



The University System of Georgia Annual Financial Report FY 2013





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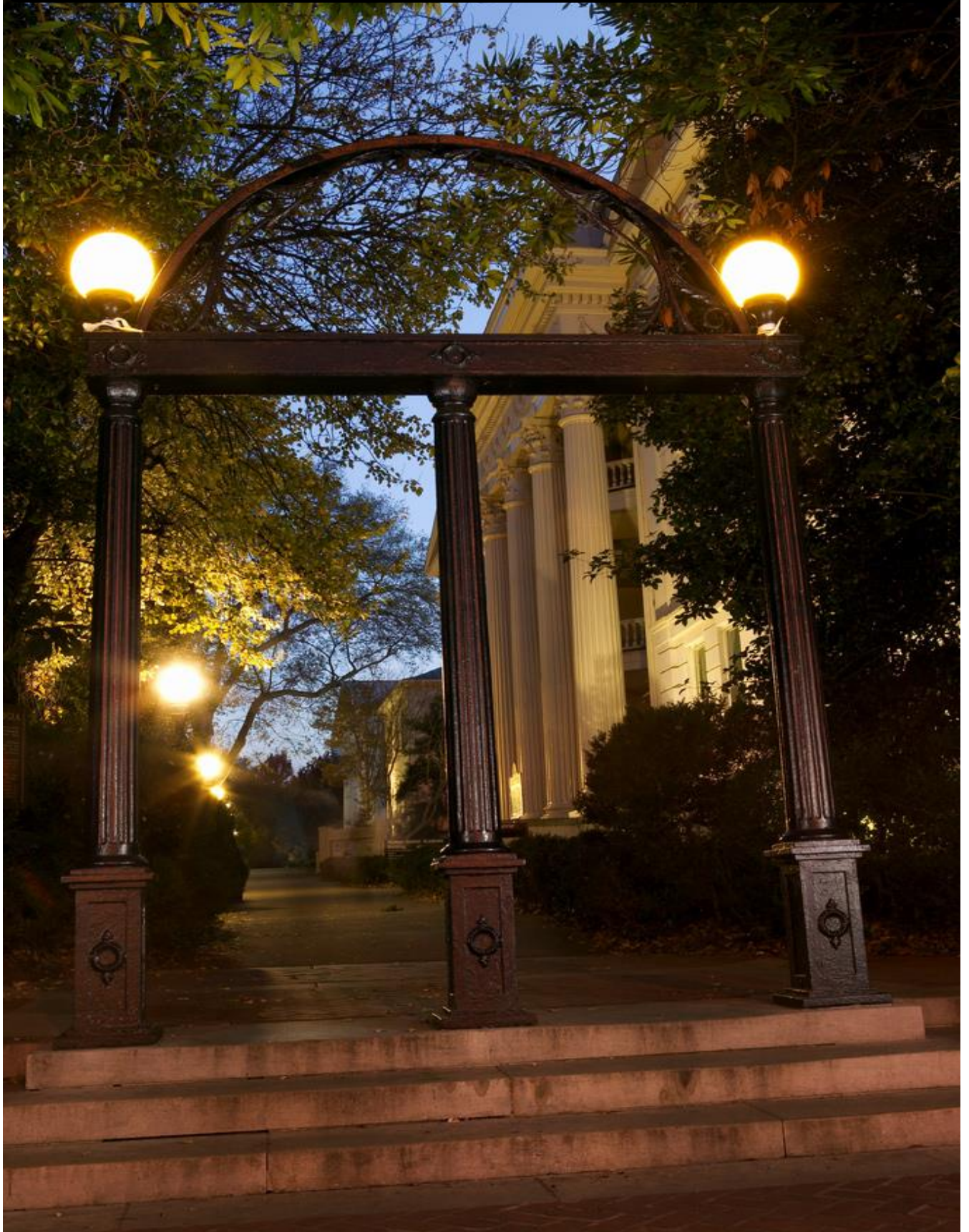
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INTRODUCTORY SECTION





LETTER OF TRANSMITTAL

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

January 31, 2014

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 for the Board of Regents of the University System of Georgia for the year ended June 30, 2013. The report provides financial information about the University System of Georgia's operations during the year and presents 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 2013 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,



John E. Brown
Vice Chancellor for Fiscal Affairs and 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 31 colleges and universities that comprise the University System of Georgia, the Skidaway Institute of Oceanography and the Georgia Public Library System.

Members of the Board in Fiscal 2013 included the following:

C. Dean Alford
Kenneth R. Bernard, Jr.
Lori Durden
Larry R. Ellis
Rutledge A. (Rusty) Griffin, Jr.
C. Thomas Hopkins, Jr., MD
James M. Hull
Donald M. Leebern, Jr.
William “Dink” H. NeSmith, Jr. (Chair)
Doreen Stiles Poitevint
Neil L. Pruitt, Jr.
Scott Smith
Kessel Stelling, Jr.
Benjamin “Ben” J. Tarbutton, III
Richard L. Tucker
Thomas Rogers Wade
Larry Walker
Don L. Waters
Philip A. Wilheit, Sr. (Vice Chair)

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

January 31, 2014

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, 2013 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.

Opinion

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, 2013, 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, 2013, 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.

As described in Note 1 to the financial statements, in 2013, the University System of Georgia adopted new accounting guidance, GASB Statement No. 60, *Service Concession Arrangements* and GASB Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows, and Net Position*. Our opinion is not modified with respect to these matters.

As discussed in Note 1 to the financial statements, the prior period financial statements have been restated to correct a misstatement. 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 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,



Greg S. Griffin
State Auditor

GSG:th

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 roles of public higher education in Georgia is to drive economic development and produce more educated individuals to contribute to the 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 the 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 meet strategically 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, 2013. It should allow the user to review 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-one institutions of the University System of Georgia. The University System continues to prosper, as is demonstrated by the following information:

	STUDENT HEADCOUNT	STUDENT FTE
FY2013	314,365	278,319
FY2012	318,027	281,559
FY2011	311,442	276,109

State Resources

The General Appropriations Act of 2013 (House Bill 742), as amended by House Bill 105, appropriated a total of \$1,747,463,827 to the University System of Georgia.

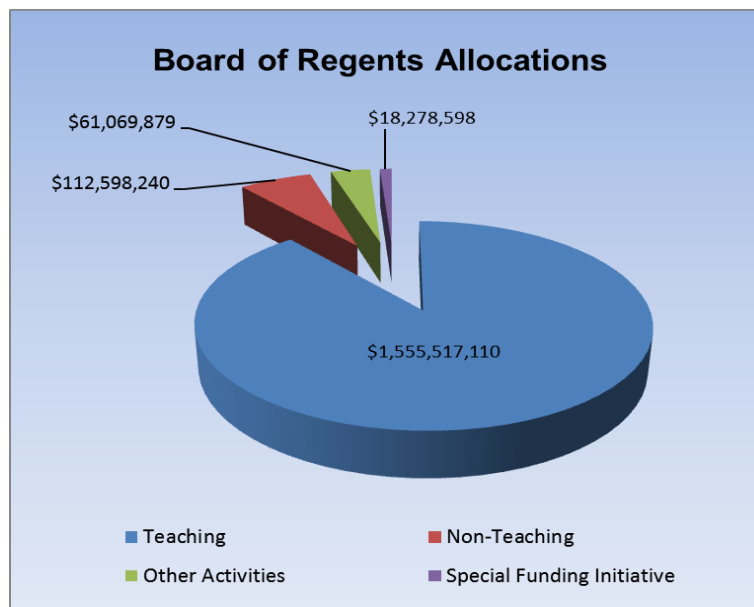
The following table presents the state appropriations available to the University System of Georgia from the General Appropriations Act of 2013, as amended:

STATE APPROPRIATIONS AVAILABLE - GENERAL APPROPRIATIONS ACT		
House Bill 742		
General State Funds	\$	1,828,569,784
House Bill 105		
General State Funds		(81,105,957)
Total State Appropriations Per Appropriations Act - University System of Georgia	\$	1,747,463,827

The table below presents the FY 2013 allocations by the Board of Regents to the University System of Georgia institutions:

ALLOCATIONS BY THE BOARD OF REGENTS			
Education and General			
Teaching	\$	1,555,517,110	
Non-Teaching		112,598,240	
Other Activities			
Regents Central Office	\$	8,102,099	
Rental Payments - GA Military College		2,269,752	
GA Public Telecommunications Commission		13,370,145	
GA Public Libraries		31,223,436	
Research Consortium		6,104,447	
Total Other Activities		61,069,879	
Special Initiative Funding		18,278,598	
Total Education and General	\$	1,747,463,827	
Net State Appropriations Available to the University System of Georgia	\$	1,747,463,827	

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 University System of Georgia is pleased to present its consolidated financial statements for fiscal year 2013. These statements contain information from the thirty-one institutions of the University System of Georgia, the Skidaway Institute of Oceanography and the University System Office. 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.

Two fiduciary fund statements for the Board of Regents Retiree Health Benefit Fund also are included with the financial statements noted above: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

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

Finally, the Supplemental 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 University System of Georgia's consolidated financial statements provide an overview of its financial activities for the fiscal year. Further information is provided by comparative data for fiscal 2012 and 2013.

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 University System of Georgia as of June 30, 2013. The Statement of Net Position is a point-in-time financial statement that presents a fiscal snapshot of the University System. It presents end-of-year data about assets (current and non-current) plus deferred inflows, and liabilities (current and non-current) plus deferred inflows, as well as net position (assets plus deferred outflows minus liabilities plus deferred inflows). The differences between current and non-current assets are discussed in the Notes to the Financial Statements.

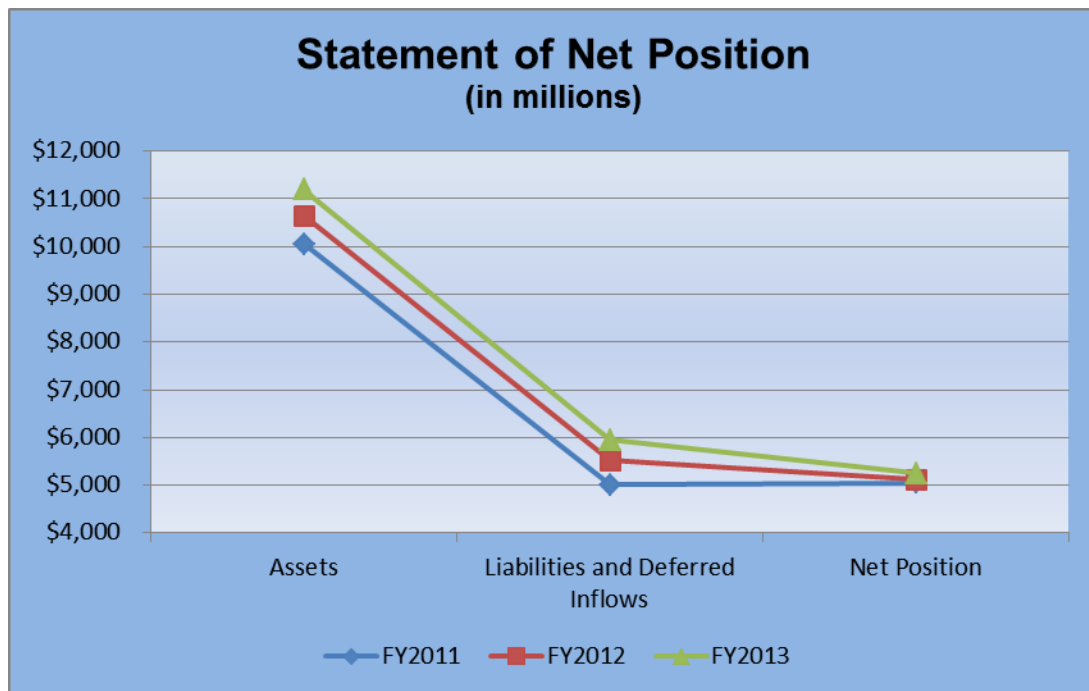
From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue operations as well as the obligations of the University System.

Finally, the Statement of Net Position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources) and their availability for expenditure by the institution. Net position is divided into three major categories.

The first category, net investment in capital assets, provides the University System's equity in property, plant and equipment owned by the institution. The next category is restricted, which is divided into two categories, non-expendable and expendable. Restricted, non-expendable net position consists solely of the University System's permanent endowment funds, which are available only for investment purposes. The corpus of non-expendable, restricted resources is available only for investment purposes. Expendable, restricted

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

The University System of Georgia's financial position at June 30, 2013 is very strong, with total assets of \$11.192 billion, total liabilities and deferred inflows of \$5.947 billion, and net position of \$5.245 billion. These amounts are illustrated below:



Assets – Increase of \$554 Million

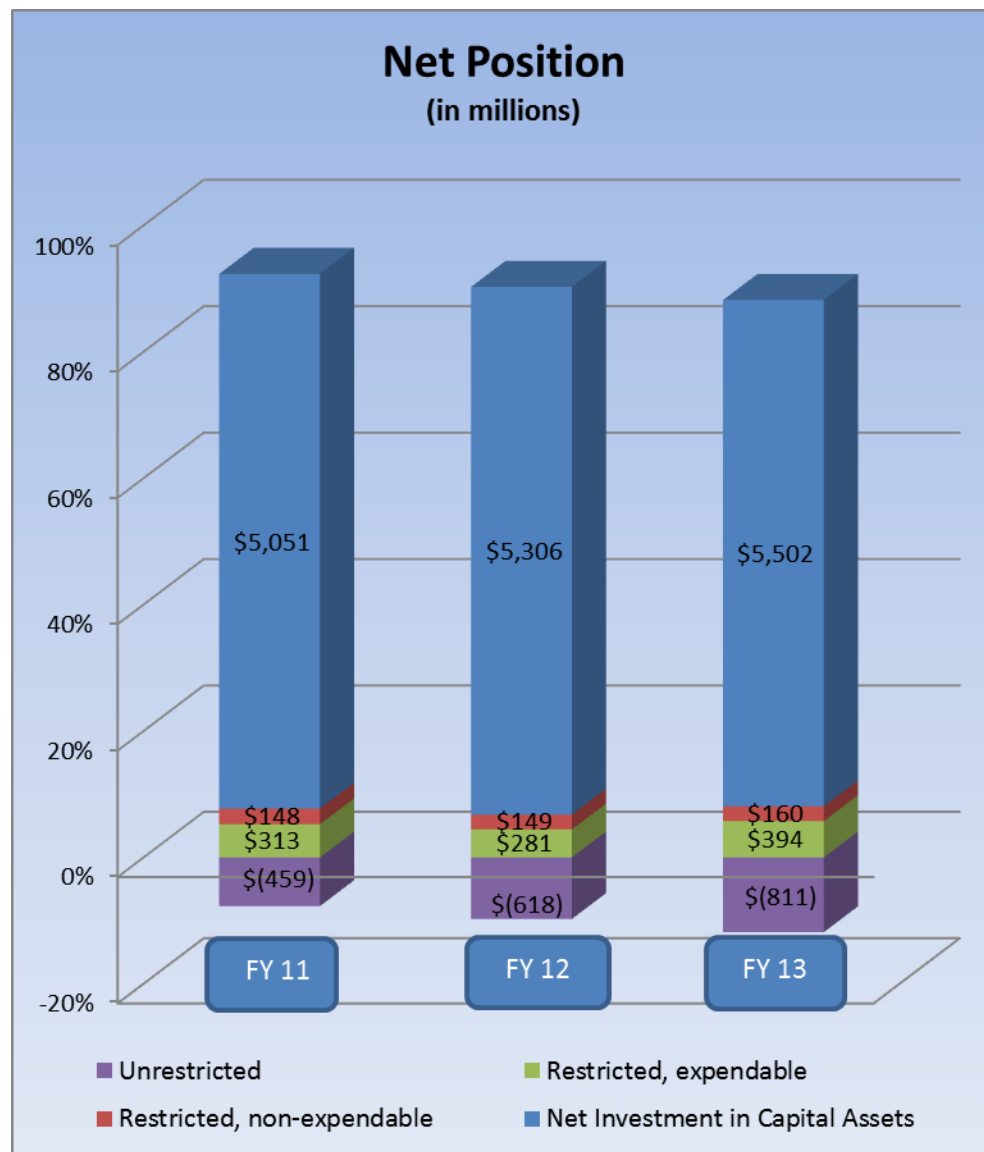
Total assets of the University System of Georgia in fiscal 2013 were approximately \$554 million more than those reported for fiscal 2012. A review of the Statement of Net Position will reveal that the increase primarily was due to an increase of \$339 million in capital assets, net of accumulated depreciation, a \$236 million increase in cash and investments, and a \$25 million increase in prepaid items, which was partially offset by a \$46 million decrease in accounts receivable, net and other assets.

Liabilities and Deferred Inflows – Increase of \$427 Million

Total liabilities and deferred inflows for fiscal 2013 were approximately \$427 million more than those reported for fiscal 2012. The primary components of this increase were \$62 million in lease purchase obligations, \$284 million in the net Other Post-Employment Benefit (OPEB) obligation, and Deferred Inflow of Resources of \$78 million.

Net Position – Increase of \$127 million

The combination of the increase in total assets of \$554 million and the increase in total liabilities of \$427 million yielded a net increase in total net position of \$127 million, or 2.5%. The increase in total net position primarily consists of a higher amount in the Net Investment in Capital Assets category totaling \$196 million and an increase in Restricted Net resources of \$124 million. This increase was partially offset by a net decrease of \$193 million in Unrestricted Net resources, which is largely due to OPEB reporting requirements; the net OPEB obligation increased from \$1,278.1 million in FY 2012 to \$1,562.5 million in FY 2013. The following chart depicts the level, by category, of net position:



The following table summarizes the University System of Georgia's assets, liabilities, deferred inflows and net position as of June 30, 2013 and June 30, 2012.

CONDENSED STATEMENT OF NET POSITION (in millions)			
	June 30, 2013	June 30, 2012	% Change
ASSETS			
Current Assets	\$ 1,909	\$ 1,684	13.4%
Capital Assets, Net	9,086	8,746	3.9%
Other Assets	197	208	-5.3%
TOTAL ASSETS	\$ 11,192	\$ 10,638	5.2%
LIABILITIES			
Current Liabilities	\$ 792	\$ 785	0.9%
Non-Current Liabilities	5,077	4,735	7.2%
TOTAL LIABILITIES	\$ 5,869	\$ 5,520	6.3%
DEFERRED INFLOWS	\$ 78		
NET POSITION			
Net Investment in Capital Assets	\$ 5,502	\$ 5,306	3.7%
Restricted, Non-Expendable	160	149	7.4%
Restricted, Expendable	319	269	18.6%
Capital Projects	75	12	525.0%
Unrestricted	(811)	(618)	31.2%
TOTAL NET POSITION	\$ 5,245	\$ 5,118	2.5%

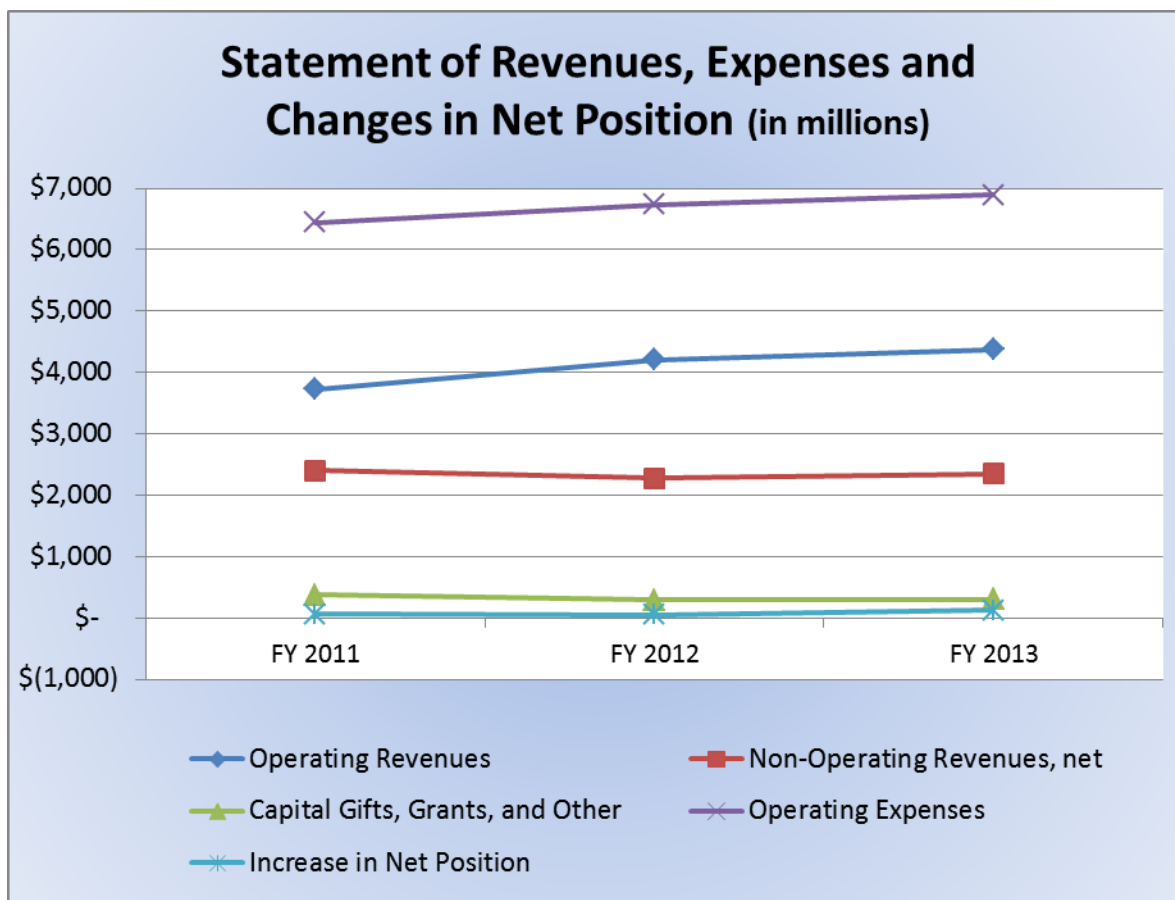
Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned 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 University System institutions, both operating and non-operating, and the expenses paid by the institutions, operating and non-operating, and any other revenues, expenses, gains or losses received or spent by the University System institutions.

