



UNIVERSITY SYSTEM OF GEORGIA

Fiscal Year **2016**

# ANNUAL FINANCIAL REPORT



AUGUSTA  
UNIVERSITY





**UNIVERSITY SYSTEM OF GEORGIA**

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# **UNIVERSITY SYSTEM OF GEORGIA**



# INTRODUCTORY SECTION



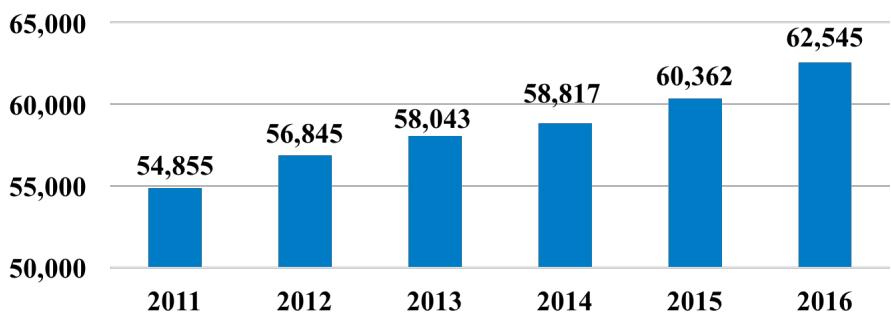
UNIVERSITY SYSTEM OF GEORGIA



## Advancing the College Completion Mission

In 2011, Governor Nathan Deal announced the Complete College Georgia initiative to increase the number of Georgians with a college degree. Within the next decade, approximately 60 percent of the jobs in Georgia will require some level of college. Currently, 47 percent of the workforce meets this requirement; however, through Complete College Georgia the University System of Georgia is increasing the number of graduates annually. In 2016, the USG awarded more than 62,000 degrees, which is a 14 percent increase in the number of graduates in 2011.

Number of Degrees Awarded from 2011 to 2016



**Kiplinger**

*Georgia is one of only three states that has two institutions in the top 10 list of Kiplinger's Best College Values for public colleges.*





## Stewarding Resources to Better Serve Students, Faculty and Staff

### **Consolidating Institutions to Better Serve Students**

The primary driver behind campus consolidations is to serve students better. Since 2011, the USG has reduced the number of institutions from 35 to 29 and reinvested the savings to expand academic programs and increase support for students. Across the USG, consolidation has saved more than \$21 million in administrative costs, and enabled institutions to serve students better by investing those savings into programs to promote student success.

### **Athletics Funding and Capped Student Fees**

To limit the costs of athletics for students at the state's public colleges and universities, the USG set guidelines on the amount of money from student fees and tuition that can go toward athletic programs.

The policy also includes a 5 percent cap on the annual growth of an institution's athletic expenses.

### **Expanding the Use of Free eTextbooks**

The USG has become a national leader in cutting the costs of textbooks. The USG now offers 29 core courses online through eCore, and for students who enroll in an eCore class many of the textbooks are free.

The USG's eTextbook efforts have received national attention. The USG was recently ranked No. 1 by Rice University for saving students the most money of any school or school system by providing free textbooks worth more than \$3.5 million in 2016.



## Providing More Support and Access for Students

### Providing Additional Learning Support for Students

USG institutions previously provided introductory courses in math and English, called “remedial” courses, for students who needed extra support. These courses did not count for credit towards a degree. Today, the USG offers these introductory classes in combination with core courses that now count toward graduation and provide substantial additional support for students.

### Early Advising for Students

USG institutions are now using an early alert system to indicate when students may be off track to graduate. When an institution gets the signal a student may need extra help, counselors are able to proactively

provide the assistance a student may need to successfully get through a course and back on track to a degree.

### Clear Paths to Graduation

USG institutions are also providing clear “degree roadmaps” for majors showing students the courses they need to take to reach graduation. Students avoid spending time and money in courses that do not count toward their degree.

Both initiatives are having a major impact on students: they are graduating in a shorter timeframe and, as a result, saving money by avoiding extra semesters.



