Georgia.

Pursuant to the contractual stipulations of this SCA, whereby the BOR and Corvias Campus Living- USG, LLC, are the "parties" participating in this agreement, as of May 14, 2015, the institutions noted above transferred the housing resources covered by this SCA, along with associated capital lease obligations to the University System Office in fiscal year 2015 through Special Item Transfer. In accordance with the SCA, in May 2015, Corvias Campus Living-USG, LLC, provided $311,561,781 to the BOR to retire the capital lease obligations transferred to the University System Office. These lease obligations were subsequently retired using the funds provided. The housing assets are reported in Note 6 in the Building and Building Improvements category. The $311,561,781 received from Corvias Campus Living-USG, LLC, was reported as a Deferred Inflow of Resources in FY 2015. The SCA is for 65 years (780 months) to end in June 2080. The University System Office amortized $_______ of this Deferred Inflow in June 2017, leaving a remaining Deferred Inflow of Resources balance of $__________ at June 30, 2017.

In addition to the existing student housing arrangement, Corvias Campus Living-USG, LLC designs and constructs authorized new housing projects that, once constructed, will be similarly managed, maintained and operated on seven of the nine campuses with existing student housing resources. Two of these projects were completed within fiscal year 2016 and their fair market values were capitalized increasing Capital Assets by $10,650,907 for the College of Coastal Georgia student housing project and by $11,989,213 for the student housing project on the East Georgia State College campus. These additions are reported in Note 6 in the Building and Building Improvements category. A Deferred Inflow of Resources was recorded as the offset to the Capital Asset additions. The Deferred Inflow associated with these new projects is being amortized over the remaining life of the SCA. The University System Office amortized $_______ of this Deferred Inflow in June 2017 related to these two project, leaving a remaining Deferred Inflow of Resources balance of $_________ at June 30, 2017.

Also part of this SCA, and beginning in fiscal year 2016, the University System Office receives $8,000,000 in Ground Rent and $500,000 in Supplemental Capital Repair and Replacement funds each year for the next ten years, with each amount escalating by 3% annually. The University System Office recorded Accounts Receivable and Deferred Inflow of Resources in the amount of $73,232,489 representing the present value of this revenue stream based on the agreement terms and will amortize the Deferred Inflows over a ten-year period. For the year ended June 30, 2017, the University System Office amortized $________ and recognized $________ in associated interest income, leaving a Deferred Inflow balance of $_________ as of June 30, 2017.

The University System Office also receives retained services funds each year as a percentage of gross revenues for that year.

The University System Office has no reportable future obligation for these services.

{EDIT AS NECESSARY:} DELETE IF NOT APPLICABLE

Georgia Gwinnett College (GGC)

On May 13, 2014, GGC entered into an agreement with Aramark Education Services, LLC (Aramark), whereby Aramark will operate food services operations from services participants. Aramark is required to operate the food service facilities in accordance with the contractual agreement. The contract includes a period fixed fee (“Annual Fixed Fee”) payable to Aramark in the amount of $6 million per operating year. In the event that the amount paid to or retained by Aramark is less that the Annual Fixed Fee of $6 million, then GGC shall remit the amount equivalent to the difference of the Annual Fixed Fee minus Actual Operating Retainage. In the event that the actual operation year retainage is greater than 199.9% (upper threshold amount) of the Annual Fixed Fee, then Aramark shall remit the difference of the Annual Fixed Fee minus the upper threshold amount to GGC. Any amount above the Annual Fixed Fee but less than the upper threshold amount is retained by Aramark. GGC and Aramark will review the annual Fixed Fee prior to the commencement of each Operating Year and a revised Annual Fixed Fee shall be set forth in a written supplemental contract. In addition, GGC shall pay to Aramark (or Aramark shall retain) 88% of net receipts on all categories of sales from Aramark's operations. The agreement is renewable for each year for ten years.

Under the terms of the contract Aramark committed a lump sum upfront payment of $360,000. In addition, GGC will receive three yearly installment payments of $500,000 from Aramark, the first payment was received in fiscal year 2015 and the second payment was received in fiscal year 2016. Amortized revenue recorded to date is $227,556.

Under terms of the agreement Aramark committed $5,250,000 in dining facility renovations. Construction renovations competed to date is $2,929,712, of which $2,611,505 was recorded as a Deferred Inflow of Resources.

For Fiscal Year 2016, GGC reported a remaining Deferred Inflow of Resources of $6,564,237.

{EDIT AS NECESSARY:} DELETE IF NOT APPLICABLE

Kennesaw State University (KSU)

At June 30, 2017, the KSU was a participant in three Service Concession Arrangements.