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the institutions. 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 institutions. 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 University System 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."

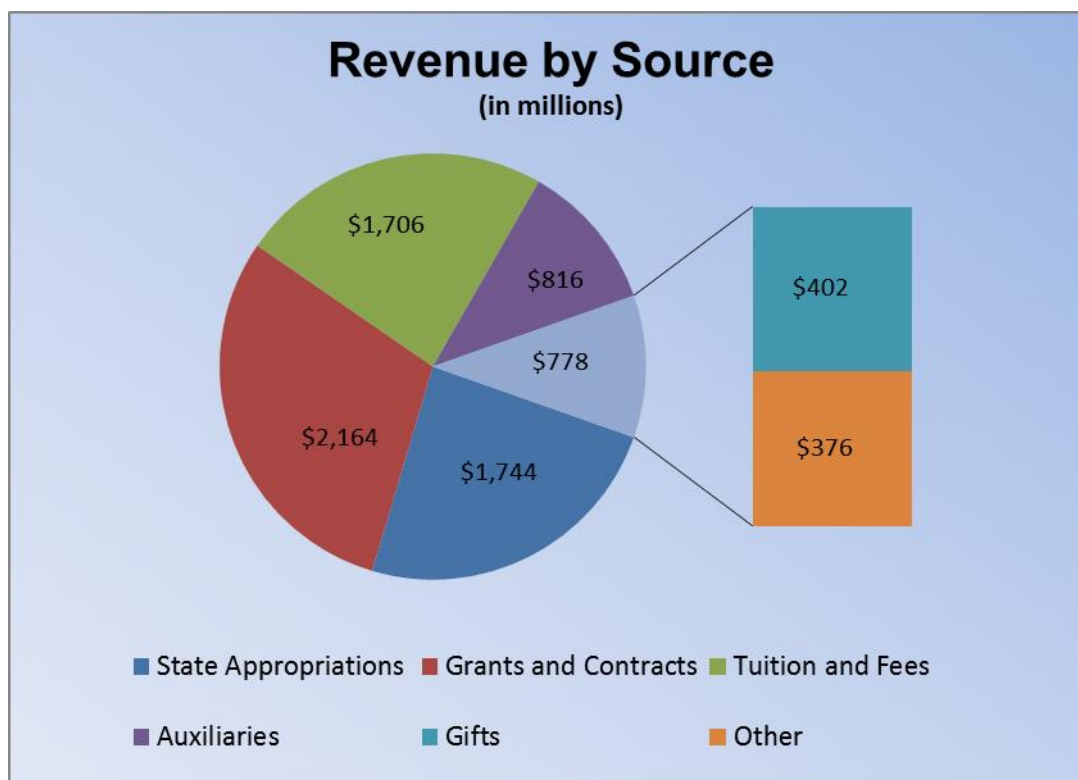
The Statement of Revenues, Expenses and Changes in Net Position indicates a positive year, which is represented by an increase in net position at the end of the year. Some highlights of the information presented on this statement are as follows:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in millions)			
	June 30, 2013	June 30, 2012	% Change
Operating Revenue	\$ 4,371	\$ 4,214	3.7%
Operating Expense	6,894	6,738	2.3%
Operating Loss	\$ (2,523)	\$ (2,524)	0.0%
Non-Operating Revenue and Expense	\$ 2,348	\$ 2,280	3%
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	\$ (175)	\$ (244)	-28.3%
Other Revenues, Expenses, Gains, Losses and Special Items	\$ 299	\$ 295	1.4%
Increase in Net Position	\$ 124	\$ 51	143.1%
Net Position at beginning of year, restated	\$ 5,121	\$ 5,067	1.1%
Net Position at End of Year	\$ 5,245	\$ 5,118	2.5%



Revenues

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

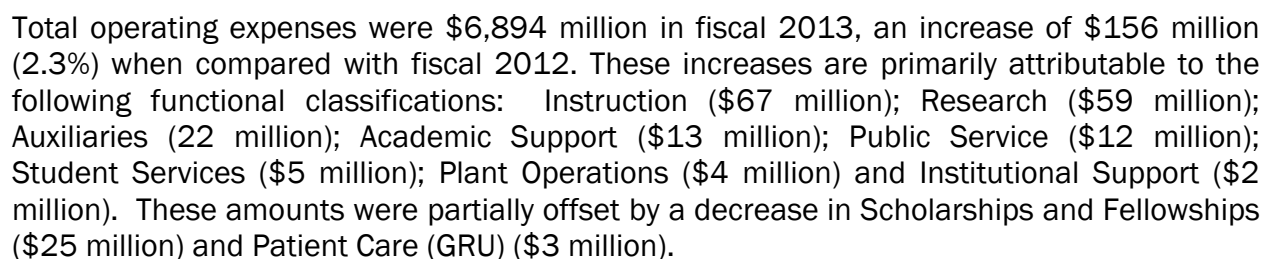


State appropriations increased \$42 million (2.5%) in fiscal 2013. Grants and contracts revenue increased \$12 million (0.6%) in fiscal 2012. Tuition and fee revenues, net increased \$75 million (4.6%) in fiscal 2013 when compared with fiscal 2012.

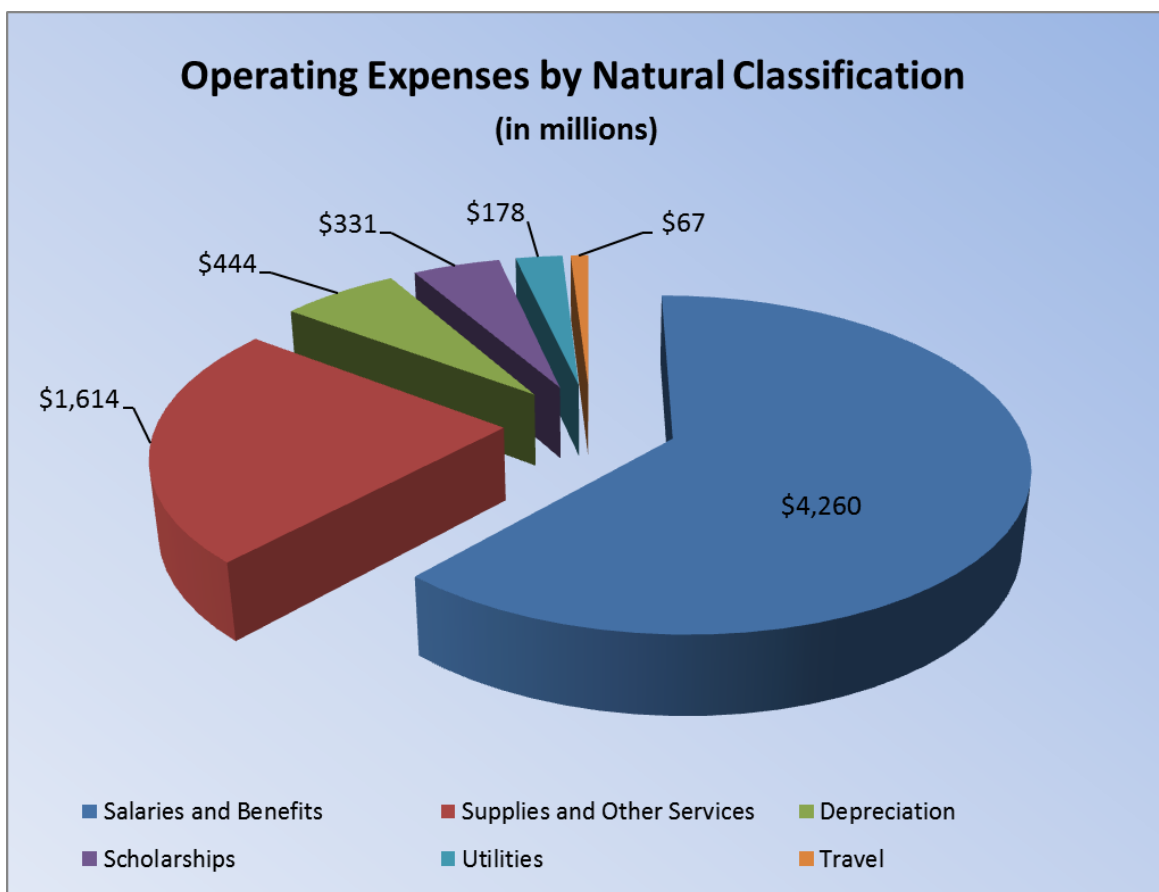
Auxiliary operations increased by \$27 million (3.4%) fiscal 2013 as compared to fiscal 2012. Primary components of this increase included residence halls (\$20 million), food services (\$5 million), and parking/transportation (\$2 million).

The gifts revenue category includes both capital and non-capital gifts. The largest element of gift revenue relates to amounts received from the Georgia State Financing and Investment Commission (GSFIC). Institutions with the University System of Georgia receive gift revenue either through reimbursement or capital asset transfer for approved construction, capital additions or maintenance projects.

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



The following depicts the fiscal 2013 operating expenses by natural classification:



As noted above, expenses increased \$156 million (2.3%) in fiscal 2013 when compared with fiscal 2012. The increases were substantially attributable to salaries and benefits, including other personal services (\$138 million); depreciation (\$40 million); supplies and other services (\$7 million); and travel (\$2 million). These increases were partially offset by decreases to scholarships and fellowships (\$21 million) and utilities (\$10 million).

Statement of Cash Flows

The final statement presented by the University System of Georgia is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University System during the year and is divided into five parts. The first part is concerned with operating cash flows and reflects the net cash used by the various operating activities of the University System. 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, 2013	June 30, 2012	
Cash Provided (Used) by:			
Operating Activities	\$ (1,720)	\$ (1,853)	
Non-Capital Financing Activities	2,511	2,488	
Capital and Related Financing Activities	(574)	(549)	
Investing Activities	36	11	
NET CHANGE IN CASH	\$ 253	\$ 97	
Cash, beginning of year (restated)	1,051	953	
CASH, end of year	\$ 1,304	\$ 1,050	

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2013 and June 30, 2012 were as follows:

CAPITAL ASSETS, net of accumulated depreciation (in millions)	June 30, 2013	June 30, 2012	Increase (Decrease)	% Change
Land	\$ 351	\$ 322	\$ 29	9.0%
Construction in Progress	210	202	8	4.0%
Infrastructure, Facilities, and Improvements	448	414	34	8.2%
Building and Improvements	5,410	5,175	235	4.5%
Equipment	417	395	22	5.6%
Capital Leases	2,029	2,017	12	0.6%
Library and other collections	216	215	1	0.5%
Software	5	6	(1)	-16.7%
Capital Assets, net of accumulated depreciation	\$ 9,086	\$ 8,746	\$ 340	3.9%

As shown above, The University System of Georgia increased \$340 million, or 3.9%, in capital assets, net during fiscal 2013 when compared with fiscal 2012.

Long-Term Debt and Liabilities

The University System of Georgia had long-term debt and liabilities in fiscal 2013 of \$5.3 billion, excluding related party liabilities and deferred revenue. Non-current liabilities included lease purchase obligations of \$3.5 billion, compensated absences of \$191 million, net OPEB obligation of \$1,563 million, and other non-current liabilities of \$1 million. Of these amounts, \$188.7 million was reflected as current liabilities at June 30, 2013.

For additional information concerning long-term debt of the University System of Georgia, please refer to notes 1, 8 and 10 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 University System of Georgia carries a net OPEB Obligation liability of \$1,563 million as of June 30, 2013. 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 14 in the Notes to Financial Statements.

Affiliated Organizations

System-wide, there were nineteen affiliated organizations that met one or more criteria for component units of the State of Georgia in compliance with GASB Statement No. 39. These organizations are reported in the supplementary information section. Fourteen of these affiliated organizations also are reported in the State Comprehensive Annual Financial Report (CAFR) as discretely presented component units for fiscal 2013. In addition, six of these affiliated organizations are reported as blended in the CAFR in compliance with GASB Statement No. 61.

Economic Outlook

Focus on ensuring that students can afford and earn degrees results in increased emphasis on restructuring public higher education in Georgia to work more efficiently and effectively. Global economic indicators reveal that in the near future, two-thirds of the workforce will require post-secondary credentials to compete for jobs; thus, Georgia's education agencies are collaborating to increase college completion rates from the current level of 42 percent to a targeted 60 percent of the population.

Key areas of consideration include institutional consolidation, a study of how facilities are used and proposed, assessment of degree program effectiveness, expansion of on-line education, a more rigorous approach to K-12 teacher preparation, increased focus on supporting economic development, and enhanced military outreach.

The consolidation of eight institutions into four new ones has been successfully completed and another consolidation of two institutions is underway. This will allow more funding to be shifted from administration to the classroom.

As a labor-intensive organization, the University System faces competitive pressures related to attracting and retaining quality faculty and staff. As is the case nationally, the University System 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 University's System'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 University System of Georgia will continue to progress in remaining affordable and maintaining access, while protecting the academic enterprise for the citizens of the State of Georgia.



John E. Brown
Vice Chancellor for Fiscal Affairs and Treasurer
University System of Georgia

FINANCIAL STATEMENTS





UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET POSITION
June 30, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,297,409,220
Short-term Investments	155,772,079
Accounts Receivable, Net (Note 3)	
Receivables - Federal Financial Assistance	92,111,331
Receivables - Other	272,016,785
Inventories (Note 4)	23,380,982
Prepaid Items	68,046,017
Other Assets	284,929
Total Current Assets	<u>\$ 1,909,021,343</u>

Non-Current Assets

Non-Current Cash	\$ 7,081,264
Short-term Investments	130,306
Investments (Externally Restricted)	59,272,158
Other Non-Current Assets	5,348,629
Investments	79,921,703
Notes Receivable, Net	45,313,392
Capital Assets, Net (Note 6)	9,086,119,955
Total Non-Current Assets	<u>\$ 9,283,187,407</u>

TOTAL ASSETS

\$ 11,192,208,750

LIABILITIES

Current Liabilities

Accounts Payable	\$ 168,767,222
Salaries Payable	15,782,731
Benefits Payable	33,165,850
Contracts Payable	17,018,797
Deposits	40,613,351
Unearned Revenue (Note 7)	226,955,468
Other Liabilities	10,421,177
Deposits Held for Other Organizations	90,226,576
Lease Purchase Obligations	70,816,138
Compensated Absences	117,869,709
Total Current Liabilities	<u>\$ 791,637,019</u>

Non-Current Liabilities (Note 8)

Lease Purchase Obligations	\$ 3,427,025,450
Unearned Revenue and Other Liabilities	13,796,997
Compensated Absences	73,108,793
Other Liabilities	817,770
Net OPEB Obligation	1,562,541,568
Total Non-Current Liabilities	<u>\$ 5,077,290,578</u>

TOTAL LIABILITIES

\$ 5,868,927,597

Deferred Inflow of Resources

\$ 77,884,484

NET POSITION

Net Investment in Capital Assets	\$ 5,502,628,831
Restricted	
Non-Expendable	160,121,655
Expendable	318,451,613
Capital Projects	75,187,745
Unrestricted	(810,993,175)
TOTAL NET POSITION	<u><u>\$ 5,245,396,669</u></u>

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013

OPERATING REVENUES

Student Tuition and Fees (Net of Allowance for Doubtful Accounts)	\$ 2,213,709,672
Less: Scholarship Allowances	(508,090,257)
Federal Appropriations	17,486,190
Grants and Contracts	
Federal	760,493,178
Federal Stimulus	19,427,931
State	224,324,434
Other	519,579,589
Sales and Services	173,482,066
Rents and Royalties	3,351,378
Auxiliary Enterprises	
Residence Halls	320,413,228
Bookstore	74,101,091
Food Services	157,858,964
Parking/Transportation	77,538,179
Health Services	51,682,674
Intercollegiate Athletics	103,908,661
Other Organizations	30,543,783
Other Operating Revenues	131,343,939
Total Operating Revenues	<u>\$ 4,371,154,700</u>

OPERATING EXPENSES

Faculty Salaries	\$ 1,336,300,602
Staff Salaries	1,771,240,801
Employee Benefits	1,142,232,834
Other Personal Services	10,640,599
Travel	67,134,090
Scholarships and Fellowships	330,953,979
Utilities	178,467,646
Supplies and Other Services	1,613,635,154
Depreciation	443,904,654
Total Operating Expenses	<u>\$ 6,894,510,359</u>
Operating Income (Loss)	<u>\$ (2,523,355,659)</u>

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013

NON-OPERATING REVENUES (EXPENSES)

State Appropriations	\$ 1,744,486,043
Grants and Contracts	
Federal	567,679,392
Federal Stimulus	2,879,078
State	8,804,458
Other	60,650,739
Gifts	116,448,019
Investment Income (Endowments, Auxiliary and Other)	25,689,677
Interest Expense (Capital Assets)	(189,176,990)
Other Non-Operating Revenues (Expenses)	11,137,859
Net Non-Operating Revenues	<u>\$ 2,348,598,275</u>
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	<u>\$ (174,757,384)</u>
Capital Grants and Gifts	
Federal	\$ 4,002,320
State	194,562,860
Other	86,499,055
Special Item - Capital Asset Transfer	13,823,358
Total Other Revenues and Special Items	<u>\$ 298,887,593</u>
Increase in Net Position	<u>\$ 124,130,209</u>
Net Position, Beginning of Year, Restated	<u>5,121,266,460</u>
Net Position, End of Year	<u><u>\$ 5,245,396,669</u></u>

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 1,698,522,109
Federal Appropriations	18,269,046
Grants and Contracts (Exchange)	1,541,209,955
Sales and Services of Educational Departments	180,167,676
Payments to Suppliers	(2,714,152,677)
Payments to Employees	(3,103,688,714)
Payments for Scholarships and Fellowships	(330,953,980)
Loans Issued to Students and Employees	(10,120,291)
Collection of Loans to Students and Employees	10,419,403
Auxiliary Enterprise Charges	813,764,464
Other Receipts (Payments)	176,862,815
Net Cash Used by Operating Activities	<u>\$ (1,719,700,194)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	\$ 1,744,486,043
Federal Stimulus Funds	411,273
Agency Fund Transactions	51,295,059
Gifts and Grants Received for Other Than Capital Purposes	706,496,203
Other Non-Operating Receipts	7,984,278
Net Cash Flows Provided by Non-Capital Financing Activities	<u>\$ 2,510,672,856</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Grants and Gifts Received	\$ 84,331,726
Proceeds from Sales of Capital Assets	5,578,777
Purchases of Capital Assets	(387,859,354)
Prepayment of Construction Funds to GSFIC	(35,000,000)
Principal Paid on Capital Debt and Leases	(53,025,000)
Interest Paid on Capital Debt and Leases	(188,392,748)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (574,366,599)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	\$ 31,011,526
Interest on Investments	15,379,152
Purchase of Investments	(9,868,460)
Net Cash Provided by Investing Activities	<u>\$ 36,522,218</u>
Net Increase/Decrease in Cash	<u>\$ 253,128,281</u>
Cash and Cash Equivalents - Beginning of Year (Restated)	<u>1,051,362,203</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,304,490,484</u></u>

**UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013**

RECONCILIATION OF OPERATING LOSS TO

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ (2,523,355,659)
Provided (Used) by Operating Activities	
Depreciation	443,904,654
Change in Assets and Liabilities:	
Receivables, Net	62,946,955
Inventories	531,292
Other Assets	(259,521)
Prepaid items	7,153,662
Notes Receivable, Net	5,415,507
Accounts Payable	(781,156)
Unearned Revenue	(7,812,513)
Other Liabilities	3,748,848
Compensated Absences	4,412,315
OPEB Obligation, Net	284,395,422
Net Cash Used by Operating Activities	<u>\$ (1,719,700,194)</u>

NON-CASH TRANSACTIONS:

Capital Assets Acquired by Incurring Capital Lease Obligations	<u>\$ 186,330,341</u>
Change in Accounts Receivable Related to GSFIC Gifts	<u>\$ 309,249</u>
Change in Fair Value of Investments Recognized as a Component of Interest Income	<u>\$ 10,265,141</u>
Special Item - Capital Asset Transfer	<u>\$ 21,799,501</u>
Amortization of Other Assets Reducing Interest Paid	<u>\$ 6,260</u>
Change in Accrued Interest Payable Affecting Interest Paid	<u>\$ 798,212</u>
Gifts Other Than Capital Assets Reducing Proceeds of Grants and Gifts for Other Than Capital Assets	<u>\$ 30,839,467</u>
Gift of Capital Assets Reducing Proceeds of Capital Grants and Gifts	<u>\$ 198,958,284</u>
Other Addition of Capital Assets	<u>\$ 2,120,300</u>
Reduction In Capital Lease Obligations	<u>\$ 9,616,636</u>

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
BOARD OF REGENTS RETIREE HEALTH BENEFIT FUND
June 30, 2013

ASSETS

Cash and Cash Equivalents	\$ 4,075,222
Receivables	
Employer	4,123,959
Employee	<u>1,698,060</u>
 Total Assets	 <u>\$ 9,897,241</u>

LIABILITIES

Benefits Payable	\$ 9,326,592
Other	<u>353,874</u>
 Total Liabilities	 <u>\$ 9,680,466</u>

NET POSITION

Net Assets Held in Trust for Other Postemployment Benefits	<u>\$ 216,775</u>
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UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
BOARD OF REGENTS RETIREE HEALTH BENEFIT FUND
Year Ended June 30, 2013

ADDITIONS

Contributions	
Employer	\$ 83,414,616
Plan Member	30,135,574
Other	14,999,814
Total Contributions	<u>\$ 128,550,004</u>
Investment Income	
Interest/Dividends	<u>107,533</u>
TOTAL ADDITIONS	<u>\$ 128,657,537</u>

DEDUCTIONS

Benefits	\$ 114,296,083
Life Insurance Premium Expense	8,398,592
Administrative Expense	<u>5,911,771</u>
Total Deductions	<u>\$ 128,606,446</u>
Net Increase	\$ 51,091
Beginning Net Position	<u>165,684</u>
Net Assets Held in Trust for Other Postemployment Benefits	<u><u>\$ 216,775</u></u>



NOTES TO THE FINANCIAL STATEMENTS





UNIVERSITY SYSTEM OF GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The University System of Georgia 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

The University System of Georgia, an organizational unit of the State of Georgia, is comprised of thirty-one (31) State-supported member institutions of higher education in Georgia, the Skidaway Institute of Oceanography and the University System Office. The University System Office also is the custodian of the Board of Regents Retiree Health Benefit Fund.