## Making College More Accessible and Providing Greater Support for Students

### Fifteen to Finish

Through an effort called “15 to Finish,” on-campus advisors encourage students to take 15 credit hours a semester, thus shortening the time it takes to graduate. The USG has seen average student course loads increase. For instance, at Augusta University the portion of freshmen taking 15 or more credit hours has increased from 8 percent to nearly 85 percent.

### Opening Courses for High School Students

The USG is experiencing tremendous growth with “Move On When Ready,” an opportunity for high school students to earn college credit while still in high school. This fall, the USG had more than 10,000 high school students enrolled. This is more than a 30 percent increase from 2015.

### Serving Student Veterans

The USG has increased the ways in which it serves those who have served the country. Campus military outreach and student veteran resource centers have opened and expanded dedicated spaces for veterans. The USG now has 33 dedicated spaces, across campuses, for veterans to get the specific support and resources they may need and want.

In 2016, the USG had five institutions named on the *Military Times*’ annual, nationwide ranking of four-year institutions that are known as “Best for Vets;” two USG institutions were named in the top 10.



*According to U.S. News and World Report’s Top Public Schools ranking, Georgia is one of only three states that has two public universities or more ranked in the top 20 in the nation.*

### Expanding Online Courses (USG eCore, eMajor and eCampus)

The USG is expanding access to public higher education through online courses. As of Fall Semester 2016, the USG is offering over 6,200 online courses for undergraduate programs compared to six years ago when the USG offered only 1,500 online courses.





## Promoting Campus Safety and Security

### Campus Safety

In May 2015, the University System Campus Safety Committee recommended safety initiatives for all USG institutions. The accepted recommendations included mandatory USG-led training and centralized implementation, oversight of campus safety policies, procedures and requirements.

Implemented best practices across the USG include required education and training for the campus community, commitment to clear and consistent policies and procedures, and mandating systemwide accountability.

With campus safety a top priority, USG institutions are increasing campus police officer staffing levels by 6 percent, an

are adding more than 50 Peace Officers Standards and Training certified officer in Fiscal Year 2017. All USG campuses will have campus safety committees.

### Systemwide Alcohol and Substance Abuse Initiative

Recognizing the risks alcohol and substance abuse pose to campus safety and our students' well-being, the USG began offering students a course called Alcohol Edu, which is designed to educate students about the risks of alcohol and substance abuse. This fall, 95 percent of USG campuses provided news students with the Alcohol Edu course – an increase of 66 percent from the previous year.



# **UNIVERSITY SYSTEM OF GEORGIA**





**BOARD OF REGENTS OF  
THE UNIVERSITY SYSTEM OF GEORGIA**

SHELLEY C. NICKEL  
EXECUTIVE VICE CHANCELLOR FOR STRATEGY & FISCAL AFFAIRS  
270 WASHINGTON STREET, S.W.  
ATLANTA, GEORGIA 30334

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SHELLEY.NICKEL@USG.EDU

February 20, 2017

Chancellor Steve Wrigley  
Board of Regents  
University System of Georgia

Dear Chancellor Wrigley:

We are pleased to present to you the Annual Financial Report of the University System of Georgia for the year ended June 30, 2016. The report provides financial information about the University System of Georgia's operations during the year and describes its financial position at the end of the fiscal year.

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

State law, Federal guidelines, bond covenants and the by-laws of the Board of Regents require that the accounting and financial records of the University System of Georgia be audited each year. The Georgia Department of Audits and Accounts has performed the audit for fiscal 2016 and has issued an unmodified opinion, the most favorable outcome of the audit process. The State Auditor's report is located at the beginning of the financial section.

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

Respectfully submitted,

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

*"Creating A More Educated Georgia"*  
[www.usg.edu](http://www.usg.edu)



# Board of Regents

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*University System of Georgia*

# FINANCIAL SECTION



UNIVERSITY SYSTEM OF GEORGIA



## DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

**Kristina Turner**  
DIRECTOR  
(404) 657-4352

February 20, 2017

Honorable Nathan Deal, Governor  
Members of the General Assembly of Georgia  
Members of the Board of Regents of the  
University System of Georgia  
and  
Dr. Steve Wrigley, 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, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units of the University System of Georgia (USG), which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the USG's basic financial statements as listed in the table of contents.