1. In August 2001, KSU entered into an agreement with Kennesaw State Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the residence hall ("University Place") in accordance with a contractual agreement between the two parties. Under the terms of the agreement, KSU received no funds upfront from KSUF, but will take full ownership of the residence hall at the end of the operating agreement in June, 2031.

2. In August 2003, KSU entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Village") in accordance with a contractual agreement between the parties. Under the terms of the agreement, KSU received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in June 2034.

3. In August 2007, KSU entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Suites") in accordance with a contractual agreement between the parties. Under the terms of the agreement, KSU received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in June 2037.

At June 30, 2017, KSU reports the three housing residences as capital assets with a net carrying value of $___________. For fiscal year 2016, KSU reported a remaining deferred inflow of resources of $_________ and amortized revenue of $_______. As part of the contractual agreement, KSUF is responsible for insuring each of the three residence halls and for providing maintenance services. KSU has no reportable future obligation for these services.

Note 10 Net Position

The breakdown of business type activity net position for the Institution fund at June 30, 2017 is as follows:

Net Investment in Capital Assets	$	-
Restricted for		
Nonexpendable		
Permanent Endowment		
Expendable		
Sponsored and Other Organized Activities		
Federal Loans		
Institutional Loans		
Term Endowments		
Quasi-Endowments		
Capital Projects		
Sub-Total		-
Unrestricted		
Auxiliary Enterprises Operations		
Auxiliary Enterprises Renewals & Replacement Reserve		
Reserve for Encumbrances		
Reserve for Inventory		
Capital Liability Reserve Fund		
Health Insurance Reserve		
Other Unrestricted		
Sub-Total		-
Total Net Position	$	-

Changes in Net Position for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
Net Investments in Capital Assets	$ -	$ -	$ -	$ -
Restricted Net Position	0	0	0	0
Unrestricted Net Position	0	0	0	0
Total Net Position	$ -	$ -	$ -	$ -

Note 11 Endowments

Donor Restricted Endowments:

Investments of the Institution's endowment funds are pooled, unless required to be separately invested by the donor. For Institution controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was $_______________ and is reflected as expendable restricted net position.

(For Colleges/Universities using the total return concept: modify as needed for policy)
For endowment funds where the donor has not provided specific instructions, investment return of the Institution's endowment funds is predicated on the total return concept. Annual payouts from the Institution's endowment funds are based on a spending policy which limits spending between _% and _% of the endowments principal's market value. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the Institution uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

(For Colleges/Universities using the classical trust method: modify as need for policy)
For endowment funds where the donor has not provided specific instructions, investment return of the Institution's endowment funds is predicated under classical trust doctrines. Unless the donor has stipulated otherwise, capital gains and losses are accounted for as part of the endowment principal and are not available for expenditure.

(Include if applicable - Only were Investment Losses occurred – Modify as needed)
During the current year, the Institution incurred investment losses that exceeded the related endowment's available accumulated income and net appreciation. These losses resulted in a reduction to the specific nonexpendable endowment balance. At June 30, 2017, the amount of investment losses reported against the nonexpendable endowment balances was $_____________.

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2017. In addition to these encumbrances, the Institution had other significant unearned outstanding construction or renovation contracts in the amount of $_______________ executed as of June 30, 2017. This amount is not reflected in the accompanying basic financial statements.

Note 13 Leases

Lease Obligations

{Edit as necessary: The Institution is obligated under various operating leases for the use of real property (land, buildings, and office facilities) and equipment, and also is obligated under capital leases and installment purchase agreements for the acquisition of real property}.

{EDIT AS NECESSARY:} DELETE IF NOT APPLICABLE
Capital Leases
Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between fiscal 20xx and 20xx. The Institution has approximately $_____________ in capital lease obligations as of June 30, 2017. The Institution's cash payments related to capital leases for fiscal year 2017 were $_____________, of which $___________

represented interest and $______________ represented principal. Interest rates range from ____ percent to ____ percent.

CAPITAL LEASE SCHEDULE

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal Balance at June 30, 2017	
		$ -				$ -	(1)
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
		0				0	
Total Leases		$ -				$ -	

Note: The total of the outstanding capital lease liabilities detailed in the disclosure above should equal the 6/30/2017 Lease Obligation ending balance per Note 8.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2017:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Assets Held Under Capital Lease at June 30, 2017	Outstanding Balances per lease schedules at June 30, 2017
	(+)	(-)	(=)	
Leased Land & Land Improvements			$ -	
Leased Infrastructure			$ -	
Leased Equipment			$ -	
Leased Buildings & Building Improvements			$ -	
Leased Facilities and Other Improvements			$ -	
Total Assets Held Under Capital Lease at June 30, 2017	$ -	$ -	$ -	$ -