The Board of Regents has constitutional authority to govern, control and manage the University System of Georgia. This authority includes, but is not limited to, the power to designate management, the ability to significantly influence operations, the authority to control institutions' budgets, the power to determine allotments of State funds to member institutions and the authority to prescribe accounting systems and administrative policies for member institutions. The University System of Georgia does not have authority to retain unexpended State appropriations (surplus) for any given fiscal year. Accordingly, all 31 institutions, the Skidaway Institute of Oceanography and the University System Office are considered organizational units of the Board of Regents of the University System of Georgia reporting entity for financial reporting purposes because of the significance of its legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

Legally separate, tax-exempt organizations whose activities primarily support the University System of Georgia, which are organizational units of the State of Georgia, are considered potential component units of the State. See Note 16, Affiliated Organizations, for additional information.

On January 10, 2012, based on the Chancellor's recommendation, the Board of Regents voted to consolidate certain institutions of the University System to enhance and improve educational offerings and student success. The following mergers became effective on January 8, 2013: Georgia Health Sciences University consolidated with Augusta State University to form Georgia Regents University; North Georgia College & State University consolidated with Gainesville State College to form University of North Georgia; Macon State College and Middle Georgia College consolidated to form Middle Georgia State College; and

South Georgia College and Waycross College consolidated to form South Georgia State College.

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 University System's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

Basis of Accounting

For financial reporting purposes, the University System of Georgia is considered a special-purpose government engaged only in business-type activities. Accordingly, the University System's 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. All significant intra-University System transactions have been eliminated.

New Accounting Pronouncements

In fiscal year 2013, the University System of Georgia adopted the Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The provisions of this Statement establish accounting and financial reporting standards for governments who enter into Service Concession Arrangements (SCA) with other governmental or non-governmental entities.

In fiscal year 2013, the USG adopted the GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement incorporate certain accounting and financial reporting guidance into authoritative GASB literature.

In fiscal year 2013, the USG adopted the GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The provisions of this Statement establish financial reporting standards for the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The USG changed its presentation of net assets to net position for fiscal year 2013.

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 University System of Georgia 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 under 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 the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University System'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.

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 University System'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 University System, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) – an organization that is external to the System. GSFIC issues bonds for and on behalf of the

State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

For projects managed by GSFIC, the GSFIC retains construction in progress in its accounting records throughout the construction period and transfers the entire project to the institutional unit of the University System when complete. For projects managed by institutions of the University System, the institutions retain construction in progress on their books and are reimbursed by GSFIC.

Deposits

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

Unearned Revenues

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

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. The University System of Georgia had accrued liability for compensated absences in the amount of \$186,566,182 as of July 1, 2012. The ending balance as of June 30, 2013 in accrued liability for compensated absences was \$190,978,502, which represents an increase of \$4,412,320.

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.

Net Position

The University System's net position is classified as follows:

Net Investment in capital assets: This represents the University System'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 endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The University System may accumulate as much of the annual net income of an institutional fund as is prudent under the standard established by Code Section 44-15-7 of Annotated Code of Georgia.

Restricted - expendable includes resources in which the University System is legally or contractually obligated to spend resources in accordance with restrictions by external third parties. Expendable, restricted net position at June 30, 2013 included the following:

Restricted - E&G and Other Organized Activities	\$ 133,981,254
Federal Loans	42,782,397
Institutional Loans	24,958,327
Term Endowments	3,477,824
Quasi-Endowments	17,452,411
Health Insurance Reserve	95,799,400
Total Restricted Expendable	<u>\$ 318,451,613</u>

Expendable, restricted – capital projects represents resources for which the University System is legally or contractually obligated to spend resources for capital projects in accordance with restrictions imposed 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 University System, and may be used at the discretion of the governing board to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Board of Regents of the University System of Georgia, University System Office for remittance to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. Unrestricted net position included the following items at June 30, 2013, which are quasi-restricted by management:

R & R Reserve	\$ 181,423,619
Reserve for Encumbrances	327,440,246
Reserve for Inventory	12,559,997
Other Unrestricted	<u>(1,332,417,037)</u>
Total Unrestricted Net Position	<u>\$ (810,993,175)</u>

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

Income Taxes

The University System of Georgia, 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 University System, 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 University System'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.

Special Items

Dalton State College had one significant capital asset reduction for facilities in fiscal year 2013. This reduction was related to a special item transfer of a building and related land transferred from the Dalton State East facility to Northwest Technical College, which is part of the Technical College System of Georgia. This building was valued at \$3,970,571 at the time of the transfer and therefore resulted in a large one-time capital loss in fiscal year

2013, which is reflected as a Special Item Transfer on the Statement of Revenues, Expenses and Changes in Net Position.

The University System Office entered into a forty-year intergovernmental agreement with the Georgia Public Telecommunications Commission (Commission) effective July 1, 2012. The Commission transferred other property and equipment at its headquarters location to the University System Office. In fiscal 2013, building and equipment transferred to the University System Office totaled \$28,339,594. The accumulated depreciation transferred totaled \$10,545,665, for a net book value of \$17,793,929. This transfer of assets is noted as a Special Item Transfer on the Statement of Revenues, Expenses and Changes in Net Position.

Restatement of Prior Year Net Position

The following institutions had restatements of prior year balances in fiscal year 2013:

Institution	Effect on Beginning Net Position
Georgia Institute of Technology	\$ (3,500,000)
Georgia State University	(10,959,067)
Georgia Southern University	9,764,649
Fort Valley State University	312,247
Southern Polytechnic State University	267,634
Georgia Gwinnett College	7,130,000
Middle Georgia State College	(466,852)
Darton State College	587,763
Georgia Perimeter College	367,783
Total	<u>\$ 3,504,157</u>

Georgia Institute of Technology has a restatement of prior year net position, decreasing beginning net position by \$3.5 million. This restatement is a result of correcting the method of accounting for the up-front payments received in fiscal year 2010 and fiscal year 2011 for the Sodexo, Inc. vending contract. The funds were recognized as revenue in the year of receipt. The Institute corrected the accounting treatment for these transactions and has deferred the portion that will be recognized over the remaining life of the contract.

Georgia State University has a restatement of prior year net position, decreasing net position by \$10,959,067, due to a correction of a prior year misstatement in work-in-progress, as well as a change in accounting principle, necessitating adjustments made to bring capital lease liabilities and related asset values consistent with the Georgia State University Foundation's asset values in accordance with GASB 61. An aggregate adjustment to work-in-progress was made to increase net position by \$1,740,938 to correct an error made in its calculation in the prior year. An adjustment to align capital lease liabilities and asset values with the values stated by the Foundation in accordance with GASB 61 resulted in a decrease in prior year capital assets of \$4,637,180 and an increase in lease liability of \$8,985,806, for a net decrease in net position of \$13,622,986. Additionally, an increase in net position and a decrease in accumulated depreciation of \$922,981 aligned the values with those stated by the Foundation in accordance with GASB 61.

Georgia Southern University has a restatement of prior year net position that increases beginning net position by \$9,764,649, which is primarily related to the effect of merging Herty Advanced Materials Center into Georgia Southern University for an increase in net position of \$10,861,224. In addition, a prior year capital asset correction was made to the RAC Facility for a decrease in net position of \$1,087,058, and an adjustment to the Cone Endowment resulted in a \$9,517 reduction in net position. The RAC Facility adjustment was due to the write-down of the acquisition value of the RAC asset, which was incorrectly capitalized in fiscal year 2007. The Cone Endowment adjustment was the result of the overstatement of fiscal year 2012 income and cash due to receipting a July 2012 Suntrust payment in fiscal year 2012.

Fort Valley State University made several prior period adjustments in fiscal year 2013 related to various errors or omissions that resulted in an increase in net position of \$312,247. These changes, which are in accordance with generally accepted accounting principles, include a net position increase of \$1,153,977 due to adjustments to capital assets, a net position decrease of \$544,844 related to prior year accrued interest expensed in fiscal year 2013, and a net position decrease of \$296,886 due to a prior year receivable still outstanding for completed GSFIC projects.

Southern Polytechnic State University had a restatement of prior year net position which increased beginning net position by \$267,634, due to adjustments related to the University's capital leases. The leases in question were refinanced in fiscal year 2013 and the value of the new lease has been recorded.

Georgia Gwinnett College has a restatement of prior year net position, increasing beginning net position by \$7,130,000, due to errors and omissions in recording land assets donated to the College by Gwinnett County in calendar year 2000 for \$6 million and in 2009 for \$1.13 million.

Middle Georgia State College has a restatement of prior year net position, decreasing beginning net position by \$466,852, due to increased accumulated depreciation for equipment of \$266,852, and removing an invalid accounts receivable of \$200,000.

Darton State College restated beginning net position in Fiscal Year 2013 due to the College not recognizing restricted grant revenues in the period in which the funds were expended. The College decreased deferred revenue by \$587,763, which resulted in an increase in beginning net position of \$587,763. This change is in accordance with generally accepted accounting principles.

Georgia Perimeter College has a restatement of prior year net position, increasing beginning net position by \$367,783. The transactions related to this increase included a \$553,302 increase to beginning net position related to fiscal year 2012 grant revenue recognized in fiscal year 2013, a \$362,516 decrease in beginning net position related to fiscal year 2012 interest expense paid in fiscal year 2013, a \$152,506 increase in beginning net position related to fiscal year 2012 restricted fund analysis; a \$34,804 decrease in beginning net position related to fiscal year 2012 supplies and other services paid in fiscal year 2013; a

\$26,441 increase in beginning net position related to fiscal year 2012 tuition and fee revenue recognized in fiscal year 2013; a \$22,794 increase in beginning net position related to capital asset corrections; and a \$10,060 increase in beginning net position related to fiscal year 2013 insurance expensed in fiscal year 2012.

Kennesaw State University has a restatement of prior year capital assets, increasing beginning building and building improvements by \$108,634,017 and associated depreciation of \$27,167,343, for a net increase to capital assets of \$81,466,674; this increase is offset by an increase to beginning deferred inflows of \$81,466,674 and has no overall effect to beginning net position. This is due to recording three Service Concession Arrangements with Kennesaw State University Foundation, Inc., to construct and operate dormitories at the Kennesaw State University Campus, in accordance with the adoption of GASB 60, *Accounting and Financial Reporting for Service Concession Arrangements*.

The University of North Georgia had a restatement of prior year capital assets, decreasing beginning capital assets obtained through a capital lease by \$19,619,823. This decrease is offset by a decrease to lease obligations of \$19,619,823, which results in no overall effect to beginning net position. This is due to a change in the methodology in reporting leases by the University of North Georgia Foundation, and is in accordance with generally accepted accounting principles.

Georgia Highlands College has a restatement of prior year capital assets, decreasing beginning capital assets obtained through a capital lease by \$1,365,796. This decrease is offset by an increase in lease obligations of \$1,365,796, which results in no overall effect to beginning net position. This change is due to a change in the value of the lease by the foundation, which is in accordance with generally 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 University System's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the University System of Georgia) 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, 2013, the carrying value of deposits was \$569,412,304 and the bank balance was \$619,398,244. Of the University System's deposits, \$547,084,859 was uninsured; however, these uninsured deposits were collateralized with securities held by the financial institution's trust department or agent in the University System's name.

B. Investments

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

The University System's investments as of June 30, 2013 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment type	Fair Value	Investment Maturity			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Debt Securities					
U.S. Treasuries	\$ 12,718,088	\$ 10,284	\$ 5,435,039	\$ 7,272,765	\$
U.S. Agencies - Explicitly Guaranteed	30,873,525	387	4,609,281	26,018,946	244,911
U.S. Agencies - Implicitly Guaranteed	349,099,047	14,747,107	51,619,991	58,626,076	224,105,873
Bond Securities	44,888,756		10,309,778	27,987,278	6,591,700
Corporate Bonds	107,619	18,575	49,221	39,823	
Corporate Debt	1,716,245	29,961	1,606,621	79,663	
General Obligation Bonds	1,079,183		207,883	775,553	95,747
Money Market Mutual Fund	3,581,937	3,216,632	365,305		
Municipal Bonds	5,000	5,000			
Mutual Funds - Bonds	15,694,162	2,133	8,919,402	6,755,876	16,751
Repurchase Agreements	46,392,219	46,392,219			
	<u>\$ 506,155,781</u>	<u>\$ 64,422,298</u>	<u>\$ 83,122,521</u>	<u>\$ 127,555,980</u>	<u>\$ 231,054,982</u>
Other Investments					
Bond/Equity Mutual Funds	8,250,026				
Bond/Equity Mutual Funds - International	96,617				
Cash Surrender Value	10,445				
Equity Mutual Funds - Domestic	29,149,903				
Equity Mutual Funds - International	444,297				
Equity Securities - Domestic	91,471,747				
Equity Securities - International	2,610,824				
Real Asset Funds	130,386				
Real Estate Fund	7,631,191				
Real Estate Held for Investments	6,185,902				
Real Estate Investment Trusts	489,859				
Other - Equity Securities	8,157				
Other - International Fixed	4,991				
Investment Pools					
Office of the State Treasurer					
Georgia Fund 1	369,470,050				
Georgia Extended Asset Pool	6,851,531				
	<u>\$ 1,028,961,707</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, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is valued at the pool's share price, \$1.00 per share. The Georgia Fund 1 Investment Pool is an AAf rated investment pool by Standard and Poor's; the weighted average maturity of the fund is 43 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 \$2.00 at June 30, 2013. The Georgia Extended Asset Pool is an AA+f rated investment pool by Standard and Poor's; the weighted average maturity of the fund is 0.26 years.

The University System Office serves as fiscal agent for various units of the University System of Georgia and cooperative organizations. The University System Office pools the monies of

these organizations with the University System Office's monies for investment purposes. The University System Office cannot allocate pool investments between the internal (University System) and external (cooperative organizations) investment pool portions. The investment pool is 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 sound and prudent responsibility 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 portfolio should be one of above average quality, possessing at most an average degree of investment risk.

The Regents' Investment Pool funds are described below. Investment fund balances within the University System have been eliminated in this report, with the underlying investment instruments of the pools reported instead.

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 two years.

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 maturity of 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 should be one of treasury and agency quality, possessing virtually no degree of financial risk.

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 fund is comprised of fixed income, equity and cash equivalent instruments.

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 are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high

quality institutional money market mutual funds or other high quality, short term instruments.

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 the greatest percentage of overall equity exposure, with well over half of the funds typically invested in equities.

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 are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality, short term instruments.

Diversified Fund

The Diversified fund is designed to gain further diversification and increase exposures to assets that have lower correlation to equity and bond markets by utilizing alternative asset classes. In addition, this fund is constructed to build an optimal portfolio where return is increased and risk is reduced.

The equity allocation range shall be between 50% and 75% of the portfolio. The fixed income (bond) portion of the portfolio shall be between 20% and 40%. The portfolio may also consist of Hedge Funds, Real Estate and Venture Capital/Private Equity/Post Venture Capital.

Hedge Funds – The investment approach to this asset class is to use a multi-strategy, multi-manager fund of hedge funds. The Board of Regents believes that a fund of fund strategy will provide the best access to a highly diversified pool of hedge fund strategies and managers.

Real Estate – The Board of Regents' approach to investing in this asset class is to use real estate investment trusts (REITs). REITs are more liquid than owning commercial real estate and diversification can be achieved by purchasing a mutual fund.

Venture Capital/Private Equity/Post Venture Capital – This asset class is the riskiest and most volatile permitted investment opportunity. This asset should be considered as an additional diversification investment strategy due to the low correlation with stock and bonds.

Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality, institutional money market mutual funds or other high quality, short term instruments.

Condensed financial information for the investment pool is as follows:

Assets		Additions	
Investments	\$ 461,272,757	Pool Participant Deposits	\$ 44,336,544
Accrued Interest	681,211	Investment Income	12,619,781
		Fair Value Decreases	5,556,208
Net Assets	<u>\$ 461,953,968</u>	Less: Investment Expense	(800,751)
Distribution of Net Assets		Total Additions	\$ 61,711,782
External Participant Account Balance	\$ 23,390,898		
Internal Participant Account Balance	438,563,070	Deductions	
		Pool Participant Withdrawals	(56,774,356)
Total Distribution	<u>\$ 461,953,968</u>	Net Increase (Decrease)	\$ 4,937,426
		Net Assets	
		July 1, 2012	457,016,542
		June 30, 2013	\$ 461,953,968

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.

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

1. The University System 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 University System of Georgia 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, 2013, \$629,333,651 of the University System of Georgia's applicable investments was uninsured and held by the investment's counterparty in the University System's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University System of Georgia'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 University System investments subject to credit quality risk follow:

	Fair Value	AAA	AAAm	AA	AA+	AA-	A+	A-	A
Related Debt Investments									
U.S.Treasuries	\$ 12,718,088	\$ 8,747,034	\$	\$	\$ 3,818,530	\$	\$	\$	\$
U. S. Agencies	349,099,047								
Bond Securities	44,888,756								
Corporate Bonds	107,619	5,120		10,288	6,010	9,815	8,385	36,173	12,630
Corporate Debt	1,716,245	101,394		20,579	111,266	110,862	78,010	602,440	262,784
General Obligation Bonds	1,079,183	1,079,183							
Money Market Mutual Fund	3,581,937		3,141,195.00						
Municipal Bond	5,000	5,000							
Mutual Funds - Bonds	15,694,162	738,255	3,613,864						2,079
Repurchase Agreements	46,392,219		46,392,219						
	<u>\$ 475,282,256</u>	<u>\$ 10,675,986</u>	<u>\$ 53,147,278</u>	<u>\$ 30,867</u>	<u>\$ 3,935,806</u>	<u>\$ 120,677</u>	<u>\$ 86,395</u>	<u>\$ 638,613</u>	<u>\$ 277,493</u>
	Aaa	A1	A-f	B	BBB+1	BBB-	BBB+	BBB	Unrated
Related Debt Investments									
U.S.Treasuries	\$	\$	\$	\$	\$	\$	\$	\$	\$ 152,524
U. S. Agencies									349,099,047
Bond Securities	4,835,319	30,007,431	3,454,306		6,591,700				
Corporate Bonds						3,082	10,436	5,680	
Corporate Debt						6,165	202,505	208,857	11,383
General Obligation Bonds									
Money Market Mutual Fund									440,742.00
Municipal Bond									
Mutual Funds - Bonds				13,436			31,731	27,142	11,267,655
Repurchase Agreements									
	<u>\$ 4,835,319</u>	<u>\$ 30,007,431</u>	<u>\$ 3,454,306</u>	<u>\$ 13,436</u>	<u>\$ 6,591,700</u>	<u>\$ 9,247</u>	<u>\$ 244,672</u>	<u>\$ 241,679</u>	<u>\$ 360,971,351</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 University System'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, 2013:

Investment	Amount	% of Total
Federal National Mortgage Association	\$ 264,539,599	25.7%
Federal Home Loan Mortgage Corporation	\$ 82,952,061	8.1%

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2013:

Student Tuition and Fees	\$ 52,698,637
Auxiliary Enterprises and Other Operating Activities	26,112,172
Federal Financial Assistance	92,111,331
Georgia State Financing and Investment Commission	14,453,298
Due from Component Units	146,346,685
Other	55,638,462
	<u>387,360,585</u>
Less: Allowance for Doubtful Accounts	23,232,469
Net Accounts Receivable	<u>\$ 364,128,116</u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2013:

Bookstore	\$ 16,495,058
Food Services	1,608,803
Physical Plant	3,892,799
Other	1,384,322
	<u>23,380,982</u>
Total	<u>\$ 23,380,982</u>

Note 5 Notes/Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2013. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University System for amounts cancelled under these provisions. As the University System determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University System has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2013, the allowance for uncollectible loans was \$13,592,847.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2013 are shown below:

	Restated Beginning Balance July 1, 2012	Special Item Transfer	Additions	Reductions	Ending Balance June 30, 2013
Capital Assets, Not Being Depreciated:					
Land	\$ 329,182,104	\$ (603,000)	\$ 22,472,540	\$ -	\$ 351,051,644
Capitalized Collections	41,120,395		3,278,346	5,550	44,393,191
Construction Work-in-Progress	204,367,748		158,975,291	153,655,858	209,687,181
Total Capital Assets Not Being Depreciated	<u>\$ 574,670,247</u>	<u>\$ (603,000)</u>	<u>\$ 184,726,177</u>	<u>\$ 153,661,408</u>	<u>\$ 605,132,016</u>
Capital Assets, Being Depreciated:					
Infrastructure	\$ 287,969,459	\$ -	\$ 23,575,638	\$ 2,627,293	308,917,804
Building and Building Improvements	7,411,523,502	23,285,537	330,903,058	16,200,401	7,749,511,696
Facilities and Other Improvements	336,405,419		33,269,283	3,271,885	366,402,817
Equipment	1,328,101,447	1,477,760	129,288,821	52,885,382	1,405,982,646
Capital Leases	2,307,974,890		166,744,164	65,918,292	2,408,800,762
Library Collections	773,784,219		32,964,150	2,444,655	804,303,714
Capitalized Collections	7,320,588		310,429	36,423	7,594,594
Software	20,361,212			1	20,361,211
Total Assets Being Depreciated	<u>\$ 12,473,440,736</u>	<u>24,763,297</u>	<u>\$ 717,055,543</u>	<u>\$ 143,384,332</u>	<u>13,071,875,244</u>
Less: Accumulated Depreciation					
Infrastructure	\$ 91,141,604	\$ -	\$ 9,775,749	\$ 2,117,912	98,799,441
Buildings	2,153,496,880	9,159,011	190,369,650	13,179,947	2,339,845,594
Facilities and Other improvements	119,555,726		11,529,819	2,440,556	128,644,989
Equipment	931,169,014	1,177,928	103,386,885	46,896,468	988,837,359
Capital Leases	309,224,092		92,812,959	22,525,656	379,511,395
Library Collections	606,587,417		34,892,676	2,496,142	638,983,951
Capitalized Collections	863,050		140,997		1,004,047
Software	14,264,610		995,919		15,260,529
Total Accumulated Depreciation	<u>\$ 4,226,302,393</u>	<u>\$ 10,336,939</u>	<u>\$ 443,904,654</u>	<u>\$ 89,656,681</u>	<u>4,590,887,305</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 8,247,138,343</u>	<u>\$ 14,426,358</u>	<u>\$ 273,150,889</u>	<u>\$ 53,727,651</u>	<u>8,480,987,939</u>
Capital Assets, net	<u>\$ 8,821,808,590</u>	<u>\$ 13,823,358</u>	<u>\$ 457,877,066</u>	<u>\$ 207,389,059</u>	<u>\$ 9,086,119,955</u>

Note 7 Unearned Revenue

Unearned revenue (current portion) consisted of the following at June 30, 2013:

Prepaid Tuition and Fees	\$ 116,403,944
Research	44,338,592
Other Unearned Revenue	66,212,932
Total	<u>\$ 226,955,468</u>

Note 8 Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Restated Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Current Portion
Leases					
Lease Obligations	\$ 3,425,996,607	\$ 187,409,126	\$ 115,564,145	\$ 3,497,841,588	\$ 70,816,138
Other Liabilities					
Compensated Absences	\$ 186,566,182	\$ 127,670,952	\$ 123,258,632	\$ 190,978,502	\$ 117,869,709
Net OPEB Obligation	1,278,146,146	284,395,422		1,562,541,568	
Notes & Loans					
Other Liabilities	918,236	175,024	137,745	955,515	137,745
Total	\$ 1,465,630,564	\$ 412,241,398	\$ 123,396,377	\$ 1,754,475,585	\$ 118,007,454
Total Long-Term Obligations	\$ 4,891,627,171	\$ 599,650,524	\$ 238,960,522	\$ 5,252,317,173	\$ 188,823,592

Note 9 Significant Commitments

The University System of Georgia had significant unearned, outstanding construction or renovation contracts executed in the amount of \$154,181,532 as of June 30, 2013, which are not reflected in the accompanying basic financial statements.

