



The University System of Georgia
Annual Financial Report
Fiscal Year 2015

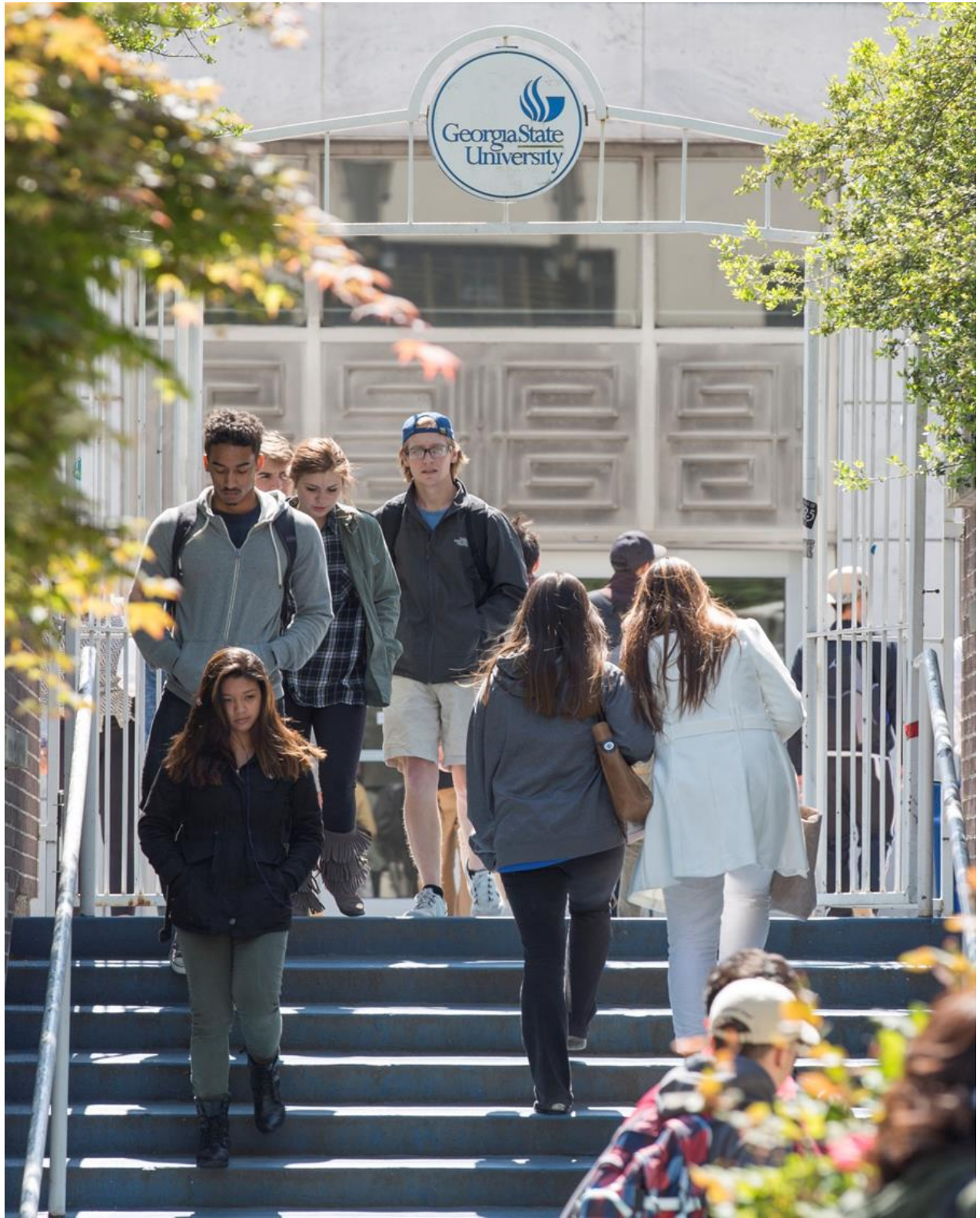






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INTRODUCTORY SECTION



LETTER OF TRANSMITTAL

OFFICE OF FISCAL AFFAIRS
270 WASHINGTON STREET, SW
ATLANTA, GEORGIA 30334
404-656-2232

February 4, 2016

Chancellor Henry M. "Hank" Huckaby
Board of Regents
University System of Georgia

Dear Chancellor Huckaby:

We are pleased to present to you the Annual Financial Report of the University System of Georgia for the year ended June 30, 2015. The report provides financial information about the University System of Georgia's operations during the year and describes its financial position at the end of the fiscal year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose, the objective of which is to provide reasonable assurance that the financial statements are free of material misstatements. Further, the officers of the various institutions of the University System of Georgia and its affiliated organizations have assured us that every effort has been made to reflect accurately the information considered important to all concerned parties.

State law, Federal guidelines, bond covenants and the by-laws of the Board of Regents require that the accounting and financial records of the University System of Georgia be audited each year. The Georgia Department of Audits and Accounts has performed the audit for fiscal 2015 and has issued an unmodified opinion, the most favorable outcome of the audit process. The State Auditor's report is located at the beginning of the financial section.

Management's discussion and analysis (MD&A) immediately follows the auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction therewith.

Respectfully submitted,



Shelley C. Nickel
Vice Chancellor for Fiscal Affairs and Planning/Treasurer
Board of Regents of the University System of Georgia



Members of the Board of Regents

The Board of Regents of the University System of Georgia was created in 1931 as a part of a reorganization of Georgia's state government. With this act, public higher education in Georgia was unified for the first time under a single governing and management authority. The governor appoints members to the Board, who each serve seven years; regents may be reappointed to subsequent terms by a sitting governor. Regents donate their time and expertise to serve the state through their governance of the University System of Georgia – the positions are voluntary ones without financial remuneration. Today the Board of Regents is composed of 19 members, five of whom are appointed from the state-at-large, and one from each of the 14 congressional districts. The Board elects a chancellor who serves as its chief executive officer and the chief administrative officer of the University System.

The Board oversees the 30 colleges and universities that comprise the University System of Georgia, and has oversight of the Georgia Archives and the Georgia Public Library System.

Members of the Board in Fiscal 2015 included the following:

C. Dean Alford
W. Paul Bowers
Lori Durden
Larry R. Ellis
Rutledge A. (Rusty) Griffin, Jr.
C. Thomas Hopkins, Jr., MD
James M. Hull
Donald M. Leebern, Jr.
Doreen Stiles Poitevint
Neil L. Pruitt, Jr. (Chair)
Sachin Shailendra
E. Scott Smith
Kessel Stelling, Jr. (Vice Chair)
Benjamin "Ben" J. Tarbutton, III
Richard L. Tucker
Thomas Rogers Wade
Larry Walker
Don L. Waters
Philip A. Wilheit, Sr.

FINANCIAL SECTION





DEPARTMENT OF AUDITS AND ACCOUNTS

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

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

Kristina Turner
DIRECTOR
(404) 657-4352

February 4, 2016

Honorable Nathan Deal, Governor
Members of the General Assembly of Georgia
Members of the Board of Regents of the
University System of Georgia
and
Honorable Henry M. Huckaby, Chancellor

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the University System of Georgia, which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the University System of Georgia's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University System of Georgia's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the University System of Georgia's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate remaining fund information of the University System of Georgia as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the University System of Georgia are intended to present the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State of Georgia that is attributable to the transactions of the University System of Georgia. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2015, 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. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, in 2015, the University System of Georgia adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, GASB Statement No. 69, Government Combinations and Disposals of Government Operations and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The University System of Georgia restated beginning Net Position for the cumulative effect of these accounting changes which had a significant impact on the University System of Georgia's financial statements. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the University System of Georgia restated beginning balances resulting from the correction of accounting errors that occurred in the prior period. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, the University System of Georgia also restated beginning balances for the inclusion of the 457 Deferred Compensation Plan as a Fiduciary Fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 19 and the Schedule of Contributions for Defined Benefit Pension Plans, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employers' and Nonemployers' Net Pension Liability, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Investment Returns, Notes to Required Supplementary Information and Schedule of Funding Progress and Employer Contributions for Other Postemployment Benefits on pages 80 through 86 be presented to supplement the basic financial

statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the University System of Georgia. The accompanying Introductory and Supplementary Information Sections, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

GSG:jbt

Management's Discussion and Analysis

Introduction

The mission of the University System of Georgia (USG) is achieved through the collective missions of our state's public colleges and universities. The role of public higher education in Georgia is to drive economic development and produce more educated individuals contributing to a better quality of life in the state. USG institutions are responsible for producing graduates with the requisite skills and knowledge to ensure Georgia's strong future in a knowledge-based and global economy. The individual mission and function of each institution within the USG must be aligned with the overall USG mission in order to strategically meet the higher education needs of the State.

This discussion and analysis provides a summary of the financial position of the USG for the fiscal year ending June 30, 2015. It will provide the user with an overview of how the USG utilized its resources in pursuit of its primary goals of instruction, research and public service.

The Board of Regents and Chancellor Henry M. "Hank" Huckaby are charged with the leadership of the thirty institutions of the USG. The USG continues to prosper, as is demonstrated by the following information:

	STUDENT HEADCOUNT	STUDENT FTE
FY2015	312,936	276,564
FY2014	309,469	274,449
FY2013	314,365	278,319

State Resources

The General Appropriations Act of 2015 (House Bill 744), as amended by House Bill 75, appropriated a total of \$1,944,621,492 to the USG.

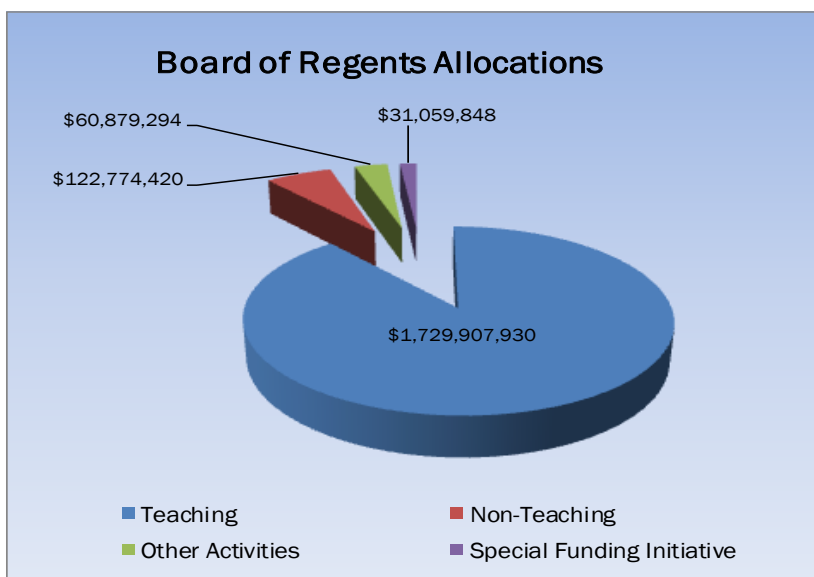
The following table presents the state appropriations available to the USG from the General Appropriations Act of 2015, as amended:

STATE APPROPRIATIONS AVAILABLE - GENERAL APPROPRIATIONS ACT OF 2015	
House Bill 744	
General State Funds	\$1,939,087,764
House Bill 75	
General State Funds	5,533,728
Total State Appropriations Per Appropriations Act - University System of Georgia	\$ 1,944,621,492

The following table presents the Fiscal Year 2015 allocations by the Board of Regents to the USG institutions:

ALLOCATIONS BY THE BOARD OF REGENTS	
Education and General	
Teaching	\$ 1,729,907,930
Non-Teaching	122,774,420
Other Activities	
Regents Central Office	\$ 11,549,268
Rental Payments - GA Military College	2,329,780
GA Public Telecommunications Commission	14,690,162
GA Public Libraries	32,310,084
Total Other Activities	60,879,294
Special Initiative Funding	31,059,848
Total Education and General	\$ 1,944,621,492
Net State Appropriations Available to the University System of Georgia	\$ 1,944,621,492

The following chart illustrates the Board of Regents allocations to Teaching, Non-Teaching, Other Activities and Special Funding Initiatives:



Overview of the Financial Statements and Financial Analysis

The USG is proud to present its consolidated financial statements for fiscal year 2015. These statements contain information from the thirty institutions of the USG and the University System Office (USO). Each institution has prepared a separate annual financial report that is available upon request.

The emphasis of discussions about these statements will be on current year data. There are three consolidated financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

This discussion and analysis provides an overview of the financial activities for the year. Comparative data is provided for fiscal year 2015 and fiscal year 2014. However, the comparative data for fiscal year 2014 does not reflect the effects of the restatement of July 1, 2014 net position. This restatement is predominately related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* which were adopted by the University System of Georgia for fiscal year 2015. The provisions of these Statements established accounting and financial reporting standards for pensions that are provided to employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of these Statements resulted in a decrease to beginning Net Position at July 1, 2014 of \$2,411,507,165 of which \$2,588,020,417 represented Net Pension Liability, \$183,599,719 represented deferred outflows and \$7,086,467 represented pension asset. In addition, the University System of Georgia increased Net Position for corrections of prior year errors of \$9,027,776 and decreased Net Position related to the re-evaluation of capital assets and capital lease agreements between the University of West Georgia and Georgia College & State University and their respective foundations for \$1,606,188. See Note 1 – Restatement for additional information.

Fiduciary fund statements for the Board of Regents Retiree Health Benefit Fund, the Early Retirement Plan – Georgia Regents University and the USG Pension Trust Fund – 457(f) Deferred Compensation Plan are also included with the financial statements noted above: the Combined Statement of Fiduciary Net Position and the Combined Statement of Changes in Fiduciary Net Position.

During the fiscal year, the University System of Georgia began actively managing the Section 457(f) deferred compensation plan. By taking on an active management role, the University System of Georgia assumed fiduciary accountability for the plan and the University System of Georgia holds the assets in a trustee capacity. The University System of Georgia has accordingly restated the June 30, 2014 Fiduciary Net Position. See Note 1 – Restatement for additional information.

The Notes to the Financial Statements immediately follow the consolidated and combined fiduciary fund statements, and contain essential information that serves both to support and clarify the information presented in the financial statements preceding them.

The Required Supplementary Information section contains additional information related to the Board of Regents Retiree Health Benefit Fund, the Early Retirement Plan – Georgia Regents University and the Proportionate Share of Net Pension Liability and the Schedule of Contributions for retirement plans for which the USG and its institutions participates as required by generally accepted accounting principles.

Finally, the Supplementary Information section includes selected information by institution as well as information on affiliated organizations that have been deemed significant to their respective institutions. This section also includes consolidated financial statements presented on a statutory/budget basis.

This discussion and analysis of the USG's consolidated financial statements provides an overview of its financial activities for the fiscal year. Further information is provided by comparative data for fiscal 2015 and 2014.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the USG as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the statement is to present to the reader a fiscal snapshot of the USG. The Statement of Net Position presents data concerning Assets (property that we own and what we are owed by others), Deferred Outflows of Resources (consumption of net position by the USG that is applicable to future reporting periods), Liabilities (what we owe to others and have collected from others before we have provided the service), Deferred Inflows of Resources (acquisition of net position by the USG that is applicable to future reporting periods), and Net Position. It is prepared under the accrual basis of accounting, which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue operations of the USG. They are also able to determine how much the USG owes vendors and investors. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) is one indicator of the USG's financial health when considered in conjunction with other nonfinancial conditions, such as facilities and environment.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the USG's equity in property, plant and equipment owned. The next category is restricted, which is divided into two categories, non-expendable and expendable. Restricted, non-expendable net position consists solely of the USG's permanent endowment funds, which are available only for investment purposes. *The corpus of non-expendable, restricted resources* is available only for investment purposes. Restricted, expendable resources are available for expenditure, however, expenditure of these resources is limited to time or purpose restrictions placed on the assets by the donor and/or external third parties. The final category is unrestricted resources, which are available to the USG for any lawful purpose.

The USG's financial position at June 30, 2015 is very strong, with total assets of \$11.907 billion, deferred outflows of \$238 million, total liabilities of \$8.201 billion, deferred inflows of \$1.065 billion, and net position of \$2.879 billion.

Assets and Deferred Outflows

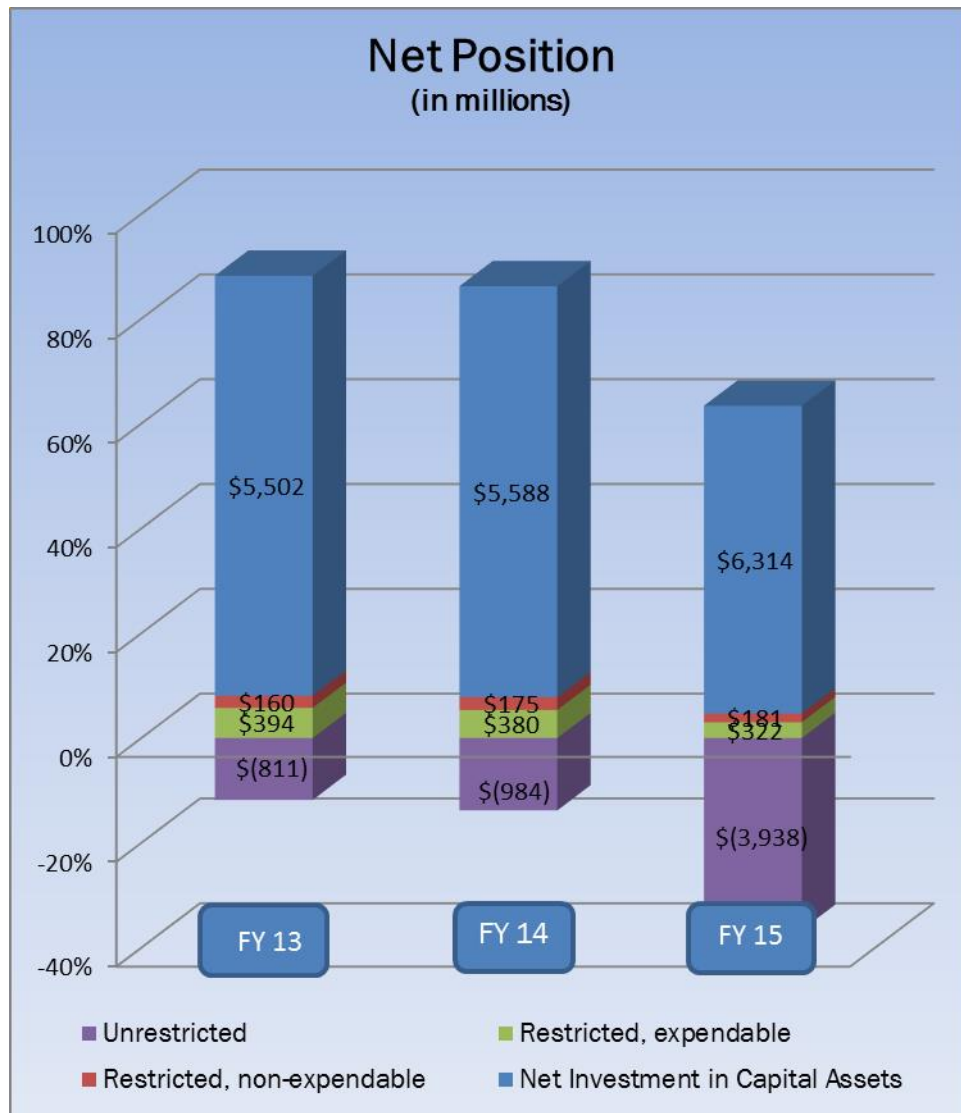
Total assets and deferred outflows of the USG in fiscal 2015 were approximately \$636 million more than those reported for fiscal 2014. A review of the Statement of Net Position will reveal that the increase primarily was due to an increase of \$429 million in capital assets, net of accumulated depreciation, and a \$235 million increase in deferred outflows related to the implementation of GASB 68.

Liabilities and Deferred Inflows

Total liabilities and deferred inflows for fiscal 2015 were approximately \$2.916 billion more than those reported for fiscal 2014. The primary components of this increase were the recognition of the Net Pension Liability of \$1.914 billion and \$643 million in deferred gain on defined benefit pension plans associated with the implementation of the new pension standards and a \$320 million increase in the Net Other Post-Employment Benefit (OPEB) obligation.

Net Position

The combination of the increase in total assets and deferred outflows of \$636 million and the increase in total liabilities and deferred inflows of \$2.916 billion yielded a net decrease in total net position of \$2.2 billion, or -44.2%. The decrease in total net position was primarily associated with the restatement of net position due to the adoption of GASB 68 in Unrestricted net resources. The following chart depicts the level, by category, of net position:



The following table summarizes the USG's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2015 and June 30, 2014.

CONDENSED STATEMENT OF NET POSITION (in millions)			
	June 30, 2015	June 30, 2014	% Change
ASSETS			
Current Assets	\$ 1,957	\$ 2,114	-7.4%
Capital Assets, Net	9,654	9,225	4.7%
Other Assets	296	167	77.2%
TOTAL ASSETS	\$ 11,907	\$ 11,506	3.5%
DEFERRED OUTFLOWS	\$ 238	\$ 3	7833.3%
LIABILITIES			
Current Liabilities	\$ 876	\$ 850	3.1%
Non-Current Liabilities	7,325	5,399	35.7%
TOTAL LIABILITIES	\$ 8,201	\$ 6,249	31.2%
DEFERRED INFLOWS	\$ 1,065	\$ 101	954.5%
NET POSITION			
Net Investment in Capital Assets	\$ 6,314	\$ 5,588	13.0%
Restricted, Non-Expendable	181	175	3.4%
Restricted, Expendable	322	303	6.3%
Restricted, Expendable - Capital Projects	-	77	-100.0%
Unrestricted	(3,938)	(984)	300.2%
TOTAL NET POSITION	\$ 2,879	\$ 5,159	-44.2%

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues received and expenses incurred during the year. Activities are reported as either operating or non-operating. Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the USG, both operating and non-operating, and the expenses paid by the USG, operating and non-operating, and any other revenues, expenses, gains or losses received or spent by the USG.

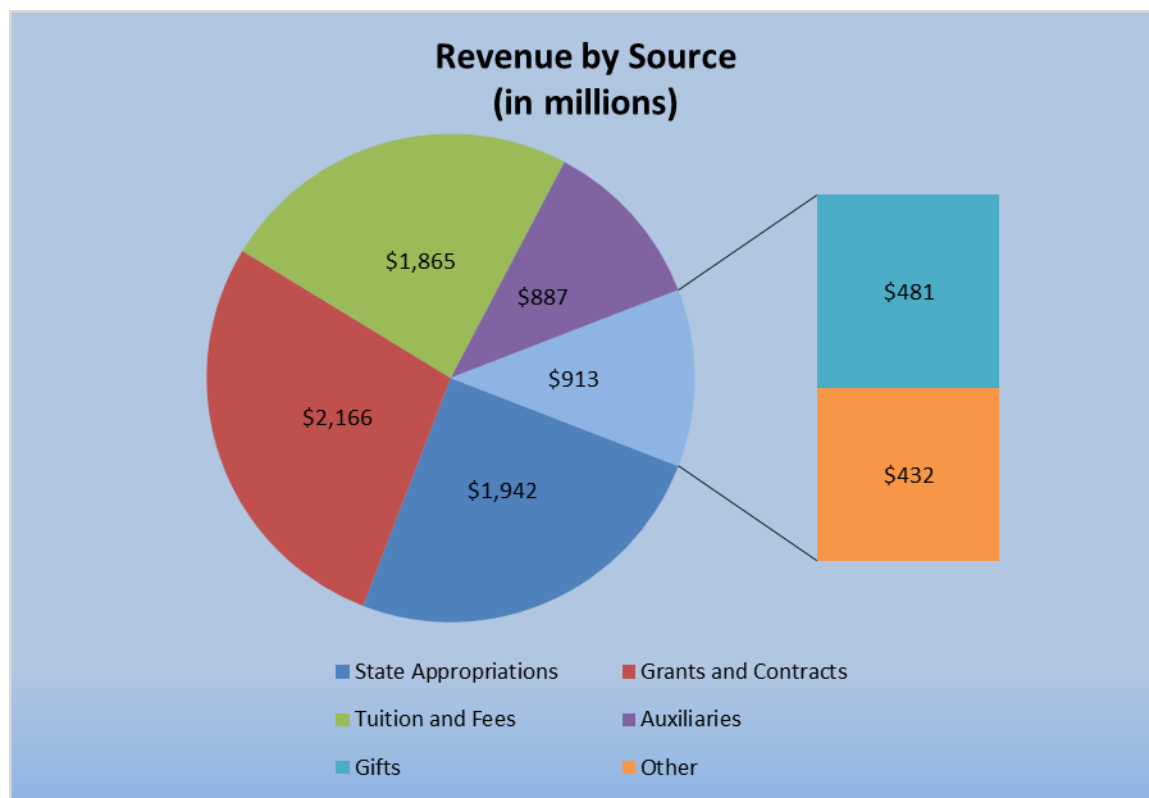
Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the USG. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the USG. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the legislature to the USG without the legislature directly receiving commensurate goods or services for those revenues. State capital grants and gifts and other capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income before other revenues, expenses, gains or losses".