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

{EDIT AS NECESSARY:} DELETE IF NOT APPLICABLE

Operating Leases

The Institution's non-cancellable operating leases having remaining terms of more than one year expire in various fiscal years from 20xx through 20xx. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancellable if the State of Georgia does not provide adequate funding, but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis; examples of property under operating leases are real property, copiers and other small business equipment. System-wide real property and equipment operating lease expense for fiscal 2017 was $____________.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2017, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2018	-	
2019	-	
2020	-	
2021	-	
2022	-	
2023 through 2027	-	
2028 through 2032	-	
2033 through 2037	-	
2038 through 2042	-	
2043 through 2047	-	
2048 through 2052	-	
2053 through 2057	-	
Total minimum lease payments	$ -	$ -
Less: Interest	-	
Less: Executory costs (if paid)	-	
Principal Outstanding	$ -	

{EDIT AS NECESSARY:} DELETE IF NOT APPLICABLE

Lease Receipts

Operating Lease Rental Agreements

The Institution has entered into rental agreements to lease the Institution's broadband and facilities to third parties. These lease agreements are classified as operating leases. Total operating lease revenues received during the reporting period was $___________. The Institution's broadband does not meet capital asset capitalization criteria. Other rental property consists of the following:

Description	Gross Amount	Less: Accumulated Depreciation	Capital Assets Leased to Third Parties
	(+)	(-)	(=)
Land & Land Improvements			-
Infrastructure			-
Equipment			-
Buildings & Building Improvements			-
Facilities and Other Improvements			-
Total	-	-	-

The minimum future rentals on noncancelable leases at June 30, 2017 is as follows:

Fiscal Year Ended June 30	
2018	$ -
2019	
2020	
2021	
2022	
2023 through 2027	
2028 through 2032	
2033 through 2037	
2038 through 2042	
2043 through 2047	
2048 through 2052	
2053 through 2057	
Total Minimum Commitments	$ -

Note 14. Retirement Plans

The Institution participates in various retirement plans administered by the State of Georgia under two major retirement systems: Teachers Retirement System of Georgia (TRS) and Employees' Retirement System of Georgia (ERS). These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

The significant retirement plans that the Institution participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

A. Teachers Retirement System of Georgia and Employees' Retirement System of Georgia

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Retirement System of Georgia (TRS) and Employees' Retirement System (ERS), additions to/deductions for TRS's and ERS's fiduciary net position have been determined on the same basis as they are reported by TRS and ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Teachers Retirement System

Plan description

All teachers of the Institution as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits Provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2016. USGs contractually required contribution rate for the year ended June 30, 2017 was 14.27% of annual the Institution payroll. The Institution's contributions to TRS totaled $__________ for the year ended June 30, 2017.

General Information about the Employees' Retirement System

Plan description

ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. Institution's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2017 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. Institution's contributions to ERS totaled $__________ for the year ended June 30, 2017. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Institution reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The Institution's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2016. At June 30 2016, the Institution's TRS proportion was 14.65%, which was an increase of 0.21% from its proportion measured as of June 30, 2015. At June 30, 2016, the Institution's ERS proportion was 0.42%, which was a decrease of 0.02% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Institution recognized pension expense of $__________ for TRS and $__________ for ERS. At June 30, 2017, the Institution reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience				
Changes of assumptions				
Net difference between projected and actual earnings on pension plan investments				
Changes in proportion and differences between contributions and proportionate share of contributions				
Contributions subsequent to the measurement date				
Total	$ -	$ -	$ -	$ -

The Institution's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2018		
2019		
2020		
2021		
2022		
Thereafter		

Actuarial assumptions

The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System	
Inflation	3.00%
Salary increases	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females set back two years for males and set back three years for females.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

<u>Employees' Retirement System</u>

Inflation	3.00%
Salary increases	5.45 – 9.25%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long-term expected rate of return on TRS and ERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large equities	39.70	6.50
Domestic mid equities	3.70	10.00
Domestic small equities	1.60	13.00
International developed market equities	18.90	6.50
International emerging market equities	6.10	11.00
Total	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.50 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the USG's proportionate share of the net pension liability to changes in the discount rate:

The following presents the USG's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the USG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

Teachers Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability			

Employees' Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability			

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and ERS financial reports which are publically available at www.trsga.com/publications and www.ers.ga.gov/formspubs/formspubs, respectively.