Institution	Commitment Amount	Project
Abraham Baldwin Agricultural College	\$ 197,971	Construction and renovation contracts
College of Coastal Georgia	112,512	Construction and renovation contracts
Columbus State University	1,770,720	Rental agreement with Greenhill at Columbus, LLC
Fort Valley State University	1,313,659	Construction and renovation contracts
Georgia Institute of Technology	27,919,797	Construction and renovation contracts
Georgia Perimeter College	5,000	Construction and renovation contracts
Georgia Regents University	7,690,409	Construction and renovation contracts
Georgia Southern University	11,760,507	Construction and renovation contracts
Georgia State University	23,888,974	Construction and renovation contracts
Gordon State College	536,111	Construction and renovation contracts
Kennesaw State University	47,218,045	Construction and renovation contracts/Student Center Lease
University of Georgia	14,552,112	Construction and renovation contracts
University of West Georgia	14,631,990	Construction and renovation contracts
Valdosta State University	2,583,725	Construction and renovation contracts
	<u>\$154,181,532</u>	

Note 10 Lease Obligations

The University System of Georgia 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 University System of Georgia is obligated under approximately \$3.5 billion in capital lease liability as of June 30, 2013. Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between fiscal 2014 and 2048. Expenditures for fiscal year 2013 were \$204,159,139, of which \$156,272,623 represented interest. Total principal reductions on capital leases were \$42,931,995 for the fiscal year ended June 30, 2013. Interest rates range from 0.75 percent to 29.88 percent.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2013:

Description	Gross Amount	Accumulated Depreciation	Assets Held Under Capital Lease, Net at June 30, 2013
Land	\$ 48,434,601		\$ 48,434,601
Infrastructure	55,001,904	(13,517,550)	41,484,354
Equipment	179,154,709	(38,724,771)	140,429,938
Buildings	3,394,461,317	(522,005,184)	2,872,456,133
Facilities and Improvements	17,526,464	(2,078,243)	15,448,221
Total Assets Held Under Capital Lease at June 30, 2013	<u>\$3,694,578,995</u>	<u>\$ (576,325,748)</u>	<u>\$ 3,118,253,247</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 University System of Georgia's non-cancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2014 through 2048. 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 2013 was \$38,176,069.

Future commitments for capital leases, which here and on the Statement of Net Position include other installment purchase agreements, and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2013, are as follows:

Year Ending June 30:	Year	Capital Leases	Operating Leases
2014	1	\$ 261,143,877	\$ 29,165,390
2015	2	262,168,539	7,625,347
2016	3	263,607,162	7,349,401
2017	4	266,006,582	5,348,772
2018	5	268,411,088	3,870,109
2019 through 2023	6-10	1,359,860,633	18,428,756
2024 through 2028	11-15	1,375,050,375	19,412,725
2029 through 2033	16-20	1,256,902,734	11,538,395
2034 through 2038	21-25	876,657,484	261,195
2039 through 2043	26-30	202,748,486	53,817
2044 through 2048	31-35	112,348	
Total minimum lease payments		\$ 6,392,669,308	\$ 103,053,907
Less: Interest		2,736,073,667	
Less: Executory costs (if paid)		158,754,053	
Principal Outstanding		\$ 3,497,841,588	

Note 11 Retirement Plans

The University System of Georgia participates in various retirement plans administered by the State of Georgia under two major retirement systems: Employees' Retirement System of Georgia (ERS System) and Teachers Retirement System of Georgia. 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 system offices. The significant retirement plans that the University System of Georgia participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

Employees' Retirement System of Georgia

The ERS System is comprised of individual retirement systems and plans covering substantially all employees of the State of Georgia except for teachers and other employees covered by the Teachers Retirement System of Georgia. One of the ERS System plans, the Employees' Retirement System of Georgia (ERS), is a cost-sharing, multiple-employer, defined-benefit pension plan that was 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 and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires, but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan (SRBP-ERS) of ERS. SRBP-ERS was established as a qualified, governmental-excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of the SRBP-ERS is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP-ERS whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an “old plan” member subject to the 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 the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the “old” or “new” plan, are members of the Georgia State Employees’ Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009 also have the option to change their membership to the GSEPS plan.

Under the old plan, new plan, and GSEPS, a member may retire and receive normal retirement benefits after completing 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. There also 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 a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member’s highest 24 consecutive calendar months of salary, the number of years of creditable service, and the member’s age at retirement. Post-retirement cost-of-living adjustments may 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.

Member contribution rates are set by law. 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 University System of Georgia pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these University System of Georgia 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 University System of Georgia is required to contribute at a specified percentage of active member payroll established by the Board of Trustees determined annually in accordance with actuarial valuation and minimum funding standards as provided by law. These University System of Georgia contributions are not at any time refundable to the member or the member’s beneficiary.

Employer contributions required for fiscal year 2013 were based on the June 30, 2010 actuarial valuation as follows:

Old Plan*	14.90%
New Plan	14.90%
GSEPS	11.54%

*10.15% exclusive of contributions paid by the employer on behalf of old plan members

Members become vested after ten years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member; however, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

Teachers Retirement System of Georgia

The Teachers Retirement System of Georgia (TRS) is a cost-sharing, multiple-employer, defined-benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified, governmental-excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member 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. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits also are available.

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2013 were 6% of annual salary. Employer contributions required for fiscal year 2013 were 11.41% of annual salary as required by the June 30, 2010 actuarial valuation.

The following table summarizes the University System of Georgia contributions by defined benefit plan for the years ending June 30, 2013, June 30, 2012, and June 30, 2011:

Fiscal Year	ERS		TRS	
	Required Contribution	Percent Contributed	Required Contribution	Percent Contributed
2013	\$ 1,238,577	100%	\$ 164,293,969	100%
2012	\$ 896,604	100%	\$ 148,193,749	100%
2011	\$ 709,947	100%	\$ 143,479,581	100%

Regents Retirement Plan

Plan Description

The Regents Retirement Plan (Plan) is a single-employer, defined-contribution plan. This optional retirement Plan was authorized pursuant to OCGA Section 47-21-1 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 Plan. An "eligible university system employee" is a faculty member or a principal administrator as designated by the regulations of the Board of Regents. Under the Plan, a Plan participant may purchase annuity contracts from four approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

Funding Policy

The University System of Georgia makes monthly employer contributions for the 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 2013, the employer contribution was 9.24% for the participating employee's earned compensation. Employees contribute 6% of their earned 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 \$105,192,757 (9.24%) and \$63,037,110 (6%), respectively.

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

Georgia Defined Contribution Plan

Plan Description

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

Benefits

A member may retire and elect to receive periodic payments after attainment of age 65. The payments will be based upon mortality tables and interest assumptions adopted by the Board of Trustees. If a member has less than \$3,500 credited to his/her account, the Board of Trustees has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon death of a member, a lump sum distribution equaling the amount credited to the member's account will be paid to the member's designated beneficiary(ies). Benefit provisions are established by State statute.

Contributions

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

Total contributions made by employees during fiscal year 2013 were \$7,834,301, which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

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

Note 12 Risk Management

The University System of Georgia offers its employees and retirees access to three different self-insured healthcare plan options. For the University System of Georgia's Plan Year 2013, the following health care options were available: Blue Choice HMO plan, (Blue Cross Blue Shield) HAS Open Access POS plan, and the (Blue Cross Blue Shield) Open Access POS plan. The University System of Georgia institutions and participating employees pay premiums to either of the self-insured healthcare plan options to access benefits coverage. All units of the University System of Georgia share the risk of loss for claims associated with these plans. 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, a wholly owned subsidiary of WellPoint, to serve as the claims administrator for the self-insured healthcare

plan products. In addition to the self-insured healthcare plan products offered to the employees of the University System of Georgia, a fully insured HMO healthcare plan option also is offered to System employees through Kaiser.

The prescription drug plan is administered through Medco Health Solutions. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to Medco Health Solutions for verification, processing and payment. Medco Health Solutions maintains an eligibility file based on information furnished by Blue Cross – Blue Shield on behalf of the various organizational units of the University System of Georgia.

A reconciliation of total estimated claim liabilities for employees and retirees for the fiscal years ended June 30, 2013 and June 30, 2012 is provided below:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Employees:		
Unpaid Claims and Claim Adjustments (Prior Year IBNR)	\$ 26,269,302	\$ 23,289,175
Incurred Claims and Claim Adjustments Expenses - Provisions for Insured Events of the Current Year	325,395,148	318,490,596
Payments - Claims and Claim Adjustments Attributable To Insured Events of the Current Year and Prior Years	<u>318,927,296</u>	<u>315,510,469</u>
Unpaid Claims and Claim Adjustments (Current Year IBNR)	<u>\$ 32,737,154</u>	<u>\$ 26,269,302</u>
Retirees:		
Unpaid Claims and Claim Adjustments (Prior Year IBNR)	\$ 9,714,307	\$ 7,539,783
Incurred Claims and Claim Adjustments Expenses - Provisions for Insured Events of the Current Year	113,908,368	117,510,071
Payments - Claims and Claim Adjustments Attributable To Insured Events of the Current Year and Prior Years	<u>114,296,083</u>	<u>115,335,547</u>
Unpaid Claims and Claim Adjustments (Current Year IBNR)	<u>\$ 9,326,592</u>	<u>\$ 9,714,307</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 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, 2013, three University System of Georgia institutions had projects or events that met one of the five obligating events related to recognition of pollution remediation.

Georgia Institute of Technology is responsible for pollution monitoring and remediation in all Institute facilities, including asbestos abatement. Monitoring and remediation activities are performed during renovation/construction projects when deemed necessary by Institute management. As of June 30, 2013, the Institute recorded a liability and expense in the amount of \$504,440 for pollution monitoring and remediation projects in various Institute structures. The liability is reflected on the Statement of Net Position in Accounts Payable 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 Institute 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 in fiscal 2013 was as follows:

Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion
\$ 145,486	\$ 504,440	\$ 145,486	\$ 504,440	\$ 504,440

The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. The University of Georgia has recorded a liability and expense related to this pollution remediation in the amount of \$955,515. The liability is reflected on the Statement of Net Position in Accounts Payable and on the Statement of Revenues, Expenses and Changes in Net Position in Supplies and Other Services. The liability was determined using a 5 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. Pollution remediation liability activity in fiscal 2013 was as follows:

Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion
\$ 918,236	\$ 175,024	\$ 137,745	\$ 955,515	\$ 137,745

Georgia Regents University is responsible for asbestos abatement as a small part of the project costs for various projects. The University has recorded a liability and expense related to this pollution remediation in the amount of \$26,023. The liability is reflected on the Statement of Net Position in Accounts Payable and on the Statement of Revenues, Expenses, and Changes in Net Position in Supplies and Other Services. The liability is the remaining amount of project abatement costs at June 30, 2013. The University does not anticipate any significant changes to the expected remediation outlay. Pollution remediation liability activity in fiscal year 2013 was as follows:

Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion
\$ 2,992	\$ 72,727	\$ 49,696	\$ 26,023	\$ 26,023

Note 13 Contingencies

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

Litigation, claims and assessments filed against the University System of Georgia, if any, generally are considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

Note 14 Post-Employment Benefits Other Than Pension Benefits

Plan Description and Funding Policy

The Regents Plan is a single-employer, defined-benefit, healthcare plan administered by the Board of Regents (BOR). 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. Financial statements and required supplementary information for the plan are available in the Board of Regents University System Office stand-alone audit report. A copy of the report may be obtained at www.audits.ga.gov.

Pursuant to the general powers conferred by the OCGA Section 20-3-31, the BOR has established group health and life insurance programs for regular employees of the University System of Georgia (USG). It is the policy of the BOR 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 BOR 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, 2013:

Retirees and beneficiaries receiving benefits	21,601
Terminated plan members entitled to but not yet receiving benefits	
Active employee plan contracts	<u>37,768</u>
Total	<u><u>59,369</u></u>

The contribution requirements of plan members and the employer are established and may be amended by the BOR. 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 BOR designation.

Organizational units of the BOR 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 BOR for the upcoming plan year. For the 2013 plan year, the employer rate was approximately 70% of the total health insurance cost for eligible retirees and the retiree rate was approximately 30%. 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.

In fiscal year 2013, the USG contributed \$83,414,616 to the Plan for current premiums or claims; Plan members receiving benefits contributed \$29,960,449.

Summary of Significant Accounting Policies

The financial statements of the 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.

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost (expense) for the Regents Plan is calculated based on the 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 annual OPEB cost, the amount actually contributed, and changes in the net OPEB obligation for the Regents Plan for FY 2013, 2012, and 2011 (dollars in millions):

	Fiscal Year Ended 6/30/2013	Fiscal Year Ended 6/30/2012	Fiscal Year Ended 6/30/2011
Annual required contribution	\$ 362.4	\$ 345.3	\$ 411.5
Interest on net OPEB obligation	57.5	45.8	31.5
Adjustment to annual required contribution	(52.1)	(41.5)	(45.3)
Annual OPEB cost (expense)	\$ 367.8	\$ 349.6	\$ 397.7
Less: Contributions made	(83.4)	(88.8)	(80.2)
Increase in net OPEB obligation	\$ 284.4	\$ 260.8	\$ 317.5
Net OPEB obligation - beginning of year	1,278.2	1,017.4	699.9
Net OPEB obligation - end of year	<u>\$ 1,562.6</u>	<u>\$ 1,278.2</u>	<u>\$ 1,017.4</u>
Percentage of annual OPEB cost contributed	<u>22.7%</u>	<u>25.4%</u>	<u>20.2%</u>

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)
7/1/2010	\$ 122,538	\$ 3,384,099,942	\$ 3,383,977,404	0.0%	\$ 2,432,366,796	139.1%
7/1/2011	\$ 123,230	\$ 3,494,501,238	\$ 3,494,378,008	0.0%	\$ 2,526,211,986	138.3%
7/1/2012	\$ 165,684	\$ 3,758,969,936	\$ 3,758,804,252	0.0%	\$ 2,466,313,700	152.4%

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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the 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, 2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Payroll, Closed
Asset Valuation method	Market Value
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.50%
Salary growth	3.00%
Salary scale	4.00%
Inflation rate	2.50%
Healthcare cost trend rate - initial	
Pre-Medicare eligible	7.80%
Medicare eligible	7.30%
Ultimate trend rate	
Pre-Medicare eligible	4.50%
Medicare eligible	4.50%
Year Ultimate Trend is reached	2027

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

Note 15 Natural Classifications with Functional Classifications

The University's operating expenses by functional classification for FY2013 are shown below:

Natural Classification	Functional Classification					
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Faculty	\$ 856,180,798	\$ 320,245,322	\$ 34,462,531	\$ 40,180,320	\$ 1,826,836	\$ 12,557,501
Staff	295,045,656	283,878,342	155,883,671	215,419,662	149,184,798	263,848,290
Benefits	405,291,396	182,317,153	75,147,377	96,683,797	54,555,558	150,104,338
Personal Services	540,588	64,146	673,477	562,469	194,257	7,881,074
Travel	17,365,516	26,602,655	6,201,264	5,462,790	3,533,930	4,777,709
Scholarships and Fellowships	9,013,237	3,647,051	2,349,645	616,450	4,327,404	2,177,377
Utilities	5,671,362	3,655,754	4,168,135	2,971,951	2,653,704	6,661,282
Supplies and Others Services	90,936,227	222,600,165	106,487,278	86,081,626	62,477,212	450,641,082
Depreciation	73,328,184	71,696,356	6,512,465	52,825,307	18,963,916	31,345,459
Total Expenses	<u>\$ 1,753,372,964</u>	<u>\$ 1,114,706,944</u>	<u>\$ 391,885,843</u>	<u>\$ 500,804,372</u>	<u>\$ 297,717,615</u>	<u>\$ 929,994,112</u>

Natural Classification	Functional Classification				Total Expenses
	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Patient Care (GRU Only)	
Faculty	\$ (800,375)	\$ 3,000	\$ 2,449,532	\$ 69,195,137	\$ 1,336,300,602
Staff	175,332,548	214,327	161,145,805	71,287,702	1,771,240,801
Benefits	75,426,040	287,462	56,853,845	45,565,868	1,142,232,834
Personal Services	(8,920,491)	657,167	8,987,830	82	10,640,599
Travel	539,137	1,346	2,365,611	284,132	67,134,090
Scholarships and Fellowships	3,847	286,158,442	22,660,526	-	330,953,979
Utilities	116,998,653	-	35,314,176	372,629	178,467,646
Supplies and Others Services	208,760,821	292,772	306,472,343	78,885,628	1,613,635,154
Depreciation	73,554,354	5,143	115,673,470	-	443,904,654
Total Expenses	<u>\$ 640,894,534</u>	<u>\$ 287,619,659</u>	<u>\$ 711,923,138</u>	<u>\$ 265,591,178</u>	<u>\$ 6,894,510,359</u>

Note 16 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 campus and the University System. Although independent boards govern these foundations, their assets are dedicated for the benefit of the related institution and the University System of Georgia.

These affiliated organizations are considered potential component units of the State of Georgia in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Therefore, the financial statement of the affiliated organizations are not included in these financial statements. For the organizations reporting under the FASB basis, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

The following affiliated organizations have been determined to be significant to the State of Georgia for the year ended June 30 2013 and, as such, are reported as blended or

discretely presented component units in the Comprehensive Annual Financial Report of the State of Georgia (CAFR).

Summarized financial statements for these affiliated organizations are included in the Supplementary Information.

Information for obtaining complete financial statements for these organizations can be found within the respective institution's annual financial reports.

The following affiliated organizations have been determined to be significant to the State of Georgia for the year ended June 30 2013 and, as such, are reported as blended or discretely presented component units in the Comprehensive Annual Financial Report of the State of Georgia.