Some highlights of the information presented on the Statement of Revenues, Expenses and Changes in Net Position are as follows:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in millions)			
	June 30, 2015	June 30, 2014	% Change
Operating Revenue	\$ 4,704	\$ 4,434	6.1%
Operating Expense	7,452	7,138	4.4%
Operating Loss	\$ (2,748)	\$ (2,704)	-1.6%
Non-Operating Revenue and Expense	\$ 2,487	\$ 2,454	1%
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	\$ (261)	\$ (250)	-4.4%
Other Revenues, Expenses, Gains, Losses and Special Items	\$ 385	\$ 150	156.7%
Increase in Net Position	\$ 124	\$ (100)	-224.0%
Net Position at beginning of year, restated	\$ 2,755	\$ 5,259	-47.6%
Net Position at End of Year	\$ 2,879	\$ 5,159	-44.2%

Revenues

Revenue by source (state appropriations, grants and contracts, tuition and fees, auxiliaries, gifts and other sources) is depicted by the following chart:

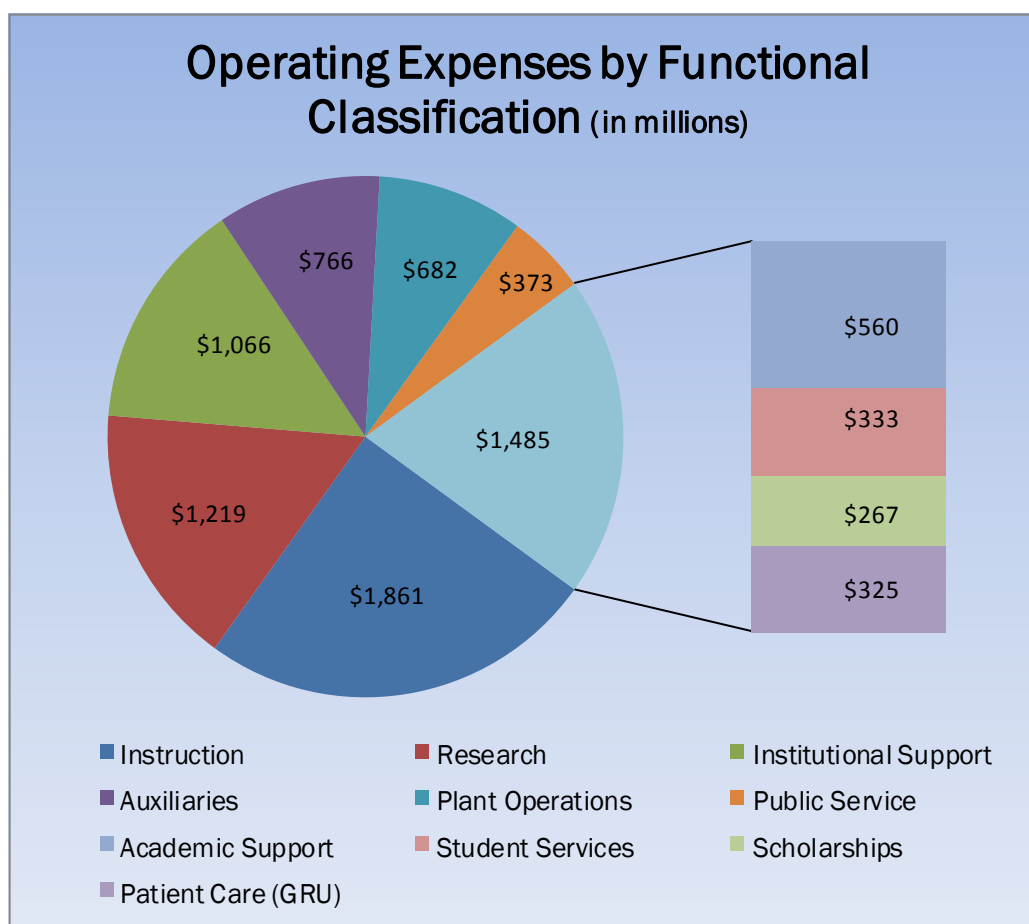


State appropriations increased \$62 million (3.3%) in fiscal 2015. Grants and contracts revenue increased \$47 million in fiscal 2015. Tuition and fee revenues, net increased \$113.4 million (6.4%) in fiscal 2015 when compared with fiscal 2014.

Auxiliary operations increased by \$40 million (5%) in fiscal 2015 as compared to fiscal 2014. Primary components of this increase included residence halls (\$20.8 million), and intercollegiate athletics (\$7.5 million).

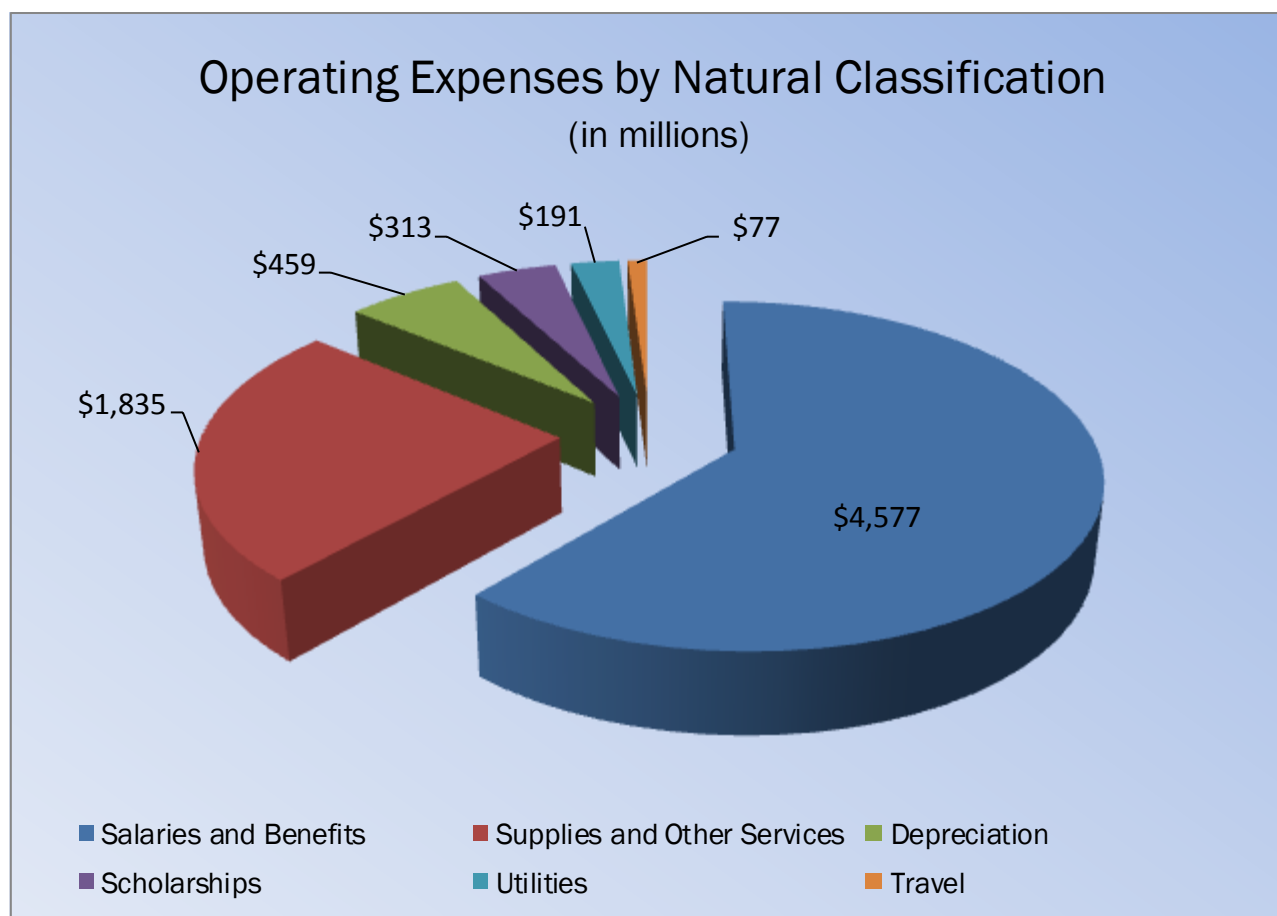
Expenses

An illustration of total operating expenses by functional classification is provided as follows:



Total operating expenses were \$7,452 billion in fiscal 2015, an increase of \$314 million (4%) when compared with fiscal 2014. These increases are primarily attributable to the following functional classifications: Instruction (\$73 million); Research (\$50 million); Auxiliaries (\$28 million); Academic Support (\$27 million); Student Services (\$27 million); Institutional Support (\$57 million) and Plant Operations (\$43 million). These amounts were partially offset by a decrease in Scholarships and Fellowships (\$7 million).

The following depicts the fiscal 2015 operating expenses by natural classification:



As noted above, expenses increased \$314 million (4%) in fiscal 2015 when compared with fiscal 2014. The increases were substantially attributable to salaries and benefits, including other personal services (\$160 million); depreciation (\$13 million); supplies and other services (\$132 million); utilities (\$8 million) and travel (\$6 million).

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the USG during the year and is divided into five sections. The first section is concerned with operating cash flows and reflects the net cash used by the various operating activities of the USG. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from capital and related financing activities and contains cash used for the acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

A summary of the Statement of Cash Flows is provided below:

CONDENSED STATEMENT OF NET CASH FLOWS (in millions)		
	June 30, 2015	June 30, 2014
Cash Provided (Used) by:		
Operating Activities	\$ (2,019)	\$ (1,918)
Non-Capital Financing Activities	2,613	2,635
Capital and Related Financing Activities	(645)	(565)
Investing Activities	(12)	(3)
NET CHANGE IN CASH	\$ (63)	\$ 149
Cash, beginning of year (restated)	1,382	1,302
CASH, end of year	\$ 1,319	\$ 1,451

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2015 and June 30, 2014 were as follows:

CAPITAL ASSETS, net of accumulated depreciation (in millions)	June 30, 2015	June 30, 2014	Increase (Decrease)	% Change
Land	\$ 373	\$ 362	\$ 11	3.0%
Construction in Progress	230	182	48	26.4%
Infrastructure, Facilities, and Improvements	480	457	23	5.0%
Building and Improvements	5,962	5,490	472	8.6%
Equipment	437	410	27	6.6%
Capital Leases	1,923	2,079	(156)	-7.5%
Library and other collections	225	223	2	0.9%
Software	24	22	2	9.1%
Capital Assets, net of accumulated depreciation	\$ 9,654	\$ 9,225	\$ 429	4.7%

As shown above, capital assets, net of accumulated depreciation increased \$429 million, or 4.7% during fiscal 2015 when compared with fiscal 2014. Major building additions constituted \$472 million of the capital asset additions. Major building additions included the Consolidated Education Building at Georgia Regents University, Humanities Building at Georgia State University, Veterinary Medical Center at the University of Georgia and the Allied Health Building at Georgia Gwinnett College.

Long-Term Debt and Liabilities

The University System of Georgia had long-term debt and liabilities of \$7.5 billion in fiscal 2015. Long-term liabilities included lease purchase obligations of \$3.2 billion, compensated absences of \$201 million, net pension liability of \$1.914 billion, net OPEB obligation of \$2.163 billion, and other

long-term liabilities of \$2 million. Of these amounts, \$203.4 million was reflected as current liabilities at June 30, 2015.

For additional information concerning long-term debt and liabilities of the USG, please refer to notes 1, 8 and 13 in the Notes to the Financial Statements.

Retiree Health Benefit Fund

The University System Office is the custodian of the Board of Regents Retiree Health Benefit Fund. This fund was authorized pursuant to the Official Code of Georgia Annotated Section 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employee health insurance benefits.

As noted in the Long-Term Debt and Liabilities section above, the USG carries a net OPEB Obligation liability of \$2.163 billion as of June 30, 2015. The Board of Regents continues to evaluate options to reduce this growing liability.

For additional information concerning the Retiree Health Benefit Fund, please refer to note 15 in the Notes to Financial Statements.

Early Retirement Pension Plan Fund – Georgia Regents University

Georgia Regents University Early Retirement Pension Plan (ERP) is a single-employer defined benefit pension plan administered by Bryan, Pendleton, Swats and McAlister. The plan was devised by Georgia Regents University as a means of manpower reduction and was approved by the Board of Regents of the USG of Georgia effective January 1, 2000.

For additional information concerning the Early Retirement Pension Fund, please refer to note 14 in the Notes to Financial Statements.

Affiliated Organizations

System-wide, there were nineteen affiliated organizations that met one or more criteria for inclusion as component units of the State of Georgia in compliance with GASB Statement No. 39. These organizations are included in the supplementary information section. Eleven of these affiliated organizations are reported in the State Comprehensive Annual Financial Report (CAFR) as discretely presented component units for fiscal 2015 and eight of these affiliated organizations are reported as blended in the CAFR in compliance with GASB Statement No. 61.

Economic Outlook

An enhanced focus on ensuring that students can afford and earn degrees has resulted in an increased emphasis on restructuring public higher education in Georgia to work more efficiently and effectively. The USG is committed to timely and thorough review of programs, services and policies for currency and relevance. Additionally, the USG and its institutions are committed to measuring performance and being accountable for its decisions. Global economic indicators reveal that in the near future, two-thirds of the workforce will require post-secondary credentials to compete for jobs.

Preparing Georgia for the future requires an increase in the number of Georgians who have degrees. In order to continue to be competitive globally, Georgia needs to increase the number of Georgians with degrees from the current level of 42 percent of the population to a targeted 60 percent of the population by 2025. This positive movement can be attributed to implementing strategies, ranging from new teaching methods, to better advising, to giving credit for experiential learning. Predictions for Georgia's workforce needs for 2025 are significant. In 2011, the USG graduated 54,855 students. The USG has been working to increase that number year-over year, and this year, surpassed 60,000 students graduating from USG institutions reflecting a 10% increase over the past four years. The USG still has a long way to reach its goal of graduating 80,000 students a year, but is confident about the progress made and believes it is on track to achieving the goal.

The consolidation of ten institutions into five new ones has been successfully completed. The consolidation of Georgia State University and Georgia Perimeter College is in the final stages which will result in a total student population at Georgia State University that tops 53,000. Additionally, another consolidation of two institutions is in the preliminary stages. This will allow more funding to be shifted from administration to the classroom following the USG's strategic plan of being committed to pursuing operational efficiencies and being a model steward of resources.

As a labor-intensive organization, the USG faces competitive pressures related to attracting and retaining quality faculty and staff. As is the case nationally, the USG also faces the rising costs of health-care benefits, but will continue to take proactive measures to mitigate these rising costs.

A key component of the USG's success and future is the strong relationship with Governor Deal and the Georgia General Assembly. Due to their support, and the excellent leadership of the Board of Regents and Chancellor Huckaby, the USG will continue to progress in remaining affordable and maintaining access, while protecting the academic enterprise for the citizens of the State of Georgia.



Shelley C. Nickel
Vice Chancellor for Fiscal Affairs and Planning/Treasurer
University System of Georgia



FINANCIAL STATEMENTS



UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$	1,313,683,139
Short-term Investments		187,099,183
Accounts Receivable, Net (Note 3)		
Receivables - Federal Financial Assistance		103,122,868
Receivables - Other		130,351,394
Due From Affiliated Organizations		166,122,452
Inventories (Note 4)		23,559,088
Notes Receivables, Net		1,420,793
Prepaid Items		29,321,283
Other Assets		2,137,243
Total Current Assets	\$	<u>1,956,817,443</u>

Non-Current Assets

Non-Current Cash	\$	5,604,241
Short-term Investments		1,513,220
Investments (Externally Restricted)		69,638,418
Other Non-Current Assets		6,777,105
Investments		168,921,881
Notes and Receivables, Net		44,195,189
Capital Assets, Net (Note 6)		9,654,407,865
Total Non-Current Assets	\$	<u>9,951,057,919</u>

TOTAL ASSETS	\$	<u>11,907,875,362</u>
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Deferred Outflows of Resources

Deferred Loss on Debt Refunding	\$	4,928,014
Deferred Loss on Defined Benefit Pension Plan		232,958,321
TOTAL DEFERRED OUTFLOWS	\$	<u>237,886,335</u>

LIABILITIES

Current Liabilities

Accounts Payable	\$	161,364,214
Salaries Payable		18,929,805
Benefits Payable		48,246,650
Contracts and Retainage Payable		20,726,867
Deposits		45,356,812
Advances (Including Tuition and Fees) (Note 7)		223,694,943
Other Liabilities		5,334,907
Deposits Held for Other Organizations		140,872,222
Lease Purchase Obligations		76,940,463
Compensated Absences		126,356,041
Due to Affiliated Organizations		8,681,210
Total Current Liabilities	\$	<u>876,504,134</u>

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET POSITION - Continued
June 30, 2015

Non-Current Liabilities

Lease Purchase Obligations	\$ 3,169,384,406
Advances	1,357,120
Compensated Absences	75,086,423
Due to Affiliated Organizations	603,965
Net Pension Liability	1,914,402,670
Other Liabilities	697,831
Net OPEB Obligation	2,163,376,890
Total Non-Current Liabilities	<u>\$ 7,324,909,305</u>

TOTAL LIABILITIES	<u>\$ 8,201,413,439</u>
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Deferred Inflows of Resources

Deferred Gain on Debt Refundings	\$ 6,174,676
Deferred Grants Received in Advance of Timing Requirements	14,582,255
Deferred Service Concession Arrangements	386,806,449
Deferred Gain on Defined Benefit Pension Plan	643,322,154
Deferred Inflows - Other	14,086,414
TOTAL DEFERRED INFLOWS	<u>\$ 1,064,971,948</u>

NET POSITION

Net Investment in Capital Assets	\$ 6,313,663,367
Restricted	
Non-Expendable	181,376,966
Expendable	322,178,518
Unrestricted	(3,937,842,541)
TOTAL NET POSITION	<u>\$ 2,879,376,310</u>

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015

OPERATING REVENUES

Student Tuition and Fees (Net of Allowance for Doubtful Accounts)	\$ 2,420,550,806
Less: Scholarship Allowances	(555,491,420)
Federal Appropriations	21,757,958
Grants and Contracts	
Federal	795,600,500
Federal Stimulus	5,268,641
State	232,309,847
Other	511,041,532
Sales and Services	209,425,200
Rents and Royalties	4,991,633
Auxiliary Enterprises	
Residence Halls	355,179,236
Bookstore	69,353,568
Food Services	170,568,446
Parking/Transportation	83,687,701
Health Services	55,093,402
Intercollegiate Athletics	121,641,932
Other Organizations	29,540,756
Other Operating Revenues	173,672,818
Total Operating Revenues	<u>\$ 4,704,192,556</u>

OPERATING EXPENSES

Faculty Salaries	\$ 1,440,823,455
Staff Salaries	1,908,548,950
Employee Benefits	1,215,441,583
Other Personal Services	12,409,573
Travel	76,556,399
Scholarships and Fellowships	313,019,514
Utilities	191,486,623
Supplies and Other Services	1,835,338,935
Depreciation	459,368,084
Total Operating Expenses	<u>\$ 7,452,993,116</u>
Operating Income (Loss)	<u>\$ (2,748,800,560)</u>

UNIVERSITY SYSTEM OF GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - Continued YEAR ENDED JUNE 30, 2015

NON-OPERATING REVENUES (EXPENSES)

State Appropriations	\$ 1,942,664,302
Grants and Contracts	
Federal	547,925,911
Federal Stimulus	11,351,241
State	5,598,757
Other	58,698,997
Gifts	95,991,505
Investment Income	21,724,414
Interest Expense	(188,463,317)
Other Non-Operating Revenues (Expenses)	(8,067,493)
Net Non-Operating Revenues	<u>\$ 2,487,424,317</u>
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	<u>\$ (261,376,243)</u>
Capital Grants and Gifts	
Federal	\$ 4,277,008
State	329,016,898
Other	52,803,949
Special Item - Capital Asset Transfer	205,214
Special Item - Loss on Debt Refunding	(681,491)
Total Other Revenues and Special Items	<u>\$ 385,621,578</u>
Change in Net Position	<u>\$ 124,245,335</u>
Net Position, Beginning of Year, As Originally Reported	5,159,216,552
Prior Year Adjustments	<u>(2,404,085,577)</u>
Net Position, Beginning of Year, Restated	<u>2,755,130,975</u>
Net Position, End of Year	<u><u>\$ 2,879,376,310</u></u>

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 1,861,996,668
Federal Appropriations	15,769,064
Grants and Contracts (Exchange)	1,535,509,544
Sales and Services of Educational Departments	210,546,742
Payments to Suppliers	(3,013,978,294)
Payments to Employees	(3,332,896,908)
Payments for Scholarships and Fellowships	(336,826,971)
Loans Issued to Students and Employees	(16,722,315)
Collection of Loans to Students and Employees	11,801,611
Auxiliary Enterprise Charges	886,521,429
Other Receipts	168,297,185
Other Payments	(9,489,650)
Net Cash Used by Operating Activities	<u>\$ (2,019,471,895)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	\$ 1,942,664,302
Agency Fund Transactions	(14,349,936)
Gifts and Grants Received for Other Than Capital Purposes	685,775,986
Principal Paid on Installment Debt	(288,473)
Interest Paid on Installment Debt	(4,925)
Other Non-Operating Receipts	12,962,931
Other Non-Operating Expenses	(13,751,833)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>\$ 2,613,008,052</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Grants and Gifts Received	\$ 439,450,827
Proceeds from Sales of Capital Assets	20,149,935
Purchases of Capital Assets	(521,024,337)
Additional Payments to Extinguish Capital Debt and Leases	(9,369,827)
Principal Paid on Capital Debt and Leases	(387,507,583)
Interest Paid on Capital Debt and Leases	(186,446,715)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (644,747,700)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	\$ 28,161,730
Interest on Investments	20,599,078
Purchase of Investments	(60,871,163)
Net Cash Provided by Investing Activities	<u>\$ (12,110,355)</u>
Net Change in Cash	<u>\$ (63,321,898)</u>

Cash and Cash Equivalents - Beginning of Year (Originally Reported)	\$ 1,451,495,813
Prior Year Adjustment for Investment Balances Reported as Cash	(68,886,535)
Cash and Cash Equivalents - Beginning of Year (Restated)	<u>1,382,609,278</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,319,287,380</u>

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CASH FLOWS - Continued
YEAR ENDED JUNE 30, 2015

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

Operating Income (Loss)	\$ (2,748,800,560)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash	
Provided (Used) by Operating Activities	
Depreciation	459,368,084
Operating Expenses Related to Non-Cash Gifts	30,117,793
Change in Assets and Liabilities:	
Receivables, Net	(36,454,970)
Inventories	(1,301,695)
Other Assets	3,566
Prepaid items	(1,435,901)
Notes Receivable, Net	547,309
Investment in Capital Leases	(5,952)
Accounts Payable	14,782,528
Salaries Payable	6,822,835
Advances (Including Tuition and Fees)	(4,872,936)
Other Liabilities	3,748,092
Compensated Absences	5,752,689
Net Pension Liability	(673,617,747)
Net OPEB Obligation	320,299,655
Changes in Deferred Inflows/Outflows:	
Deferred Inflows	654,423,351
Deferred Outflows	(48,848,036)
Net Cash Used by Operating Activities	<u><u>\$ (2,019,471,895)</u></u>

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

Fixed Assets Acquired By Incurring Capital Lease Obligations	<u><u>\$ 107,538,905</u></u>
Change In Accounts Receivable Related To GSFIC Gifts	<u><u>\$ 2,680,147</u></u>
Change In Fair Value of Investments Recognized As A Component of Interest Income	<u><u>\$ 2,110,565</u></u>
Special Item - Capital Assets	<u><u>\$ 205,214</u></u>
Amortization of deferred Loss On Debt Refunding Reducing Interest Paid	<u><u>\$ 220,157</u></u>
Change In Accued Interest Payable Affecting Interest Paid	<u><u>\$ 1,953,496</u></u>
Gifts Other Than Capital Assets Reducing Proceeds Of Grants & Gifts For Other Than Capital Purposes	<u><u>\$ 30,906,342</u></u>
Adjustment to Capital Lease Principal	<u><u>\$ 131,429</u></u>
Correction of Capital Asset	<u><u>\$ 57,841</u></u>
Capitalized Interest Affecting Interest Paid	<u><u>\$ 1,497,331</u></u>
Gift of Capital Assets Reducing Proceeds Of Capital Grants And Gifts	<u><u>\$ 252,387,826</u></u>
Gain on Debt Refunding	<u><u>\$ 4,614,258</u></u>
Amortization of Service Concession Arrangement	<u><u>\$ 3,582,189</u></u>
Special Item - Gain/Loss On Capital Bond Defeasance	<u><u>\$ 8,688,336</u></u>
Deferred Savings On PY Defeasance - Current Year Recognized Amount	<u><u>\$ (157,872)</u></u>
Current Year Gift Revenue Recognized On Non-Cash Capital Gifts From Vendors	<u><u>\$ (243,470)</u></u>

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

UNIVERSITY SYSTEM OF GEORGIA
 COMBINED STATEMENT OF FIDUCIARY NET POSITION
 PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
 June 30, 2015

	Early Retirement Plan - Georgia Regents University	457f Deferred Compensation Fund	Retiree Health Benefit Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 5,898,987		\$ 1,614,257	\$ 7,513,244
Investments				
Debt Securities - Mutual Bond Fund	12,074,540	\$ 545,169		12,619,709
Debt Securities - Money Market Mutual Funds		416,541		416,541
Equity Mutual Fund	33,841,896	4,683,265		38,525,161
Equity Securities	24,600,055			24,600,055
Real Estate Investment Trusts	2,710,259			2,710,259
Receivables				
Employer			3,227,062	3,227,062
Employee			6,857,180	6,857,180
Other			7,097	7,097
Total Assets	\$ 79,125,737	\$ 5,644,975	\$ 11,705,596	\$ 96,476,308
LIABILITIES				
Benefits Payable			\$ 11,425,000	\$ 11,425,000
NET POSITION				
Held in Trust for:				
Pension Benefits	\$ 79,125,737	\$ 5,644,975		\$ 84,770,712
Other Postemployment Benefits			\$ 280,596	280,596
Total Net Position	\$ 79,125,737	\$ 5,644,975	\$ 280,596	\$ 85,051,308

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

UNIVERSITY SYSTEM OF GEORGIA
 COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
 June 30, 2015

	Early Retirement Plan - Georgia Regents University	457f Deferred Compensation Fund	Retiree Health Benefit Fund	Total
ADDITIONS				
Contributions				
Employer	\$ 13,084,672	\$ 1,212,086	\$ 129,822,595	\$ 144,119,353
Plan member			37,770,393	37,770,393
Other			25,163	25,163
Investment Income				
Dividends and Interest	926,698	168,117		1,094,815
Net Appreciation in Investments				
Reported at Fair Value	2,319,097	26,549	77,675	2,423,321
Less: Investment Expense	(121,518)	(663)		(122,181)
Total Additions	\$ 16,208,949	\$ 1,406,089	\$ 167,695,826	\$ 185,310,864
DEDUCTIONS				
Benefits	\$ 13,276,822		\$ 150,240,223	\$ 163,517,045
Life Insurance Premium Expense			3,863,810	3,863,810
Withdrawal		\$ 40,427		40,427
Administrative expense			13,392,716	13,392,716
Total Deductions	\$ 13,276,822	\$ 40,427	\$ 167,496,749	\$ 180,813,998
Change in Net Position Held in Trust for Pension and Other Employee Benefits	\$ 2,932,127	\$ 1,365,662	\$ 199,077	\$ 4,496,866
Net Position, Beginning of Year				
Net Position, Beginning of Year, As Originally Reported	\$ 76,193,610		\$ 81,519	\$ 76,275,129
Prior Year Adjustments		\$ 4,279,313		4,279,313
Net Position, Beginning of Year, Restated	\$ 76,193,610	\$ 4,279,313	\$ 81,519	\$ 80,554,442
Net Position, End of Year	\$ 79,125,737	\$ 5,644,975	\$ 280,596	\$ 85,051,308

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



NOTES TO THE FINANCIAL STATEMENTS



UNIVERSITY SYSTEM OF GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The University System of Georgia (USG) serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge, and by disseminating knowledge to the people of Georgia and throughout the country.