#### ***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 opinions on these financial statements based on our audit. We did not audit the financial statements of Georgia Southern University Housing Foundation Inc., University of West Georgia Real Estate Foundation, Inc., and VSU Auxiliary Service Real Estate Foundation, Inc., which are major funds and collectively represent 0.65% of total assets and deferred outflows and 0.07% of total revenues of the USG's business-type activities. Additionally, we did not audit the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the above mentioned entities, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 USG'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 USG's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, the aggregate remaining fund information, and the aggregate discretely presented component units of the University System of Georgia as of June 30, 2016, and the respective changes in financial position and, where applicable, 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 USG are intended to present the financial position and changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, major funds, the aggregate remaining fund information and the aggregate discretely presented component units of the State of Georgia that are attributable to the transactions of the USG. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2016, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As described in Note 1 to the financial statements, in 2016, the USG adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the USG restated beginning balances resulting from the correction of accounting errors that occurred in the prior period. Our opinions are not modified with respect to this matter.

Also as described in Note 1 to the financial statements, the component unit financial statements have been restated due to various changes in accounting principles. Our opinions are not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14 through 24 and the Schedule of Contributions for Defined Benefit Pension Plans, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employers' and Nonemployers' Net Pension Liability, Schedule of Changes in Net Pension Liability, Schedule of Investment Returns, Notes to Required Supplementary Information and Schedule

of Funding Progress and Employer Contributions for Other Postemployment Benefits on pages 144 through 150 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 inquiries 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the USG. 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, 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.

The information noted as "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Respectfully,

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

Greg S. Griffin  
State Auditor

# Management's Discussion and Analysis

## Introduction

The mission of the University System of Georgia (USG) is achieved through the collective missions of our state's public colleges and universities. The role of public higher education in Georgia is to create a more educated Georgia that is prepared for the knowledge-based and global economy by increasing degree completion, ensuring academic excellence, spurring research and creativity, driving business creation, and making effective and efficient use of resources. USG institutions are committed to maximizing resources and strengthening educational partnerships to ensure that Georgians have a seamless educational system that is both affordable and of the highest quality. The USG maintains its longstanding commitment to collegiate access, affordability, and value.

This discussion and analysis provides a summary of the financial position of the USG for the fiscal year ending June 30, 2016. It will provide the user with an overview of how the USG utilized its resources in pursuit of its primary goals of instruction, research and public service.

The Board of Regents and Chancellor Steve Wrigley are charged with the leadership of the twenty-nine institutions of the USG. The USG continues to prosper, as is demonstrated by the following information:

	STUDENT HEADCOUNT	STUDENT FTE
FY2016	318,164	280,731
FY2015	312,936	276,891
FY2014	309,469	274,449

## State Resources

The General Appropriations Act of 2016 (House Bill 76), as amended by House Bill 750, appropriated a total of \$2,025,395,691 to the USG.