Component Units of the State of Georgia	Fiscal Year Ending	Reporting Basis
Georgia Tech Foundation, Inc.	June 30, 2013	FASB
Georgia Tech Athletic Association	June 30, 2013	GASB
Georgia Tech Research Corporation	June 30, 2013	GASB
Georgia Tech Facilities, Inc.	June 30, 2013	FASB
Georgia State University Foundation, Inc.	June 30, 2013	FASB
Georgia State University Research Foundation, Inc.	June 30, 2013	GASB
MCG Health System, Inc.	June 30, 2013	GASB
Medical College of Georgia Foundation, Inc.	June 30, 2013	FASB
Medical College of Georgia Physicians Practice Group Foundation	June 30, 2013	FASB
University of Georgia Foundation	June 30, 2013	FASB
University of Georgia Athletic Association, Inc.	June 30, 2013	GASB
University of Georgia Research Foundation, Inc.	June 30, 2013	GASB
Georgia Southern University Housing Foundation, Inc.	June 30, 2013	FASB
VSU Auxiliary Services Real Estate Foundation, Inc.	December 31, 2012	FASB
Armstrong Atlantic State University Educational Properties, Inc.	December 31, 2012	FASB
Kennesaw State University Foundation, Inc.	June 30, 2013	FASB
Georgia College and State University Foundation, Inc.	June 30, 2013	FASB
University System of Georgia Foundation, Inc.	June 30, 2013	FASB
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	June 30, 2013	FASB

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SUPPLEMENTARY INFORMATION



UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Institution
June 30, 2013

Institution	Assets				
	Current Assets	Noncurrent Cash/ Investments	Capital Assets	Other Assets	Total Assets
Georgia Institute of Technology	\$306,877,204	\$64,913,602	\$1,707,211,661	\$12,918,576	\$2,091,921,043
Georgia State University	224,657,473	910,789	816,950,835	6,112,651	1,048,631,748
Georgia Regents University	118,061,072	98,983,147	485,226,134	3,330,387	705,600,740
University of Georgia	374,569,087	75,776,270	1,637,202,052	8,845,360	2,096,392,769
Georgia Southern University	58,102,738	10,601,214	506,804,821	2,579,165	578,087,938
Valdosta State University	31,662,981	13,258,763	327,120,659	55,707	372,098,110
Albany State University	14,271,575	-	156,365,265	375,681	171,012,521
Armstrong Atlantic State University	24,490,407	2,878,010	161,591,036	7,741	188,967,194
Clayton State University	13,612,213	1,352,658	125,201,685	106,092	140,272,648
Columbus State University	24,129,097	4,164,004	129,578,656	1,160,326	159,032,083
Fort Valley State University	7,728,075	52,226	154,175,831	1,790,068	163,746,200
Georgia College & State University	24,119,146	9,268,895	175,428,895	2,220,339	211,037,275
Georgia Southwestern State University	10,245,035	663,791	92,941,135	886,338	104,736,299
Kennesaw State University	67,530,707	663,043	477,199,638	440,657	545,834,045
University of North Georgia	34,573,091	2,520,158	289,251,517	1,318,581	327,663,347
Savannah State University	14,613,404	5,312,253	157,654,471	885,759	178,465,887
Southern Polytechnic State University	27,766,557	2,942,956	172,786,418	163,602	203,659,533
University of West Georgia	55,857,444	480,376	258,736,231	2,210,153	317,284,204
Abraham Baldwin Agricultural College	6,605,464		84,166,684	296,164	91,068,312
College of Coastal Georgia	3,540,953	113,049	88,334,065		91,988,067
Dalton State College	7,887,527		28,609,024		36,496,551
Georgia Gwinnett College	15,231,055		234,631,943		249,862,998
Gordon State College	10,104,402		77,125,684		87,230,086
Middle Georgia State College	22,695,556	2,653,477	222,820,199		248,169,232
Atlanta Metropolitan State College	4,674,488		34,933,515		39,608,003
Bainbridge State College	6,352,625	730,646	52,830,803		59,914,074
Darton State College	10,126,256		78,069,771		88,196,027
East Georgia State College	4,745,778		31,491,779		36,237,557
Georgia Highlands College	6,445,704	33,299	55,778,802		62,257,805
Georgia Perimeter College	14,627,060	119,291	157,330,188		172,076,539
South Georgia State College	6,117,666	447,310	57,735,147	49,273	64,349,396
Skidaway Institute of Oceanography	559,769		9,963,003		10,522,772
University System Office	609,427,923	8,855,822	40,872,408	1,732,832	660,888,985
Elimination/Consolidation Entries	(252,988,189)	(156,380,218)		(1,732,831)	(411,101,238)
Total	\$1,909,021,343	\$151,314,831	\$9,086,119,955	\$45,752,621	\$11,192,208,750

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Institution
June 30, 2013

Institution	Liabilities			Deferred Inflow of Resources
	Current Liabilities	Noncurrent Liabilities	Total Liabilities	
Georgia Institute of Technology	\$147,996,331	\$498,000,385	\$645,996,716	\$ 3,000,000
Georgia State University	81,522,526	376,022,248	457,544,774	
Georgia Regents University	123,132,038	69,644,066	192,776,104	
University of Georgia	132,412,134	289,022,018	421,434,152	
Georgia Southern University	27,376,599	197,586,716	224,963,315	
Valdosta State University	17,343,357	209,024,890	226,368,247	
Albany State University	5,882,257	76,683,302	82,565,559	
Armstrong Atlantic State University	7,732,770	99,546,657	107,279,427	
Clayton State University	6,570,560	77,528,161	84,098,721	
Columbus State University	10,828,393	64,570,372	75,398,765	
Fort Valley State University	8,156,490	83,034,482	91,190,972	
Georgia College & State University	11,720,943	139,495,058	151,216,001	
Georgia Southwestern State University	4,688,376	38,513,984	43,202,360	
Kennesaw State University	31,476,875	202,342,185	233,819,060	77,884,484
University of North Georgia	11,481,457	148,658,771	160,140,228	
Savannah State University	5,959,545	108,822,406	114,781,951	
Southern Polytechnic State University	17,669,842	89,094,259	106,764,101	
University of West Georgia	14,566,551	142,317,072	156,883,623	
Abraham Baldwin Agricultural College	3,518,955	44,600,112	48,119,067	
College of Coastal Georgia	2,800,218	27,093,376	29,893,594	
Dalton State College	2,141,397	7,273,172	9,414,569	
Georgia Gwinnett College	7,232,460	184,529,106	191,761,566	
Gordon State College	3,368,881	32,029,060	35,397,941	
Middle Georgia State College	6,230,727	75,206,884	81,437,611	
Atlanta Metropolitan State College	2,130,635	10,528,832	12,659,467	
Bainbridge State College	2,366,417	20,370,916	22,737,333	
Darton State College	4,352,820	45,651,037	50,003,857	
East Georgia State College	1,615,598	8,489,356	10,104,954	
Georgia Highlands College	2,319,267	17,546,593	19,865,860	
Georgia Perimeter College	13,814,692	78,145,487	91,960,179	
South Georgia State College	2,152,928	37,036,267	39,189,195	
Skidaway Institute of Oceanography	474,409	131,176	605,585	
University System Office	480,082,245	14,831,908	494,914,153	
Elimination/Consolidation Entries	(409,481,674)	1,560,920,264	1,151,438,590	
Total	\$791,637,019	\$5,074,290,578	\$5,865,927,597	\$ 80,884,484

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UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Institution
June 30, 2013

Institution	Net Position				
	Net Investment in Capital Assets	Restricted Unexpendable	Restricted Expendable	Unrestricted	Total Net Position
Georgia Institute of Technology	\$1,210,752,738	\$56,145,130	\$59,577,493	\$116,448,966	1,442,924,327
Georgia State University	427,819,355	57,340	22,115,361	141,094,918	591,086,974
Georgia Regents University	428,889,825	1,864,982	84,327,423	(2,257,594)	512,824,636
University of Georgia	1,360,617,195	71,829,738	82,014,761	160,496,923	1,674,958,617
Georgia Southern University	305,636,637	2,465,814	8,997,442	36,024,730	353,124,623
Valdosta State University	116,251,269	3,047,107	3,484,583	22,946,904	145,729,863
Albany State University	79,278,375		394,136	8,774,451	88,446,962
Armstrong Atlantic State University	61,047,948	2,561,570	322,164	17,756,085	81,687,767
Clayton State University	48,059,802	1,250,218		6,863,907	56,173,927
Columbus State University	64,114,028	1,778,020	3,283,329	14,457,941	83,633,318
Fort Valley State University	71,620,683		3,457,619	(2,523,074)	72,555,228
Georgia College & State University	42,357,681	3,581,838	5,091,736	8,790,019	59,821,274
Georgia Southwestern State University	54,388,823	388,318	1,598,039	5,158,759	61,533,939
Kennesaw State University	194,923,797	514,662	384,882	38,307,160	234,130,501
University of North Georgia	140,085,050	2,649,952	2,158,931	22,629,186	167,523,119
Savannah State University	48,166,663	5,141,861	1,144,802	9,230,610	63,683,936
Southern Polytechnic State University	81,964,288	1,362,564	1,764,272	11,804,308	96,895,432
University of West Georgia	115,179,013		2,851,979	\$42,369,589	160,400,581
Abraham Baldwin Agricultural College	38,480,881		660,127	3,808,237	42,949,245
College of Coastal Georgia	61,115,776	68,879	65,443	844,375	62,094,473
Dalton State College	21,393,034		1,961	5,686,987	27,081,982
Georgia Gwinnett College	49,791,762			8,309,670	58,101,432
Gordon State College	44,678,749			7,153,396	51,832,145
Middle Georgia State College	147,597,362		3,004,247	16,130,012	166,731,621
Atlanta Metropolitan State College	24,447,916			2,500,620	26,948,536
Bainbridge State College	32,482,451	649,785	158,649	3,885,856	37,176,741
Darton State College	33,058,036			5,134,134	38,192,170
East Georgia State College	23,095,653	37,100	15,493	2,984,357	26,132,603
Georgia Highlands College	38,251,071	33,301	34,721	4,072,852	42,391,945
Georgia Perimeter College	79,388,404	31,338	493,268	203,350	80,116,360
South Georgia State College	20,620,020	286,490	251,326	4,002,365	25,160,201
Skidaway Institute of Oceanography	9,963,003			(45,816)	9,917,187
University System Office	27,111,543	4,375,648	105,985,171	28,502,470	165,974,832
Elimination/Consolidation Entries				(1,562,539,828)	(\$1,562,539,828)
Total	\$5,502,628,831	\$160,121,655	\$393,639,358	(\$810,993,175)	\$5,245,396,669

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Revenues, Expenses and Changes in Net Position by Institution
For the Year Ended June 30, 2013

Institution	Operating					
	Revenues				Operating Expenses	Operating Loss
	Tuition & Fees, Net	Federal Approp, Grants & Contracts	Auxiliaries	Other		
Georgia Institute of Technology	\$271,444,683	\$754,543,784	\$97,309,346	\$45,992,632	(\$1,311,667,293)	(\$142,376,848)
Georgia State University	225,375,296	76,792,933	70,552,589	25,447,738	(592,305,276)	(194,136,720)
Georgia Regents University	72,453,759	424,467,679	15,160,666	10,422,988	(717,166,668)	(194,661,576)
University of Georgia	349,901,990	199,925,068	162,159,742	67,400,813	(1,225,847,104)	(446,459,491)
Georgia Southern University	106,587,178	16,442,179	76,767,433	6,346,643	(308,534,580)	(102,391,147)
Valdosta State University	60,105,797	2,811,985	41,549,891	2,565,013	(168,231,323)	(61,198,637)
Albany State University	16,227,815	9,957,634	14,256,512	939,506	(76,063,301)	(34,681,834)
Armstrong Atlantic State University	29,948,421	5,618,077	19,224,953	305,067	(90,108,583)	(35,012,065)
Clayton State University	27,046,979	1,965,466	14,746,614	2,062,556	(87,028,171)	(41,206,556)
Columbus State University	40,906,237	2,075,097	11,455,028	3,218,510	(109,232,888)	(51,578,016)
Fort Valley State University	9,512,951	6,377,401	15,302,375	965,585	(78,028,421)	(45,870,109)
Georgia College & State University	48,336,371	361,402	25,303,564	2,121,903	(113,475,137)	(37,351,897)
Georgia Southwestern State University	11,688,171	3,070,990	9,300,051	268,344	(42,968,156)	(18,640,600)
Kennesaw State University	122,535,115	6,787,922	48,185,688	10,328,751	(309,003,067)	(121,165,591)
University of North Georgia	51,993,872	73,858	30,442,174	4,210,503	(157,006,427)	(70,286,020)
Savannah State University	12,316,374	10,551,630	27,709,322	864,784	(86,634,358)	(35,192,248)
Southern Polytechnic State University	33,333,528	765,993	16,507,265	565,579	(81,976,841)	(30,804,476)
University of West Georgia	55,871,970	3,272,770	35,332,906	4,010,493	(157,069,310)	(58,581,171)
Abraham Baldwin Agricultural College	5,394,870	88,375	11,624,720	364,833	(42,699,228)	(25,226,430)
College of Coastal Georgia	5,921,194	29,084	5,561,739	79,528	(35,853,105)	(24,261,560)
Dalton State College	8,376,203	1,786,949	2,977,146	98,727	(38,797,296)	(25,558,271)
Georgia Gwinnett College	27,400,777	198,714	11,975,215	234,240	(97,970,548)	(58,161,602)
Gordon State College	6,326,468	37,337	10,108,639	278,132	(39,524,955)	(22,774,379)
Middle Georgia State College	19,460,951	703,261	16,067,131	961,954	(95,032,312)	(57,839,015)
Atlanta Metropolitan State College	3,523,000	2,433,194	2,216,610	202,510	(28,840,591)	(20,465,277)
Bainbridge State College	6,788,915	2,403,267	478,125	209,316	(29,744,107)	(19,864,484)
Darton State College	12,466,412	2,327,814	6,009,220	354,027	(50,230,958)	(29,073,485)
East Georgia State College	3,876,826	17,985	2,451,821	62,762	(22,838,235)	(16,428,841)
Georgia Highlands College	10,273,549	477,891	1,284,978	262,513	(39,510,776)	(27,211,845)
Georgia Perimeter College	47,276,044	3,005,443	8,387,808	802,362	(147,068,688)	(87,597,031)
South Georgia State College	2,947,699	13,120	5,637,019	141,800	(26,840,106)	(18,100,468)
Skidaway Institute of Oceanography		3,690,992	47,081	643,890	(7,342,161)	(2,960,198)
University System Office		8,671,582		406,416,212	(496,930,143)	(81,842,349)
Elimination/Consolidation Entries		(10,435,554)	(46,791)	(290,972,831)	17,059,754	(284,395,422)
Total	\$1,705,619,415	\$1,541,311,322	\$816,046,580	\$308,177,383	(\$6,894,510,359)	(\$2,523,355,659)

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Revenues, Expenses and Changes in Net Position by Institution
For the Year Ended June 30, 2013

Institution	Non-Operating		
	State Appropriations	Other Revenues/ (Expenses)	Interest Expense
Georgia Institute of Technology	\$206,883,732	\$74,171,211	(\$27,066,882)
Georgia State University	178,932,830	80,330,926	(24,688,429)
Georgia Regents University	161,880,219	55,235,778	(3,441,423)
University of Georgia	363,084,970	216,552,843	(17,747,476)
Georgia Southern University	76,019,111	70,137,922	(11,083,207)
Valdosta State University	44,831,698	26,945,276	(9,130,370)
Albany State University	18,637,434	13,797,291	(3,674,051)
Armstrong Atlantic State University	26,669,365	18,464,286	(4,654,275)
Clayton State University	21,870,327	19,680,963	(3,808,195)
Columbus State University	30,830,595	25,796,854	(2,890,641)
Fort Valley State University	21,758,049	28,284,638	(3,969,872)
Georgia College & State University	27,229,767	10,614,127	(6,614,858)
Georgia Southwestern State University	11,084,310	14,376,421	(1,902,626)
Kennesaw State University	75,897,167	72,891,509	(11,811,257)
University of North Georgia	40,968,231	53,237,792	(8,702,815)
Savannah State University	17,256,227	17,166,578	(5,454,204)
Southern Polytechnic State University	19,276,552	12,798,846	(4,752,595)
University of West Georgia	42,936,722	39,233,582	(7,288,660)
Abraham Baldwin Agricultural College	12,438,856	16,132,945	(2,105,100)
College of Coastal Georgia	12,868,032	19,420,716	(1,427,944)
Dalton State College	13,262,082	8,936,335	(433,964)
Georgia Gwinnett College	34,785,950	31,636,268	(9,650,241)
Gordon State College	11,367,744	10,762,707	(1,341,743)
Middle Georgia State College	32,206,090	23,895,029	(3,820,617)
Atlanta Metropolitan State College	8,205,013	12,675,112	(606,348)
Bainbridge State College	8,799,961	11,077,903	(1,133,513)
Darton State College	14,154,796	17,572,487	(2,704,276)
East Georgia State College	6,486,544	9,450,920	(456,903)
Georgia Highlands College	13,433,137	12,797,424	(377,601)
Georgia Perimeter College	44,795,320	47,744,711	(3,886,864)
South Georgia State College	10,103,719	9,908,153	(1,768,969)
Skidaway Institute of Oceanography	2,366,845	278,265	-
University System Office	133,164,644	10,338,762	(880,754)
Elimination/Consolidation Entries	4	(167,765)	99,683
Total	\$1,744,486,043	\$1,092,176,815	(\$189,176,990)

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UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Revenues, Expenses and Changes in Net Position by Institution
For the Year Ended June 30, 2013

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	\$111,611,213	\$1,334,813,114	(\$3,500,000)	\$1,331,313,114	\$1,442,924,327
Georgia State University	40,438,607	561,607,434	(10,959,067)	550,648,367	591,086,974
Georgia Regents University	19,012,998	493,811,638		493,811,638	512,824,636
University of Georgia	115,430,846	1,559,527,771		1,559,527,771	1,674,958,617
Georgia Southern University	32,682,679	310,677,295	9,764,649	320,441,944	353,124,623
Valdosta State University	1,447,967	144,281,896		144,281,896	145,729,863
Albany State University	(5,921,160)	94,368,122		94,368,122	88,446,962
Armstrong Atlantic State University	5,467,311	76,220,456		76,220,456	81,687,767
Clayton State University	(3,463,461)	59,637,388		59,637,388	56,173,927
Columbus State University	2,158,792	81,474,526		81,474,526	83,633,318
Fort Valley State University	202,706	72,040,275	312,247	72,352,522	72,555,228
Georgia College & State University	(6,122,861)	65,944,135		65,944,135	59,821,274
Georgia Southwestern State University	4,917,505	56,616,434		56,616,434	61,533,939
Kennesaw State University	15,811,828	218,318,673		218,318,673	234,130,501
University of North Georgia	15,217,188	152,305,931		152,305,931	167,523,119
Savannah State University	(6,223,647)	69,907,583		69,907,583	63,683,936
Southern Polytechnic State University	(3,481,673)	100,109,471	267,634	100,377,105	96,895,432
University of West Georgia	16,300,473	144,100,108		144,100,108	160,400,581
Abraham Baldwin Agricultural College	1,240,271	41,708,974		41,708,974	42,949,245
College of Coastal Georgia	6,599,244	55,495,229		55,495,229	62,094,473
Dalton State College	(3,793,818)	30,875,800		30,875,800	27,081,982
Georgia Gwinnett College	(1,389,625)	52,361,057	7,130,000	59,491,057	58,101,432
Gordon State College	(1,985,671)	53,817,816		53,817,816	51,832,145
Middle Georgia State College	(5,558,513)	172,756,986	(466,852)	172,290,134	166,731,621
Atlanta Metropolitan State College	(191,500)	27,140,036		27,140,036	26,948,536
Bainbridge State College	(1,120,133)	38,296,874		38,296,874	37,176,741
Darton State College	(50,478)	37,654,885	587,763	38,242,648	38,192,170
East Georgia State College	(948,280)	27,080,883		27,080,883	26,132,603
Georgia Highlands College	(1,358,885)	43,750,830		43,750,830	42,391,945
Georgia Perimeter College	1,056,136	78,692,441	367,783	79,060,224	80,116,360
South Georgia State College	142,435	25,017,766		25,017,766	25,160,201
Skidaway Institute of Oceanography	(315,088)	10,232,275		10,232,275	9,917,187
University System Office	60,780,303	105,194,529		105,194,529	165,974,832
Elimination/Consolidation Entries	(284,463,500)	(1,278,076,328)		(1,278,076,328)	(1,562,539,828)
Total	\$124,130,209	\$5,117,762,303	\$3,504,157	\$5,121,266,460	\$5,245,396,669