Reporting Entity

As defined by Official Code of Georgia Annotated (O.C.G.A) § 20-3-50, the USG is comprised of thirty (30) State-supported member institutions of higher education in Georgia and the University System Office (USO). Summarized business-type activity financial statements for each State-supported member institution of higher education in Georgia and the USO are included in the Supplementary Information.

The USO is the custodian of the Board of Regents Retiree Health Benefit Fund and the IRS 457f Deferred Compensation Fund. Georgia Regents University, an organizational unit of the USG, is custodian of the Early Retirement Plan.

The USG is an organizational unit of the State of Georgia under the governance of the Board of Regents (Board). The Board has constitutional authority to govern, control and manage the University System of Georgia. 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 USG is included within the State of Georgia's basic financial statements as a 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.

Legally separate, tax-exempt organizations whose activities primarily support the USG are considered potential component units of the State. See Note 20, Affiliated Organizations, for additional information.

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 USG's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

The USG's business-type activities 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-University System transactions have been eliminated.

USG reports the following Fiduciary Fund:

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

New Accounting Pronouncements

In fiscal year 2015, the USG adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement requires a restatement to beginning net position. The adoption of this statement has a significant impact on the USG's financial statements.

In fiscal year 2015, the USG adopted Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also requires that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The adoption of this statement does not have a significant impact on the USG's financial statements.

In fiscal year 2015, the USG adopted Governmental Accounting Standards Board (GASB) Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. The objective of this statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of statement. This statement amends paragraph 137 of Statement No. 68 which limited recognition of pension-related deferred outflows of resources and deferred inflows of resources at the transition to circumstances in which it is practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions.

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 and the Board of Regents Short-Term Investment Pool.

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.

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

Inventories

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

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.

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2015 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 USG'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 USG, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) – an organization that is external to the USG. 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. Bond proceeds received by GSFIC are used to fund construction projects on behalf of USG institutions. For construction projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the applicable college or university when complete. See Note 6, Capital Assets, for additional information.

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.

Deposits

Deposits represent good faith deposits from students to reserve housing assignments in institutional residence halls.

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.

Deposits Held for Other Organizations

Deposits held for other organizations result primarily from the USG acting as an agent, or fiduciary, for another entity. Deposits held for others consist of affiliate organizations' portion of the University System of Georgia's Pooled Investment Fund program and scholarships, fellowships, study abroad deposits and other funds held for various governments, companies, clubs or individuals.

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.

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.

Net Other Post-Employment Benefit (OPEB) Obligation

The net OPEB obligation represents the cumulative difference between the actuarially determined annual required contribution and the amount actually contributed by the USG.

The financial statements of the OPEB plan are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Pensions and Net Pension Liability

The net pension liability represents the unfunded pension obligation which is the difference between the total pension obligation 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.

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 University System of Georgia's net position is classified as follows:

Net Investment in capital assets: This represents the USG'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 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 University/College 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: includes resources in which the USG is legally or contractually obligated to spend resources in accordance with restrictions by external third parties.

Unrestricted 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 USG, 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. Unrestricted Net Position also includes resources specifically designated by the Board, such as:

- Auxiliary Enterprises Operations - These resources are used for the continued operation of auxiliary enterprise activities, which are substantially self-supporting business operations conducted on campuses that provide services to students, faculty, and staff.
- Auxiliary Enterprises Renewals and Replacement (R&R) Reserve – These resources can be used for renewals and replacement of capitalizable assets. This R&R reserve can also be used for capitalizable expenditures that extend the useful life of an asset (e.g. add a new roof, major renovation) or improves its usefulness/performance.
- Capital Liability Reserve Fund (Fund) – The Fund was established by the Board to protect the fiscal integrity of the University System of Georgia (USG), to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the USG can effectively support its long-term capital lease obligations. The Fund is financed by all USG institutions participating in the PPV program. The Fund serves as a pooled reserve that is managed by the USO. 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 USG has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to the contributing institution.

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

See Note 10, Net Position, for additional information.

Income Taxes

The USG, 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.

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

Restatement of Prior Year Net Position

The University System of Georgia made the following restatements related to business-type activities:

- For fiscal year 2015, the University System of Georgia made prior period adjustments due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and (GASB) Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which require the restatement of the June 30, 2014, Net Position. The result is a decrease in Net Position at July 1, 2014 of \$2,411,507,165 of which \$2,588,020,417 represented net pension liability, \$183,599,719 represented deferred outflows and 7,086,467 represented pension assets at implementation. This change is in accordance with general accepted accounting principles.

- In addition, the University System of Georgia increased net position for correction of prior year errors for \$9,027,776 and decreased net position related to the re-evaluation of capital assets and capital lease agreements between the University of West Georgia and Georgia College & State University and their respective foundations for \$1,606,188. This change is in accordance with general accepted accounting principles.

Below is a summary of adjustments made to July 1, 2014 Net Position for business-type activities.

Business-Type Activities:

Net Position, Beginning of Year, As Originally Reported		\$	5,159,216,552
Adjustments related to GASB 68 & 71			
Increase in Net Pension Liability	\$	(2,588,020,417)	
Increase in Deferred Outflows		183,599,719	
Decrease in Net Pension Asset		<u>(7,086,467)</u>	(2,411,507,165)
Adjustments related to correction of prior year errors			
Increase in Capital Assets	\$	8,625,250	
Increase in Accounts Receivables		930,451	
Increase in Accounts Payable		<u>(527,925)</u>	9,027,776
Re-evaluation of Capital Assets and Capital Lease Agreements			
Decrease in Capital Assets	\$	(23,992,755)	
Decrease in Capital Leases		<u>22,386,567</u>	<u>(1,606,188)</u>
Net Position, Beginning of Year, Restated			<u><u>\$ 2,755,130,975</u></u>

For fiscal year 2015, the University System of Georgia made reclassifications to better reflect assets as cash and cash equivalents and investments in accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. This reclassification required the restatement of the June 30, 2014, cash and cash equivalents reported on the Statement of Cash Flows. The result is a decrease in cash and cash equivalents at July 1, 2014 reported for on the Statement of Cash Flows of \$68,886,535. This change is in accordance with general accepted accounting principles.

The University System of Georgia made the following restatement related to fiduciary funds:

During the fiscal year, the University System of Georgia began actively managing the IRS Section 457f deferred compensation plan. In doing so, management determined that the University System of Georgia has fiduciary accountability for the plan and the University System of Georgia holds the assets in a trustee capacity. As a result, the University System of Georgia has restated the June 30, 2014 Fiduciary Net Position. The effect is an increase in beginning net position of \$4,279,313 for the Pension and Other Post-Employment Benefit Trust Funds. This change is in accordance with general accepted accounting principles.

Note 2 Deposits and Investments

A. Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the USG's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the USG) 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, 2015, the carrying value of deposits was \$549,404,613 and the bank balance was \$594,281,422. Of the USG's deposits, \$583,682,344 was uninsured. Of these uninsured deposits, \$558,480,371 were collateralized with securities held by the financial institution's trust department or agent in the USG's name, \$25,113,355 were collateralized with securities held by the financial institutions, by its trust department or agency, but not in the USG's name and \$88,618 were uncollateralized.

The following schedule reconciles cash and cash equivalents to the carrying value of deposits:

Reconciliation of Cash and Cash Equivalents to Carrying Value of Deposits:

Business-type Activities	
Statement of Net Position	
Cash and Cash Equivalents	\$ 1,313,683,139
Non-Current Cash and Cash Equivalents	5,604,241
Fiduciary Fund	
Pension and Other Post-Employment Benefit Trust Funds	
Statement of Fiduciary Net Position	
Cash and Cash Equivalents	<u>7,513,244</u>
Total Cash and Cash Equivalents	1,326,800,624
Add:	
Deposits with original maturity over 90 days reported as Investments	3,385,113
Less:	
Cash on hand	(1,051,135)
Investments with original maturity less than 90 days reported as Cash and Cash Equivalents	(964,472)
Investment pools reported as Cash and Cash Equivalents	
Board of Regents Short-term Fund	(397,932,919)
Georgia Fund 1	<u>(380,832,598)</u>
Total carrying value of deposits	<u>\$ 549,404,613</u>

B. Investments

The USG 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.

Board of Regents Internal Investment Pool

The Board of Regents Internal Investment Pool is overseen by the University System Office which serves as the fiscal agent for various units of the University System of Georgia and affiliated organizations. The University System Office pools the monies of these organizations with the University System Office's monies for investment purposes. The investment pools are not registered with the SEC as an investment company. The fair value of the 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.

The University System Office maintains investment policy guidelines for each pooled investment fund that is offered to qualified University System participants. These policies are intended to foster the sound and prudent responsibility that each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable Federal and state laws.

Units of the University System of Georgia and their affiliated organizations may participate in the Pooled Investment Fund program. The overall character of the pooled fund portfolios is of above average quality, possessing at most an average degree of investment risk.

The Board of Regents' Internal Investment Pool funds are described below.

Short Term Fund

The Short Term fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. The investment maturities of the fund will range between daily and three years. The fund will typically have an average duration of $\frac{3}{4}$ - 1 year. The market value of the Short Term Fund at June 30, 2015 was \$397,932,919.

Legal Fund

The Legal Fund provides an opportunity for greater income and modest principal growth to the extent possible with the securities allowed under Georgia Code 50-17-59 and 50-17-63. The average maturities in this fund will typically range between five and ten years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is of Treasury and agency quality, possessing a minimal degree of financial risk. The market value of the Legal Fund at June 30, 2015 was \$17,525,971.

Balanced Income Fund

The Balanced Income Fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. This fund is comprised of fixed income, equity and cash equivalent instruments. Investments are limited to domestic U.S. equities and domestic fixed income.

The equity allocation range shall be between 30% and 40%, with a target of 35% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 60% and 70%, with a target of 65% of the total portfolio. Reserves for contingencies and stock and bond purchases typically comprise the balance of the fund. Reserves and excess income are invested at all times in practical amounts. Reserves are invested in high quality institutional money market mutual funds or other high quality, short term instruments. The market value of the Balanced Income Fund at June 30, 2015 was \$5,920,846.

Total Return Fund

The Total Return Fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers greater overall equity exposure and is appropriate for investing longer term funds such as endowments. Investments are limited to domestic U.S. equities and fixed income.

The equity allocation range shall be between 60% and 70%, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 30% and 40%, with a target of 35% of the total portfolio. Reserves for contingencies and stock and bond purchases typically comprise the balance of the fund. Reserves and excess income are invested at all times in practical amounts. Reserves are invested in high quality institutional money market mutual funds or other high quality, short term instruments. The market value of the Total Return Fund at June 30, 2015 was \$12,701,949.

Diversified Fund

The Diversified Fund is designed to provide improved return characteristics with reduced volatility through greater diversification. This pool is appropriate for investing longer term funds such as endowments. Investments may include domestic, international and emerging market equities, domestic fixed income and global fixed income.

The equity allocation range shall be between 50% and 75% of the portfolio, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 25% and 50%, with a target of 35% of the total portfolio. Reserves for contingencies and stock and bond purchases typically comprise the balance of the fund. Reserves and excess income are invested at all times in practical amounts. Reserves are invested in high quality, institutional money market mutual funds or other high quality, short term instruments. The market value of the Diversified Fund at June 30, 2015 was \$156,886,115.

Condensed financial information for the Regents Internal Investment Pool is as follows:

Regents Internal Investment Pool
Statement of Net Position
June 30, 2015

Assets	
Investments	\$ 590,525,179
Receivables	442,621
Net Assets	<u>\$ 590,967,800</u>
Distribution of Net Assets	
USG Organizational Units' Account Balances	\$ 491,938,988
Affiliated Organizations' Account Balances *	99,028,812
Total Distribution	<u>\$ 590,967,800</u>

* - This balance is included in Deposits Held for Other Organizations on the University System of Georgia's Statement of Net Position. See Note 20 for more information on Affiliated Organizations.

Regents Internal Investment Pool
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2015

Market Value Plus Accrued Income on 7/1/2014	\$ 546,512,361
Receipts	78,966,390
Disbursements	
Administrative Expenses	(753,580)
Distributions	(42,108,050)
Investment Results	
Income Collected and Accrued	9,057,214
Realized Gain/Loss on Assets Sold	3,054,828
Change in Unrealized Gain/Loss	(2,683,385)
Amortization (Short Term Fund)	(1,077,978)
Market Value Plus Accrued Income on 6/30/2015	<u>\$ 590,967,800</u>

Investment Risks:

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Board of Regents 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 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's investment manager and approval by the Board of Regents.

The following tables provide information about USG's exposure to interest rate risk.

University System of Georgia - Business-Type Activities
June 30, 2015

Investment type	Investment Maturity				
	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years More Than 10 Years
<u>Debt Securities</u>					
U.S. Treasuries	\$ 26,952,308			\$ 22,520,632	\$ 4,422,576 \$ 9,100
U.S. Agencies - Explicitly Guaranteed	176,155,404	\$ 387	\$ 1,190,446	59,060,358	44,111,998 71,792,215
U.S. Agencies - Implicitly Guaranteed	371,076,694	1,410,221	9,705,996	78,356,134	57,515,547 224,088,796
Corporate Debt	322,978	11,383	23,323	100,317	187,955
General Obligation Bonds	1,057,793	5,000		763,241	127,436 162,116
Money Market Mutual Fund	2,416,658	2,416,658			
Mutual Bond Fund	61,434,037	156,703		17,180,351	39,031,383 5,065,600
Repurchase Agreements	28,304,534	28,304,534			
	667,720,406	\$ 32,304,886	\$ 10,919,765	\$ 177,981,033	\$ 145,396,895 \$ 301,117,827
<u>Other Investments</u>					
Equity Securities - Domestic	67,742,216				
Equity Securities - International	529,781				
Miscellaneous Holdings	605				
Equity Mutual Funds	58,936,516				
Other - Tangible Assets	15,120				
Real Estate Held For Investments	6,145,292				
Real Estate Investment Trusts	7,266,386				
Commodities Market Funds	91,598				
<u>Investment Pools</u>					
Office of the State Treasurer					
Georgia Fund 1	380,832,598				
Georgia Extended Asset Pool	6,863,342				
	\$ 1,196,143,860				

University System of Georgia - Fiduciary Fund - Early Retirement Plan
June 30, 2015

Investment type	Investment Maturity			
	Fair Value	1-5 Years	6-10 Years	More Than 10 Years
<u>Debt Securities</u>				
Mutual Bond Fund	\$ 12,074,540	\$ 2,175,115	\$ 7,401,609	\$ 2,497,816
<u>Other Investments</u>				
Equity Mutual Funds	33,841,896			
Equity Securities - Domestic	24,600,055			
Real Estate Investment Trusts	2,710,259			
	<u>\$ 73,226,750</u>			

University System of Georgia - Fiduciary Fund - 457f Deferred Compensation Plan
June 30, 2015

Investment type	Investment Maturity		
	Fair Value	Less Than 3 Months	6-10 Years
<u>Debt Securities</u>			
Money Market Mutual Fund	\$ 416,541	\$ 416,541	
Mutual Bond Fund	545,169	221,210	\$ 323,959
	<u>961,710</u>	<u>\$ 637,751</u>	<u>\$ 323,959</u>
<u>Other Investments</u>			
Equity Mutual Funds	4,683,265		
	<u>\$ 5,644,975</u>		

University System of Georgia - Fiduciary Fund - Retiree Health Benefit Fund
June 30, 2015

Investment type	Investment Maturity					
	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
<u>Debt Securities</u>						
U.S. Treasuries	\$ 222,721			\$ 222,721		
U.S. Agencies - Explicitly Guaranteed	1,026,478			525,135	\$ 446,118	\$ 55,225
U.S. Agencies - Implicitly Guaranteed	5,614,962	\$ 41	\$ 134,974	1,133,981	856,733	3,489,233
Repurchase Agreements	509,557	509,557				
	<u>\$ 7,373,718</u>	<u>\$ 509,598</u>	<u>\$ 134,974</u>	<u>\$ 1,881,837</u>	<u>\$ 1,302,851</u>	<u>\$ 3,544,458</u>

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 \$1.99 at June 30, 2015. The Georgia Extended Asset Pool is an AA+f credit quality rating as determined by Standard and Poor's; the effective duration is 0.31 years.

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 USG will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The USG's policy for managing custodial credit risk for investments is:

1. The USG has appointed a federally regulated banking institution as custodian. The custodian performs its duties to the standards of a professional custodian and is liable to the USG for claims, losses, liabilities and expenses arising from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.
2. All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.
3. Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

At June 30, 2015, \$5,644,975 of the USG's applicable investments in the Pension and Other Post-Employment Benefit Trust Funds were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in USG's name. These investments were attributable to the 457f Deferred Compensation Fund.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The USG's policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds:

1. In all pooled funds except the Diversified Fund, all debt issues must be eligible investments under Georgia Code 50-17-63. Portfolios of debt security funds also must meet the eligible investment criteria under the same code section.
2. The Diversified Fund is permitted to invest in non-investment grade debt issues up to a limit of 15% of the entire portfolio.

The following tables provide information about USG's exposure to credit quality risk.

University System of Georgia - Business-Type Activities
For Applicable Debt Securities Held at June 30, 2015

	Related Debt Investments						
	Fair Value	U.S. Agencies	Corporate Debt	General Obligation Bonds	Money Market Mutual Fund	Mutual Bond Fund	Repurchase Agreements
A	\$ 90,048		\$ 82,716			\$ 7,332	
A-	24,499		24,499				
AA	70,533		28,917			41,616	
AA-	10,582		10,582				
AA+	2,627,814	\$ 2,603,639	24,175				
AA3	5,000			\$ 5,000			
AAA	29,728,574	190,496		1,052,793		224,674	\$ 28,260,611
AAAm	2,338,732				\$ 2,338,732		
B	34,873					34,873	
BB	13,933					13,933	
BBB	132,524		17,401			115,123	
BBB-	8,014		8,014				
BBB+	11,427		11,427				
Not Rated	429,516,141	368,282,559	115,247		77,926	60,996,486	43,923
	\$ 464,612,694	\$ 371,076,694	\$ 322,978	\$ 1,057,793	\$ 2,416,658	\$ 61,434,037	\$ 28,304,534

University System of Georgia - Fiduciary Fund - Early Retirement Plan
For Applicable Debt Securities Held at June 30, 2015

	Fair Value	Not Rated
<u>Related Debt Investments</u>		
Mutual Bond Fund	<u>\$ 12,074,540</u>	<u>\$ 12,074,540</u>

University System of Georgia - Fiduciary Fund - 457f Deferred Compensation Plan
For Applicable Debt Securities Held at June 30, 2015

	Fair Value	Not Rated
<u>Related Debt Investments</u>		
Money Market Mutual Fund	\$ 416,541	\$ 416,541
Mutual Bond Fund	545,169	545,169
	<u>\$ 961,710</u>	<u>\$ 961,710</u>

University System of Georgia - Fiduciary Fund - Retiree Health Benefit Fund
For Applicable Debt Securities Held at June 30, 2015

	Fair Value	AAA	Not Rated
<u>Related Debt Investments</u>			
U.S. Agencies - Explicitly Guaranteed	\$ 1,026,478		\$ 1,026,478
U.S. Agencies - Implicitly Guaranteed	5,614,962		5,614,962
Repurchase Agreements	509,557	\$ 509,557	
	<u>\$ 7,150,997</u>	<u>\$ 509,557</u>	<u>\$ 6,641,440</u>

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. The USG's policy for managing concentration of credit risk is to diversify investments to the extent that any single issuer shall be limited to 5% of the market value in a particular investment fund. The following U.S. agency investments exceeded 5% of the total reported investment amount as of June 30, 2015:

University System of Georgia - Business-Type Activities
For Applicable Investments Held at June 30, 2015

Investment	Amount	% of Total
Georgia Fund 1	\$ 380,832,598	31.8%
Federal Home Loan Mortgage Corp	\$ 146,276,633	12.2%
Federal National Mortgage Assoc. Pool	\$ 144,825,074	12.1%
Federal National Mortgage Assoc.	\$ 132,999,532	11.1%
NCUA Guaranteed Notes	\$ 69,286,719	5.8%

University System of Georgia - Fiduciary Fund - Early Retirement Plan
For Applicable Investments Held at June 30, 2015

Investment	Amount	% of Total
Vanguard Institutional Index Fd	\$ 29,794,089	40.7%
Ishares Russell 1000 Growth Etf	\$ 7,421,295	10.1%
Ishares Core Total U.S. Aggregate Bond Etf	\$ 7,401,609	10.1%
Ishares Russell 1000 Value Etf	\$ 4,638,243	6.3%

University System of Georgia - Fiduciary Fund - 457f Deferred Compensation Plan
For Applicable Investments Held at June 30, 2015

Investment	Amount	% of Total
Fid Balanced	\$ 1,139,609	20.2%
Fid Contrafund	\$ 683,627	12.1%
Tiaa-Cref Lifecycle 2010-Prem	\$ 604,920	10.7%
Fid Cash Resrve	\$ 416,541	7.4%
Fid Freedom 2020	\$ 296,202	5.2%
Fid Blue Chip Gr	\$ 293,919	5.2%
Fid Intl Small Cap	\$ 281,301	5.0%

University System of Georgia - Fiduciary Fund - Retiree Health Benefit Fund
For Applicable Investments Held at June 30, 2015

Investment	Amount	% of Total
Federal Home Loan Mortgage Corp Notes	\$ 1,784,201	24.2%
Federal National Mortgage Assn Notes	\$ 1,662,279	22.5%
Federal Natl Mtge Assn Pool	\$ 1,596,508	21.7%
Ncua Guaranteed Notes	\$ 965,073	13.1%
Fed Home Loan Mtge Corp Pool	\$ 571,974	7.8%

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2015:

Student Tuition and Fees	\$ 50,160,180
Auxiliary Enterprises and Other Operating Activities	6,794,767
Federal Financial Assistance	103,122,868
Georgia Student Financing Commission	19,289,819
Georgia State Financing and Investment Commission	16,593,888
Due from Affiliated Organizations	166,122,452
Other	65,003,757
	<u>427,087,731</u>
Less: Allowance for Doubtful Accounts	27,491,017
Net Accounts Receivable	<u>\$ 399,596,714</u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2015:

Bookstore	\$ 14,388,253
Food Services	2,589,693
Physical Plant	3,873,408
Other	<u>2,707,734</u>
Total	<u>\$ 23,559,088</u>

Note 5 Notes/Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2015. 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 USG institutions for amounts cancelled under these provisions. As USG institutions determine 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. USG institutions provide allowances for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2015, the allowance for uncollectible loans was \$2,014,384.