Year Ending June 30:	
2017	$ 1,382,810
2018	$ 1,382,810
2019	$ 1,382,808
2020	$ 866,201

B. Defined Contribution Plan:

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 administered by the Board of Regents of the University System of Georgia (Board). O.C.G.A. 47-3-68(a) defines who may participate in the Regents Retirement Plan. An "eligible university system employee" is a faculty member or all exempt full and partial benefit eligible employees, as designated by the regulations of the Board. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from three approved vendors (VALIC, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

Funding Policy
The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2017, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The Institution and the covered employees made the required contributions of $__________ (9.24%) and $___________ (6%), respectively.

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

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2017, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The Institution's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The dental plan is administered through Delta Dental.

Retirees age 65 and older participate in a secondary healthcare coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to a health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare-related expenses.

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The Institution 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 16 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 expenditure disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Institution expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the Institution, 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, 2017.

Note 17 Post-Employment Benefits Other Than Pension Benefits

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

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 Institution 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.

As of June 30, 2017, there were _______ employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2017, the Institution recognized $__________ in expenses, which was net of $___________ of participant contributions.

Note 18 Natural Classifications with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2017 are shown below:

Natural Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Faculty						
Staff						
Benefits						
Personal Services						
Travel						
Scholarships and Fellowships						
Utilities						
Supplies and Other Services						
Depreciation						
Total Expenses	$ -	$ -	$ -	$ -	$ -	$ -

Natural Classification	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Unallocated Expenses	AU Only Patient Care	Total Expenses
Faculty						$ -
Staff						-
Benefits						-
Personal Services						-
Travel						-
Scholarships and Fellowships						-
Utilities						-
Supplies and Other Services						-
Depreciation						-
Total Expenses	$ -	$ -	$ -	$ -	$ -	$ -

Note 19 Subsequent Event

{EDIT AS NECESSARY: (Describe material subsequent events that should be disclosed)}
In the subsequent fiscal year, the Board of Regents of the University System of Georgia (BOR) approved/signed a lease agreement for ______________________. Rental payments are expected to begin ________________. Total principal and interest is estimated to be $__________ which will be paid over a ________ year period.

Note 20 Component Unit

{Notes specific to each component unit will be included in the applicable AFR within WDesk)}

Peachtree State University Foundation, Inc. (PSUF)

The PSUF is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The PSUF was organized to encourage, solicit, receive and administer gifts and bequests of property and funds for the scientific, educational and charitable purposes for advancement of Peachtree State University. During the year ended June 30, 2017, the PSUF distributed approximately $_______ to the Peachtree State University in support of capital outlay projects, scholarships and other supporting activities. Peachtree State University disbursed approximately $______ during fiscal year 2017 to PSUF related to rental of foundation facilities. PSUF also has several direct financing leases with Peachtree State University. Amounts due from Peachtree State University related to direct financing lease activity as of June 30, 2017 is as follows:

2017	$	6,445,129
2018		6,623,255
2019		6,803,533
2020		6,990,137
2021		7,182,125
2022 through 2026		38,453,011
2027 through 2031		41,929,567
2032 through 2034		25,670,431
Total minimum lease payments to be received		140,097,188
Less: Unearned Income		(51,310,686)
Net Investment in Direct Financing Lease	$	88,786,502

Investments are comprised of the following amounts at June 30, 2017:

Cash held by investment organization	$	1,204,697.00
Money Market Accounts		13,717,408
Certificates of Deposit		750,000
Equity Securities		15,149,286
Mutual Funds		13,200,645
Total Investments	$	44,022,036

Changes in the endowment net position for the year ended June 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning	$ 4,060,050	$ 4,979,063	$ 16,318,406	$ 25,357,519
Contributions	417,999	220	165,037	583,256
Net realized and unrealized gains	72,288	189,576		261,864
Transfers to comply with donor intent	21,585	(804,043)		(782,458)
Ending	$ 4,571,922	$ 4,364,816	$ 16,483,443	$ 25,420,181

Changes in these long-term liabilities for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Liabilities under split interest agreement	$ 888,929		$ 37,455	$ 851,474	
Notes and Loans Payable	1,206,726		273,221	933,505	$ 273,221
Interest Rate Swap	12,533,479	$ 2,634,117		15,167,596	
Revenue/Mortgage Bonds Payable	102,670,000		1,815,000	100,855,000	2,085,000
Bond - Premium	5,622		613	5,009	
Bond - (Discount)	(226,415)		(13,189)	(213,226)	
Total Long Term Liabilities	$ 117,078,341	$ 2,634,117	$ 2,113,100	$ 117,599,358	$ 2,358,221

A summary of the components of bonds payable at June 30, 2017, is as follows:

2017	$ 2,085,000
2018	2,365,000
2019	2,655,000
2020	2,975,000
2021	3,310,000
Thereafter	87,465,000
Bonds Payable	100,855,000
Issuance discount, net	(213,226)
Issuance premium, net	5,009
	$ 100,646,783