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2013

Affiliated Organizations	Assets					Deferred Outflows of Resources
	Current Assets	Noncurrent Cash/ Investments	Capital Assets	Other Assets	Total Assets	
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 7,985,771	\$ 6,612,857	\$ 3,206,231	\$ 80,770,367	\$ 98,575,226	
Albany State University Foundation, Inc.	13,421,079	1,607,085	380,000	69,288,153	84,696,317	
Armstrong Atlantic State University Educational Properties Foundation, Inc. and Subsidiaries	3,788,864	8,269,579	2,780,148	102,199,700	117,038,291	
Armstrong Atlantic State University Foundation, Inc.	1,414,823	7,549,737		13,609	8,978,169	
Atlanta Metropolitan College Foundation, Inc.	169,273				169,273	
Augusta State University Foundation, Inc. and Subsidiaries	4,009,670	26,573,129	957,195	44,392,684	75,932,678	
Bainbridge College Foundation	1,050,918				1,050,918	
Clayton State University Foundation, Inc.	3,634,782	5,513,648	63,521,506	5,558,166	78,228,102	
College of Coastal Georgia Foundation, Inc.	15,483,647			475,728	15,959,375	
Columbus State University Alumni Association, Inc.	143,922	7,534		183,132	334,588	
Columbus State University Athletic Fund, Inc.	83,685	1,733,317	52,770		1,869,772	
Columbus State University Foundation, Inc.	2,350,306	6,807,771		49,152,380	58,310,457	
Dalton State College Athletic Club	925,374			3,840,411	4,765,785	
Dalton State College Foundation, Inc.	2,261,829	23,535,255	7,580,872	360,475	33,738,431	
Darton Boosters, Inc.	1,750,613	1,149,123		21,423,053	24,322,789	
Darton College Foundation, Inc.	3,171,646	1,154,176	407,917		4,733,739	
East Georgia College Foundation, Inc.	207,911	838,864	32,803		1,079,578	
Fort Valley State University Foundation, Inc.	5,754,974	11,351,930	1,794,612	55,785,521	74,687,037	
Foundation Properties, Inc.	2,177,855	1,740,449	93,635,100	3,345,919	100,899,323	
Georgia Advanced Technology Ventures, Inc.	4,703,558	788,205	112,299,046	2,529,079	120,319,888	
Georgia College & State University Alumni Association, Inc.	296,283	6,293,774	24,377	4,500	6,618,934	
Georgia College & State University Foundation, Inc. and Subsidiaries	10,440,802	36,874,487	3,464,295	89,388,297	140,167,881	
Georgia Gwinnett College Foundation Inc. and Subsidiaries	13,053,684	21,404,696	10,998,163	349,640,052	395,096,595	
Georgia Highlands College Foundation, Inc.	1,900,695	1,357,990	10,409	17,594,689	20,863,783	
Georgia Perimeter College Foundation, Inc.	2,112,926	3,728,949	3,000,000	78,309,549	87,151,424	
Georgia Regents University Research Institute, Inc.	11,694,889	264,425			11,959,314	
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group	1,739,395	8,945,398			10,684,793	
Georgia Southern University Athletic Foundation, Inc.	4,570,179	21,076,131	2,911,553	4,471,926	33,029,789	
Georgia Southern University Foundation, Inc.	50,139,840	145,500	409,750	1,416,556	52,111,646	
Georgia Southern University Housing Foundation, Inc. and Subsidiaries	10,373,615	37,795,180	22,562,365	200,398,131	271,129,291	
Georgia Southern University Research and Service Foundation, Inc.	4,071,230		910		4,072,140	
Georgia Southwestern Foundation, Inc.	2,068,407	29,532,939	453,327	39,292,288	71,346,961	
Georgia State University Foundation, Inc.	28,904,759	205,179,985	10,262,417	235,123,466	479,470,627	
Georgia State University Research Foundation, Inc. and Affiliates	38,672,554	4,477,457	5,733,063	79,519,390	128,402,464	
Georgia Tech Alumni Association	148,283		134,869		283,152	
Georgia Tech Athletic Association	10,324,789		167,831,728	109,969,452	288,125,969	25,691,663
Georgia Tech Facilities, Inc.	37,168,720	5,062	898,381	227,447,802	265,519,965	
Georgia Tech Foundation, Inc.	42,344,713	1,405,196,000	36,802,000	245,144,287	1,729,487,000	
Georgia Tech Research Corporation	172,175,340	7,471	1,413,469	200,000	173,796,280	
Gordon College Foundation, Inc. and Subsidiaries	2,500,746	9,576,762		30,471,211	42,548,719	
Kennesaw State University Foundation, Inc.	21,614,158	105,146,014	113,976,268	204,243,740	444,980,180	
Macon State College Foundation, Inc. and Subsidiaries	398,997	9,400,327		120,885	9,920,209	
MCG Health System, Inc. d/b/a Georgia Regents Health System	189,295,683	161,214,276	205,351,815	6,749,374	562,611,148	
Medical College of Georgia Foundation, Inc.	1,714,940	151,023,597	4,477,218	376,834	157,592,589	
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	258,388	30,350,229		83,681,554	114,290,171	
Savannah State University Foundation, Inc. and Subsidiaries	2,063,697	4,147,872	7,590	92,694,874	98,914,033	
South Georgia College Foundation, Inc. and Subsidiaries	1,255,917	5,481,230	330,395	32,776,574	39,844,116	
Southern Polytechnic Applied Research Corporation	1,234,328				1,234,328	
Southern Polytechnic State University Foundation, Inc.	1,996,759	8,676,517	1,278,101	35,632,221	47,583,598	
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates and Subsidiaries)	59,205,176	25,297,972	7,217,582	23,892,814	115,613,544	
University of Georgia Athletic Assoc., Inc.	71,538,143		225,473,269	35,861,630	332,873,042	7,721,701
University of Georgia Foundation	95,175,447	705,610,632	15,239,248	49,573,312	865,598,639	
University of Georgia Research Foundation, Inc.	42,285,214	111,209,016	42,408,362	276,222,793	472,125,385	
University of North Georgia Foundation - Dahlonega, Inc.	2,182,033	31,771,686	397,621	1,533,307	35,884,647	
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	11,167,119	20,519,383	1,697,117	130,242,615	163,626,234	
University of West Georgia Foundation, Inc.	4,579,951	31,169,271	73,578	55,174,182	90,996,982	
University of West Georgia Real Estate Foundation, Inc.	14,362,863	4,045,353	36,537,137	88,375,179	143,320,532	
University System of Georgia Foundation, Inc. and Affiliates	7,202,473	17,425,279		271,252,628	295,880,380	
Valdosta State University Foundation, Inc.	3,339,621	23,388,588	10,324,942	864,503	37,917,654	
VSU Auxiliary Services Real Estate Foundation, Inc.	4,197,255	16,197,096	227,338	208,552,196	229,173,885	7,610,337
Walter & Emilie Spivey Foundation	64,892	6,001,292		249,900	6,316,084	
Waycross College Foundation, Inc.	161,755			1,774,074	1,935,829	
Total	\$ 1,054,487,158	\$ 3,365,170,495	\$ 1,218,576,857	\$ 3,747,555,162	\$ 9,385,789,672	\$ 41,023,701

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2013

	Liabilities			
	Current Liabilities	Noncurrent Liabilities	Total Liabilities	Deferred Inflows of Resources
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 4,408,533	\$ 65,793,091	\$ 70,201,624	
Albany State University Foundation, Inc.	3,282,365	77,185,096	80,467,461	
Armstrong Atlantic State University Educational Properties Foundation, Inc. and Subsidiaries	2,752,338	90,904,279	93,656,617	
Armstrong Atlantic State University Foundation, Inc.	353,905		353,905	
Atlanta Metropolitan College Foundation, Inc.	40		40	
Augusta State University Foundation, Inc. and Subsidiaries	2,527,016	44,151,162	46,678,178	
Bainbridge College Foundation				
Clayton State University Foundation, Inc.	1,839,248	70,151,881	71,991,129	
College of Coastal Georgia Foundation, Inc.	796,429	12,605	809,034	
Columbus State University Alumni Association, Inc.	5,613		5,613	
Columbus State University Athletic Fund, Inc.	192,113		192,113	
Columbus State University Foundation, Inc.	950,452	3,374,048	4,324,500	
Dalton State College Athletic Club	29,015		29,015	
Dalton State College Foundation, Inc.	163,541	2,141,082	2,304,623	
Darton Boosters, Inc.	360,000	22,579,750	22,939,750	
Darton College Foundation, Inc.				
East Georgia College Foundation, Inc.	8,280		8,280	
Fort Valley State University Foundation, Inc.	1,913,502	63,557,677	65,471,179	
Foundation Properties, Inc.	22,783,809	66,474,999	89,258,808	
Georgia Advanced Technology Ventures, Inc.	11,213,163	106,408,194	117,621,357	
Georgia College & State University Alumni Association, Inc.	23,532		23,532	
Georgia College & State University Foundation, Inc. and Subsidiaries	21,304,949	106,471,456	127,776,405	
Georgia Gwinnett College Foundation Inc. and Subsidiaries	17,642,652	380,627,342	398,269,994	
Georgia Highlands College Foundation, Inc.	403,035	18,326,623	18,729,658	
Georgia Perimeter College Foundation, Inc.	1,585,160	72,945,000	74,530,160	
Georgia Regents University Research Institute, Inc.	5,182,320		5,182,320	
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group	9,557,804	246,187	9,803,991	
Georgia Southern University Athletic Foundation, Inc.	570,867	23,571,578	24,142,445	
Georgia Southern University Foundation, Inc.	1,442,724		1,442,724	
Georgia Southern University Housing Foundation, Inc. and Subsidiaries	14,067,132	247,685,802	261,752,934	
Georgia Southern University Research and Service Foundation, Inc.	2,856,402		2,856,402	
Georgia Southwestern Foundation, Inc.	537,003	42,599,395	43,136,398	
Georgia State University Foundation, Inc.	17,137,604	266,575,867	283,713,471	
Georgia State University Research Foundation, Inc. and Affiliates	16,504,348	86,340,989	102,845,337	
Georgia Tech Alumni Association	379,236		379,236	
Georgia Tech Athletic Association	17,619,309	227,715,827	245,335,136	
Georgia Tech Facilities, Inc.	12,091,723	279,939,018	292,030,741	
Georgia Tech Foundation, Inc.	133,702,283	398,717,717	532,420,000	
Georgia Tech Research Corporation	128,065,861		128,065,861	
Gordon College Foundation, Inc. and Subsidiaries	933,575	31,410,301	32,343,876	
Kennesaw State University Foundation, Inc.	20,607,026	394,786,425	415,393,451	
Macon State College Foundation, Inc. and Subsidiaries	217,899		217,899	
MCG Health System, Inc. d/b/a Georgia Regents Health System	83,912,534	200,023,348	283,935,882	
Medical College of Georgia Foundation, Inc.		3,095,263	3,095,263	
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	4,229,459	97,961,425	102,190,884	
Savannah State University Foundation, Inc. and Subsidiaries	11,526,396	81,727,750	93,254,146	
South Georgia College Foundation, Inc. and Subsidiaries	539,126	34,803,399	35,342,525	
Southern Polytechnic Applied Research Corporation	569,648		569,648	
Southern Polytechnic State University Foundation, Inc.	2,840,431	38,348,579	41,189,010	
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates and Subsidiaries)	8,844,394	27,958,697	36,803,091	
University of Georgia Athletic Assoc., Inc.	34,482,710	117,154,967	151,637,677	
University of Georgia Foundation	8,047,595	49,308,615	57,356,210	
University of Georgia Research Foundation, Inc.	65,906,056	320,704,604	386,610,660	
University of North Georgia Foundation - Dahlonega, Inc.	991,193	15,375	1,006,568	
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	7,775,926	152,653,865	160,429,791	
University of West Georgia Foundation, Inc.	2,364,454	52,018,673	54,383,127	
University of West Georgia Real Estate Foundation, Inc.	4,876,965	133,544,481	138,421,446	
University System of Georgia Foundation, Inc. and Affiliates	5,058,495	278,637,074	283,695,569	
Valdosta State University Foundation, Inc.	1,501,981	6,583,934	8,085,915	
VSU Auxiliary Services Real Estate Foundation, Inc.	13,639,484	183,915,090	197,554,574	
Walter & Emilie Spivey Foundation				
Waycross College Foundation, Inc.	4,050		4,050	
Total	\$ 733,122,703	\$ 4,969,148,530	\$ 5,702,271,233	\$ -

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UNIVERSITY SYSTEM OF GEORGIA
Condensed Statement of Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2013

	Net Position					
	Net Investment in Capital Assets	Nonexpendable	Expendable	Capital Projects	Unrestricted	Total Net Position
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 8,970,960	\$ 7,963,728	\$ 4,030,626		\$ 7,408,288	\$ 28,373,602
Albany State University Foundation, Inc.	330,598	3,867,485			30,773	4,228,856
Armstrong Atlantic State University Educational Properties Foundation, Inc. and Subsidiaries	2,780,148	3,624,549			16,976,977	23,381,674
Armstrong Atlantic State University Foundation, Inc.		4,946,563	3,334,329		343,372	8,624,264
Atlanta Metropolitan College Foundation, Inc.		145,403			23,830	169,233
Augusta State University Foundation, Inc. and Subsidiaries	3,380,839	17,207,787	5,631,353		3,034,521	29,254,500
Bainbridge College Foundation		1,050,918				1,050,918
Clayton State University Foundation, Inc.			5,891,251		345,722	6,236,973
College of Coastal Georgia Foundation, Inc.		6,132,586	6,047,815	1,393,325	1,576,615	15,150,341
Columbus State University Alumni Association, Inc.		71,658			257,317	328,975
Columbus State University Athletic Fund, Inc.	52,770	1,349,733	294,138		(18,982)	1,677,659
Columbus State University Foundation, Inc.		31,669,046	18,002,185		4,314,726	53,985,957
Dalton State College Athletic Club	(19,915)		4,646,961		109,724	4,736,770
Dalton State College Foundation, Inc.	5,488,495	9,570,215	5,373,656		11,001,442	31,433,808
Darton Boosters, Inc.	1,377,431				5,608	1,383,039
Darton College Foundation, Inc.	407,917	1,154,176	1,542,954	864,036	764,656	4,733,739
East Georgia College Foundation, Inc.	32,803	154,735	894,599		(10,839)	1,071,298
Fort Valley State University Foundation, Inc.	3,545,411	3,655,568	3,812,890		(1,798,011)	9,215,858
Foundation Properties, Inc.			28,756,951		(17,116,436)	11,640,515
Georgia Advanced Technology Ventures, Inc.	1,935,747		10,735,497		(9,972,713)	2,698,531
Georgia College & State University Alumni Association, Inc.	24,377	4,653,489	1,562,172		355,364	6,595,402
Georgia College & State University Foundation, Inc. and Subsidiaries	3,597,373	14,658,252	6,181,976		(12,046,125)	12,391,476
Georgia Gwinnett College Foundation Inc. and Subsidiaries	3,632,901	320,003	1,027,019		(8,153,322)	(3,173,399)
Georgia Highlands College Foundation, Inc.	(1,111,525)	735,774	1,202,586		1,307,290	2,134,125
Georgia Perimeter College Foundation, Inc.	12,086,111	980,533	11,904,534		(12,349,914)	12,621,264
Georgia Regents University Research Institute, Inc.			69,973		6,707,021	6,776,994
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group	(246,187)				1,126,989	880,802
Georgia Southern University Athletic Foundation, Inc.	1,204,922		7,620,797		61,625	8,887,344
Georgia Southern University Foundation, Inc.	409,750	32,661,940	13,584,875		4,012,357	50,668,922
Georgia Southern University Housing Foundation, Inc. and Subsidiaries	(1,307,560)		15,997,395		(5,313,478)	9,376,357
Georgia Southern University Research and Service Foundation, Inc.	910				1,214,828	1,215,738
Georgia Southwestern Foundation, Inc.	1,319,104	11,799,294	7,386,192		7,705,973	28,210,563
Georgia State University Foundation, Inc.	28,777,798	92,001,157	61,306,474		13,671,727	195,757,156
Georgia State University Research Foundation, Inc. and Affiliates	5,729,928	2,000,000	7,763,188		10,064,011	25,557,127
Georgia Tech Alumni Association	134,869		(230,953)			(96,084)
Georgia Tech Athletic Association	(31,201,706)	28,162,212		72,358,573	(836,583)	68,482,496
Georgia Tech Facilities, Inc.	(53,738,900)		10,015,692		17,212,432	(26,510,776)
Georgia Tech Foundation, Inc.	(28,943,000)	533,294,000	596,704,000	10,250,000	85,762,000	1,197,067,000
Georgia Tech Research Corporation	1,413,469				44,316,950	45,730,419
Gordon College Foundation, Inc. and Subsidiaries	(1,003,706)	2,344,661	7,061,182		1,802,706	10,204,843
Kennesaw State University Foundation, Inc.	(3,639,411)	25,199,321	9,346,477		(1,319,658)	29,586,729
Macon State College Foundation, Inc. and Subsidiaries	7,950,338	1,583,352			168,620	9,702,310
MCG Health System, Inc. d/b/a Georgia Regents Health System	54,282,363				224,392,903	278,675,266
Medical College of Georgia Foundation, Inc.	2,264,012	88,950,857	49,836,622		13,445,835	154,497,326
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	9,118,630				2,980,657	12,099,287
Savannah State University Foundation, Inc. and Subsidiaries	14,990,219	110,000	71,323		(9,511,655)	5,659,887
South Georgia College Foundation, Inc. and Subsidiaries	368,365	2,719,798	186,934		1,226,494	4,501,591
Southern Polytechnic Applied Research Corporation					664,680	664,680
Southern Polytechnic State University Foundation, Inc.	(364,958)	2,943,684	1,622,062		2,193,800	6,394,588
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates and Subsidiaries)	4,961,272				73,849,181	78,810,453
University of Georgia Athletic Assoc., Inc.	112,282,169				76,674,897	188,957,066
University of Georgia Foundation	9,271,039	395,933,132	345,125,294		57,912,964	808,242,429
University of Georgia Research Foundation, Inc.	10,299,167		1,379,529		73,836,029	85,514,725
University of North Georgia Foundation - Dahlonega, Inc.	397,621	19,999,316	15,026,005		(544,863)	34,878,079
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	5,849,224				(2,652,781)	3,196,443
University of West Georgia Foundation, Inc.	12,566,268	15,622,838	7,577,645		847,104	36,613,855
University of West Georgia Real Estate Foundation, Inc.	(3,907,415)				8,806,501	4,899,086
University System of Georgia Foundation, Inc. and Affiliates	4,714,782	73,791	1,533,127		5,863,111	12,184,811
Valdosta State University Foundation, Inc.	3,846,638	22,963,336	3,679,759		(657,994)	29,831,739
VSU Auxiliary Services Real Estate Foundation, Inc.	41,666,045				(2,436,397)	39,229,648
Walter & Emilie Spivey Foundation		249,900	6,001,292		64,892	6,316,084
Waycross College Foundation, Inc.		1,664,947	137,295		129,537	1,931,779
Total	\$ 255,978,500	\$ 1,394,189,737	\$ 1,289,675,671	\$ 84,865,934	\$ 699,832,298	\$ 3,724,542,140

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statements of Revenues, Expenses and Changes in Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2013

Affiliated Organization	Operating					
	Revenues				Expenses	Operating Profit/ (Loss)
	Gifts, Contributions, Grants & Contracts	Sales, Services, Rents & Royalties	Clinical Patient Fees/Net Patient Revenue	Other		
Abraham Baldwin Agricultural College Foundation, Inc. and Subsidiaries	\$ 1,056,631	\$ 2,990,124		\$ 537,624	\$ (1,350,648)	\$ 3,233,731
Albany State University Foundation, Inc.	1,105,776				(1,022,622)	83,154
Armstrong Atlantic State University Educational Properties Foundation, Inc. and Subsidiaries		1,605,699		4,700,898	(1,494,478)	4,812,119
Armstrong Atlantic State University Foundation, Inc.	1,092,318				(1,260,942)	(168,624)
Atlanta Metropolitan College Foundation		157,931			(108,559)	49,372
Augusta State University Foundation, Inc. and Subsidiaries	1,999,120	1,693,288			(1,990,739)	1,701,669
Bainbridge College Foundation	239,229				(41,065)	198,164
Clayton State University Foundation, Inc.	3,445,811	1,164,995			(674,957)	3,935,849
College of Coastal Georgia Foundation, Inc.	2,959,227				(1,150,463)	1,808,764
Columbus State University Alumni Association, Inc.	50,733	29,869		6,384	(106,622)	(19,636)
Columbus State University Athletic Fund, Inc.	507,430	304,312		7,196	(417,733)	401,205
Columbus State University Foundation, Inc.	5,943,913	844,588		36,308	(6,464,697)	360,112
Dalton State Athletic Club	4,765,857				(29,087)	4,736,770
Dalton State College Foundation, Inc.	803,464	321,096			(1,745,808)	(621,248)
Darton Boosters, Inc.		1,970,069			(1,141,525)	828,544
Darton College Foundation, Inc.	442,492	24,000			(749,557)	(283,065)
East Georgia College Foundation, Inc.	245,723			4,237	(230,344)	19,616
Fort Valley State University Foundation, Inc.	1,139,559	2,975,734			(1,209,495)	2,905,798
Foundation Properties, Inc.	53,292	6,618,352		441,969	(4,451,587)	2,662,026
Georgia Advanced Technology Ventures, Inc.	3,414,484	15,655,187		674,448	(16,318,603)	3,425,516
Georgia College & State University Alumni Association, Inc.	720,907			74,068	(381,034)	413,941
Georgia College & State University Foundation, Inc. and Subsidiaries	3,449,345	7,306,349			(3,711,214)	7,044,480
Georgia Gwinnett College Foundation, Inc. and Subsidiaries	921,716	10,981,935		57,551	(4,894,744)	7,066,458
Georgia Highlands College Foundation, Inc.	179,754	654,128		79,964	(2,162,158)	(1,248,312)
Georgia Perimeter College Foundation, Inc.	470,053	3,986,317			(1,131,833)	3,324,537
Georgia Regents University Research Institute, Inc.	57,178,890	324,019			(57,654,302)	(151,393)
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group	166,980		9,717,286		(10,091,985)	(207,719)
Georgia Southern University Athletic Foundation, Inc.	5,017,280	178,700		464,176	(2,638,114)	3,022,042
Georgia Southern University Foundation, Inc.	2,893,975	184,606		278,640	(4,092,294)	(735,073)
Georgia Southern University Housing Foundation, Inc. and Subsidiaries		15,782,579			(4,250,127)	11,532,452
Georgia Southern University Research and Service Foundation, Inc.	6,371,890			105	(6,260,167)	111,828
Georgia Southwestern Foundation, Inc.	631,716	1,833,526		131,468	(1,943,966)	652,744
Georgia State University Foundation, Inc.	10,782,606	22,822,275		4,848,856	(23,691,241)	14,762,496
Georgia State University Research Foundation, Inc. and Affiliates	55,149,182	307,037		4,686,110		60,142,329
Georgia Tech Alumni Association	4,450,010	1,445,931		21,530	(6,062,162)	(144,691)
Georgia Tech Athletic Association		52,541,593		3,913,670	(58,184,136)	(1,728,873)
Georgia Tech Facilities, Inc.		11,043,628			(1,303,434)	9,740,194
Georgia Tech Foundation, Inc.	31,740,000	15,012,000			(119,464,700)	(72,712,700)
Georgia Tech Research Corporation	619,855,171	10,201,856			(629,571,969)	485,058
Gordon College Foundation, Inc. and Subsidiaries	266,838	1,600,981		3,874	(222,783)	1,648,910
Kennesaw State University Foundation, Inc.	4,530,803	38,530,208			(27,165,181)	15,895,830
Macon State College Foundation, Inc. and Subsidiaries	1,200,403			116,354	(1,135,302)	181,455
MCG Health Systems, Inc. d/b/a Georgia Regents Health System		6,446,748	491,692,466		(519,081,133)	(20,941,919)
Medical College of Georgia Foundation, Inc.	10,690,828	769,594		32,067	(19,497,473)	(8,004,984)
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	18,805	3,659,225		296,075	(5,273,173)	(1,299,068)
Savannah State University Foundation, Inc. and Subsidiaries	77,689	4,976,923			(545,357)	4,509,255
South Georgia College Foundation, Inc. and Subsidiaries	93,706	2,133,869			(292,229)	1,935,346
Southern Polytechnic Applied Research Corporation	883,122	553,149		44,267	(1,077,198)	403,340
Southern Polytechnic State University Foundation, Inc.	1,497,465	2,211,516			(2,585,739)	1,123,242
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates & Subsidiaries)		1,796,336	124,832,526		(141,326,580)	(14,697,718)
University of Georgia Athletic Assoc., Inc.				96,825,377	(90,351,260)	6,474,117
University of Georgia Foundation	121,901,937	13,703,839			(70,875,502)	64,730,274
University of Georgia Research Foundation, Inc.	145,225,538	30,568,840			(159,357,781)	16,436,597
University of North Georgia Foundation - Dahlonega, Inc.	11,808,118	379,614			(2,863,017)	9,324,715
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries		10,456,070		182,866	(691,614)	9,947,322
University of West Georgia Foundation, Inc.	2,582,271	3,989,167			(4,728,565)	1,842,873
University of West Georgia Real Estate Foundation, Inc.		3,866,050		42,523	(355,929)	3,552,644
University System of Georgia Foundation, Inc. and Affiliates	2,099,375	17,464,607		66,866	(1,896,424)	17,734,424
Valdosta State University Foundation, Inc.	3,148,400	1,337,435		23,406	(3,909,658)	599,583
VSU Auxiliary Services Real Estate Foundation, Inc.	82,978	8,928,263		742,208	(990,736)	8,762,713
Walter & Emilie Spivey Foundation	648,026				(270,241)	377,785
Waycross College Foundation, Inc.	45,807			33,984		79,791
Total	\$ 1,136,046,643	\$ 344,334,157	\$ 626,242,278	\$ 119,375,069	\$ (2,033,941,986)	\$ 192,056,161