Note 6 Capital Assets

Changes in business-type activity capital assets for the year ended June 30, 2015 are shown below:

	Beg. Bal. July 1, 2014	Adjustments	Restated Beg. Bal July 1, 2014	Special Item Transfer and Other Reclassifications	Additions	Reductions	End. Bal. June 30, 2015
Capital Assets, Not Being Depreciated:							
Land	\$ 361,595,871		\$ 361,595,871	\$ 59,543	\$ 11,232,704	\$ 115,197	\$ 372,772,921
Capitalized Collections	45,025,882		45,025,882		511,470		45,537,352
Construction Work-in-Progress	181,753,226	\$ 60,616	181,813,842		182,301,705	133,676,551	230,438,996
Total Capital Assets Not Being Depreciated	\$ 588,374,979	\$ 60,616	\$ 588,435,595	\$ 59,543	\$ 194,045,879	\$ 133,791,748	\$ 648,749,269
Capital Assets, Being Depreciated:							
Infrastructure	\$ 331,701,673	\$ (636,640)	\$ 331,065,033	\$ 3,862,331	\$ 20,992,922		\$ 355,920,286
Building and Building Improvements	8,023,178,210	11,307,233	8,034,485,443	160,246,620	551,141,403	\$ 7,469,211	8,738,404,255
Facilities and Other Improvements	378,662,818	(874,122)	377,788,696	350,319	24,083,835	234,999	401,987,851
Equipment	1,455,272,846	1,101,447	1,456,374,293	759,435	143,430,410	60,552,772	1,540,011,366
Capital Leases	2,553,208,865	(28,131,806)	2,525,077,059	(162,559,951)	77,555,060	2,330,173	2,437,741,995
Library Collections	836,792,257	172,700	836,964,957		35,151,553	5,462,538	866,653,972
Capitalized Collections	7,518,369		7,518,369		318,638	195,070	7,641,937
Software	38,886,152		38,886,152		5,222,288		44,108,440
Total Assets Being Depreciated	\$ 13,625,221,190	(17,061,188)	\$ 13,608,160,002	\$ 2,658,754	\$ 857,896,109	\$ 76,244,763	\$ 14,392,470,102
Less: Accumulated Depreciation							
Infrastructure	\$ 112,770,209		\$ 112,770,209	\$ 8,189	\$ 12,138,163		\$ 124,916,561
Buildings and Building Improvements	2,533,434,219	\$ 2,775,681	2,536,209,900	42,744,400	201,788,579	\$ 4,334,694	2,776,408,185
Facilities and Other improvements	140,128,189	(29,877)	140,098,312	342,130	13,173,939	197,006	153,417,375
Equipment	1,044,594,750		1,044,594,750	(19,080)	109,697,393	51,440,848	1,102,832,215
Capital Leases	473,542,917	(3,966,351)	469,576,566	(40,562,556)	86,556,988	736,012	514,834,986
Library Collections	666,178,739	(412,520)	665,766,219		32,869,940	5,430,623	693,205,536
Capitalized Collections	1,144,915		1,144,915		139,615	67,078	1,217,452
Software	16,975,729		16,975,729		3,003,467		19,979,196
Total Accumulated Depreciation	\$ 4,988,769,667	\$ (1,633,067)	\$ 4,987,136,600	\$ 2,513,083	\$ 459,368,084	\$ 62,206,261	\$ 5,386,811,506
Total Capital Assets, Being Depreciated, Net	\$ 8,636,451,523	\$ (15,428,121)	\$ 8,621,023,402	\$ 145,671	\$ 398,528,025	\$ 14,038,502	\$ 9,005,658,596
Capital Assets, net	\$ 9,224,826,502	\$ (15,367,505)	\$ 9,209,458,997	\$ 205,214	\$ 592,573,904	\$ 147,830,250	\$ 9,654,407,865

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the USG, the USG retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2015, GSFIC transferred capital additions valued at \$259 million to the units of the USG. In addition, at June 30, 2015, GSFIC had construction in progress of approximately \$156 million for incomplete projects for the USG.

Note 7 Advances (Including Tuition and Fees)

Business-type activity advances, including tuition and fees, consisted of the following at June 30, 2015:

	Current Liabilities	Non-current Liabilities	Total
Prepaid Tuition and Fees	\$ 121,577,572		\$ 121,577,572
Research	47,015,355		47,015,355
Other Unearned Revenue	55,102,016	\$ 1,357,120	56,459,136
Total	<u>\$ 223,694,943</u>	<u>\$ 1,357,120</u>	<u>\$ 225,052,063</u>

Note 8 Long-Term Liabilities

Business-type activity long-term liabilities for the year ended June 30, 2015 were as follows:

	Beginning Balance July 1, 2014	Adjustments	Restated Beginning Balance July 1, 2014	Additions	Reductions	Ending Balance June 30, 2015	Current Portion
Leases							
Lease Obligations	\$ 3,551,266,948	\$ (22,386,567)	\$ 3,528,880,381	\$ 111,008,525	\$ 393,564,037	\$ 3,246,324,869	\$ 76,940,463
Other Liabilities							
Compensated Absences	\$ 195,689,785		\$ 195,689,785	\$ 138,907,454	\$ 133,154,775	\$ 201,442,464	\$ 126,356,041
Net OPEB Obligation	1,843,077,235		1,843,077,235	320,299,655		2,163,376,890	
Net Pension Liability		\$ 2,588,020,417	2,588,020,417	44,416	673,662,163	1,914,402,670	
Pollution Remediation Liability	1,027,477		1,027,477	341,077	284,090	1,084,464	386,633
Total	<u>\$ 2,039,794,497</u>	<u>\$ 2,588,020,417</u>	<u>\$ 4,627,814,914</u>	<u>\$ 459,592,602</u>	<u>\$ 807,101,028</u>	<u>\$ 4,280,306,488</u>	<u>\$ 126,742,674</u>
Total Long-Term Obligations	<u>\$ 5,591,061,445</u>	<u>\$ 2,565,633,850</u>	<u>\$ 8,156,695,295</u>	<u>\$ 570,601,127</u>	<u>\$ 1,200,665,065</u>	<u>\$ 7,526,631,357</u>	<u>\$ 203,683,137</u>

Note 9 Service Concessions Arrangements

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, will manage, maintain and operate certain student housing resources on the campuses of the following nine institutions: Abraham Baldwin Agricultural College; Armstrong State University; College of Coastal Georgia; Columbus State University; Dalton State College; East Georgia State College; Georgia Regents University; 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 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 with outstanding principal balances of \$302,191,954,

were subsequently retired using funds provided, with the University System Office recording the difference of \$9,369,827 as a Special Item - Extinguishment of Capital Lease Obligations on the Statement of Revenues, Expenses and Changes in Net Position.

In addition to the aforementioned transfers of housing resources and related capital lease obligations from various units of the University System of Georgia to the University System Office, Georgia State University also transferred \$8,688,336, which was the remaining unamortized gain from the refinancing of the Commons dormitory that was included in the new Corvias Campus Living-USG, LLC, SCA. The net result of recognizing this gain in conjunction with the \$9,369,827 discussed above results in a net Special Item-Loss on Debt Retirement of \$681,491.

The \$311,561,781 received from Corvias Campus Living-USG, LLC, was reported as a Deferred Inflow of Resources. The SCA is for 65 years (780 months) to end in June 2080. The University System Office amortized \$399,438 of this Deferred Inflow in June 2015, leaving a remaining Deferred Inflow of Resources balance of \$311,162,343 at June 30, 2015.

As part of this SCA, beginning in fiscal year 2016, the University System Office will also receive \$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 will also receive Retained Services funds each year as a percentage of gross revenues for that year. At June 30, 2015, the University System Office had received advances of \$4,000,000 of ground rent and \$3,300,230 in retained services funds. This total of \$7,300,230 is reflected as Advances on the Statement of Net Position.

Georgia Gwinnett College

At June 30, 2015, Georgia Gwinnett College was a participant in one Service Concession Arrangement with Aramark Education Services, LLC (Aramark).

On May 13, 2014, Georgia Gwinnett College entered into an agreement with Aramark Education Services, LLC (Aramark), whereby Aramark will operate food services operations from service recipients. 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 \$4.1M per operating year. In the event that the amount paid to or retained by Aramark are less than the Annual Fixed Fee of \$4.1M, then the College shall remit the amount equivalent to the difference of the Annual Fixed Fee minus Actual Operating Retainage. In the event that the actual operating 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 the College. Any amount above the Annual Fixed Fee but less than the upper threshold amount is retained by Aramark. The College 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, the College 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 each year for ten years.

Under the terms of the contract Aramark committed to a lump sum upfront payment of \$360,000. Amortized revenue recorded in fiscal year 2015 was \$36,000. The College will receive three yearly

installment payments of \$500,000 from Aramark, the first payment was received in fiscal year 2015. Amortized revenue recorded in fiscal year 2015 was \$150,000.

Under the terms of the agreement, Aramark has committed to \$3,250,000 in dining facility renovations. During fiscal year 2015, \$2,863,867 of renovations were completed with the remaining \$386,133 reported as accounts receivable. The total of \$3,250,000 was recorded as a Deferred Inflow of Resources.

For fiscal year 2015, Georgia Gwinnett College reported a remaining Deferred Inflow of Resources of \$4,924,000 and amortized revenue of \$186,000.

Kennesaw State University

At June 30, 2015, Kennesaw State University was a participant in three Service Concession Arrangements.

1. In August 2001, Kennesaw State University 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 residence hall ("University Place") in accordance with a contractual agreement between the two parties. Under the terms of the agreement, the University 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, Kennesaw State University 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 residence hall ("University Village") in accordance with a contractual agreement between the parties. Under the terms of the agreement, the University 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, Kennesaw State University 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 residence hall (University Suites") in accordance with a contractual agreement between the parties. Under the terms of the agreement, the University 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, 2015, Kennesaw State University reports the three housing residences as Capital Assets with a net carrying value of \$70,720,106. For fiscal year 2015, the University reported a remaining Deferred Inflow of Resources of \$70,720,106 and amortized revenue of \$3,582,189. As part of the contractual agreement, Kennesaw State University Foundation, Inc. is responsible for insuring each of the three residence halls and for providing maintenance services. The University has no reportable future obligation for these services.

Note 10 Net Position

The breakdown of business-type activity net position at June 30, 2015 is as follows:

NET POSITION

Net Investment in Capital Assets	\$ 6,313,663,367
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Restricted for

Nonexpendable

Permanent Endowment	181,376,966
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Expendable

Restricted E&G and Other

Organized Activities	124,139,817
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Federal Loans	42,854,098
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Institutional Loans	24,729,873
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Term Endowments	3,111,249
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Quasi-Endowments	17,300,750
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Capital Projects	21,187,473
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Health Insurance Reserve	88,855,258
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Sub-Total	<u>322,178,518</u>
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Unrestricted

Auxiliary Enterprises Operations	154,998,819
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Auxiliary Enterprises Renewals and Replacement Reserve	207,365,044
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Capital Liability Reserve Fund	21,319,085
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Reserve for Encumbrances	321,680,635
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Reserve for Inventory	3,242,240
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Other Unrestricted	(4,646,448,364)
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Sub-Total	<u>(3,937,842,541)</u>
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TOTAL NET POSITION

\$ 2,879,376,310

Note 11 Endowments

Donor Restricted Endowments:

Investments of the University System of Georgia's (USG) endowment funds are pooled at the individual member institution level, unless required to be separately invested by the donor. For USG member institution controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits the individual member institution 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 \$2,895,081 and is reflected as restricted net position.

Several USG member institutions with endowment funds, where the donor has not provided specific instructions, have predicated endowment funds investment returns on the total return concept.

Annual payouts from the USG member institution's endowment funds are based on a spending policies which limit spending between 3% and 6% 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 USG member institution uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

For endowment funds where the donor has not provided specific instructions and the USG member institution has determined not to utilize the total return concept, investment return of 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.

During the current year, the USG member institutions 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, 2015, the amount of investment losses reported against the nonexpendable endowment balances was \$21,222.

Note 12 Significant Commitments

See Note 10 for amounts reserved for outstanding encumbrances at June 30, 2015. The USG had significant unearned, outstanding construction or renovation contracts executed in the amount of \$119,502,495 as of June 30, 2015, which are not reflected in the accompanying basic financial statements. The breakdown of these significant commitments a June 30, 2015 is as follows:

Institution	Commitment Amount	Project
Georgia Institute of Technology	\$ 22,337,347	Construction and renovation contracts
Georgia State University	23,502,698	Construction and renovation contracts
Georgia Regents University	9,676,044	Construction and renovation contracts
University of Georgia	11,139,240	Construction and renovation contracts
Georgia Southern University	9,612,431	Construction and renovation contracts
Valdosta State University	4,014,401	Construction and renovation contracts
Armstrong State University	1,028,924	Construction and renovation contracts
Clayton State University	242,507	Construction and renovation contracts
Georgia College & State University	4,134,911	Construction and renovation contracts
Georgia Southwestern State University	887,649	Construction and renovation contracts
Kennesaw State University	5,923,493	Construction and renovation contracts
University of North Georgia	6,693,000	Construction and renovation contracts
University of West Georgia	8,575,205	Construction and renovation contracts
Abraham Baldwin Agricultural College	180,450	Construction and renovation contracts
Bainbridge State College	1,165,183	Construction and renovation contracts
East Georgia State College	214,172	Construction and renovation contracts
Georgia Gwinnett College	2,790,372	Leases
Georgia Perimeter College	5,193,920	Construction and renovation contracts
Gordon State College	77,299	Construction and renovation contracts
South Georgia State College	2,113,249	Construction and renovation contracts
	<u>\$ 119,502,495</u>	

Note 13 Lease Obligations

The USG 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.

Capital Leases

The USG is obligated under approximately \$3,246,324,869 in capital lease liability as of June 30, 2015. Of this amount, 99.6% was with affiliated organizations. Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between fiscal 2015 and 2052. Cash payments for fiscal year 2015 were \$573,954,298, of which \$186,446,715 represented interest and \$387,507,583 represented principal. Interest rates range from 0.75 percent to 31.08 percent.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2015:

	Gross Amount	Accumulated Depreciation	Assets Held Under Capital Lease, Net at June 30, 2015
Land	\$ 50,163,847		\$ 50,163,847
Infrastructure	45,072,608	\$ (11,614,951)	33,457,657
Equipment	20,792,441	(10,636,464)	10,155,977
Buildings	3,434,734,028	(700,162,240)	2,734,571,788
Facilities and Other Improvements	43,868,082	(7,358,122)	36,509,960
Total Assets Held Under Capital Lease at June 30, 2015	<u>\$ 3,594,631,006</u>	<u>\$ (729,771,777)</u>	<u>\$ 2,864,859,229</u>

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.

Operating Leases

The USG's non-cancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2015 through 2052. 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 2015 was \$40,077,992.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2015, are as follows:

Year Ending June 30:	Year	Capital Leases	Operating Leases
2016	1	\$ 257,552,801	\$ 39,468,830
2017	2	259,516,064	32,565,927
2018	3	261,326,457	30,937,537
2019	4	263,092,734	29,341,574
2020	5	293,158,825	27,589,168
2021 through 2025	6-10	1,324,871,620	116,309,424
2026 through 2030	11-15	1,335,434,389	57,034,114
2031 through 2035	16-20	1,072,501,829	18,564,252
2036 through 2040	21-25	668,433,830	3,604,658
2041 through 2045	26-30	60,327,569	663,580
2046 through 2050	31-35	179,918	663,580
2051 through 2052	36-37	71,967	398,148
Total minimum lease payments		\$ 5,796,468,003	\$ 357,140,792
Less: Interest		2,388,924,544	
Less: Executory costs		161,218,590	
Principal Outstanding		\$ 3,246,324,869	

Note 14 Retirement Plans

The University System of Georgia 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.

In addition to the retirement plans administered by TRS and ERS, two other retirement plans exist for employees of the USG. Georgia Regents University (GRU), an organizational unit of the USG, administers the Early Retirement Pension Plan, a defined benefit plan. The USG administers the Regents Retirement Plan, a defined contribution plan, as an optional retirement plan to TRS and ERS.

The significant retirement plans 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. Defined Benefit Plans:

General Information

Teachers Retirement System

Plan description: All teachers of the USG 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 2015. The USG's contractually required contribution rate for the year ended June 30, 2015 was 13.15% of annual USG payroll. USG contributions to TRS were \$203,908,449 for the reporting period (fiscal year ended June 30, 2015) and \$181,383,954 for the measurement period (fiscal year ended June 30, 2014).

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. The USG's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for old and new plan members and 18.87% for GSEPS members. The USG's contributions to ERS were \$2,094,605 for the reporting period (fiscal year ended June 30, 2015) and \$1,604,331 for the measurement period (fiscal year ended June 30, 2014)

Georgia Regents University Early Retirement Pension Plan

Plan Description: Georgia Regents University Early Retirement Pension Plan (ERP) is a single-employer defined benefit pension plan administered by Bryan, Pendleton, Swats, and McAlister. The plan was derived by the GRU as a means of workforce reduction and was approved by the Board of Regents of the University System of Georgia (BOR) effective January 1, 2000.

The plan was designed to provide eligible participants additional benefits above the amounts payable through Teachers Retirement System of Georgia (TRS). The plan was designed to allow vested employees aged 55 or employees of any age with 25 years of creditable service to retire without penalties as applied by the Teachers Retirement System of Georgia (TRS) for early retirement. The plan would allow for all participants to retire as if they were vested and aged 60 or had attained 30 years of creditable service. Any member who opted into the Optional Retirement Plan aged 55 with 10 years of service by June 30, 2000 was also eligible to participate in the plan.

The plan is closed to new entrants. There were no active plan participants. As of January 1, 2015, plan participants consisted of the following:

Inactive Plan Participants:

Retirees and Beneficiaries Currently Receiving Benefits	648
Terminated Employees Entitled to Deferred Benefits	0
Disabled Employees Entitled to Deferred Benefits	<u>0</u>

Total	648
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Benefits Provided: TRS provides a benefit equal to 2.0% of the participant's average annual compensation during the two consecutive years of creditable service which produce the highest such average, multiplied by the number of years of creditable service, limited to 40 years. If the participant has less than 30 years of creditable service and has not attained age 60 at the time of retirement, the benefit will be reduced by the lesser of 1/12 of 7% for each month that retirement precedes age 60 or 7% for each year or fraction of a year by which the participant has less than 30 years of creditable service at the time of retirement. In addition, a one-time 3% increase is applied to the first \$37,500 of the participant's benefit at retirement.

The ERP provides the additional benefits that would have been payable under TRS based on the following adjustments:

- Age of the participant was increased five years
- Participant's creditable service was increased five years
- Participant's annual rate of earnings as of August 1, 1999 was projected five years into the future with 3% increases each year

ERP benefits will be increased 3% a year as a cost-of-living adjustment (COLA): 1-1/2% on each January 1 and July 1. The ERP provided COLA's for both the ERP and TRS benefits until actual eligibility for a COLA through TRS occurred. Since that time, the ERP has provided COLA's only on the portion of the benefit paid by the ERP, and TRS has provided COLA's under the terms of the TRS plan.

The ERP does not issue a standalone report.

Funding Policy: The fund sources that provided for an employee's salary, as of December 31, 1999, would be responsible for funding the annuity to provide for retiree benefits. There is no additional cost to the employee/retiree, Board of Regents, or State of Georgia for this plan. Contributions are made by GRU based on the actuarial valuation of the plan. For fiscal year 2015, GRU contributed \$13,084,672 to the ERP, which includes \$5,886,802 contributed to the plan on-behalf of GRU by affiliated organizations.

Since this plan was not pre-funded, GRU's approach to collect and deposit as much into the ERP fund in the earlier years as is possible, thereby, realizing a greater return on investment. Effective January 1, 2009, the period to amortize the unfunded accrued liability was extended 4 years. With this change, the plan should be fully funded by June 30, 2023. The funding policy is reasonable and in compliance with minimum funding requirements set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law.

Investments: GRU 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 of the institution to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments are consistent with Board of Regents policy and applicable Federal and state laws. See Note 2 for information related to ERP interest rate risk, custodial credit risk, credit quality risk and concentration of credit risk.

For the fiscal year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.13%.

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

At June 30, 2015, the USG reported a liability for the ERP net pension liability and its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2015 for ERP and June 30, 2014 for TRS and ERS. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014 for ERP and June 30, 2013 for TRS and ERS. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques.

For plans administered by TRS and ERS, the USG's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2014. At June 30 2014, the USG's TRS proportion was 14.52%, which was a decrease of 5.29% from its proportion measured as of June 30, 2013. At June 30, 2014, the USG's ERS proportion was .39% which was a decrease of .051% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the USG recognized pension expense of \$6,481,522 for ERP, \$131,086,771 for TRS and \$1,865,240 for ERS.

At June 30, 2015, the USG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS		ERP
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources
Net difference between projected and actual earnings on pension plan investments		\$639,728,829		\$ 3,593,325	\$ 2,066,430
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 23,343,012		\$ 1,545,825		
Contributions subsequent to the measurement date	203,908,449		2,094,605		
Total	<u>\$ 227,251,461</u>	<u>\$639,728,829</u>	<u>\$ 3,640,430</u>	<u>\$ 3,593,325</u>	<u>\$ 2,066,430</u>

Contributions subsequent to the measurement date of \$203,908,449 for TRS and \$2,094,605 for ERS 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, 2016. 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		ERP
2016	\$	-154,626,939	\$	67,807	\$ 516,608
2017	\$	-154,626,939	\$	-318,650	\$ 516,608
2018	\$	-154,626,939	\$	-898,331	\$ 516,608
2019	\$	-154,627,086	\$	-898,326	\$ 516,608
2020	\$	2,122,086			

Actuarial assumptions for plans administered by TRS and ERS

The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 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, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

Employees' Retirement System:

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, 2013 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

TRS and ERS 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 TRS and ERS 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%)
University System of Georgia's proportionate share of the net pension liability	\$ 3,381,705,998	\$ 1,835,025,616	\$ 561,366,433

Employees' Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
University System of Georgia's proportionate share of the net pension liability	\$ 21,224,931	\$ 14,722,565	\$ 8,878,422

Actuarial Methods and Assumptions for ERP

The actuarially determined contribution for the fiscal year ending June 30, 2015 was determined as part of the January, 2014 actuarial valuation using the Entry Age Normal method. Changes in actuarial assumptions and experienced gains or losses are amortized over the average working lifetime of all participants which for the current period is one year since all participants are inactive. The remaining amortization period is 9 years using the Level Dollar amortization method. The actuarial assumptions include (a) rate of return of 7.5% per annum, compounded annually, (b) inflation of 3% per annum, compounded annually, and (c) annual cost of living increase of 3.00% per annum, compounded annually. Plan assumptions and methods are reviewed annually for reasonableness by the actuary.

Mortality rates were based on the RP-2000 Mortality Table for Healthy Annuitants with projected improvement from year 2000 to year 2022 under Projection Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return

(expected returns, net of pension plan investment expense and 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	64.41%	6.50%
International Equity	9.45%	7.25%
Fixed Income	15.26%	1.25%
Real Estate	3.43%	5.75%
Cash	7.45%	0.50%
	<u>100%</u>	

ERP Discount rate: The projection of cash flows used to determine the discount rate of 7.5% per annum, compounded annually assumes that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on that assumption, the 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 ERP Net Pension Liability to Changes in the Discount Rate: The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$76,394,128	\$64,654,489	\$54,407,022

Pension Plan Fiduciary Net Position

Detailed information about the TRS and ERS 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.

ERP Net Pension Liability: The components of the ERP net pension liability at June 30, 2015 were as follows:

Total Pension Liability	\$ 143,780,226
Plan Fiduciary Net Position	(79,125,737)
Net Pension Liability	<u>\$ 64,654,489</u>

Plan Fiduciary Net Position as a percentage of total pension liability is 55.03%.

Schedule of Changes in ERP Net Pension Liability: For the year ended June 30, 2015, USG recognized net pension liability of \$64,654,489 related to the ERP, which was calculated as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2014	\$145,384,819	\$76,193,610	\$69,191,209
Service Cost			
Interest	10,405,981		10,405,981
Experienced losses (gains)	1,266,248		1,266,248
Changes of assumptions			
Contributions - Employer		13,084,672	(13,084,672)
Contributions - Employees			
Net Investment income		3,124,277	(3,124,277)
Benefit payments	(13,276,822)	(13,276,822)	
Administrative expense			
Net Change	(1,604,593)	2,932,127	(4,536,720)
Balance, June 30, 2015	<u>\$143,780,226</u>	<u>\$79,125,737</u>	<u>\$64,654,489</u>

Affiliated organizations contributed \$5,886,802 to the plan on behalf of the GRU.

Schedule of Changes in ERP Deferrals and Pension Expense: For the year ended June 30, 2015, USG recognized pension expense of \$6,481,522 and deferred outflows of resources of \$2,066,430 related to ERP as follows:

	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources	Pension Expense
Balance, June 30, 2014	\$0	\$0	\$0
Service Cost			
Interest			10,405,981
Experienced losses (gains)			1,266,248
Changes of assumptions			
Contributions - Employees			
Expected investment income			(5,707,315)
Investment losses (gains)	2,066,430		516,608
Administrative expense			
Net Change	2,066,430	0	6,481,522
Balance, June 30, 2015	<u>\$2,066,430</u>	<u>\$0</u>	<u>\$6,481,522</u>

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. 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 of Regents. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from four 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

Monthly employer contributions are made for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2015, 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 University System of Georgia and the covered employees made the required contributions of \$116,947,834 (9.24%) and \$75,472,681 (6%), respectively.

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

Note 15 Post-Employment Benefits Other Than Pension Benefits

Plan Description and Funding Policy

The Board of Regents Retiree Health Benefit Plan (Plan) is a single-employer, defined-benefit, healthcare plan administered by the USO. The Plan was authorized pursuant to OCGA Section 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits.

Pursuant to the general powers conferred by the OCGA Section 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the USG define and delineate who is eligible for these post-employment health and life insurance benefits.

Membership of the Plan consisted of the following at June 30, 2015:

Retirees and beneficiaries receiving benefits	21,530
Terminated plan members entitled to but not yet receiving benefits	-
Active employee plan contracts	<u>38,763</u>
Total	<u><u>60,293</u></u>

The contribution requirements of plan members and the employer are established and may be amended by the Board. The Plan is substantially funded on a “pay-as-you-go” basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation.

Organizational units of the USG pay the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the USO for the upcoming plan year. For the 2015 plan year, the employer rate was approximately 75-80% of the total health insurance cost for eligible retirees and the retiree rate was approximately 20-25%. 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 retiree.