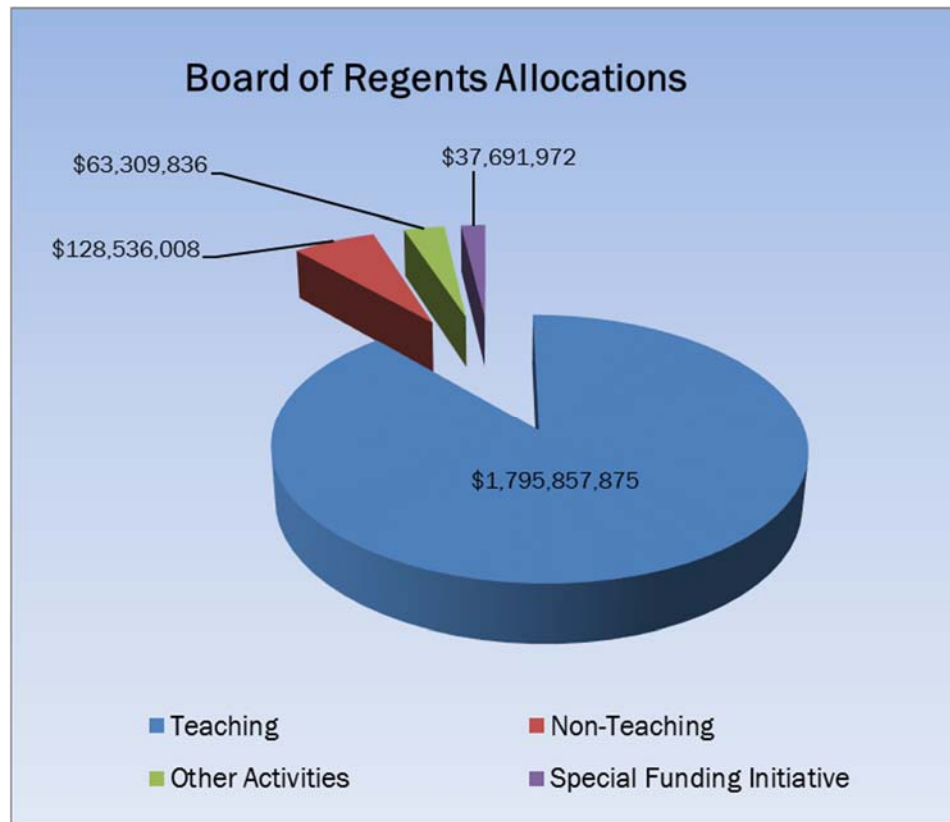
The following table presents the state appropriations available to the USG from the General Appropriations Act of 2016, as amended:

STATE APPROPRIATIONS AVAILABLE - GENERAL APPROPRIATIONS ACT OF 2016		
House Bill 76		
General State Funds		\$ 2,020,395,691
House Bill 750		
General State Funds		5,000,000
Total State Appropriations Per Appropriations Act - University System of Georgia		\$ 2,025,395,691

The following table presents the Fiscal Year 2016 allocations by the Board of Regents to the USG institutions:

ALLOCATIONS BY THE BOARD OF REGENTS	
Education and General	
Teaching	\$ 1,795,857,875
Non-Teaching	128,536,008
Other Activities	
Regents Central Office	\$ 11,894,954
Rental Payments - GA Military College	3,547,852
GA Public Telecommunications Commission	14,997,510
GA Public Libraries	32,869,520
Total Other Activities	63,309,836
Special Initiative Funding	37,691,972
Total Education and General	\$ 2,025,395,691
Net State Appropriations Available to the University System of Georgia	\$ 2,025,395,691

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



### Overview of the Financial Statements and Financial Analysis

The USG is proud to present its consolidated financial statements for fiscal year 2016. These statements contain information from the twenty-nine institutions of the USG, the University System Office (USO), the Georgia Southern University Housing Foundation, Inc., the UWG Real Estate Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc. In fiscal year 2016, the Georgia Southern University Housing Foundations, Inc., the UWG Real Estate Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., blended component units of the State of Georgia, have been included as separate enterprise funds since these foundations have been determined to be essential to the fair presentation to

these departmental statements. Fiscal year 2015 comparative data does not include these blended component units. Each USG institution and blended component unit have prepared separate annual financial reports that are available upon request.

Although condensed operations and financial position data for fiscal year 2015 are presented in this section in order to illustrate certain increases and decreases, the emphasis of discussions about these statements will be on current year data. There are three consolidated financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

This discussion and analysis provides an overview of the financial activities for the year. Comparative data is provided for fiscal year 2016 and fiscal year 2015. However, the comparative data for fiscal year 2015 does not reflect the effects of the restatement of July 1, 2015 net position. This restatement is predominately related to inclusion of the State of Georgia's blended component units that were determined essential to these departmental statements in a increase to beginning Net Position at July 1, 2015 of \$51,842,179. In addition, the University System of Georgia increased Net Position for net corrections of prior year errors of \$5,405,812. See Note 1 – Restatement for additional information.

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

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

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

Finally, the Supplementary Information section includes selected information by USG institution, affiliated organizations and USG consolidated financial statements presented on a statutory/budget basis.

This discussion and analysis of the USG's consolidated financial statements provides an overview of its financial activities for the fiscal year. Further information is provided by comparative data for fiscal 2016 and 2015.