UNIVERSITY SYSTEM OF GEORGIA
Condensed Statements of Revenues, Expenses and Changes in Net Position by Affiliated Organization (Unaudited)
For the Year Ended June 30, 2013

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	\$ 1,249,928	\$ (1,857,373)	\$ 2,626,286	\$ 25,747,316		\$ 25,747,316	\$ 28,373,602
Albany State University Foundation, Inc.	3,616,332	(3,558,209)	141,277	4,087,579		4,087,579	4,228,856
Armstrong Atlantic State University Educational Properties Foundation, Inc. and Subsidiaries	252,206	(5,376,485)	(312,160)	23,693,834		23,693,834	23,381,674
Armstrong Atlantic State University Foundation, Inc.	761,719		593,095	8,559,415	(528,246)	8,031,169	8,624,264
Atlanta Metropolitan College Foundation			49,372	119,861		119,861	169,233
Augusta State University Foundation, Inc. and Subsidiaries	2,432,912	(3,361,923)	772,658	28,481,842		28,481,842	29,254,500
Bainbridge College Foundation	49,945		248,109	802,809		802,809	1,050,918
Clayton State University Foundation, Inc.	441,405	(4,272,872)	104,382	6,132,591		6,132,591	6,236,973
College of Coastal Georgia Foundation, Inc.	578,550		2,387,314	12,763,027		12,763,027	15,150,341
Columbus State University Alumni Association, Inc.	1,223		(18,413)	347,388		347,388	328,975
Columbus State University Athletic Fund, Inc.	9,035		410,240	1,267,419		1,267,419	1,677,659
Columbus State University Foundation, Inc.	773,046		1,133,158	52,852,799		52,852,799	53,985,957
Dalton State Athletic Club			4,736,770			-	4,736,770
Dalton State College Foundation, Inc.	2,055,613	(124,317)	1,310,048	30,123,760		30,123,760	31,433,808
Darton Boosters, Inc.	120		828,664	554,375		554,375	1,383,039
Darton College Foundation, Inc.	324,118		41,053	4,692,686		4,692,686	4,733,739
East Georgia College Foundation, Inc.	67,188		86,804	984,494		984,494	1,071,298
Fort Valley State University Foundation, Inc.	3,708,378	(2,779,270)	3,834,906	5,380,952		5,380,952	9,215,858
Foundation Properties, Inc.	44,360	(3,122,853)	(416,467)	12,056,982		12,056,982	11,640,515
Georgia Advanced Technology Ventures, Inc.	2,377	(7,367,138)	(3,939,245)	6,637,776		6,637,776	2,698,531
Georgia College & State University Alumni Association, Inc.	59,608		473,549	6,121,853		6,121,853	6,595,402
Georgia College & State University Foundation, Inc. and Subsidiaries	5,060,520	(4,781,532)	7,323,468	5,068,008		5,068,008	12,391,476
Georgia Gwinnett College Foundation, Inc. and Subsidiaries	969,581	(6,661,496)	1,374,543	(4,547,942)		(4,547,942)	(3,173,399)
Georgia Highlands College Foundation, Inc.	187,222		(1,061,090)	2,581,367	613,848	3,195,215	2,134,125
Georgia Perimeter College Foundation, Inc.	171,135	(3,565,689)	(70,017)	4,351,645	8,339,636	12,691,281	12,621,264
Georgia Regents University Research Institute, Inc.	39,959		(111,434)	6,888,428		6,888,428	6,776,994
Georgia Regents University, College of Dental Medicine Faculty Practice Group d/b/a GRU Dental Faculty Practice Group	627,457	(16,076)	403,662	477,140		477,140	880,802
Georgia Southern University Athletic Foundation, Inc.	10,301	(11,336)	3,021,007	5,866,337		5,866,337	8,887,344
Georgia Southern University Foundation, Inc.	5,716,023		4,980,950	45,687,972		45,687,972	50,668,922
Georgia Southern University Housing Foundation, Inc. and Subsidiaries	649,802	(10,932,696)	1,249,558	8,898,470	(771,671)	8,126,799	9,376,357
Georgia Southern University Research and Service Foundation, Inc.	5,603		117,431	1,098,307		1,098,307	1,215,738
Georgia Southwestern Foundation, Inc.	3,074,644	(1,938,917)	1,788,471	26,422,092		26,422,092	28,210,563
Georgia State University Foundation, Inc.	19,158,656	(11,522,784)	22,398,368	173,358,788		173,358,788	195,757,156
Georgia State University Research Foundation, Inc. and Affiliates	2,499,421	(60,865,163)	1,776,587	23,780,540		23,780,540	25,557,127
Georgia Tech Alumni Association			(144,691)	48,607		48,607	(96,084)
Georgia Tech Athletic Association	10,263,328	(13,100,485)	(4,566,030)	73,048,526		73,048,526	68,482,496
Georgia Tech Facilities, Inc.	254,534	(14,049,532)	(4,054,804)	(22,455,972)		(22,455,972)	(26,510,776)
Georgia Tech Foundation, Inc.	151,605,000	(11,298,300)	67,594,000	1,129,473,000		1,129,473,000	1,197,067,000
Georgia Tech Research Corporation	226,446		711,504	45,018,915		45,018,915	45,730,419
Gordon College Foundation, Inc. and Subsidiaries	643,807	(1,462,807)	829,910	9,374,933		9,374,933	10,204,843
Kennesaw State University Foundation, Inc.	3,044,547	(17,170,671)	1,769,706	27,817,023		27,817,023	29,586,729
Macon State College Foundation, Inc. and Subsidiaries	1,824,695		2,006,150	7,696,160		7,696,160	9,702,310
MCG Health Systems, Inc. d/b/a Georgia Regents Health System	57,455,190	(12,633,404)	23,879,867	254,795,399		254,795,399	278,675,266
Medical College of Georgia Foundation, Inc.	28,196,223		20,191,239	134,306,087		134,306,087	154,497,326
Middle Georgia State College Real Estate Foundation, Inc. and Subsidiaries	75		(1,298,993)	11,112,656	2,285,624	13,398,280	12,099,287
Savannah State University Foundation, Inc. and Subsidiaries	1,055,629		5,564,884	95,003		95,003	5,659,887
South Georgia College Foundation, Inc. and Subsidiaries	90,627	(1,447,244)	578,729	3,922,862		3,922,862	4,501,591
Southern Polytechnic Applied Research Corporation			403,340	261,340		261,340	664,680
Southern Polytechnic State University Foundation, Inc.	427,451	(2,179,555)	(628,862)	7,023,450		7,023,450	6,394,588
The Medical College of Georgia Physicians Practice Group Foundation (d/b/a Georgia Regents Medical Associates & Subsidiaries)	5,896,574	(1,295,580)	(10,096,724)	88,907,177		88,907,177	78,810,453
University of Georgia Athletic Assoc., Inc.	563,565	(4,871,343)	2,166,339	186,790,727		186,790,727	188,957,066
University of Georgia Foundation	18,647,153	(342,301)	83,035,126	725,207,303		725,207,303	808,242,429
University of Georgia Research Foundation, Inc.	3,513,640	(12,831,112)	7,119,125	78,395,600		78,395,600	85,514,725
University of North Georgia Foundation - Dahlonga, Inc.	341,051	(6,004,779)	3,660,987	31,217,092		31,217,092	34,878,079
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries	199,328	(6,974,918)	3,171,732	437,568	(412,857)	24,711	3,196,443
University of West Georgia Foundation, Inc.	2,339,669	(2,568,298)	1,614,244	34,999,611		34,999,611	36,613,855
University of West Georgia Real Estate Foundation, Inc.	200,543	(4,797,528)	(1,044,341)	6,729,190	(785,763)	5,943,427	4,899,086
University System of Georgia Foundation, Inc. and Affiliates	539,309	(14,976,859)	3,296,874	8,887,937		8,887,937	12,184,811
Valdosta State University Foundation, Inc.	3,002,459	(294,079)	3,307,963	26,523,776		26,523,776	29,831,739
VSU Auxiliary Services Real Estate Foundation, Inc.	147,764	(8,773,702)	136,775	39,092,873		39,092,873	39,229,648
Walter & Emilie Spivey Foundation		2	377,787	5,938,297		5,938,297	6,316,084
Waycross College Foundation, Inc.	85,999	(63,051)	102,739	1,829,040		1,829,040	1,931,779
Total	\$ 345,162,993	\$ (269,251,675)	\$ 267,967,479	\$ 3,447,834,090	\$ 8,740,571	\$ 3,456,574,661	\$ 3,724,542,140

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UNIVERSITY SYSTEM OF GEORGIA
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
June 30, 2013
UNAUDITED

<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 519,508,952.27
Investments	74,696,501.38
Accounts Receivable	
Federal Financial Assistance	111,437,880.63
Other	195,988,450.95
Margin Allocation	7,404,096.00
Prepaid Expenditures	23,677,175.55
Inventories	5,077,912.15
Other Assets	360,572.48
Total Assets	<u>\$ 938,151,541.41</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities	
Accrued Payroll	\$ 7,453,962.54
Encumbrance Payable	227,847,202.36
Accounts Payable	131,748,991.53
Deferred Revenue	209,212,848.84
Funds Held for Others	86,540.51
Other Liabilities	3,263,913.75
Total Liabilities	<u>\$ 579,613,459.53</u>
<u>FUND BALANCES</u>	
Reserved:	
Capital Outlay	\$ 974,849.20
Department Sales and Services	63,516,813.33
Indirect Cost Recoveries	91,400,713.10
Technology Fees	12,880,364.18
Restricted/Sponsored Funds	112,846,136.36
Uncollectible Accounts Receivable	16,540,801.51
Inventories	3,112,681.70
Tuition Carry - Forward	37,003,330.89
Carry-Over "Per Office of Planning and Budget"	7,026,404.39
Early Retirement Program	7,790,881.20
Excess State Appropriations to be Remitted in Fiscal Year 2014	1,213,807.08
Unreserved	
Unreserved: Surplus	<u>4,231,298.94</u>
Total Fund Balances	<u>\$ 358,538,081.88</u>
Total Liabilities and Fund Balances	<u><u>\$ 938,151,541.41</u></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 is a special purpose framework. A separately issued University System of Georgia Budgetary Compliance Report is available at <http://www.audits.ga.gov/>.

UNIVERSITY SYSTEM OF GEORGIA
BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
State Appropriations			
State General Funds	\$ 1,747,463,827.00	\$ 1,747,463,827.00	\$ -
Non-State Funds	5,161,041,433.00	4,638,521,409.97	(522,520,023.03)
Total Revenue	\$ 6,908,505,260.00	\$ 6,385,985,236.97	\$ (522,520,023.03)
Mandatory and Non-Mandatory Transfers	-	36,927,971.32	36,927,971.32
Prior Year Reserves Available for Expenditure	-	300,816,411.48	300,816,411.48
Total Funds Available	\$ 6,908,505,260.00	\$ 6,723,729,619.77	\$ (184,775,640.23)
EXPENDITURES			
UGA - Forestry Research	14,301,734.00	12,538,182.51	1,763,551.49
UGA - Agricultural Experiment Station	105,974,176.00	78,767,155.36	27,207,020.64
UGA - Athens Tifton Vet Labs	6,578,443.00	5,890,286.79	688,156.21
UGA - Cooperative Extension Service	70,099,782.00	60,074,648.17	10,025,133.83
UGA - Forestry Cooperative Extension	1,326,190.00	932,787.52	393,402.48
UGA - Marine Institute	1,495,203.00	1,312,836.15	182,366.85
UGA - Marine Resources Extension Center	3,299,176.00	2,889,779.83	409,396.17
UGA - Veterinary Medicine Experiment Station	2,470,069.00	2,470,069.00	-
UGA - Veterinary Medicine Teaching Hospital	15,917,009.00	13,237,340.43	2,679,668.57
GT - Enterprise Innovation Institute	20,582,077.00	19,079,638.79	1,502,438.21
GT - Georgia Tech Research Institute	329,209,589.00	301,727,716.61	27,481,872.39
USO - Public Libraries	36,445,836.00	35,317,841.83	1,127,994.17
USO - Regents Central Office	8,102,099.00	8,096,356.70	5,742.30
USO - Medical Collge of Georgia Hospitals and Clinics	28,297,463.00	28,297,463.00	-
USO - Georgia Public Telecommunications Commission	13,370,145.00	13,370,145.00	-
USO - Georgia Radiation Therapy Center	3,625,810.00	3,625,810.00	-
USO - Georgia Military College	2,269,752.00	2,269,752.00	-
SKIO - Skidaway Institute of Oceanography-B	5,902,426.00	5,982,399.67	(79,973.67)
Research Consortium	6,104,447.00	6,104,447.00	-
Special Funding Initiative	18,278,598.00	18,053,952.72	224,645.28
Teaching	6,214,855,236.00	5,772,118,513.59	442,736,722.41
Total Expenditures	\$ 6,908,505,260.00	\$ 6,392,157,122.67	\$ 516,348,137.33
Excess of Funds Available over Expenditures		\$ 331,572,497.10	

UNIVERSITY SYSTEM OF GEORGIA
BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

<u>Beginning Fund Balance July 1, 2012</u>	
Reserved	\$ 324,682,611.95
Unreserved, Undesignated Fund Balance (Surplus) for fiscal year 2012	2,977,784.38
Unreserved, Unreserved Fund Balance (Surplus)	(2,977,784.38)
<u>Adjustments</u>	
Prior Year Payables/Expenditures	5,705,739.29
Prior Year Receivables/Revenues	(2,606,354.98)
Reserved Fund Balance Carried Over from Prior Year as Funds Available	<u>(300,816,411.48)</u>
Ending Fund Balance - June 30, 2013	<u>\$ 358,538,081.88</u>
<u>Summary of Fund Balance</u>	
Reserved	
Capital Outlay	\$ 974,849.20
Department Sales and Services	63,516,813.33
Early Retirement Program	7,790,881.20
Indirect Cost Recovery	91,400,713.10
Inventories	3,112,681.70
Technology Fees	12,880,364.18
Restricted/Sponsored Funds	112,846,136.36
Uncollectible Accounts Receivable	16,540,801.51
Tuition Carry - Forward	37,003,330.89
Carry-Over "Per Office of Planning and Budget"	7,026,404.39
Excess State Appropriations to be Remitted in Fiscal Year 2014	<u>1,213,807.08</u>
Total Reserved	\$ 354,306,782.94
Unreserved	
Surplus	<u>4,231,298.94</u>
Total Fund Balance - June 30, 2013	<u>\$ 358,538,081.88</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 is a special purpose framework. A separately issued University System of Georgia Budgetary Compliance Report is available at <http://www.audits.ga.gov/>.

UNIVERSITY SYSTEM OF GEORGIA
Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

	Original Appropriation	Amended Appropriation	Final Budget	Funds Available Compared to Current Year Revenues
Agricultural Experiment Station				
State Appropriation				
State General Funds	\$ 35,107,005.00	\$ 34,053,795.00	\$ 34,053,795.00	\$ 34,053,795.00
Other Funds	37,552,919.00	37,552,919.00	71,920,381.00	44,877,738.73
Total Agricultural Experiment Station	\$ 72,659,924.00	\$ 71,606,714.00	\$ 105,974,176.00	\$ 78,931,533.73
Athens and Tifton Veterinary Laboratories				
Other Funds	\$ 4,944,522.00	\$ 4,944,522.00	\$ 6,578,443.00	\$ 6,094,529.80
Cooperative Extension Service				
State Appropriation				
State General Funds	\$ 29,467,851.00	\$ 28,583,815.00	\$ 28,583,815.00	\$ 28,583,815.00
Other Funds	25,083,929.00	25,083,929.00	41,515,967.00	32,783,339.46
Total Cooperative Extension Service	\$ 54,551,780.00	\$ 53,667,744.00	\$ 70,099,782.00	\$ 61,367,154.46
Enterprise Innovation Institute (EII)				
State Appropriation				
State General Funds	\$ 7,375,440.00	\$ 7,154,177.00	\$ 7,154,177.00	\$ 7,154,177.00
Other Funds	10,475,000.00	10,475,000.00	13,427,900.00	11,925,040.24
Total Enterprise Innovation Institute (EII)	\$ 17,850,440.00	\$ 17,629,177.00	\$ 20,582,077.00	\$ 19,079,217.24
Forestry Cooperative Extension				
State Appropriation				
State General Funds	\$ 502,786.00	\$ 487,702.00	\$ 487,702.00	\$ 487,702.00
Other Funds	500,000.00	575,988.00	838,488.00	454,283.91
Total Forestry Cooperative Extension	\$ 1,002,786.00	\$ 1,063,690.00	\$ 1,326,190.00	\$ 941,985.91
Forestry Research				
State Appropriation				
State General Funds	\$ 2,579,928.00	\$ 2,502,530.00	\$ 2,502,530.00	\$ 2,502,530.00
Other Funds	8,950,426.00	10,250,426.00	11,799,204.00	9,972,521.23
Total Forestry Research	\$ 11,530,354.00	\$ 12,752,956.00	\$ 14,301,734.00	\$ 12,475,051.23
Georgia Radiation Therapy Center				
Other Funds	\$ 3,625,810.00	\$ 3,625,810.00	\$ 3,625,810.00	\$ 3,625,810.00
Georgia Tech Research Institute				
State Appropriation				
State General Funds	\$ 5,791,631.00	\$ 5,569,382.00	\$ 5,569,382.00	\$ 5,569,382.00
Other Funds	223,917,958.00	223,917,958.00	323,640,207.00	295,862,013.47
Total Georgia Tech Research Institute	\$ 229,709,589.00	\$ 229,487,340.00	\$ 329,209,589.00	\$ 301,431,395.47
Marine Institute				
State Appropriation				
State General Funds	\$ 729,450.00	\$ 707,566.00	\$ 707,566.00	\$ 707,566.00
Other Funds	486,281.00	486,281.00	787,637.00	628,870.08
Total Marine Institute	\$ 1,215,731.00	\$ 1,193,847.00	\$ 1,495,203.00	\$ 1,336,436.08
Marine Resources Extension Center				
State Appropriation				
State General Funds	\$ 1,199,121.00	\$ 1,163,147.00	\$ 1,163,147.00	\$ 1,163,147.00
Other Funds	1,345,529.00	1,345,529.00	2,136,029.00	1,726,783.51
Total Marine Resources Extension Center	\$ 2,544,650.00	\$ 2,508,676.00	\$ 3,299,176.00	\$ 2,889,930.51
Medical College of Georgia Hospital and Clinics				
State Appropriation				
State General Funds	\$ 29,172,642.00	\$ 28,297,463.00	\$ 28,297,463.00	\$ 28,297,463.00
Public Libraries				
State Appropriation				
State General Funds	\$ 32,189,109.00	\$ 31,223,436.00	\$ 31,223,436.00	\$ 31,223,436.00
Other Funds	5,222,400.00	5,222,400.00	5,222,400.00	4,095,599.71
Total Public Libraries	\$ 37,411,509.00	\$ 36,445,836.00	\$ 36,445,836.00	\$ 35,319,035.71

UNIVERSITY SYSTEM OF GEORGIA
Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