For fiscal year 2015, the USG contributed \$129,822,595 to the Plan for current premiums or claims. Plan members receiving benefits contributed \$37,770,939 for current premiums or claims.

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost (expense) (AOC) for the Plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table presents the components of the USG’s annual OPEB cost, the amount actually contributed, and changes in the net OPEB obligation (NOO) for the Plan for fiscal year 2015, 2014, and 2013 (dollars in millions):

	Fiscal Year Ending June 30		
	2015	2014	2013
Annual Required Contribution	\$ 442.4	\$ 403.3	\$ 362.4
Interest on Net OPEB Obligation (NOO)	82.9	69.9	57.5
Amortization of NOO	(75.2)	(63.4)	(52.1)
Total Expense or Annual OPEB Cost (AOC)	\$ 450.1	\$ 409.8	\$ 367.8
Actual Contribution Toward OPEB Cost	(129.8)	(120.9)	(83.4)
Increase in NOO	\$ 320.3	\$ 288.9	\$ 284.4
Net OPEB Obligation, beginning of year	1,843.1	1,562.6	1,278.2
Prior Year Adjustment - Life Insurance	0.0	(8.4)	
Net OPEB Obligation, end of year	\$ 2,163.4	\$ 1,843.1	\$ 1,562.6

The USG's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the Retiree Health Benefit Plan were as follows (dollars in millions):

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 367.8	\$ 91.8	25.0%	\$ 1,562.6
2014	\$ 409.8	\$ 120.9	29.5%	\$ 1,843.1
2015	\$ 450.1	\$ 129.8	28.8%	\$ 2,163.4

Funded Status, Funding Progress, and Actuarial Methods and Assumptions

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ 165,684	\$ 3,758,969,936	\$ 3,758,804,252	0.0%	\$ 2,466,313,700	152.4%
7/1/2013	\$ 216,775	\$ 4,095,304,172	\$ 4,095,087,397	0.0%	\$ 2,594,800,486	157.8%
7/1/2014	\$ 81,519	\$ 4,278,445,406	\$ 4,278,363,887	0.0%	\$ 2,608,756,645	164.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress with multi-year trend information is presented as required supplementary information following the notes to the financial statements.

The multi-year trend schedules indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation is as follows:

Valuation date	July 1, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Payroll, Closed
Asset valuation method	Market Value
Amortization period	30 years
Actuarial assumptions:	
Interest rate	4.5%
Inflation rate	2.5%
Salary growth	3.0%
Salary scale	4.0%
Initial healthcare cost trend	
Pre-Medicare eligible	7.8%
Medicare eligible	10.1%
Ultimate trend rate*	
Pre-Medicare eligible	4.5%
Medicare eligible	4.5%
Year ultimate trend is reached	2030

* Includes an inflation assumption of 2.5%

Please note that the investment rate of return percentage can change.

Note 16 Risk Management

The USG offers its employees and retirees access to four different healthcare plan options. For the USG's Plan Year 2015, the following healthcare plan options were available: BlueChoice HMO, Comprehensive Care Plan, Consumer Choice HSA, and Plan Kaiser Permanente HMO.

The USG institutions and participating employees and retirees pay premiums to the healthcare plan options to access benefits coverage. All units of the USG share the risk of loss for claims associated with the self-insured plans; including the BlueChoice HMO, Comprehensive Care Plan and Consumer Choice HSA Plan.

The reserves for these plans are considered to be a self-sustaining risk fund. The Board of Regents has contracted with Blue Cross Blue Shield of Georgia to serve as the claims administrator for the

self-insured healthcare plans. In addition to the self-insured healthcare plan options offered to the employees of the USG, a fully insured HMO healthcare plan option is also offered to USG employees through Kaiser Permanente.

The prescription drug plan was administered through Express Scripts through December 31, 2014 and CVS/Caremark effective January 1, 2015. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program.

Generally, claims are submitted to the plan administrator for verification, processing and payment. The plan administrator maintains an eligibility file based on information furnished by Blue Cross – Blue Shield on behalf of the various organizational units of the USG. The dental plan was administered through Delta Dental.

A reconciliation of total estimated claims liabilities for employees and retirees for the fiscal years ended June 30, 2015, and June 30, 2014 is shown below:

	June 30, 2015	June 30, 2014
Employees:		
Unpaid Claims and Claim Adjustments (Prior Year IBNR)	\$ 39,089,023	\$ 32,737,154
Incurred Claims and Claim Adjustments Expenses - Provisions for Insured Events of the Current Year	379,213,694	360,327,990
Payments - Claims and Claim Adjustments Attributable To Insured Events of the Current Year and Prior Years	<u>381,805,717</u>	<u>353,976,121</u>
Unpaid Claims and Claim Adjustments (Current Year IBNR)	<u>\$ 36,497,000</u>	<u>\$ 39,089,023</u>
Retirees:		
Unpaid Claims and Claim Adjustments (Prior Year IBNR)	\$ 12,119,357	\$ 9,326,592
Incurred Claims and Claim Adjustments Expenses - Provisions for Insured Events of the Current Year	150,240,224	140,920,834
Payments - Claims and Claim Adjustments Attributable To Insured Events of the Current Year and Prior Years	<u>150,934,581</u>	<u>138,128,069</u>
Unpaid Claims and Claim Adjustments (Current Year IBNR)	<u>\$ 11,425,000</u>	<u>\$ 12,119,357</u>

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 Board of Regents of the University System of Georgia, is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the Official Code of Georgia Annotated Section 45-9-1.

The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

As of June 30, 2015, three USG institutions had projects or events that met one of the five obligating events related to recognition of pollution remediation.

Georgia Regents University (GRU) is responsible for asbestos abatement as a small part of the project costs for various projects. GRU did not record a liability and expense related to pollutions remediation as June 30, 2015. GRU does not anticipate any significant changes to the expected remediation outlay.

The University of Georgia (UGA) is responsible for pollution remediation at the Milledge Avenue landfill site. The University of Georgia recorded a liability and expense related to this pollution remediation in the amount of \$874,131. The liability is reflected on the Statement of Position in Other Liabilities and on the Statement of Revenues, Expenses and Changes in Net Position in Supplies and Other Services. The liability was determined using a five year budget estimate provided by Brown and Caldwell. The University of Georgia does not anticipate any significant changes to the expected remediation outlay. There are no expected recoveries that have reduced the liability.

Georgia Institute of Technology (GT) is responsible for pollution monitoring and remediation in all GT facilities, including asbestos abatement. Monitoring and remediation activities are performed during renovation/construction projects when deemed necessary by GT management. As of June 30, 2015, the GT recorded an expense and a liability in the amount of \$210,333 for pollution monitoring and remediation projects in various GT structures. The liability is reflected on the Statement of Net Position in Other Liabilities and on the Statement of Revenues, Expenses, and Changes in Net Position in Supplies and Other Services. The liability was determined using the Expected Cash Flow Measurement Technique, which measures the liability as the sum of probability weighted amounts in a range of possible estimated amounts. The GT does not anticipate any significant changes to the expected remediation outlay. There are no expected recoveries that have reduced the liability.

Pollution remediation liability activity for the University System of Georgia is fiscal year 2015 was as follows:

	Beginning Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2015</u>	<u>Current Portion</u>
Georgia Regents University	\$ 1,234	\$ 42,599	\$ 43,833	\$	
University of Georgia	882,785	88,145	96,799	874,131	176,300
Georgia Institute of Technology	143,458	210,333	143,458	210,333	210,333
	<u>\$ 1,027,477</u>	<u>\$ 341,077</u>	<u>\$ 284,090</u>	<u>\$ 1,084,464</u>	<u>\$ 386,633</u>

Note 17 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 University System of Georgia expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the Board of Regents of the University System of Georgia, if any, are generally considered to be actions against the State of Georgia.

Note 18 Special Items

On June 30, 2014, the Georgia Vocational Rehabilitation Agency transferred land, buildings and equipment with a reported gross book balance value of \$2,195,896 and accumulated depreciation of \$1,990,682, for a net book value of \$205,214 to Georgia Regents University. The net effect of the transfer of assets of \$205,214 is noted as a Special Item Transfer – Capital Assets on the Statement of Revenues, Expenses and Changes in Net Position.

Note 19 Natural Classifications with Functional Classifications

The University's operating expenses by functional classification for fiscal 2015 are shown below:

Natural Classification	Functional Classification					
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Faculty	\$ 902,633,558	\$ 371,775,568	\$ 38,103,756	\$ 41,602,470	\$ 2,453,308	\$ 8,675,422
Staff	326,461,846	287,628,015	132,608,353	239,784,202	162,942,802	297,360,393
Benefits	421,584,323	201,689,395	68,571,708	109,200,451	62,054,098	138,842,226
Other Personal Services	1,087,805	109,356	698,614	614,301	214,949	8,092,684
Travel	20,115,117	29,872,515	6,519,970	6,260,457	4,195,085	5,791,099
Scholarships and Fellowships	9,650,444	5,024,270	2,016,627	670,526	3,940,752	2,224,040
Utilities	4,928,899	4,427,368	3,234,355	2,843,115	2,604,103	5,028,937
Supplies and Other Services	107,158,811	244,500,029	113,678,202	106,378,788	72,797,919	558,324,673
Depreciation	67,159,419	74,021,754	8,162,910	52,652,221	21,616,602	41,794,808
Total Expenses	<u>\$ 1,860,780,222</u>	<u>\$ 1,219,048,270</u>	<u>\$ 373,594,495</u>	<u>\$ 560,006,531</u>	<u>\$ 332,819,618</u>	<u>\$ 1,066,134,282</u>

Natural Classification	Functional Classification				Total Expenses
	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Patient Care (GRU Only)	
Faculty			\$ 1,636,900	\$ 73,942,473	\$ 1,440,823,455
Staff	\$ 175,787,008	\$ 101,559	182,301,253	103,573,519	1,908,548,950
Benefits	81,935,410	1,111,934	65,606,532	64,845,506	1,215,441,583
Other Personal Services		805,360	786,423	81	12,409,573
Travel	659,965	3,089	2,687,359	451,743	76,556,399
Scholarships and Fellowships		264,746,793	24,734,964	11,098	313,019,514
Utilities	128,305,470		39,716,167	398,209	191,486,623
Supplies and Other Services	219,484,267	102,012	330,758,750	82,155,484	1,835,338,935
Depreciation	76,326,282	7,706	117,626,382		459,368,084
Total Expenses	<u>\$ 682,498,402</u>	<u>\$ 266,878,453</u>	<u>\$ 765,854,730</u>	<u>\$ 325,378,113</u>	<u>\$ 7,452,993,116</u>

Note 20 Affiliated Organizations

Under Board of Regents policy, each individual institution may establish a separate foundation, or affiliated organization, to provide valuable assistance in fundraising, public outreach and other support for the missions of the respective campuses and the USG. Although independent boards govern these foundations, their assets are dedicated for the benefit of the related institution and the USG. Summarized financial statements for all affiliated organizations are included in the Supplementary Information. For the affiliated organizations reporting under the FASB basis, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

The USG is an organizational unit of the State of Georgia and is included within the State of Georgia's basic financial statements as a part of the primary government in accordance with section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. Therefore, the financial statements of the affiliated organizations are not included in these financial statements. The affiliated organizations are considered potential component units of the State of Georgia in accordance with

GASB Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600.

The following affiliated organizations have been determined to be significant to the State of Georgia for the year ended June 30, 2015 and, as such, are reported as blended or discretely presented component units in the Comprehensive Annual Financial Report of the State of Georgia (CAFR). Information for obtaining complete financial statements for these organizations can be found within the respective institution's annual financial reports.

Component Units of the State of Georgia	Fiscal Year Ending	Reporting Basis	Presentation
Georgia Tech Foundation, Inc.	June 30, 2015	FASB	Major Discretely Presented
Georgia Tech Athletic Association	June 30, 2015	GASB	Non-Major Discretely Presented
Georgia Tech Research Corporation	June 30, 2015	GASB	Major Discretely Presented
Georgia Tech Facilities, Inc.	June 30, 2015	FASB	Blended
Georgia State University Foundation, Inc.	June 30, 2015	FASB	Non-Major Discretely Presented
Georgia State University Research Foundation, Inc.	June 30, 2015	GASB	Blended
MCG Health System, Inc. d/b/a Georgia Regents Health System	June 30, 2015	GASB	Non-Major Discretely Presented
Medical College of Georgia Foundation, Inc.	June 30, 2015	FASB	Non-Major Discretely Presented
University of Georgia Foundation	June 30, 2015	FASB	Non-Major Discretely Presented
University of Georgia Athletic Association, Inc.	June 30, 2015	GASB	Non-Major Discretely Presented
University of Georgia Research Foundation, Inc.	June 30, 2015	GASB	Non-Major Discretely Presented
Georgia Southern University Housing Foundation, Inc.	June 30, 2015	FASB	Blended
VSU Auxiliary Services Real Estate Foundation, Inc.	December 31, 2014	FASB	Blended
Kennesaw State University Foundation, Inc.	June 30, 2015	FASB	Non-Major Discretely Presented
Georgia College and State University Foundation, Inc.	June 30, 2015	FASB	Non-Major Discretely Presented
University System of Georgia Foundation, Inc.	June 30, 2015	FASB	Blended
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	June 30, 2015	FASB	Blended
Middle Georgia State College Real Estate Foundation Inc.	June 30, 2015	FASB	Blended
University of West Georgia Real Estate Foundation	June 30, 2015	FASB	Blended

The most recent State of Georgia CAFR can be found at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

Note 21 Subsequent Events

The Board of Regents of the University System of Georgia approved a change to the retiree healthcare benefit plan that will significantly reduce the annual OPEB cost (AOC) and the net OPEB obligation (NOO) in fiscal year 2016. The NOO is equal to a running total of the AOC less employer contributions. Effective January 1, 2016, the University System of Georgia (USG) will provide supplemental healthcare coverage for Medicare-eligible retirees through a private retiree healthcare exchange instead of through the USG healthcare plan. On August 12, 2015, the Board of Regents approved the funding level for the 2016 USG retiree supplemental plan and kept the funding amount the same as 2015 at \$43.3 million. For Medicare-eligible retirees, the USG will provide a subsidy not to exceed \$2,736 per retiree toward healthcare costs for 2016. For fiscal years 2016 and 2017, this change in the supplemental healthcare coverage for Medicare-eligible retirees is forecasted to reduce the NOO by \$42.1 and \$43.9 million, respectively, from what the obligation would have been under the old plan.

On May 19, 2015 the Board of Regents of the University System of Georgia (BOR) approved a lease agreement for the High Performance Computing (HPC) Facility. In this agreement, the Georgia Institute of Technology (GT) proposes to lease approximately 340,000 rentable square feet as anchor tenant in a new real estate development project to be located in Technology Square. The mixed-use office, computing center and retail complex will be programmed around a High Performance Computing (HPC) innovation ecosystem that integrates the existing assets of Technology Square with new opportunities in interdisciplinary research, commercialization and sustainability. The building will house GT administrative and research computing operations. To facilitate development, GT will enter into a long-term lease for about 50% of the space with a private developer who, subject to GT approval, will design, construct, finance and own the project, and lease the remaining building space to commercial companies meeting specific criteria as outlined in the project proposal. The lease will be for a fifteen year term and is expected to qualify as an operating lease. The lease agreement is expected to be signed in early 2016, with rental payments expected to begin in the third calendar quarter of 2018. GT will pay an estimated total rent of \$187,815,394 over a fifteen year period, with the first year's annual rental payment estimated to be \$10,407,108. The Georgia Tech Foundation ("Foundation") intends to enter into a ground lease with the site developer with terms to be negotiated by the Foundation.

On May 19, 2015 the Board of Regents of the University System of Georgia passed a resolution authorizing the GT to enter into a General Energy Savings Performance Contract with Johnson Controls Inc. as the energy service pursuant to O.C.G.A. Section 50-37-1 et.seq. The resolution further provided that the parties could enter into an installment purchase agreement for the provision of energy and water saving capital improvement for the use of GT for an amount not to exceed \$7,761,925. The project entails installing energy optimization and water savings improvements at several GT water plants and cooling towers. Utility cost savings from this project would yield a simple pay-back of 4.72 years. The performance contract between GT and Johnson Controls, Inc. was signed on August 31, 2015 and the installment purchase agreement between these two entities was signed on September 11, 2015. GT will pay total installments of \$8,543,702 over a seven year period with \$7,761,925 representing principal and \$781,777 representing interest. The first quarterly installment payment of \$305,132 (principal and interest) is due on January 31, 2017.

On September 2, 2015, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Kennesaw State University Foundation (Foundation). These revenue bonds were issued to refund the 2004 Parking Series, 2004 University Facilities Series, and 2006A and 2006B Town Point Series bonds. The Foundation passed the economic gain resulting from this debt refunding to Kennesaw State University in the form of reduced annual lease payments over the life of the Kennesaw State University's capital leases with the Foundation.

On September 4, 2015, the Board of Regents, on behalf of Kennesaw State University, purchased real property at 3305 Busbee Parkway from the Kennesaw State University Foundation in the amount of \$12,568,914. This purchase was funded by the Georgia State Financing and Investment Commission (GSFIC).

On Tuesday, September 15, 2015, the Board of Regents of the University System of Georgia voted unanimously to change the name of Georgia Regents University to Augusta University. Though the Board of Regents made the change "effective immediately," there will be a period of discussion and planning to ensure a smooth transition.



REQUIRED SUPPLEMENTARY INFORMATION



**UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS
FOR THE LAST TEN FISCAL YEARS**

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
Early Retirement Plan						
	6/30/2006	\$ 12,874,094	\$ 12,905,079	\$ 30,985	N/A	N/A
	6/30/2007	\$ 13,363,491	\$ 12,936,540	\$ (426,951)	N/A	N/A
	6/30/2008	\$ 13,510,767	\$ 12,996,492	\$ (514,275)	N/A	N/A
	6/30/2009	\$ 13,778,696	\$ 13,225,850	\$ (552,846)	N/A	N/A
	6/30/2010	\$ 13,410,238	\$ 13,225,850	\$ (184,388)	N/A	N/A
	6/30/2011	\$ 13,368,807	\$ 13,225,850	\$ (142,957)	N/A	N/A
	6/30/2012	\$ 13,300,187	\$ 13,225,850	\$ (74,337)	N/A	N/A
	6/30/2013	\$ 13,549,860	\$ 13,225,850	\$ (324,010)	N/A	N/A
	6/30/2014	\$ 13,588,064	\$ 13,084,672	\$ (503,392)	N/A	N/A
	6/30/2015	\$ 13,225,850	\$ 13,084,672	\$ (141,178)	N/A	N/A
Employees' Retirement System						
	6/30/2006	\$ 365,620	\$ 365,620	\$ 0	\$ 3,512,200	10.41%
	6/30/2007	\$ 485,973	\$ 485,973	\$ 0	\$ 4,621,119	10.52%
	6/30/2008	\$ 602,995	\$ 602,995	\$ 0	\$ 5,732,353	10.52%
	6/30/2009	\$ 687,652	\$ 687,652	\$ 0	\$ 6,568,751	10.47%
	6/30/2010	\$ 665,448	\$ 665,448	\$ 0	\$ 6,392,392	10.41%
	6/30/2011	\$ 709,947	\$ 709,947	\$ 0	\$ 6,819,856	10.41%
	6/30/2012	\$ 896,604	\$ 896,604	\$ 0	\$ 7,701,668	11.64%
	6/30/2013	\$ 1,238,577	\$ 1,238,577	\$ 0	\$ 8,312,597	14.90%
	6/30/2014	\$ 1,631,633	\$ 1,631,633	\$ 0	\$ 8,690,850	18.77%
	6/30/2015	\$ 2,094,605	\$ 2,094,605	\$ 0	\$ 9,219,622	22.72%
Teachers Retirement System of Georgia						
	6/30/2006	\$ 109,430,690	\$ 109,430,690	\$ 0	\$ 1,184,314,827	9.24%
	6/30/2007	\$ 115,443,652	\$ 115,443,652	\$ 0	\$ 1,244,004,871	9.28%
	6/30/2008	\$ 122,832,156	\$ 122,832,156	\$ 0	\$ 1,323,622,371	9.28%
	6/30/2009	\$ 128,072,380	\$ 128,072,380	\$ 0	\$ 1,380,090,302	9.28%
	6/30/2010	\$ 135,361,497	\$ 135,361,497	\$ 0	\$ 1,389,748,429	9.74%
	6/30/2011	\$ 143,479,549	\$ 143,479,549	\$ 0	\$ 1,395,715,457	10.28%
	6/30/2012	\$ 148,193,749	\$ 148,193,749	\$ 0	\$ 1,441,573,434	10.28%
	6/30/2013	\$ 164,293,969	\$ 164,293,969	\$ 0	\$ 1,439,912,086	11.41%
	6/30/2014	\$ 181,383,954	\$ 181,383,954	\$ 0	\$ 1,477,068,029	12.28%
	6/30/2015	\$ 203,874,344	\$ 203,874,344	\$ 0	\$ 1,542,770,677	13.21%

UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 *

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	6/30/2015	0.39%	\$ 14,722,566	\$ 8,690,850	169.40%	77.99%
Teachers Retirement System of Georgia	6/30/2015	14.52%	\$ 1,835,025,616	\$ 1,477,068,029	124.23%	84.03%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYERS' AND NONEMPLOYERS' NET PENSION LIABILITY
EARLY RETIREMENT PLAN - GEORGIA REGENTS UNIVERSITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
FOR THE LAST TWO FISCAL YEARS*
(dollars in millions)

	2015	2014
Total Pension Liability	\$ 143.8	\$ 145.4
Plan Fiduciary Net Position	(79.1)	(76.2)
Net Pension Liability	\$ 64.7	\$ 69.2
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.0%	52.4%
Covered Employee Payroll	0.0	0.0
Employers' and Nonemployers' Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
EARLY RETIREMENT PLAN - GEORGIA REGENTS UNIVERSITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
FOR THE LAST TWO FISCAL YEARS*
(dollars in millions)

	2015	2014
<u>Total Pension Liability</u>		
Interest	\$ 10.4	\$ 10.6
Differences Between Expected and Actual Experience	1.3	-0.1
Benefit Payments/Refunds	(13.3)	(13.1)
Net Change in Total Pension Liability	(1.6)	(2.6)
Total Pension Liability - Beginning	145.4	148.0
Total Pension Liability - Ending (a)	\$ <u>143.8</u>	\$ <u>145.4</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	\$ 13.1	\$ 13.1
Net Investment Income	3.1	11.8
Benefit Payments/Refunds	(13.3)	(13.1)
Net Change in Plan Fiduciary Net Position	\$ 2.9	\$ 11.8
Plan Fiduciary Net Position - Beginning	76.2	64.4
Plan Fiduciary Net Position - Ending (b)	\$ <u>79.1</u>	\$ <u>76.2</u>
Net Pension Liability - Ending (a-b)	\$ <u>64.7</u>	\$ <u>69.2</u>

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
EARLY RETIREMENT PLAN - GEORGIA REGENTS UNIVERSITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
FOR THE LAST TWO FISCAL YEARS*

	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	4.13%	18.35%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
METHODS AND ASSUMPTIONS
EARLY RETIREMENT PLAN - GEORGIA REGENTS UNIVERSITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
YEAR ENDED JUNE 30, 2015

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

Actuarially determined contribution rate are determined as of January 1, 2014.

Methods and assumptions used to determine contribution rates:

Actuarial valuation method: Entry Age Normal

Amortization method: Level Dollar

Remaining amortization period: 9 years

Asset valuation method: Method recognizes a portion of the difference between the market value of assets and expected actuarial value of assets, based on the assumed interest rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value.