### ***Statement of Net Position***

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



expense and liability recognition when goods or services are received despite when cash is actually exchanged.

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

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

The USG's financial position at June 30, 2016 is very strong, with total assets of \$12.227 billion, deferred outflows of \$349 million, total liabilities of \$8.699 billion, deferred inflows of \$771 million, and net position of \$3.106 billion.

### ***Assets and Deferred Outflows***

Total assets and deferred outflows of the USG in fiscal 2016 were approximately \$431 million more than those reported for fiscal 2015. A review of the Statement of Net Position will reveal that the increase was due in part to the inclusion of the State of Georgia's blended component units with total assets of \$60 million, after elimination of interfund capital lease activity and deferred outflows of resources of \$21 million. Although most asset and deferred outflow categories had marginal increases during the year, the other areas with significant growth were cash & cash equivalents and investments, accounts receivable, prepaid assests, capital assets, and deferred loss on defined benefit pension plan. The \$65 million increase in cash & cash equivalents and investments is primarily attributable to increased investments in the Board of Regents' pooled investments program, including the reporting of the Diversified Fund for Foundations in FY 2016. The \$112 million increase in Accounts Receivable is primarily due to a Service Concession Agreement transaction related to USG housing projects. The \$22 million increase in prepaid assests was primarily related to unamortized software expense. The \$59 million increase in capital assets was primarily related to major building additions as discussed in the capital asset section. The increase in deferred loss on defined benefit pension plan was \$89 million and is based on actuarial estimates.

### ***Liabilities and Deferred Inflows***

Total liabilities and deferred inflows for fiscal 2016 were approximately \$204 million more than those reported for fiscal 2015. The inclusion of the State of Georgia's blended component units attributed to an increase of \$30 million while the remaining change related primarily to an increase in net OPEB liability of \$192 million, an increase in net pension liability of \$417 million and a decrease in deferred gain on defined benefit pension plan of \$399 million.

## Net Position

The combination of the increase in total assets and deferred outflows of \$431 million and the increase in total liabilities and deferred inflows of \$204 million yielded a net increase in total net position of \$227 million or 8%.

The following table summarizes the USG's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2016 and June 30, 2015.

CONDENSED STATEMENT OF NET POSITION (in millions)			
	June 30, 2016	June 30, 2015	% Change
<b>ASSETS</b>			
Current Assets	\$ 2,182	\$ 1,957	11.5%
Capital Assets, Net	9,715	9,654	0.6%
Other Assets	330	296	11.5%
<b>TOTAL ASSETS</b>	<b>\$ 12,227</b>	<b>\$ 11,907</b>	<b>2.7%</b>
<b>DEFERRED OUTFLOWS</b>	<b>\$ 349</b>	<b>\$ 238</b>	<b>46.6%</b>
<b>LIABILITIES</b>			
Current Liabilities	\$ 858	\$ 876	-2.1%
Non-Current Liabilities	7,841	7,325	7.0%
<b>TOTAL LIABILITIES</b>	<b>\$ 8,699</b>	<b>\$ 8,201</b>	<b>6.1%</b>
<b>DEFERRED INFLOWS</b>	<b>\$ 771</b>	<b>\$ 1,065</b>	<b>-27.6%</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 6,429	\$ 6,314	1.8%
Restricted, Non-Expendable	181	181	0.0%
Restricted, Expendable	258	322	-19.9%
Unrestricted	(3,762)	(3,938)	4.5%
<b>TOTAL NET POSITION</b>	<b>\$ 3,106</b>	<b>\$ 2,879</b>	<b>7.9%</b>