Funds Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures	
Prior Year Carry-Over	Adjustments and Program Transfers	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)		
\$ -	\$ -	\$ 34,053,795.00	\$ -	\$ 34,053,795.00	\$ -	\$ -	
17,140,049.31	-	62,017,788.04	(9,902,592.96)	44,713,360.36	27,207,020.64	17,304,427.68	
\$ 17,140,049.31	\$ -	\$ 96,071,583.04	\$ (9,902,592.96)	\$ 78,767,155.36	\$ 27,207,020.64	\$ 17,304,427.68	
\$ 384,259.14	\$ -	\$ 6,478,788.94	\$ (99,654.06)	\$ 5,890,286.79	\$ 688,156.21	\$ 588,502.15	
\$ -	\$ -	\$ 28,583,815.00	\$ -	\$ 28,583,815.00	\$ -	\$ -	
3,172,052.77	-	35,955,392.23	(5,560,574.77)	31,490,833.17	10,025,133.83	4,464,559.06	
\$ 3,172,052.77	\$ -	\$ 64,539,207.23	\$ (5,560,574.77)	\$ 60,074,648.17	\$ 10,025,133.83	\$ 4,464,559.06	
\$ -	\$ -	\$ 7,154,177.00	\$ -	\$ 7,154,176.98	\$ 0.02	\$ 0.02	
421.57	-	11,925,461.81	(1,502,438.19)	11,925,461.81	1,502,438.19	-	
\$ 421.57	\$ -	\$ 19,079,638.81	\$ (1,502,438.19)	\$ 19,079,638.79	\$ 1,502,438.21	\$ 0.02	
\$ -	\$ -	\$ 487,702.00	\$ -	\$ 487,702.00	\$ -	\$ -	
114,005.84	-	568,289.75	(270,198.25)	445,085.52	393,402.48	123,204.23	
\$ 114,005.84	\$ -	\$ 1,055,991.75	\$ (270,198.25)	\$ 932,787.52	\$ 393,402.48	\$ 123,204.23	
\$ -	\$ -	\$ 2,502,530.00	\$ -	\$ 2,502,530.00	\$ -	\$ -	
2,543,151.99	-	12,515,673.22	716,469.22	10,035,652.51	1,763,551.49	2,480,020.71	
\$ 2,543,151.99	\$ -	\$ 15,018,203.22	\$ 716,469.22	\$ 12,538,182.51	\$ 1,763,551.49	\$ 2,480,020.71	
\$ -	\$ -	\$ 3,625,810.00	\$ -	\$ 3,625,810.00	\$ -	\$ -	
\$ -	\$ -	\$ 5,569,382.00	\$ -	\$ 5,569,382.00	\$ -	\$ -	
296,321.14	-	296,158,334.61	(27,481,872.39)	296,158,334.61	27,481,872.39	-	
\$ 296,321.14	\$ -	\$ 301,727,716.61	\$ (27,481,872.39)	\$ 301,727,716.61	\$ 27,481,872.39	\$ -	
\$ -	\$ -	\$ 707,566.00	\$ -	\$ 707,566.00	\$ -	\$ -	
340,204.78	-	969,074.86	181,437.86	605,270.15	182,366.85	363,804.71	
\$ 340,204.78	\$ -	\$ 1,676,640.86	\$ 181,437.86	\$ 1,312,836.15	\$ 182,366.85	\$ 363,804.71	
\$ -	\$ -	\$ 1,163,147.00	\$ -	\$ 1,163,147.00	\$ -	\$ -	
157,031.17	-	1,883,814.68	(252,214.32)	1,726,632.83	409,396.17	157,181.85	
157,031.17	-	3,046,961.68	(252,214.32)	2,889,779.83	409,396.17	157,181.85	
\$ -	\$ -	\$ 28,297,463.00	\$ -	\$ 28,297,463.00	\$ -	\$ -	
\$ -	\$ -	\$ 31,223,436.00	\$ -	\$ 31,222,242.12	\$ 1,193.88	\$ 1,193.88	
-	-	4,095,599.71	(1,126,800.29)	4,095,599.71	1,126,800.29	-	
-	-	35,319,035.71	(1,126,800.29)	35,317,841.83	1,127,994.17	1,193.88	

UNIVERSITY SYSTEM OF GEORGIA
Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

	Original Appropriation	Amended Appropriation	Final Budget	Funds Available Compared to Current Year Revenues
Public Service / Special Funding Initiatives				
State Appropriation				
State General Funds	\$ 18,843,915.00	\$ 18,278,598.00	\$ 18,278,598.00	\$ 18,278,598.00
Regents Central Office				
State Appropriation				
State General Funds	\$ 8,231,266.00	\$ 8,102,099.00	\$ 8,102,099.00	\$ 8,102,099.00
Research Consortium				
State Appropriation				
State General Funds	\$ 6,293,244.00	\$ 6,104,447.00	\$ 6,104,447.00	\$ 6,104,447.00
Skidaway Institute of Oceanography				
State Appropriation				
State General Funds	\$ 1,229,305.00	\$ 1,192,426.00	\$ 1,192,426.00	\$ 1,192,426.00
Other Funds	3,550,000.00	3,650,620.00	4,710,000.00	4,512,153.43
Total Skidaway Institute of Oceanography	\$ 4,779,305.00	\$ 4,843,046.00	\$ 5,902,426.00	\$ 5,704,579.43
Teaching				
State Appropriation				
State General Funds	\$ 1,631,690,795.00	\$ 1,555,517,110.00	\$ 1,555,517,110.00	\$ 1,555,517,110.00
Other Funds	4,018,392,206.00	4,183,908,853.00	4,659,338,126.00	4,210,498,414.42
Total Teaching	\$ 5,650,083,001.00	\$ 5,739,425,963.00	\$ 6,214,855,236.00	\$ 5,766,015,524.42
Veterinary Medicine Experiment Station				
State Appropriation				
State General Funds	\$ 2,546,463.00	\$ 2,470,069.00	\$ 2,470,069.00	\$ 2,470,069.00
Veterinary Medicine Teaching Hospital				
State Appropriation				
State General Funds	\$ 429,039.00	\$ 416,168.00	\$ 416,168.00	\$ 416,168.00
Other Funds	9,621,951.00	9,621,951.00	15,500,841.00	11,464,311.98
Total Veterinary Medicine Teaching Hospital	\$ 10,050,990.00	\$ 10,038,119.00	\$ 15,917,009.00	\$ 11,880,479.98
Payments to Georgia Military College				
State Appropriation				
State General Funds	\$ 2,339,951.00	\$ 2,269,752.00	\$ 2,269,752.00	\$ 2,269,752.00
Payments to Public Telecommunications Commission, Georgia				
State Appropriation				
State General Funds	\$ 12,850,843.00	\$ 13,370,145.00	\$ 13,370,145.00	\$ 13,370,145.00
Total Operating Activity	\$ 6,182,238,715.00	\$ 6,268,126,013.00	\$ 6,908,505,260.00	\$ 6,385,985,236.97

UNIVERSITY SYSTEM OF GEORGIA
Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

Funds Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures	
Prior Year Carry-Over	Adjustments and Program Transfers	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)		
\$ -	\$ -	\$ 18,278,598.00	\$ -	\$ 18,053,952.72	\$ 224,645.28	\$	224,645.28
\$ -	\$ -	\$ 8,102,099.00	\$ -	\$ 8,096,356.70	\$ 5,742.30	\$	5,742.30
\$ -	\$ -	\$ 6,104,447.00	\$ -	\$ 6,104,447.00	\$ -	\$	-
\$ -	\$ -	\$ 1,192,426.00	\$ -	\$ 1,192,425.68	\$ 0.32	\$	0.32
433,089.02	-	4,945,242.45	235,242.45	4,789,973.99	(79,973.99)		155,268.46
\$ 433,089.02	\$ -	\$ 6,137,668.45	\$ 235,242.45	\$ 5,982,399.67	\$ (79,973.67)	\$	155,268.78
\$ 12,405.55	\$ 69,463.21	\$ 1,555,598,978.76	\$ 81,868.76	\$ 1,555,209,622.63	\$ 307,487.37	\$	389,356.13
273,181,390.61	36,858,508.11	4,520,538,313.14	(138,799,812.86)	4,216,908,890.96	442,429,235.04		303,629,422.18
\$ 273,193,796.16	\$ 36,927,971.32	\$ 6,076,137,291.90	\$ (138,717,944.10)	\$ 5,772,118,513.59	\$ 442,736,722.41	\$	304,018,778.31
\$ -	\$ -	\$ 2,470,069.00	\$ -	\$ 2,470,069.00	\$ -	\$	-
\$ -	\$ -	\$ 416,168.00	\$ -	\$ 415,924.79	\$ 243.21	\$	243.21
3,042,028.59	-	14,506,340.57	(994,500.43)	12,821,415.64	2,679,425.36		1,684,924.93
\$ 3,042,028.59	\$ -	\$ 14,922,508.57	\$ (994,500.43)	\$ 13,237,340.43	\$ 2,679,668.57	\$	1,685,168.14
\$ -	\$ -	\$ 2,269,752.00	\$ -	\$ 2,269,752.00	\$ -	\$	-
\$ -	\$ -	\$ 13,370,145.00	\$ -	\$ 13,370,145.00	\$ -	\$	-
\$ 300,816,411.48	\$ 36,927,971.32	\$ 6,723,729,619.77	\$ (184,775,640.23)	\$ 6,392,157,122.67	\$ 516,348,137.33	\$	331,572,497.10

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Period as Funds Available	Return of Fiscal Year 2012 Surplus	Prior Period Adjustments
Agricultural Experiment Station				
State Appropriation				
State General Funds	\$ 28,814.60	\$ -	\$ (28,814.60)	\$ 46,558.28
Other Funds	17,140,049.31	(17,140,049.31)	-	19,123.88
Total Agricultural Experiment Station	\$ 17,168,863.91	\$ (17,140,049.31)	\$ (28,814.60)	\$ 65,682.16
Athens and Tifton Veterinary Laboratories				
Other Funds	\$ 384,259.14	\$ (384,259.14)	\$ -	\$ 138.03
Cooperative Extension Service				
State Appropriation				
State General Funds	\$ 8,523.42	\$ -	\$ (8,523.42)	\$ 4,595.59
Other Funds	3,172,052.77	(3,172,052.77)	-	135,677.95
Total Cooperative Extension Service	\$ 3,180,576.19	\$ (3,172,052.77)	\$ (8,523.42)	\$ 140,273.54
Enterprise Innovation Institute (EII) Development Institute				
State Appropriation				
State General Funds	\$ 8.60	\$ -	\$ (8.60)	\$ -
Other Funds	421.57	(421.57)	-	-
Total Enterprise Innovation Institute (EII) Development Institute	\$ 430.17	\$ (421.57)	\$ (8.60)	\$ -
Forestry Cooperative Extension				
State Appropriation				
State General Funds	\$ -	\$ -	\$ -	\$ -
Other Funds	114,005.84	(114,005.84)	-	495.62
Total Forestry Cooperative Extension	\$ 114,005.84	\$ (114,005.84)	\$ -	\$ 495.62
Forestry Research				
State Appropriation				
State General Funds	\$ 8,415.15	\$ -	\$ (8,415.15)	\$ 382.13
Other Funds	2,543,151.99	(2,543,151.99)	-	5,947.48
Total Forestry Research	\$ 2,551,567.14	\$ (2,543,151.99)	\$ (8,415.15)	\$ 6,329.61
Georgia Radiation Therapy Center				
Other Funds	\$ -	\$ -	\$ -	\$ -
Georgia Tech Research Institute				
State Appropriation				
State General Funds	\$ 3,069.00	\$ -	\$ (3,069.00)	\$ 1,369.71
Other Funds	296,321.14	(296,321.14)	-	-
Total Georgia Tech Research Institute	\$ 299,390.14	\$ (296,321.14)	\$ (3,069.00)	\$ 1,369.71
Marine Institute				
State Appropriation				
State General Funds	\$ -	\$ -	\$ -	\$ -
Other Funds	340,204.78	(340,204.78)	-	0.01
Total Marine Institute	\$ 340,204.78	\$ (340,204.78)	\$ -	\$ 0.01
Marine Resources Extension Center				
State Appropriation				
State General Funds	\$ 2,421.33	\$ -	\$ (2,421.33)	\$ 933.56
Other Funds	157,031.17	(157,031.17)	-	1,928.46
Total Marine Resources Extension Center	\$ 159,452.50	\$ (157,031.17)	\$ (2,421.33)	\$ 2,862.02
Medical College of Georgia Hospital and Clinics				
State Appropriation				
State General Funds	\$ -	\$ -	\$ -	\$ -
Public Libraries				
State Appropriation				
State General Funds	\$ 595.43	\$ -	\$ (595.43)	\$ -
Other Funds	-	-	-	-
Total Public Libraries	\$ 595.43	\$ -	\$ (595.43)	\$ -

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

Other Adjustments	Excess (Deficiency) of Funds Available Over/(Under) Expenditures		Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
\$ -	\$ -	\$ 46,558.28	\$ -	\$ 46,558.28	\$ 46,558.28	\$ 46,558.28
(3,828.90)	17,304,427.68	\$ 17,319,722.66	\$ 17,319,722.66	-	-	17,319,722.66
\$ (3,828.90)	\$ 17,304,427.68	\$ 17,366,280.94	\$ 17,319,722.66	\$ 46,558.28	\$ 17,366,280.94	\$ 17,366,280.94
\$ -	\$ 588,502.15	\$ 588,640.18	\$ 588,640.18	\$ -	\$ 588,640.18	\$ 588,640.18
\$ -	\$ -	\$ 4,595.59	\$ -	\$ 4,595.59	\$ 4,595.59	\$ 4,595.59
(484.29)	4,464,559.06	\$ 4,599,752.72	\$ 4,599,752.72	-	-	4,599,752.72
\$ (484.29)	\$ 4,464,559.06	\$ 4,604,348.31	\$ 4,599,752.72	\$ 4,595.59	\$ 4,604,348.31	\$ 4,604,348.31
\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ 0.02
-	-	-	-	-	-	-
\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ 0.02
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	123,204.23	\$ 123,699.85	\$ 123,699.85	-	-	123,699.85
\$ -	\$ 123,204.23	\$ 123,699.85	\$ 123,699.85	\$ -	\$ 123,699.85	\$ 123,699.85
\$ -	\$ -	\$ 382.13	\$ -	\$ 382.13	\$ 382.13	\$ 382.13
-	2,480,020.71	\$ 2,485,968.19	\$ 2,485,968.19	-	-	2,485,968.19
\$ -	\$ 2,480,020.71	\$ 2,486,350.32	\$ 2,485,968.19	\$ 382.13	\$ 2,486,350.32	\$ 2,486,350.32
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 1,369.71	\$ -	\$ 1,369.71	\$ 1,369.71	\$ 1,369.71
-	-	-	-	-	-	-
\$ -	\$ -	\$ 1,369.71	\$ -	\$ 1,369.71	\$ 1,369.71	\$ 1,369.71
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	363,804.71	\$ 363,804.72	\$ 363,804.72	-	-	363,804.72
\$ -	\$ 363,804.71	\$ 363,804.72	\$ 363,804.72	\$ -	\$ 363,804.72	\$ 363,804.72
\$ -	\$ -	\$ 933.56	\$ -	\$ 933.56	\$ 933.56	\$ 933.56
155.00	157,181.85	\$ 159,265.31	\$ 159,265.31	-	-	159,265.31
\$ 155.00	\$ 157,181.85	\$ 160,198.87	\$ 159,265.31	\$ 933.56	\$ 160,198.87	\$ 160,198.87
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 1,193.88	\$ 1,193.88	\$ -	\$ 1,193.88	\$ 1,193.88	\$ 1,193.88
-	-	-	-	-	-	-
\$ -	\$ 1,193.88	\$ 1,193.88	\$ -	\$ 1,193.88	\$ 1,193.88	\$ 1,193.88

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Period as Funds Available	Return of Fiscal Year 2012 Surplus	Prior Period Adjustments
Public Service / Special Funding Initiatives				
State Appropriation				
State General Funds	\$ 83,267.31	\$ -	\$ (83,267.31)	\$ 19,220.70
Regents Central Office				
State Appropriation				
State General Funds	\$ -	\$ -	\$ -	\$ -
Research Consortium				
State Appropriation				
State General Funds	\$ 28,560.65	\$ -	\$ (28,560.65)	\$ -
Skidaway Institute of Oceanography				
State Appropriation				
State General Funds	\$ 0.32	\$ -	\$ (0.32)	\$ -
Other Funds	440,524.58	(433,089.02)	(7,435.56)	-
Total Skidaway Institute of Oceanography	\$ 440,524.90	\$ (433,089.02)	\$ (7,435.88)	\$ -
Teaching				
State Appropriation				
State General Funds	\$ 979,622.75	\$ (12,405.55)	\$ (967,217.20)	\$ 1,712,822.78
Other Funds	275,015,412.96	(273,181,390.61)	(1,834,022.35)	1,162,029.95
Total Teaching	\$ 275,995,035.71	\$ (273,193,796.16)	\$ (2,801,239.55)	\$ 2,874,852.73
Veterinary Medicine Experiment Station				
State Appropriation				
State General Funds	\$ 847.22	\$ -	\$ (847.22)	\$ 668.60
Veterinary Medicine Teaching Hospital				
State Appropriation				
State General Funds	\$ 4,586.24	\$ -	\$ (4,586.24)	\$ (243.21)
Other Funds	3,042,028.59	(3,042,028.59)	-	(12,265.21)
Total Veterinary Medicine Teaching Hospital	\$ 3,046,614.83	\$ (3,042,028.59)	\$ (4,586.24)	\$ (12,508.42)
Payments to Georgia Military College				
State Appropriation				
State General Funds	\$ -	\$ -	\$ -	\$ -
Payments to Public Telecommunications Commission, Georgia				
State Appropriation				
State General Funds	\$ -	\$ -	\$ -	\$ -
Total Operating Activity	\$ 303,794,195.86	\$ (300,816,411.48)	\$ (2,977,784.38)	\$ 3,099,384.31
Prior Year Reserves Not Available for Expenditure				
Inventories	3,063,613.25			
Uncollectible Accounts Receivable	13,028,150.69			
Early Retirement Program (Georgia Regents University)	7,774,436.53			
Budget Unit Totals	\$ 327,660,396.33	\$ (300,816,411.48)	\$ (2,977,784.38)	\$ 3,099,384.31

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

Other Adjustments	Excess (Deficiency) of Funds Available Over/(Under) Expenditures		Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
\$ -	\$ 224,645.28	\$	243,865.98	\$ -	\$ 243,865.98	\$ 243,865.98
\$ -	\$ 5,742.30	\$	5,742.30	\$ -	\$ 5,742.30	\$ 5,742.30
\$ -	\$ -	\$	-	\$ -	\$ -	\$ -
\$ -	\$ 0.32	\$	0.32	\$ -	\$ 0.32	\$ 0.32
-	155,268.46	\$	155,268.46	147,832.90	7,435.56	155,268.46
\$ -	\$ 155,268.78	\$	155,268.78	\$ 147,832.90	\$ 7,435.88	\$ 155,268.78
\$ 12,842.84	\$ 389,356.13	\$	2,115,021.75	\$ 107,621.92	\$ 2,007,399.83	\$ 2,115,021.75
(3,556,272.94)	303,629,422.18		301,235,179.19	299,324,026.01	1,911,153.18	301,235,179.19
\$ (3,543,430.10)	\$ 304,018,778.31	\$	303,350,200.94	\$ 299,431,647.93	\$ 3,918,553.01	\$ 303,350,200.94
\$ -	\$ -	\$	668.60	\$ -	\$ 668.60	\$ 668.60
\$ -	\$ 243.21	\$	-	\$ -	\$ -	\$ -
(30,575.65)	1,684,924.93	\$	1,642,084.07	1,642,084.07	-	1,642,084.07
\$ (30,575.65)	\$ 1,685,168.14	\$	1,642,084.07	\$ 1,642,084.07	\$ -	\$ 1,642,084.07
\$ -	\$ -	\$	-	\$ -	\$ -	\$ -
\$ -	\$ -	\$	-	\$ -	\$ -	\$ -
\$ (3,578,163.94)	\$ 331,572,497.10	\$	331,093,717.47	\$ 326,862,418.53	\$ 4,231,298.94	\$ 331,093,717.47
49,068.45			3,112,681.70	3,112,681.70		3,112,681.70
3,512,650.82			16,540,801.51	16,540,801.51		16,540,801.51
16,444.67			7,790,881.20	7,790,881.20		7,790,881.20
\$ 0.00	\$ 331,572,497.10	\$	358,538,081.88	\$ 354,306,782.94	\$ 4,231,298.94	\$ 358,538,081.88

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
BUDGET FUNDS
Year Ended June 30, 2013
UNAUDITED

	Reserved	Surplus	Total Fund Balance
Summary of Ending Fund Balance			
Reserved			
Capital Outlay	\$ 974,849.20		\$ 974,849.20
Departmental Sales and Services	63,516,813.33		63,516,813.33
Indirect Cost Recovery	91,400,713.10		91,400,713.10
Technology Fees	12,880,364.18		12,880,364.18
Restricted/Sponsored Funds	112,846,136.36		112,846,136.36
Property Reserves	7,026,404.39		7,026,404.39
Tuition Carry-Forward	37,003,330.89		37,003,330.89
Uncollectible Accounts Receivable	16,540,801.51		16,540,801.51
Inventories	3,112,681.70		3,112,681.70
Early Retirement Program	7,790,881.20		7,790,881.20
Excess State Appropriations to be Remitted in FY 2014	1,213,807.08		1,213,807.08
Unreserved			
Surplus		4,213,298.94	4,213,298.94
Total Ending Fund Balance - June 30, 2013	\$ 354,306,782.94	\$ 4,213,298.94	\$ 358,520,081.88

Actual amounts were prepared based on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework. This report was prepared using a comprehensive basis of accounting other than generally accepted accounting principles. A separately issued University System of Georgia Budgetary Compliance Report is available at <http://www.audits.ga.gov/>.

University System of Georgia

Financial Statement Findings

June 30, 2013

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:

Southern Polytechnic State University

FS-550-13-01

FS-550-13-02

FS-550-13-03

Valdosta State University

FS-551-13-01

Detailed information on these findings is available in the individual college or university report for the fiscal year ended June 30, 2013 located at <http://www.audits.ga.gov>.

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