Inflation: 3.0% per annum, compounded annually

Cost of living adjustments: 3.0% per annum, compounded annually

Investment rate of return: 7.5% per annum, compounded annually

Mortality Rates (per 1,000 lives):

RP-2000 Mortality Table for Healthy Annuitants with projected improvement from year 2000 to year 2022
under Projection Scale AA

	AGE			
	60	65	70	75
Male	5.84	9.98	16.17	28.14
Female	5.58	9.33	15.07	23.74

Changes of benefit terms: None

Changes of assumptions: None

UNIVERSITY SYSTEM OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
BOARD OF REGENTS RETIREE HEALTH BENEFIT FUND
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2015

Funding Progress (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ 166	\$ 3,758,970	\$ 3,758,804	0.0%	\$ 2,466,314	152.4%
7/1/2013	\$ 217	\$ 4,095,304	\$ 4,095,087	0.0%	\$ 2,594,800	157.8%
7/1/2014	\$ 82	\$ 4,278,445	\$ 4,278,364	0.0%	\$ 2,608,757	164.0%

Employer Contributions (dollars in millions):

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 367.8	\$ 91.8	25.0%	\$ 1,562.6
2014	\$ 409.8	\$ 120.9	29.5%	\$ 1,843.1
2015	\$ 450.1	\$ 129.8	28.8%	\$ 2,163.4

SUPPLEMENTARY INFORMATION



UNIVERSITY SYSTEM OF GEORGIA
CONDENSED STATEMENT OF NET POSITION BY INSTITUTION
JUNE 30, 2015

Institution	Assets					Deferred Outflows of Resources
	Current Assets	Noncurrent Cash/ Investments/Due from Other Units	Capital Assets	Other Assets	Total Assets	
Georgia Institute of Technology	\$348,773,169	\$75,046,652	\$1,831,242,898	\$12,305,715	\$2,267,368,434	\$37,501,287
Georgia State University	221,500,411	1,288,509	752,498,920	6,212,114	981,499,954	18,184,710
Georgia Regents University	92,443,689	79,387,095	534,422,694	2,831,248	709,084,726	30,262,748
University of Georgia	287,108,671	205,802,353	1,838,371,489	9,318,399	2,340,600,912	56,161,934
Georgia Southern University	59,529,960	11,319,810	546,081,786	2,468,130	619,399,686	12,615,483
Valdosta State University	28,309,567	15,547,536	330,961,470	25,486	374,844,059	7,618,239
Albany State University	8,863,928	507,323	147,254,497	382,943	157,008,691	2,543,796
Armstrong State University	24,066,238	3,468,077	108,303,935		135,838,250	2,804,035
Clayton State University	12,315,666	2,079,009	117,548,521	80,300	132,023,496	2,479,600
Columbus State University	23,640,638	5,147,366	109,856,233	1,012,822	139,657,059	4,019,846
Fort Valley State University	7,471,717	705,540	150,537,115	1,175,970	159,890,342	2,830,146
Georgia College & State University	23,449,003	11,065,519	179,702,957	2,290,930	216,508,409	4,300,552
Georgia Southwestern State Univ.	10,293,000	1,012,127	89,109,250	799,254	101,213,631	1,026,870
Kennesaw State University	97,489,454	6,338,486	657,540,199	516,363	761,884,502	14,327,146
University of North Georgia	42,410,743	3,484,941	266,692,175	1,227,100	313,814,959	7,922,770
Savannah State University	11,516,105	7,373,602	147,540,396	844,792	167,274,895	2,609,034
University of West Georgia	50,934,903	1,846,895	309,419,932	2,369,809	364,571,539	10,082,511
Abraham Baldwin Agricultural Col.	9,402,912		45,563,755	283,661	55,250,328	1,670,898
College of Coastal Georgia	4,442,420	212,199	72,294,150		76,948,769	838,208
Dalton State College	7,890,457	49,131	46,182,851		54,122,439	1,322,163
Georgia Gwinnett College	26,893,479	1,507,117	262,294,906		290,695,502	4,392,486
Gordon State College	12,433,974	355,149	85,461,461		98,250,584	1,299,004
Middle Georgia State College	17,612,359	3,767,512	232,053,400		253,433,271	3,032,822
Atlanta Metropolitan State College	6,164,081	69,628	34,591,139		40,824,848	1,230,368
Bainbridge State College	2,942,489	1,909,271	53,213,049		58,064,809	852,532
Darton State College	10,926,730	307,038	74,005,228		85,238,996	2,375,573
East Georgia State College	4,385,944		22,956,247		27,342,191	1,056,246
Georgia Highlands College	7,135,438	152,438	53,056,092		60,343,968	1,483,728
Georgia Perimeter College	26,762,905	548,009	153,902,848	880	181,214,642	5,169,384
South Georgia State College	5,231,080	743,228	55,558,133	49,273	61,581,714	863,354
University System Office	788,074,122	9,704,866	346,190,139	1,503,559	1,145,472,686	7,090,723
Elimination/Consolidation Entries	(323,597,809)	(200,809,266)		1,014,146	(523,392,929)	(12,081,861)
Totals	\$1,956,817,443	\$249,937,160	\$9,654,407,865	\$46,712,894	\$11,907,875,362	\$237,886,335

UNIVERSITY SYSTEM OF GEORGIA

CONDENSED STATEMENT OF NET POSITION BY INSTITUTION

JUNE 30, 2015

Institution	Liabilities			Deferred Inflows of Resources
	Current Liabilities	Noncurrent Liabilities	Total Liabilities	
Georgia Institute of Technology	\$169,641,534	\$740,209,087	\$909,850,621	\$105,674,412
Georgia State University	71,055,411	358,691,247	429,746,658	62,458,162
Georgia Regents University	99,045,594	353,681,320	452,726,914	76,793,236
University of Georgia	144,154,552	754,300,673	898,455,225	158,265,753
Georgia Southern University	31,521,817	310,228,213	341,750,030	26,983,742
Valdosta State University	17,566,693	227,672,928	245,239,621	19,976,350
Albany State University	4,716,959	96,826,483	101,543,442	8,973,982
Armstrong State University	8,913,190	62,507,144	71,420,334	6,989,336
Clayton State University	6,274,497	98,706,364	104,980,861	7,694,170
Columbus State University	11,119,301	76,558,432	87,677,733	10,488,977
Fort Valley State University	7,418,226	103,828,717	111,246,943	10,964,237
Georgia College & State University	12,924,027	157,652,540	170,576,567	17,008,457
Georgia Southwestern State Univ.	5,473,507	46,302,909	51,776,416	3,237,397
Kennesaw State University	49,778,342	423,272,088	473,050,430	109,164,159
University of North Georgia	15,467,562	183,009,185	198,476,747	18,311,607
Savannah State University	7,739,971	127,529,287	135,269,258	7,912,477
University of West Georgia	16,396,881	218,958,882	235,355,763	15,536,443
Abraham Baldwin Agricultural Col.	2,157,920	11,575,253	13,733,173	3,868,579
College of Coastal Georgia	2,820,311	19,652,362	22,472,673	2,851,059
Dalton State College	2,054,832	18,043,583	20,098,415	4,997,922
Georgia Gwinnett College	10,367,662	202,671,796	213,039,458	12,820,389
Gordon State College	3,893,129	55,893,945	59,787,074	4,743,614
Middle Georgia State College	7,624,448	123,751,619	131,376,067	12,102,421
Atlanta Metropolitan State College	3,542,831	21,120,465	24,663,296	3,732,923
Bainbridge State College	2,424,191	27,998,670	30,422,861	2,992,668
Darton State College	5,419,504	58,880,264	64,299,768	6,772,690
East Georgia State College	1,300,859	7,405,699	8,706,558	2,499,259
Georgia Highlands College	3,334,279	30,667,925	34,002,204	5,799,450
Georgia Perimeter College	14,373,716	123,021,732	137,395,448	19,754,846
South Georgia State College	2,543,635	43,982,769	46,526,404	3,521,553
University System Office	658,056,398	77,706,118	735,762,516	324,163,539
Elimination/Consolidation Entries	(522,617,645)	2,162,601,606	1,639,983,961	(12,081,861)
Totals	\$876,504,134	\$7,324,909,305	\$8,201,413,439	\$1,064,971,948

UNIVERSITY SYSTEM OF GEORGIA
CONDENSED STATEMENT OF NET POSITION BY INSTITUTION
JUNE 30, 2015

Institution	Net Position				
	Net Investment in Capital Assets	Restricted Unexpendable	Restricted Expendable	Unrestricted	Total Net Position
Georgia Institute of Technology	\$1,356,511,659	\$63,034,726	\$29,992,163	(\$160,193,860)	\$1,289,344,688
Georgia State University	549,245,138	65,551	23,362,214	(65,193,059)	507,479,844
Georgia Regents University	480,176,661	2,146,676	40,599,863	(313,095,876)	209,827,324
University of Georgia	1,540,270,363	78,592,600	90,906,725	(369,727,820)	1,340,041,868
Georgia Southern University	308,053,863	2,465,814	8,553,930	(55,792,210)	263,281,397
Valdosta State University	143,399,557	3,724,034	3,736,780	(33,614,044)	117,246,327
Albany State University	73,047,055		348,666	(24,360,658)	49,035,063
Armstrong Atlantic State University	65,673,442	2,936,644	346,904	(8,724,375)	60,232,615
Clayton State University	41,197,200	1,769,524	22,064	(21,160,723)	21,828,065
Columbus State University	62,842,173	1,838,801	3,813,308	(22,984,087)	45,510,195
Fort Valley State University	69,097,517		3,276,218	(31,864,427)	40,509,308
Georgia College & State University	53,253,109	3,829,084	5,045,966	(28,904,222)	33,223,937
Georgia Southwestern State Univ.	51,286,147	425,811	1,193,061	(5,678,331)	47,226,688
Kennesaw State University	262,379,596	4,039,001	776,818	(73,198,356)	193,997,059
University of North Georgia	133,877,299	2,683,370	2,368,200	(33,979,494)	104,949,375
Savannah State University	41,492,503	6,321,045	1,207,923	(22,319,277)	26,702,194
University of West Georgia	134,774,177		3,166,466	(14,178,799)	123,761,844
Abraham Baldwin Agricultural Col.	45,549,590		662,071	(6,892,187)	39,319,474
College of Coastal Georgia	60,168,855	68,879	92,044	(7,866,533)	52,463,245
Dalton State College	39,188,621		1,961	(8,842,317)	30,348,265
Georgia Gwinnett College	80,616,151			(11,388,010)	69,228,141
Gordon State College	41,850,276			(6,831,376)	35,018,900
Middle Georgia State College	135,596,931	1,014,954	2,301,371	(25,925,651)	112,987,605
Atlanta Metropolitan State College	24,398,237		59,067	(10,798,307)	13,658,997
Bainbridge State College	32,874,797	1,630,417	197,260	(9,200,662)	25,501,812
Darton State College	29,678,627			(13,136,516)	16,542,111
East Georgia State College	22,949,825	37,100	24,384	(5,818,689)	17,192,620
Georgia Highlands College	36,214,985	36,935	36,255	(14,262,133)	22,026,042
Georgia Perimeter College	78,693,522	31,309	344,451	(49,835,550)	29,233,732
South Georgia State College	19,234,316	296,490	351,672	(7,485,367)	12,397,111
University System Office	300,071,175	4,388,201	99,390,713	(311,212,735)	92,637,354
Elimination/Consolidation Entries				(2,163,376,890)	(\$2,163,376,890)
Totals	\$6,313,663,367	\$181,376,966	\$322,178,518	(\$3,937,842,541)	\$2,879,376,310



UNIVERSITY SYSTEM OF GEORGIA
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY INSTITUTION
FOR YEAR ENDED JUNE 30, 2015

Institution	Operating					
	Revenue				Operating Expenses	Operating Loss
	Tuition & Fees, Net	Federal Approp., Grants & Contracts	Auxiliaries	Other		
Georgia Institute of Technology	318,573,215	736,072,416	104,589,416	45,689,665	(1,410,869,904)	(205,945,192)
Georgia State University	233,169,805	90,692,700	76,121,483	30,977,017	(662,259,179)	(231,298,174)
Georgia Regents University	81,330,970	455,641,730	17,150,840	9,479,152	(763,393,472)	(199,790,780)
University of Georgia	401,047,785	208,239,246	175,042,977	84,518,397	(1,303,040,238)	(434,191,833)
Georgia Southern University	111,214,653	17,328,121	86,006,395	6,917,139	(327,870,789)	(106,404,481)
Valdosta State University	58,127,630	3,049,915	39,433,520	4,765,258	(174,891,241)	(69,514,918)
Albany State University	15,737,721	8,601,048	14,330,080	803,121	(72,495,960)	(33,023,990)
Armstrong State University	32,001,674	2,957,163	17,150,779	294,602	(96,227,054)	(43,822,836)
Clayton State University	26,720,928	1,548,691	14,005,590	2,063,783	(87,107,039)	(42,768,047)
Columbus State University	44,098,213	2,487,703	12,119,957	3,717,923	(114,927,143)	(52,503,347)
Fort Valley State University	8,538,375	7,391,577	10,791,717	640,039	(74,048,860)	(46,687,152)
Georgia College & State University	53,400,060	775,691	28,337,297	2,268,130	(121,783,029)	(37,001,851)
Georgia Southwestern State University	10,910,431	2,687,134	9,262,857	329,109	(41,200,240)	(18,010,709)
Kennesaw State University	173,732,546	3,014,747	78,446,463	11,861,136	(418,360,703)	(151,305,811)
University of North Georgia	61,335,516		32,810,491	3,282,899	(174,160,477)	(76,731,571)
Savannah State University	13,018,682	9,220,238	30,262,546	1,125,161	(91,864,146)	(38,237,519)
University of West Georgia	58,999,106	4,177,270	39,701,704	8,588,642	(178,449,564)	(66,982,842)
Abraham Baldwin Agricultural College	6,772,640	118,016	13,471,973	533,989	(43,833,786)	(22,937,168)
College of Coastal Georgia	5,197,514	27,530	6,742,165	121,917	(35,092,256)	(23,003,130)
Dalton State College	8,915,248	1,739,619	3,437,724	140,838	(42,327,436)	(28,094,007)
Georgia Gwinnett College	31,198,631	295,238	15,775,653	142,139	(112,403,511)	(64,991,850)
Gordon State College	6,600,189	245,428	10,676,170	251,059	(39,596,993)	(21,824,147)
Middle Georgia State College	18,893,810	259,046	13,721,909	1,431,596	(94,703,382)	(60,397,021)
Atlanta Metropolitan State College	3,836,175	2,331,924	1,137,956	395,480	(28,022,271)	(20,320,736)
Bainbridge State College	5,302,314	2,000,640	235,886	190,317	(23,910,536)	(16,181,379)
Darton State College	10,859,993	2,147,689	5,749,422	303,419	(47,743,446)	(28,682,923)
East Georgia State College	3,705,349	26,104	2,817,517	95,016	(23,135,226)	(16,491,240)
Georgia Highlands College	10,397,373	551,515	1,352,240	284,551	(38,530,147)	(25,944,468)
Georgia Perimeter College	48,313,070	2,843,463	9,146,376	1,007,838	(148,753,657)	(87,442,910)
South Georgia State College	3,109,770	22,159	4,107,205	102,020	(26,581,779)	(19,240,625)
University System Office		8,922,706	12,720,688	438,672,335	(599,043,977)	(138,728,248)
Elimination/Consolidation Entries		(9,437,989)	(1,591,955)	(272,904,036)	(36,365,675)	(320,299,655)
Totals	\$1,865,059,386	\$1,565,978,478	\$885,065,041	\$388,089,651	(\$7,452,993,116)	(\$2,748,800,560)

UNIVERSITY SYSTEM OF GEORGIA

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY INSTITUTION
FOR YEAR ENDED JUNE 30, 2015

Institution	Non-Operating			
	State Appropriations	Other Revenue/ (Expenses)	Special Item Transfer	Interest Expense
Georgia Institute of Technology	227,216,008	131,246,713		(25,688,288)
Georgia State University	187,748,590	134,315,281	18,694,377	(20,419,862)
Georgia Regents University	187,452,806	71,664,726	205,214	(2,811,029)
University of Georgia	400,083,488	206,836,299		(18,359,553)
Georgia Southern University	85,834,001	36,875,649		(12,815,466)
Valdosta State University	49,347,815	26,354,677		(7,925,696)
Albany State University	19,326,043	13,363,144		(3,542,325)
Armstrong State University	29,622,688	16,759,093	5,544,942	(4,316,234)
Clayton State University	24,192,783	20,260,508		(3,690,828)
Columbus State University	33,300,304	23,745,634	478,574	(2,694,286)
Fort Valley State University	23,309,344	24,821,309		(3,028,477)
Georgia College & State University	29,636,189	10,955,505		(5,635,377)
Georgia Southwestern State University	12,080,506	6,707,165		(1,866,205)
Kennesaw State University	107,782,189	69,653,378		(18,461,308)
University of North Georgia	49,363,086	31,304,745	4,655,872	(8,715,138)
Savannah State University	19,458,854	18,986,900		(5,558,917)
University of West Georgia	48,167,093	45,432,478		(9,441,848)
Abraham Baldwin Agricultural College	13,884,816	10,448,838	11,087,001	(1,729,877)
College of Coastal Georgia	13,935,828	10,711,655	1,483,283	(1,285,436)
Dalton State College	14,323,846	16,417,505		(363,229)
Georgia Gwinnett College	44,815,327	60,438,684		(10,333,480)
Gordon State College	11,902,426	11,331,440		(2,140,784)
Middle Georgia State College	32,635,618	20,806,471		(4,727,472)
Atlanta Metropolitan State College	9,568,820	12,987,545		(601,566)
Bainbridge State College	8,093,817	9,246,642		(1,104,679)
Darton State College	17,012,706	15,219,294		(2,645,981)
East Georgia State College	7,088,750	9,519,372	828,830	(387,591)
Georgia Highlands College	14,750,844	11,442,644		(932,330)
Georgia Perimeter College	52,228,589	44,481,893		(3,704,623)
South Georgia State College	10,961,193	8,367,648		(1,738,156)
University System Office	157,565,896	(11,320,034)	(43,454,370)	(1,884,851)
Elimination/Consolidation Entries	(25,961)	(61,614)		87,575
Totals	\$1,942,664,302	\$1,119,321,187	(\$476,277)	(188,463,317)

UNIVERSITY SYSTEM OF GEORGIA
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY INSTITUTION
FOR YEAR ENDED JUNE 30, 2015

Institution	Net Position				
	(Increase/Decrease) in Net Position	Net Position -Beginning of Year	Prior Year Adjustments	Net Position - Beginning of Year Restated	Net Position - End of Year
Georgia Institute of Technology	126,829,241	1,507,392,103	(344,876,656)	1,162,515,447	1,289,344,688
Georgia State University	89,040,212	616,694,863	(198,255,231)	418,439,632	507,479,844
Georgia Regents University	56,720,937	506,452,240	(353,345,853)	153,106,387	209,827,324
University of Georgia	154,368,401	1,759,737,034	(574,063,567)	1,185,673,467	1,340,041,868
Georgia Southern University	3,489,703	353,947,506	(94,155,812)	259,791,694	263,281,397
Valdosta State University	(1,738,122)	175,834,475	(56,850,026)	118,984,449	117,246,327
Albany State University	(3,877,128)	83,852,449	(30,940,258)	52,912,191	49,035,063
Armstrong Atlantic State University	3,787,653	81,483,555	(25,038,593)	56,444,962	60,232,615
Clayton State University	(2,005,584)	52,078,927	(28,245,278)	23,833,649	21,828,065
Columbus State University	2,326,879	80,790,958	(37,607,642)	43,183,316	45,510,195
Fort Valley State University	(1,584,976)	74,182,336	(32,088,052)	42,094,284	40,509,308
Georgia College & State University	(2,045,534)	67,787,993	(32,518,522)	35,269,471	33,223,937
Georgia Southwestern State University	(1,089,243)	59,780,241	(11,464,310)	48,315,931	47,226,688
Kennesaw State University	7,668,448	320,793,834	(134,465,223)	186,328,611	193,997,059
University of North Georgia	(123,006)	168,171,761	(63,099,380)	105,072,381	104,949,375
Savannah State University	(5,350,682)	60,946,799	(28,893,923)	32,052,876	26,702,194
University of West Georgia	17,174,881	160,852,731	(54,265,768)	106,586,963	123,761,844
Abraham Baldwin Agricultural College	10,753,610	42,374,964	(13,809,100)	28,565,864	39,319,474
College of Coastal Georgia	1,842,200	60,571,661	(9,950,616)	50,621,045	52,463,245
Dalton State College	2,284,115	43,331,192	(15,267,042)	28,064,150	30,348,265
Georgia Gwinnett College	29,928,681	65,894,306	(26,594,846)	39,299,460	69,228,141
Gordon State College	(731,065)	51,762,999	(16,013,034)	35,749,965	35,018,900
Middle Georgia State College	(11,682,404)	162,279,043	(37,609,034)	124,670,009	112,987,605
Atlanta Metropolitan State College	1,634,063	25,616,268	(13,591,334)	12,024,934	13,658,997
Bainbridge State College	54,401	36,220,762	(10,773,351)	25,447,411	25,501,812
Darton State College	903,096	35,004,231	(19,365,216)	15,639,015	16,542,111
East Georgia State College	558,121	25,440,536	(8,806,037)	16,634,499	17,192,620
Georgia Highlands College	(683,310)	41,696,911	(18,987,559)	22,709,352	22,026,042
Georgia Perimeter College	5,562,949	89,227,133	(65,556,350)	23,670,783	29,233,732
South Georgia State College	(1,649,940)	25,138,957	(11,091,906)	14,047,051	12,397,111
University System Office	(37,821,607)	166,955,019	(36,496,058)	130,458,961	92,637,354
Elimination/Consolidation Entries	(320,299,655)	(1,843,077,235)		(1,843,077,235)	(2,163,376,890)
Totals	\$124,245,335	\$5,159,216,552	(\$2,404,085,577)	\$2,755,130,975	\$2,879,376,310



UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2015

Affiliated Organizations	Assets					
	Current Assets	Noncurrent Cash/ Investments/ Due From Other Units	Capital Assets	Other Assets	Total Assets	Deferred Outflows of Resources
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 6,530,224	\$ 18,418,644	\$ 3,267,036	\$ 242,237	\$ 28,458,141	
Albany State University Foundation, Inc.	1,738,703	15,339,066	467,055	66,097,333	83,642,157	
Armstrong State University Educational Properties Foundation, Inc. and Subsidiaries	3,584,119	9,815,089	2,784,948	96,141,952	112,326,108	
Armstrong State University Foundation, Inc.	872,783	9,180,046			10,052,829	
Atlanta Metropolitan College Foundation, Inc.	329,422				329,422	
Augusta State University Foundation, Inc. and Subsidiaries	4,184,622	29,842,476	927,251	38,875,471	73,829,820	
Clayton State University Foundation, Inc.	3,988,272	12,060,440		63,661,714	79,710,426	
College of Coastal Georgia Foundation, Inc.	946,149	13,731,278	1,613,119	254,766	16,545,312	
Columbus State University Alumni Association, Inc.	182,082	223,715			405,797	
Columbus State University Athletic Fund, Inc.	23,288	2,282,197	27,427		2,332,912	
Columbus State University Foundation, Inc.	5,875,638	57,286,374		9,493,524	72,655,536	
Dalton State College Athletic Club	997,814		1,447,638	2,373,955	4,819,407	
Dalton State College Foundation, Inc.	1,313,488	25,406,867	6,449,141	418,071	33,587,567	
Darton Boosters, Inc.	1,751,193	21,634,660		394,643	23,780,496	
Darton State College Foundation, Inc.	3,054,328	1,278,189	398,947		4,731,464	
East Georgia State College Foundation, Inc.	469,719	1,018,279	170,832	548,660	2,207,490	
Fort Valley State University Foundation, Inc.	6,424,663	12,935,029	1,476,993	53,762,758	74,599,443	
Foundation Properties, Inc.	5,986,110	2,485,953	84,162,636	2,668,246	95,302,945	
Georgia Advanced Technology Ventures, Inc.	4,159,756	314,446	115,719,632	2,467,958	122,661,792	12,500
Georgia College & State University Alumni Association, Inc.	198,856	7,403,448	23,575	4,500	7,630,379	
Georgia College & State University Foundation, Inc. and Subsidiaries	4,816,365	43,708,184	3,248,284	89,776,954	141,549,787	
Georgia Gwinnett College Foundation Inc. and Subsidiaries	14,177,637	21,551,146	10,880,652	327,441,194	374,050,629	
Georgia Highlands College Foundation, Inc.	907,491	3,160,772	7,289	16,609,366	20,684,918	
Georgia Perimeter College Foundation, Inc.	1,970,279	4,608,601	3,000,000	77,752,353	87,331,233	
Georgia Regents University Research Institute, Inc.	12,628,762	470,976			13,099,738	
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group	2,847,837	10,610,666			13,458,503	
Georgia Southern University Athletic Foundation, Inc.	3,878,608	5,761,795	3,590,808	21,039,742	34,270,953	
Georgia Southern University Foundation, Inc.	58,383,672	145,500	791,555	137,012	59,457,739	
Georgia Southern University Housing Foundation, Inc. and Subsidiaries	12,322,685	34,632,651	429,942	212,845,407	260,230,685	1,575,105
Georgia Southern University Research and Service Foundation, Inc.	8,240,298		351		8,240,649	
Georgia Southwestern Foundation, Inc.	2,943,875	33,065,746	357,417	38,240,441	74,607,479	
Georgia State University Foundation, Inc.	58,136,020	179,843,704	8,254,751	86,922,148	333,156,623	1,049,970
Georgia State University Research Foundation, Inc. and Affiliates	42,815,086	7,670,006	7,194,503	79,176,774	136,856,369	
Georgia Tech Alumni Association	214,907		226,539		441,446	
Georgia Tech Athletic Association	15,150,256		170,952,714	118,789,082	304,892,052	22,166,262
Georgia Tech Facilities, Inc.	13,060,036	2,066,841	3,618,807	258,360,271	277,105,955	30,122,254
Georgia Tech Foundation, Inc.	38,957,307	1,573,251,000	35,104,000	272,232,693	1,919,545,000	
Georgia Tech Research Corporation	198,628,639	123	1,705,043	5,717,260	206,051,065	
Gordon State College Foundation, Inc. and Subsidiaries	592,512	18,915,640	8,637,660	43,974,618	72,120,430	
Kennesaw State University Foundation, Inc.	18,630,659	87,119,898	115,647,099	226,406,110	447,803,766	5,194,126
Middle Georgia State College Foundation, Inc. and Subsidiaries	449,980	10,965,365		79,637	11,494,982	
MCG Health System, Inc. d/b/a Georgia Regents Health System	199,585,179	134,363,504	266,535,237	1,237,825	601,721,745	
Medical College of Georgia Foundation, Inc.	3,417,262	219,269,156	4,223,955	354,431	227,264,804	
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	1,442,219	13,968,282	1,122,862	95,300,079	111,833,442	
Savannah State University Foundation, Inc. and Subsidiaries	2,721,207	5,032,721		89,279,776	97,033,704	
South Georgia State College Foundation, Inc. and Subsidiaries	894,239	6,633,657	330,395	32,349,179	40,207,470	
Polytechnic Foundation of KSU, Inc.	2,741,808	8,696,702	1,195,098	22,892,578	35,526,186	
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates and Subsidiaries)	37,116,201	31,811,938	7,717,701	34,063,304	110,709,144	
University of Georgia Athletic Assoc., Inc.	64,777,526		232,944,559	47,397,406	345,119,491	10,140,970
University of Georgia Foundation	119,949,981	846,100,360	27,315,814	53,796,790	1,047,162,945	2,476,363
University of Georgia Research Foundation, Inc.	93,530,988	52,049,572	19,926,171	286,322,607	451,829,338	5,896,212
University of North Georgia Foundation - Dahlonega, Inc.	1,690,146	56,951,045		822,727	59,463,918	
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	4,100,206	18,606,954	2,509,455	125,609,308	150,825,923	99,601
University of West Georgia Foundation, Inc.	4,016,295	40,219,408	73,578	44,584,710	88,893,991	
University of West Georgia Real Estate Foundation, Inc.	7,043,952	3,705,776		121,717,997	132,467,725	6,125,986
University System of Georgia Foundation, Inc. and Affiliates	5,540,741	17,423,885		223,779,889	246,744,515	13,279,890
Valdosta State University Foundation, Inc.	2,079,982	29,804,343	7,734,332	2,376,000	41,994,657	
VSU Auxiliary Services Real Estate Foundation, Inc.	192,318,815		227,338	934,434	193,480,587	10,758,264
Walter & Emilie Spivey Foundation	6,723,869	17,576	139,882		6,881,327	
James M. Dye Foundation, Inc.	181,482	2,026,514			2,207,996	
Totals	\$ 1,312,236,238	\$ 3,764,886,203	\$ 1,164,580,021	\$ 3,395,725,890	\$ 9,637,428,352	\$ 108,897,503

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2015

	Liabilities			
	Current Liabilities	Noncurrent Liabilities	Total Liabilities	Deferred Inflows of Resources
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 26,075		\$ 26,075	
Albany State University Foundation, Inc.	3,404,987	75,600,282	79,005,269	
Armstrong State University Educational Properties Foundation, Inc. and Subsidiaries	2,972,911	87,438,108	90,411,019	
Armstrong State University Foundation, Inc.	27,347		27,347	
Atlanta Metropolitan College Foundation, Inc.				
Augusta State University Foundation, Inc. and Subsidiaries	3,129,130	37,587,943	40,717,073	
Clayton State University Foundation, Inc.	1,668,864	69,585,279	71,254,143	
College of Coastal Georgia Foundation, Inc.	238,031	21,016	259,047	
Columbus State University Alumni Association, Inc.	11,590		11,590	
Columbus State University Athletic Fund, Inc.	53,515		53,515	
Columbus State University Foundation, Inc.	736,103	2,813,892	3,549,995	
Dalton State College Athletic Club	230,131		230,131	
Dalton State College Foundation, Inc.	501,959	944,832	1,446,791	
Darton Boosters, Inc.	420,000	21,808,340	22,228,340	
Darton College Foundation, Inc.				
East Georgia State College Foundation, Inc.	1,365		1,365	
Fort Valley State University Foundation, Inc.	2,717,582	61,428,578	64,146,160	
Foundation Properties, Inc.	25,818,799	53,858,898	79,677,697	
Georgia Advanced Technology Ventures, Inc.	13,604,680	107,185,503	120,790,183	
Georgia College & State University Alumni Association, Inc.	9,830		9,830	
Georgia College & State University Foundation, Inc. and Subsidiaries	19,120,322	102,456,641	121,576,963	2,452,874
Georgia Gwinnett College Foundation Inc. and Subsidiaries	44,619,366	329,153,339	373,772,705	
Georgia Highlands College Foundation, Inc.	447,004	17,516,924	17,963,928	
Georgia Perimeter College Foundation, Inc.	14,533,343	70,225,000	84,758,343	
Georgia Regents University Research Institute, Inc.	5,636,708		5,636,708	
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group	11,990,646		11,990,646	
Georgia Southern University Athletic Foundation, Inc.	1,639,046	23,326,587	24,965,633	
Georgia Southern University Foundation, Inc.	133,372		133,372	
Georgia Southern University Housing Foundation, Inc. and Subsidiaries	11,816,512	219,897,304	231,713,816	
Georgia Southern University Research and Service Foundation, Inc.	4,943,221		4,943,221	
Georgia Southwestern Foundation, Inc.	5,014,645	37,886,477	42,901,122	
Georgia State University Foundation, Inc.	10,716,819	102,812,303	113,529,122	10,172,388
Georgia State University Research Foundation, Inc. and Affiliates	29,327,230	82,840,711	112,167,941	
Georgia Tech Alumni Association	548,929		548,929	
Georgia Tech Athletic Association	21,778,781	229,272,957	251,051,738	
Georgia Tech Facilities, Inc.	12,377,103	276,864,479	289,241,582	
Georgia Tech Foundation, Inc.	91,615,268	362,258,327	453,873,595	
Georgia Tech Research Corporation	149,205,387	5,470,304	154,675,691	
Gordon State College Foundation, Inc. and Subsidiaries	1,261,585	42,607,066	43,868,651	15,188,534
Kennesaw State University Foundation, Inc.	34,815,240	382,335,596	417,150,836	
Middle Georgia State College Foundation, Inc. and Subsidiaries	137,469		137,469	
MCG Health System, Inc. d/b/a Georgia Regents Health System	92,932,965	224,976,876	317,909,841	
Medical College of Georgia Foundation, Inc.	2,213,206	950,776	3,163,982	
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	3,587,747	96,936,348	100,524,095	
Savannah State University Foundation, Inc. and Subsidiaries	12,560,498	80,493,339	93,053,837	
South Georgia State College Foundation, Inc. and Subsidiaries	710,955	33,922,285	34,633,240	
Polytechnic Foundation of KSU, Inc.	1,941,724	26,038,186	27,979,910	
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates and Subsidiaries)	15,570,519	32,979,524	48,550,043	
University of Georgia Athletic Assoc., Inc.	36,979,904	110,007,301	146,987,205	
University of Georgia Foundation	9,770,471	76,647,434	86,417,905	
University of Georgia Research Foundation, Inc.	81,924,106	291,291,869	373,215,975	
University of North Georgia Foundation - Dahlonega, Inc.	242,889	867,269	1,110,158	
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	6,376,350	138,493,624	144,869,974	
University of West Georgia Foundation, Inc.	2,429,753	48,846,447	51,276,200	
University of West Georgia Real Estate Foundation, Inc.	3,821,130	129,718,133	133,539,263	1,071,467
University System of Georgia Foundation, Inc. and Affiliates	6,814,825	241,454,985	248,269,810	
Valdosta State University Foundation, Inc.	1,210,542	5,729,350	6,939,892	
VSU Auxiliary Services Real Estate Foundation, Inc.	6,328,039	173,354,531	179,682,570	6,789,057
Walter & Emilie Spivey Foundation				
James M. Dye Foundation, Inc.	5,105		5,105	
Totals	\$ 812,671,623	\$ 4,515,904,963	\$ 5,328,576,586	\$ 35,674,320

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2015

Net Position					
	Net Investment in Capital Assets	Nonexpendable	Expendable	Unrestricted	Total Net Position
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 3,241,014	\$ 8,416,346	\$ 5,667,925	\$ 11,106,781	\$ 28,432,066
Albany State University Foundation, Inc.	467,055		4,144,905	24,928	4,636,888
Armstrong State University Educational Properties Foundation, Inc. and Subsidiaries	2,784,948		4,158,319	14,971,822	21,915,089
Armstrong State University Foundation, Inc.		5,251,889	4,323,614	449,979	10,025,482
Atlanta Metropolitan College Foundation, Inc.			334,425	(5,003)	329,422
Augusta State University Foundation, Inc. and Subsidiaries	1,538,430	17,830,708	8,408,523	5,335,086	33,112,747
Clayton State University Foundation, Inc.	(5,923,565)	3,065,365	4,156,853	7,157,630	8,456,283
College of Coastal Georgia Foundation, Inc.	1,613,119	6,609,954	6,208,847	1,854,345	16,286,265
Columbus State University Alumni Association, Inc.		90,729		303,478	394,207
Columbus State University Athletic Fund, Inc.	27,427	1,353,933	900,661	(2,624)	2,279,397
Columbus State University Foundation, Inc.		38,697,644	26,734,219	3,673,678	69,105,541
Dalton State College Athletic Club	1,236,118	10,000	3,971,084	(627,926)	4,589,276
Dalton State College Foundation, Inc.	5,199,141	9,980,258	6,387,220	10,574,157	32,140,776
Darton Boosters, Inc.	1,538,401			13,755	1,552,156
Darton State College Foundation, Inc.	398,947	546,000	1,121,376	2,665,141	4,731,464
East Georgia State College Foundation, Inc.	170,832	156,035	1,888,594	(9,336)	2,206,125
Fort Valley State University Foundation, Inc.	2,889,509	3,917,786	5,131,331	(1,485,343)	10,453,283
Foundation Properties, Inc.	(61,158,898)	2,066,148		74,717,998	15,625,248
Georgia Advanced Technology Ventures, Inc.	(134,282)	-	10,965,497	(8,947,106)	1,884,109
Georgia College & State University Alumni Association, Inc.	23,575	5,023,377	2,033,393	540,204	7,620,549
Georgia College & State University Foundation, Inc. and Subsidiaries	2,041,558	16,318,406	6,765,657	(7,605,671)	17,519,950
Georgia Gwinnett College Foundation Inc. and Subsidiaries	5,322,270	769,243	803,717	(6,617,306)	277,924
Georgia Highlands College Foundation, Inc.	7,289	911,338	1,606,083	196,280	2,720,990
Georgia Perimeter College Foundation, Inc.	3,000,000	1,287,496	5,346,054	(7,060,660)	2,572,890
Georgia Regents University Research Institute, Inc.			77,275	7,385,755	7,463,030
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group				1,467,857	1,467,857
Georgia Southern University Athletic Foundation, Inc.	3,403,669		5,694,173	207,478	9,305,320
Georgia Southern University Foundation, Inc.	791,555	35,340,585	18,690,113	4,502,114	59,324,367
Georgia Southern University Housing Foundation, Inc. and Subsidiaries	429,942		27,023,304	2,638,728	30,091,974
Georgia Southern University Research and Service Foundation, Inc.	351			3,297,077	3,297,428
Georgia Southwestern Foundation, Inc.	1,144,958	12,021,696	10,431,127	8,108,576	31,706,357
Georgia State University Foundation, Inc.	8,254,751	104,694,790	69,297,980	28,257,562	210,505,083
Georgia State University Research Foundation, Inc. and Affiliates	7,194,503	4,000,000	7,135,574	6,358,351	24,688,428
Georgia Tech Alumni Association	226,539			(334,022)	(107,483)
Georgia Tech Athletic Association	(35,940,475)	30,472,704	78,690,408	2,783,939	76,006,576
Georgia Tech Facilities, Inc.	3,618,807		8,408,380	5,959,440	17,986,627
Georgia Tech Foundation, Inc.	3,759,033	629,490,000	726,906,000	105,516,372	1,465,671,405
Georgia Tech Research Corporation	1,705,043			49,670,331	51,375,374
Gordon State College Foundation, Inc. and Subsidiaries	7,155,787	2,627,107	1,109,960	2,170,391	13,063,245
Kennesaw State University Foundation, Inc.	(214,911)	29,133,234	12,180,604	(5,251,871)	35,847,056
Middle Georgia State College Foundation, Inc. and Subsidiaries		8,232,438	2,564,607	560,468	11,357,513
MCG Health System, Inc. d/b/a Georgia Regents Health System	56,529,406			227,282,498	283,811,904
Medical College of Georgia Foundation, Inc.		134,941,469	69,120,698	20,038,655	224,100,822
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	172,862			11,136,485	11,309,347
Savannah State University Foundation, Inc. and Subsidiaries		110,000	115,144	3,754,723	3,979,867
South Georgia State College Foundation, Inc. and Subsidiaries	330,395	2,799,858	202,811	2,241,166	5,574,230
Polytechnic Foundation of KSU, Inc.	3,780,937	1,195,098	2,158,261	411,980	7,546,276
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates and Subsidiaries)	8,487,868			53,671,233	62,159,101
University of Georgia Athletic Assoc., Inc.	128,903,849			79,369,407	208,273,256
University of Georgia Foundation	9,585,000	448,264,653	410,425,377	94,946,373	963,221,403
University of Georgia Research Foundation, Inc.	11,409,949		1,376,886	71,722,740	84,509,575
University of North Georgia Foundation - Dahlonega, Inc.		26,180,761	26,401,417	5,771,582	58,353,760
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	2,509,455			3,546,095	6,055,550
University of West Georgia Foundation, Inc.	73,578	17,864,614	10,177,935	9,501,664	37,617,791
University of West Georgia Real Estate Foundation, Inc.				3,982,981	3,982,981
University System of Georgia Foundation, Inc. and Affiliates		93,791	5,584,059	6,076,745	11,754,595
Valdosta State University Foundation, Inc.	2,029,667	27,997,210	5,552,655	(524,767)	35,054,765
VSU Auxiliary Services Real Estate Foundation, Inc.	227,338			17,539,886	17,767,224
Walter & Emilie Spivey Foundation	157,458	6,723,869			6,881,327
James M. Dye Foundation, Inc.		1,917,418	156,225	129,248	2,202,891
Totals	\$ 190,010,202	\$ 1,646,403,950	\$ 1,610,539,270	\$ 935,121,527	\$ 4,382,074,949



UNIVERSITY SYSTEM OF GEORGIA
Condensed Statements of Revenues, Expenses and Changes in Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2015

Affiliated Organization	Operating					Operating Profit/ (Loss)
	Revenues				Expenses	
	Gifts, Contributions, Grants & Contracts	Sales, Services, Rents & Royalties	Clinical Patient Fees/Net Patient Revenue	Other		
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 838,625	\$ 2,473,471		\$ 692,916	\$ (1,516,655)	\$ 2,488,357
Albany State University Foundation, Inc.	686,891	18,563		801,611	(1,448,251)	58,814
Armstrong State University Educational Properties Foundation, Inc. and Subsidiaries		1,289,912		4,553,293	(1,246,370)	4,596,835
Armstrong State University Foundation, Inc.	1,201,027				(1,524,563)	(323,536)
Atlanta Metropolitan College Foundation	237,986				(147,343)	90,643
Augusta State University Foundation, Inc. and Subsidiaries	968,496	1,339,273		1,837,263	(3,004,253)	1,140,779
Clayton State University Foundation, Inc.	1,113,829	1,097,009		1,339,269	(1,406,895)	2,143,212
College of Coastal Georgia Foundation, Inc.	676,753	2,400		538,392	(1,578,870)	(361,325)
Columbus State University Alumni Association, Inc.	56,085	16,005		4,754	(65,248)	11,596
Columbus State University Athletic Fund, Inc.	179,242	90,988		22,489	(412,119)	(119,400)
Columbus State University Foundation, Inc.	6,338,438	933,351		4,542,993	(7,838,197)	3,976,585
Dalton State Athletic Club	396,275			(1,426,174)	(11,414)	(1,041,313)
Dalton State College Foundation, Inc.	888,537	321,096		797,841	(2,098,409)	(90,935)
Darton Boosters, Inc.		1,991,575			(1,885,427)	106,148
Darton State College Foundation, Inc.	383,688	37,773			(641,803)	(220,342)
East Georgia State College Foundation, Inc.	1,254,843			14,949	(281,148)	988,644
Fort Valley State University Foundation, Inc.	1,216,136	3,394,427			(1,273,677)	3,336,886
Foundation Properties, Inc.	227,978	6,233,697		(62,414)	(4,315,249)	2,084,012
Georgia Advanced Technology Ventures, Inc.	764,372	17,490,650		50,000	(12,421,246)	5,883,776
Georgia College & State University Alumni Association, Inc.	240,580			235,223	(420,432)	55,371
Georgia College & State University Foundation, Inc. and Subsidiaries	1,593,331	5,610,143		686,171	(3,112,913)	4,776,732
Georgia Gwinnett College Foundation, Inc. and Subsidiaries	929,806	11,990,045		306,895	(1,655,560)	11,571,186
Georgia Highlands College Foundation, Inc.	328,749	1,219,370			(572,452)	975,667
Georgia Perimeter College Foundation, Inc.	2,290,382	3,899,955			(1,139,999)	5,050,338
Georgia Regents University Research Institute, Inc.	63,212,000	664,017			(63,571,112)	304,905
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group			14,316,451	565,194	(14,608,052)	273,593
Georgia Southern University Athletic Foundation, Inc.	2,403,940	1,278,999		190,501	(3,112,447)	760,993
Georgia Southern University Foundation, Inc.	5,568,808	73,892		318,449	(7,312,145)	(1,350,996)
Georgia Southern University Housing Foundation, Inc. and Subsidiaries				13,148,816	(903,031)	12,245,785
Georgia Southern University Research and Service Foundation, Inc.	7,193,227	7,365,732		8,505	(13,322,066)	1,245,398
Georgia Southwestern Foundation, Inc.	1,466,574	1,776,933		90,043	(1,541,370)	1,792,180
Georgia State University Foundation, Inc.	11,134,237	5,974,217		23,549,616	(32,294,383)	8,363,687
Georgia State University Research Foundation, Inc. and Affiliates	66,347,554			4,475,800	(67,899,174)	2,924,180
Georgia Tech Alumni Association	5,173,324	1,768,771		5,051	(6,980,324)	(33,178)
Georgia Tech Athletic Association	2,678,033	62,983,405			(62,850,523)	2,810,915
Georgia Tech Facilities, Inc.		1,307,502		13,883,664	(2,546,178)	12,644,988
Georgia Tech Foundation, Inc.	89,686,000	14,256,000			(100,325,595)	3,616,405
Georgia Tech Research Corporation	642,135,023	10,934,020			(650,436,177)	2,632,866
Gordon State College Foundation, Inc. and Subsidiaries	210,581	1,840,275		13	(644,828)	1,406,041
Kennesaw State University Foundation, Inc.	2,522,886	43,196,898		1,218,349	(27,008,436)	19,929,697
Middle Georgia State College Foundation, Inc. and Subsidiaries	634,447			89,210	(983,389)	(259,732)
MCG Health Systems, Inc. d/b/a Georgia Regents Health System		16,582,119	557,089,125		(603,289,269)	(29,618,025)
Medical College of Georgia Foundation, Inc.	2,767,539	596,864		2,156,647	(8,135,955)	(2,614,905)
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries		447,949		5,105,854	(199,618)	5,354,185
Savannah State University Foundation, Inc. and Subsidiaries	269,024	5,159,358			(554,195)	4,874,187
South Georgia College Foundation, Inc. and Subsidiaries	249,505	2,128,545			(536,252)	1,841,798
Polytechnic Foundation of KSU, Inc.	753,022	1,379,321		167,389	(1,891,370)	408,362
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates & Subsidiaries)		1,444,215	148,878,982	1,960,868	(166,493,235)	(14,209,170)
University of Georgia Athletic Assoc., Inc.				116,267,850	(101,154,121)	15,113,729
University of Georgia Foundation	46,580,693	8,316,777		8,168,249	(70,158,404)	(7,092,685)
University of Georgia Research Foundation, Inc.	147,634,867	28,077,546		100	(163,138,081)	12,574,432
University of North Georgia Foundation - Dahlonega, Inc.	7,888,388			2,030,572	(4,405,503)	5,513,457
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	99,231	1,596,312		8,440,490	(716,790)	9,419,243
University of West Georgia Foundation, Inc.	2,952,065	3,270,345		933,904	(6,745,567)	410,747
University of West Georgia Real Estate Foundation, Inc.				6,689,247	(526,072)	6,163,175
University System of Georgia Foundation, Inc. and Affiliates	2,368,267	110,538		16,159,669	(3,002,006)	15,636,468
Valdosta State University Foundation, Inc.	2,566,461	1,211,786		921,106	(4,185,185)	514,168
VSU Auxiliary Services Real Estate Foundation, Inc.	98,003			9,224,532	(1,344,149)	7,978,386
Walter & Emilie Spivey Foundation		(32,024)			(235,996)	(268,020)
James M. Dye Foundation, Inc.	84,098			30,850	(76,815)	38,133
Totals	\$ 1,137,489,846	\$ 283,160,015	\$ 720,284,558	\$ 250,736,009	\$ (2,243,146,306)	\$ 148,524,122

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statements of Revenues, Expenses and Changes in Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2015

Affiliated Organization	Non-Operating		Net Position				
	Revenues	Expenses	Increase/ (Decrease) in Net Position	Net Position - Beginning of Year	Prior Year Adjustments	Net Position - Beginning of Year Restated	Net Position - End of Year
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 444,323	\$ (5,646,408)	\$ (2,713,728)	\$ 31,145,794		\$ 31,145,794	\$ 28,432,066
Albany State University Foundation, Inc.	3,872,648	(3,523,430)	408,032	4,228,856		4,228,856	4,636,888
Armstrong State University Educational Properties Foundation, Inc. and Subsidiaries	268,914	(4,383,283)	482,466	21,432,623		21,432,623	21,915,089
Armstrong State University Foundation, Inc.	799,262		475,726	9,549,756		9,549,756	10,025,482
Atlanta Metropolitan College Foundation			90,643	238,779		238,779	329,422
Augusta State University Foundation, Inc. and Subsidiaries	1,068,463	(2,320,049)	(110,807)	33,223,554		33,223,554	33,112,747
Clayton State University Foundation, Inc.	2,916,586	(3,305,310)	1,754,488	6,701,795		6,701,795	8,456,283
College of Coastal Georgia Foundation, Inc.	581,696		220,371	16,065,894		16,065,894	16,286,265
Columbus State University Alumni Association, Inc.	18,673		30,269	363,938		363,938	394,207
Columbus State University Athletic Fund, Inc.	300,897		181,497	2,097,900		2,097,900	2,279,397
Columbus State University Foundation, Inc.	6,344,020		10,320,605	58,784,936		58,784,936	69,105,541
Dalton State Athletic Club	10,000		(1,031,313)	5,620,589		5,620,589	4,589,276
Dalton State College Foundation, Inc.	158,272		67,337	32,073,439		32,073,439	32,140,776
Darton Boosters, Inc.	137		106,285	1,445,871		1,445,871	1,552,156
Darton State College Foundation, Inc.	78,529		(141,813)	4,873,277		4,873,277	4,731,464
East Georgia State College Foundation, Inc.	22,424		1,011,068	1,195,057		1,195,057	2,206,125
Fort Valley State University Foundation, Inc.	613,893	(2,687,252)	1,263,527	10,170,087	(980,331)	9,189,756	10,453,283
Foundation Properties, Inc.	143,457	(2,058,447)	169,022	15,456,226		15,456,226	15,625,248
Georgia Advanced Technology Ventures, Inc.	525,757	(6,639,507)	(229,974)	2,114,083		2,114,083	1,884,109
Georgia College & State University Alumni Association, Inc.	205,814		261,185	7,359,364		7,359,364	7,620,549
Georgia College & State University Foundation, Inc. and Subsidiaries	1,995,400	(4,175,949)	2,596,183	14,923,767		14,923,767	17,519,950
Georgia Gwinnett College Foundation, Inc. and Subsidiaries	422,918	(10,114,257)	1,879,847	(1,601,923)		(1,601,923)	277,924
Georgia Highlands College Foundation, Inc.			975,667	1,745,323		1,745,323	2,720,990
Georgia Perimeter College Foundation, Inc.	264,907	(7,738,204)	(2,422,959)	4,995,849		4,995,849	2,572,890
Georgia Regents University Research Institute, Inc.	155,411		460,316	7,002,714		7,002,714	7,463,030
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group			273,593	1,194,264		1,194,264	1,467,857
Georgia Southern University Athletic Foundation, Inc.	15,658	(952,465)	(175,814)	9,906,151	(425,017)	9,481,134	9,305,320
Georgia Southern University Foundation, Inc.	1,496,438	(250,752)	(105,310)	59,028,492	401,185	59,429,677	59,324,367
Georgia Southern University Housing Foundation, Inc. and Subsidiaries	576,140	(9,744,316)	3,077,609	27,014,365		27,014,365	30,091,974
Georgia Southern University Research and Service Foundation, Inc.	3,587		1,248,985	2,048,443		2,048,443	3,297,428
Georgia Southwestern Foundation, Inc.	612,019	(1,890,369)	513,830	31,192,527		31,192,527	31,706,357
Georgia State University Foundation, Inc.	6,440,044	(9,438,305)	5,365,426		205,139,657	205,139,657	210,505,083
Georgia State University Research Foundation, Inc. and Affiliates	1,402,320	(4,162,329)	164,171	24,524,257		24,524,257	24,688,428
Georgia Tech Alumni Association			(33,178)	(74,305)		(74,305)	(107,483)
Georgia Tech Athletic Association	8,784,874	(12,655,348)	(1,059,559)	77,066,135		77,066,135	76,006,576
Georgia Tech Facilities, Inc.	166,433	(12,029,782)	781,639	17,204,988		17,204,988	17,986,627
Georgia Tech Foundation, Inc.	70,636,000	(10,745,000)	63,507,405	1,404,376,000	(2,212,000)	1,402,164,000	1,465,671,405
Georgia Tech Research Corporation	243,788		2,876,654	48,498,720		48,498,720	51,375,374
Gordon State College Foundation, Inc. and Subsidiaries	816,383	(1,424,291)	798,133	11,096,112	1,169,000	12,265,112	13,063,245
Kennesaw State University Foundation, Inc.	4,683,161	(16,101,773)	8,511,085	34,944,585	(7,608,614)	27,335,971	35,847,056
Middle Georgia State College Foundation, Inc. and Subsidiaries	841,320		581,588	10,775,925		10,775,925	11,357,513
MCG Health Systems, Inc. d/b/a Georgia Regents Health System	41,605,665	(12,307,507)	(319,867)	284,131,771		284,131,771	283,811,904
Medical College of Georgia Foundation, Inc.	1,255,326		(1,359,579)	225,460,401		225,460,401	224,100,822
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	79,619	(4,629,497)	804,307	10,505,040		10,505,040	11,309,347
Savannah State University Foundation, Inc. and Subsidiaries	7,618	(4,822,505)	59,300	3,920,567		3,920,567	3,979,867
South Georgia College Foundation, Inc. and Subsidiaries	96,283	(1,684,902)	253,179	5,321,051		5,321,051	5,574,230
Polytechnic Foundation of KSU, Inc.	408,862	(725,843)	91,381	7,454,895		7,454,895	7,546,276
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates & Subsidiaries)	2,615,529	(1,132,718)	(12,726,359)	74,885,460		74,885,460	62,159,101
University of Georgia Athletic Assoc., Inc.	402,946	(4,191,759)	11,324,916	196,948,340		196,948,340	208,273,256
University of Georgia Foundation	26,632,702	(1,392,551)	18,147,466	945,073,937		945,073,937	963,221,403
University of Georgia Research Foundation, Inc.	808,462	(13,896,114)	(513,220)	85,022,795		85,022,795	84,509,575
University of North Georgia Foundation - Dahlonega, Inc.	462,122	(291,422)	5,684,157	37,937,607	14,731,996	52,669,603	58,353,760
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	448,870	(7,550,401)	2,317,712	6,864,539	(3,126,701)	3,737,838	6,055,550
University of West Georgia Foundation, Inc.	765,469		1,176,216	36,441,575		36,441,575	37,617,791
University of West Georgia Real Estate Foundation, Inc.	40,322	(6,060,514)	142,983	3,288,522	551,476	3,839,998	3,982,981
University System of Georgia Foundation, Inc. and Affiliates		(14,698,378)	938,090	10,816,505		10,816,505	11,754,595
Valdosta State University Foundation, Inc.	1,578,646	(359,417)	1,733,397	33,321,368		33,321,368	35,054,765
VSU Auxiliary Services Real Estate Foundation, Inc.	5,281	(8,225,423)	(241,756)	31,325,640	(13,316,660)	18,008,980	17,767,224
Walter & Emilie Spivey Foundation	211,514	(87,049)	(143,555)	7,024,882		7,024,882	6,881,327
James M. Dye Foundation, Inc.	48,254		86,387	2,116,504		2,116,504	2,202,891
Totals	\$ 195,404,056	\$ (214,042,826)	\$ 129,885,352	\$ 4,057,865,606	\$ 194,323,991	\$ 4,252,189,597	\$ 4,382,074,949

UNIVERSITY SYSTEM OF GEORGIA
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
June 30, 2015
(UNAUDITED)

ASSETS

Cash and Cash Equivalents	\$	595,581,194.50
Investments		96,863,933.89
Accounts Receivable		
Federal Financial Assistance		130,086,098.12
Other		230,088,972.18
Prepaid Expenditures		15,569,356.40
Inventories		4,685,887.65
Other Assets		873,541.15
Total Assets	\$	1,073,748,983.89

LIABILITIES AND FUND EQUITY

Liabilities		
Contracts Payable	\$	133,030.84
Accrued Payroll		9,611,693.30
Encumbrance Payable		309,536,415.61
Accounts Payable		92,676,047.06
Unearned Revenue		224,881,908.86
Funds Held for Others		83,001.93
Other Liabilities		5,372,854.45
Total Liabilities	\$	642,294,952.05

Fund Balances		
Reserved		
Capital Outlay	\$	5,940,985.60
Department Sales and Services		92,055,190.42
Indirect Cost Recoveries		126,815,429.03
Technology Fees		15,660,952.97
Restricted/Sponsored Funds		113,658,031.65
Uncollectible Accounts Receivable		20,302,720.68
Inventories		2,846,606.27
Tuition Carry - Forward		38,760,572.43
Carry-Over "Per Governor's Office of Planning and Budget"		12,916,596.58
Unreserved		
Surplus		2,496,946.21
Total Fund Balances	\$	431,454,031.84
Total Liabilities and Fund Balances	\$	1,073,748,983.89

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



UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Appropriation	Amended Appropriation	Final Budget	Funds Current Year Revenues
Regents, University System of Georgia				
Agricultural Experiment Station				
State Appropriation				
State General Funds	\$ 36,858,936.00	\$ 36,858,936.00	\$ 36,858,936.00	\$ 36,858,936.00
Other Funds	37,552,919.00	37,552,919.00	57,682,124.00	47,215,955.25
Total Agricultural Experiment Station	74,411,855.00	74,411,855.00	94,541,060.00	84,074,891.25
Athens/Tifton Vet Laboratories				
Other Funds	5,258,000.00	5,785,273.00	6,700,014.00	5,973,746.77
Cooperative Extension Service				
State Appropriation				
State General Funds	30,465,088.00	30,465,088.00	30,465,088.00	30,465,088.00
Other Funds	25,083,929.00	25,083,929.00	38,510,005.00	34,098,757.46
Total Cooperative Extension Service	55,549,017.00	55,549,017.00	68,975,093.00	64,563,845.46
Enterprise Innovation Institute				
State Appropriation				
State General Funds	7,274,703.00	7,274,703.00	7,274,703.00	7,274,703.00
Other Funds	10,475,000.00	10,475,000.00	11,300,000.00	10,883,502.49
Total Enterprise Innovation Institute	17,749,703.00	17,749,703.00	18,574,703.00	18,158,205.49
Forestry Cooperative Extension				
State Appropriation				
State General Funds	502,941.00	502,941.00	502,941.00	502,941.00
Other Funds	575,988.00	575,988.00	687,398.00	298,040.87
Total Forestry Cooperative Extension	1,078,929.00	1,078,929.00	1,190,339.00	800,981.87
Forestry Research				
State Appropriation				
State General Funds	2,651,747.00	2,651,747.00	2,651,747.00	2,651,747.00
Other Funds	10,250,426.00	10,250,426.00	12,135,810.00	10,964,067.58
Total Forestry Research	12,902,173.00	12,902,173.00	14,787,557.00	13,615,814.58
Georgia Archives				
State Appropriation				
State General Funds	4,627,469.00	4,627,469.00	4,627,469.00	4,627,469.00
Other Funds	689,281.00	689,281.00	1,029,213.00	925,365.19
Total Georgia Archives	5,316,750.00	5,316,750.00	5,656,682.00	5,552,834.19
Georgia Radiation Therapy Center				
Other Funds	3,779,621.00	4,837,326.00	4,837,326.00	-
Georgia Tech Research Institute				
State Appropriation				
State General Funds	5,629,947.00	5,629,947.00	5,629,947.00	5,629,947.00
Other Funds	314,011,962.00	314,011,962.00	356,970,545.00	348,646,912.96
Total Georgia Tech Research Institute	319,641,909.00	319,641,909.00	362,600,492.00	354,276,859.96
Marine Institute				
State Appropriation				
State General Funds	728,632.00	728,632.00	728,632.00	728,632.00
Other Funds	486,281.00	486,281.00	613,860.00	466,579.73
Total Marine Institute	1,214,913.00	1,214,913.00	1,342,492.00	1,195,211.73

Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
Prior Year Reserve Carry-Over	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
\$ -	\$ -	\$ 36,858,936.00	\$ -	\$ 36,858,936.00	\$ -	\$ -
17,208,823.99	-	64,424,779.24	6,742,655.24	44,292,318.47	13,389,805.53	20,132,460.77
17,208,823.99	-	101,283,715.24	6,742,655.24	81,151,254.47	13,389,805.53	20,132,460.77
753,141.59	-	6,726,888.36	26,874.36	5,960,363.62	739,650.38	766,524.74
-	-	30,465,088.00	-	30,465,088.00	-	-
5,025,823.76	-	39,124,581.22	614,576.22	33,643,318.16	4,866,686.84	5,481,263.06
5,025,823.76	-	69,589,669.22	614,576.22	64,108,406.16	4,866,686.84	5,481,263.06
-	-	7,274,703.00	-	7,274,702.92	0.08	0.08
-	-	10,883,502.49	(416,497.51)	10,880,580.51	419,419.49	2,921.98
-	-	18,158,205.49	(416,497.51)	18,155,283.43	419,419.57	2,922.06
-	-	502,941.00	-	502,941.00	-	-
162,716.79	-	460,757.66	(226,640.34)	281,752.30	405,645.70	179,005.36
162,716.79	-	963,698.66	(226,640.34)	784,693.30	405,645.70	179,005.36
-	-	2,651,747.00	-	2,651,747.00	-	-
2,423,936.45	-	13,388,004.03	1,252,194.03	10,637,855.21	1,497,954.79	2,750,148.82
2,423,936.45	-	16,039,751.03	1,252,194.03	13,289,602.21	1,497,954.79	2,750,148.82
-	-	4,627,469.00	-	4,625,758.51	1,710.49	1,710.49
876,100.57	-	1,801,465.76	772,252.76	805,312.38	223,900.62	996,153.38
876,100.57	-	6,428,934.76	772,252.76	5,431,070.89	225,611.11	997,863.87
-	-	-	(4,837,326.00)	-	4,837,326.00	-
-	-	5,629,947.00	-	5,629,947.00	-	-
282,776.30	-	348,929,689.26	(8,040,855.74)	347,626,950.47	9,343,594.53	1,302,738.79
282,776.30	-	354,559,636.26	(8,040,855.74)	353,256,897.47	9,343,594.53	1,302,738.79
-	-	728,632.00	-	728,632.00	-	-
379,679.39	-	846,259.12	232,399.12	456,947.53	156,912.47	389,311.59
379,679.39	-	1,574,891.12	232,399.12	1,185,579.53	156,912.47	389,311.59

(continued)

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Appropriation	Amended Appropriation	Final Budget	Funds Current Year Revenues
Regents University System of Georgia				
Marine Resources Extension Center				
State Appropriation				
State General Funds	1,214,511.00	1,214,511.00	1,214,511.00	1,214,511.00
Other Funds	1,345,529.00	1,345,529.00	1,785,529.00	1,248,977.72
Total Marine Resources Extension Center	2,560,040.00	2,560,040.00	3,000,040.00	2,463,488.72
Medical College of Georgia Hospital and Clinics				
State Appropriation				
State General Funds	28,569,119.00	28,569,119.00	28,569,119.00	28,569,119.00
Public Libraries				
State Appropriation				
State General Funds	32,310,084.00	32,310,084.00	32,310,084.00	32,310,084.00
Other Funds	5,222,400.00	5,222,400.00	5,811,236.00	4,529,297.47
Total Public Libraries	37,532,484.00	37,532,484.00	38,121,320.00	36,839,381.47
Public Service/Special Funding Initiatives				
State Appropriation				
State General Funds	25,526,120.00	31,059,848.00	31,059,848.00	31,059,848.00
Regents Central Office				
State Appropriation				
State General Funds	11,549,268.00	11,549,268.00	11,549,268.00	11,549,268.00
Skidaway Institute of Oceanography				
State Appropriation				
State General Funds	1,240,167.00	1,240,167.00	1,240,167.00	1,240,167.00
Other Funds	3,950,620.00	3,800,620.00	4,565,087.00	4,413,337.26
Total Skidaway Institute of Oceanography	5,190,787.00	5,040,787.00	5,805,254.00	5,653,504.26
Teaching				
State Appropriation				
State General Funds	1,729,907,930.00	1,729,907,930.00	1,729,907,930.00	1,729,907,930.00
Other Funds	4,243,957,206.00	4,333,156,042.00	4,937,394,487.00	4,365,526,561.02
Total Teaching	5,973,865,136.00	6,063,063,972.00	6,667,302,417.00	6,095,434,491.02
Veterinary Medicine Experiment Station				
State Appropriation				
State General Funds	2,618,043.00	2,618,043.00	2,618,043.00	2,618,043.00
Veterinary Medicine Teaching Hospital				
State Appropriation				
State General Funds	393,117.00	393,117.00	393,117.00	393,117.00
Other Funds	10,088,255.00	14,500,000.00	17,777,254.00	14,373,493.01
Total Veterinary Medicine Teaching Hospital	10,481,372.00	14,893,117.00	18,170,371.00	14,766,610.01
Agencies Attached for Administrative Purposes				
Payments to Georgia Military College				
State Appropriation				
State General Funds	2,329,780.00	2,329,780.00	2,329,780.00	2,329,780.00
Payments to Public Telecommunications Commission, Georgia				
State Appropriation				
State General Funds	14,690,162.00	14,690,162.00	14,690,162.00	14,690,162.00
Budget Unit Totals	\$ 6,611,815,181.00	\$ 6,712,394,468.00	\$ 7,402,421,380.00	\$ 6,794,186,086.78

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

Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency)
Prior Year Reserve	Program Transfers	Total	Variance	Actual	Variance	of Funds Available
Carry-Over	or Adjustments	Funds Available	Positive (Negative)		Positive (Negative)	Over/(Under)
						Expenditures
-	-	1,214,511.00	-	1,214,511.00	-	-
158,763.91	-	1,407,741.63	(377,787.37)	1,236,270.24	549,258.76	171,471.39
158,763.91	-	2,622,252.63	(377,787.37)	2,450,781.24	549,258.76	171,471.39
-	-	28,569,119.00	-	28,569,119.00	-	-
-	-	32,310,084.00	-	32,309,525.67	558.33	558.33
-	-	4,529,297.47	(1,281,938.53)	4,529,297.47	1,281,938.53	-
-	-	36,839,381.47	(1,281,938.53)	36,838,823.14	1,282,496.86	558.33
-	-	31,059,848.00	-	26,685,305.19	4,374,542.81	4,374,542.81
-	-	11,549,268.00	-	11,535,775.88	13,492.12	13,492.12
-	-	1,240,167.00	-	1,240,167.00	-	-
368,977.51	-	4,782,314.77	217,227.77	4,078,373.18	486,713.82	703,941.59
368,977.51	-	6,022,481.77	217,227.77	5,318,540.18	486,713.82	703,941.59
-	160.00	1,729,908,090.00	160.00	1,729,647,682.69	260,247.31	260,407.31
348,274,425.30	3,373,959.40	4,717,174,945.72	(220,219,541.28)	4,355,110,148.38	582,284,338.62	362,064,797.34
348,274,425.30	3,374,119.40	6,447,083,035.72	(220,219,381.28)	6,084,757,831.07	582,544,585.93	362,325,204.65
-	-	2,618,043.00	-	2,618,043.00	-	-
-	-	393,117.00	-	393,117.00	-	-
2,271,270.41	-	16,644,763.42	(1,132,490.58)	15,541,405.30	2,235,848.70	1,103,358.12
2,271,270.41	-	17,037,880.42	(1,132,490.58)	15,934,522.30	2,235,848.70	1,103,358.12
-	-	2,329,780.00	-	2,329,780.00	-	-
-	-	14,690,162.00	-	14,690,162.00	-	-
\$ 378,186,435.97	\$ 3,374,119.40	\$ 7,175,746,642.15	\$ (226,674,737.85)	\$ 6,775,051,834.08	\$ 627,369,545.92	\$ 400,694,808.07

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES TO FUND BLANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2014 Surplus	Prior Year Adjustments
<u>Regents, University System of Georgia</u>				
Agricultural Experiment Station				
State Appropriation				
State General Funds	\$ 42,603.42	\$ -	\$ (42,603.42)	\$ 33,681.81
Other Funds	17,208,823.99	(17,208,823.99)	-	17,971.41
Total Agricultural Experiment Station	17,251,427.41	(17,208,823.99)	(42,603.42)	51,653.22
Athens/Tifton Vet Laboratories				
Other Funds	753,141.59	(753,141.59)	-	35,564.58
Cooperative Extension Service				
State Appropriation				
State General Funds	3,339.40	-	(3,339.40)	5,959.83
Other Funds	5,025,823.76	(5,025,823.76)	-	34,055.98
Total Cooperative Extension Service	5,029,163.16	(5,025,823.76)	(3,339.40)	40,015.81
Enterprise Innovation Institute				
State Appropriation				
State General Funds	0.12	-	(0.12)	6,914.47
Other Funds	0.06	-	(0.06)	-
Total Enterprise Innovation Institute	0.18	-	(0.18)	6,914.47
Forestry Cooperative Extension				
State Appropriation				
State General Funds	0.01	-	(0.01)	-
Other Funds	162,716.79	(162,716.79)	-	250.00
Total Forestry Cooperative Extension	162,716.80	(162,716.79)	(0.01)	250.00
Forestry Research				
State Appropriation				
State General Funds	2,088.07	-	(2,088.07)	760.04
Other Funds	2,423,936.45	(2,423,936.45)	-	1,919.04
Total Forestry Research	2,426,024.52	(2,423,936.45)	(2,088.07)	2,679.08
Georgia Archives				
State Appropriation				
State General Funds	2.02	-	(2.02)	-
Other Funds	876,100.57	(876,100.57)	-	450.00
Total Georgia Archives	876,102.59	(876,100.57)	(2.02)	450.00
Georgia Radiation Therapy Center				
Other Funds	-	-	-	-
Georgia Tech Research Institute				
State Appropriation				
State General Funds	1,222.70	-	(1,222.70)	6,213.33
Other Funds	282,776.30	(282,776.30)	-	-
Total Georgia Tech Research Institute	283,999.00	(282,776.30)	(1,222.70)	6,213.33

Other Adjustments	Early Return of Fiscal Year 2015 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
\$ -	\$ -	\$ -	\$ 33,681.81	\$ -	\$ 33,681.81	\$ 33,681.81
480.00	-	20,132,460.77	20,150,912.18	20,150,912.18	-	20,150,912.18
480.00	-	20,132,460.77	20,184,593.99	20,150,912.18	33,681.81	20,184,593.99
-	-	766,524.74	802,089.32	802,089.32	-	802,089.32
-	-	-	5,959.83	-	5,959.83	5,959.83
-	-	5,481,263.06	5,515,319.04	5,515,319.04	-	5,515,319.04
-	-	5,481,263.06	5,521,278.87	5,515,319.04	5,959.83	5,521,278.87
-	-	0.08	6,914.55	-	6,914.55	6,914.55
-	-	2,921.98	2,921.98	2,921.98	-	2,921.98
-	-	2,922.06	9,836.53	2,921.98	6,914.55	9,836.53
-	-	-	-	-	-	-
-	-	179,005.36	179,255.36	179,255.36	-	179,255.36
-	-	179,005.36	179,255.36	179,255.36	-	179,255.36
-	-	-	760.04	-	760.04	760.04
-	-	2,750,148.82	2,752,067.86	2,752,067.86	-	2,752,067.86
-	-	2,750,148.82	2,752,827.90	2,752,067.86	760.04	2,752,827.90
-	-	1,710.49	1,710.49	-	1,710.49	1,710.49
-	-	996,153.38	996,603.38	996,603.38	-	996,603.38
-	-	997,863.87	998,313.87	996,603.38	1,710.49	998,313.87
-	-	-	-	-	-	-
-	-	-	6,213.33	-	6,213.33	6,213.33
-	-	1,302,738.79	1,302,738.79	1,302,738.79	-	1,302,738.79
-	-	1,302,738.79	1,308,952.12	1,302,738.79	6,213.33	1,308,952.12

(continued)

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES TO FUND BLANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2014 Surplus	Prior Year Adjustments
<u>Regents, University System of Georgia</u>				
Marine Institute				
State Appropriation				
State General Funds	-	-	-	0.01
Other Funds	379,679.39	(379,679.39)	-	-
Total Marine Institute	379,679.39	(379,679.39)	-	0.01
Marine Resources Extension Center				
State Appropriation				
State General Funds	883.12	-	(883.12)	155.82
Other Funds	158,763.91	(158,763.91)	-	70.00
Total Marine Resources Extension Center	159,647.03	(158,763.91)	(883.12)	225.82
Medical College of Georgia Hospital and Clinics				
State Appropriation				
State General Funds	-	-	-	-
Public Libraries				
State Appropriation				
State General Funds	571.05	-	(571.05)	9,845.79
Other Funds	305.25	-	(305.25)	-
Total Public Libraries	876.30	-	(876.30)	9,845.79
Public Service/Special Funding Initiatives				
State Appropriation				
State General Funds	185,982.48	-	(185,982.48)	63,350.17
Regents Central Office				
State Appropriation				
State General Funds	194.67		(194.67)	102.60
Skidaway Institute of Oceanography				
State Appropriation				
State General Funds	-	-		2,489.63
Other Funds	368,977.51	(368,977.51)		158.19
Total Skidaway Institute of Oceanography	368,977.51	(368,977.51)	-	2,647.82
Teaching				
State Appropriation				
State General Funds	968,591.15		(968,591.15)	1,261,126.41
State Appropriation				
State General Fund Prior Year	107,621.92	-	(107,621.92)	-
Other Funds	348,916,281.14	(348,274,425.30)	(641,855.84)	(2,112,370.01)
Total Teaching	349,992,494.21	(348,274,425.30)	(1,718,068.91)	(851,243.60)
Veterinary Medicine Experiment Station				
State Appropriation				
State General Funds	904.99	-	(904.99)	501.14

Other Adjustments	Early Return of Fiscal Year 2015 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
-	-	-	0.01	-	0.01	0.01
-	-	389,311.59	389,311.59	389,311.59	-	389,311.59
-	-	389,311.59	389,311.60	389,311.59	0.01	389,311.60
-	-	-	155.82	-	155.82	155.82
-	-	171,471.39	171,541.39	171,541.39	-	171,541.39
-	-	171,471.39	171,697.21	171,541.39	155.82	171,697.21
-	-	-	-	-	-	-
-	-	558.33	10,404.12	-	10,404.12	10,404.12
-	-	-	-	-	-	-
-	-	558.33	10,404.12	-	10,404.12	10,404.12
-	-	4,374,542.81	4,437,892.98	4,344,869.03	93,023.95	4,437,892.98
-	-	13,492.12	13,594.72	-	13,594.72	13,594.72
-	-	-	2,489.63	-	2,489.63	2,489.63
-	-	703,941.59	704,099.78	704,099.78	-	704,099.78
-	-	703,941.59	706,589.41	704,099.78	2,489.63	706,589.41
(150,009.22)	-	260,407.31	1,371,524.50	-	1,371,524.50	1,371,524.50
-	-	-	-	-	-	-
8,441,397.04	-	362,064,797.34	368,393,824.37	367,443,812.10	950,012.27	368,393,824.37
8,291,387.82	-	362,325,204.65	369,765,348.87	367,443,812.10	2,321,536.77	369,765,348.87
-	-	-	501.14	-	501.14	501.14

(continued)

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES TO FUND BLANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2014 Surplus	Prior Year Adjustments
<u>Regents, University System of Georgia</u>				
Veterinary Medicine Teaching Hospital				
State Appropriation				
State General Funds	1,024.00	-	(1,024.00)	-
Other Funds	2,271,270.41	(2,271,270.41)	-	(5,295.33)
Total Veterinary Medicine Teaching Hospital	<u>2,272,294.41</u>	<u>(2,271,270.41)</u>	<u>(1,024.00)</u>	<u>(5,295.33)</u>
Agencies Attached for Administrative Purposes				
Payments to Georgia Military College				
State Appropriation				
State General Funds	-	-	-	-
Payments to Public Telecommunications Commission, Georgia				
State Appropriation				
State General Funds	-	-	-	-
Total Operating Activity	380,143,626.24	(378,186,435.97)	(1,957,190.27)	(636,125.09)
Prior Year Reserve				
Not Available for Expenditure				
Inventories	2,890,060.99	-	-	-
Other Reserves	28,505,287.87	-	-	-
Budget Unit Totals	<u>\$ 411,538,975.10</u>	<u>\$ (378,186,435.97)</u>	<u>\$ (1,957,190.27)</u>	<u>\$ (636,125.09)</u>

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

Other Adjustments	Early Return of Fiscal Year 2015 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
-	-	-	-	-	-	-
(45,845.91)	-	1,103,358.12	1,052,216.88	1,052,216.88	-	1,052,216.88
(45,845.91)	-	1,103,358.12	1,052,216.88	1,052,216.88	-	1,052,216.88
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,246,021.91	-	400,694,808.07	408,304,704.89	405,807,758.68	2,496,946.21	408,304,704.89
(43,454.72)	-	-	2,846,606.27	2,846,606.27	-	2,846,606.27
(8,202,567.19)	-	-	20,302,720.68	20,302,720.68	-	20,302,720.68
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,694,808.07</u>	<u>\$ 431,454,031.84</u>	<u>\$ 428,957,085.63</u>	<u>\$ 2,496,946.21</u>	<u>\$ 431,454,031.84</u>

Summary of Ending Fund Balance

Reserved			
Inventories	\$ 2,846,606.27	\$ -	\$ 2,846,606.27
Colleges and Universities	426,110,479.36	-	426,110,479.36
Unreserved, Undesignated			
Surplus	-	2,496,946.21	2,496,946.21
Total Ending Fund Balance - June 30	<u>\$ 428,957,085.63</u>	<u>\$ 2,496,946.21</u>	<u>\$ 431,454,031.84</u>

Financial Statement Findings

June 30, 2015

The auditor is required to communicate to management and those charged with governance deficiencies in internal controls identified during the course of the financial statement audit that, in the auditor's judgment, constitute significant deficiencies or material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University System of Georgia's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Any identified deficiencies in internal controls that the auditors did not consider to be significant deficiencies and/or material weaknesses have been communicated to management and those charged with governance within separate management letters for each applicable individual college or university. Internal control deficiencies that were considered to be significant deficiencies and/or material weaknesses are presented below:

Albany State University – FS 2015-001
Georgia Regents University – FS 2015-001
Georgia Southern University – FS 2015-001
Gordon State College – FS 2015-001

Detailed information on these findings is available in the individual college or university report for the fiscal year ended June 30, 2015 located at <http://www.audits.ga.gov>.

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