## Statement of Revenues, Expenses and Changes in Net Position

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

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

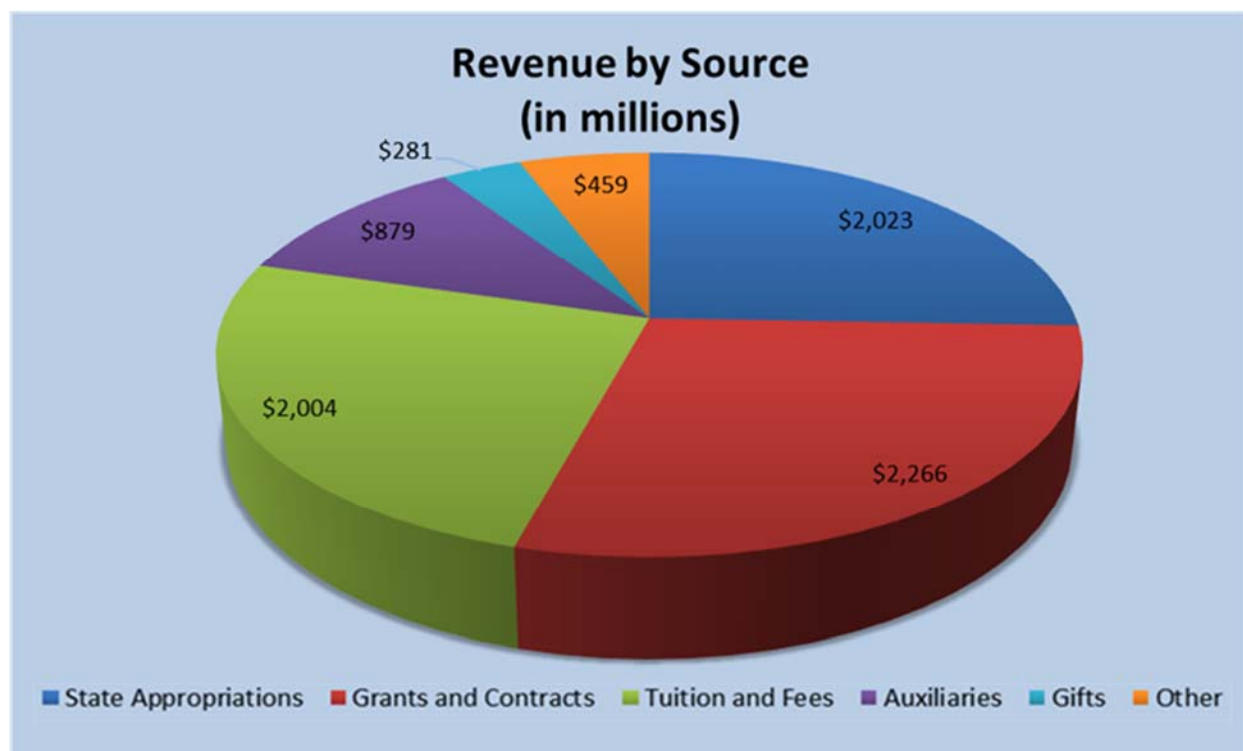
Some highlights of the information presented on the Statement of Revenues, Expenses and Changes in Net Position are as follows:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in millions)	June 30, 2016	June 30, 2015	% Change
Operating Revenue	\$ 4,942	\$ 4,704	5.1%
Operating Expense	7,563	7,452	1.5%
<b>Operating Income/Loss</b>	<b>\$ (2,621)</b>	<b>\$ (2,748)</b>	<b>4.6%</b>
Non-Operating Revenue and Expense	\$ 2,574	\$ 2,487	3%
<b>Income (Loss) before Other Revenues, Expenses, Gains, or Losses</b>	<b>\$ (47)</b>	<b>\$ (261)</b>	<b>82.0%</b>
Other Revenues, Expenses, Gains, Losses and Special Items	\$ 216	\$ 385	-43.9%
<b>Increase in Net Position</b>	<b>\$ 169</b>	<b>\$ 124</b>	<b>36.3%</b>
Net Position at beginning of year, restated	\$ 2,937	\$ 2,755	6.6%
<b>Net Position at End of Year</b>	<b>\$ 3,106</b>	<b>\$ 2,879</b>	<b>7.9%</b>

### Revenues

State appropriations increased \$81 million (4.2%) in fiscal 2016. Grants and contracts revenue increased \$100 million in fiscal 2016. Tuition and fee revenues, net increased \$139 million (7.5%) in fiscal 2016 when compared with fiscal 2015 due to enrollment increases and tuition and fee increases across the USG institutions as approved by the Board of Regents of the University System of Georgia.

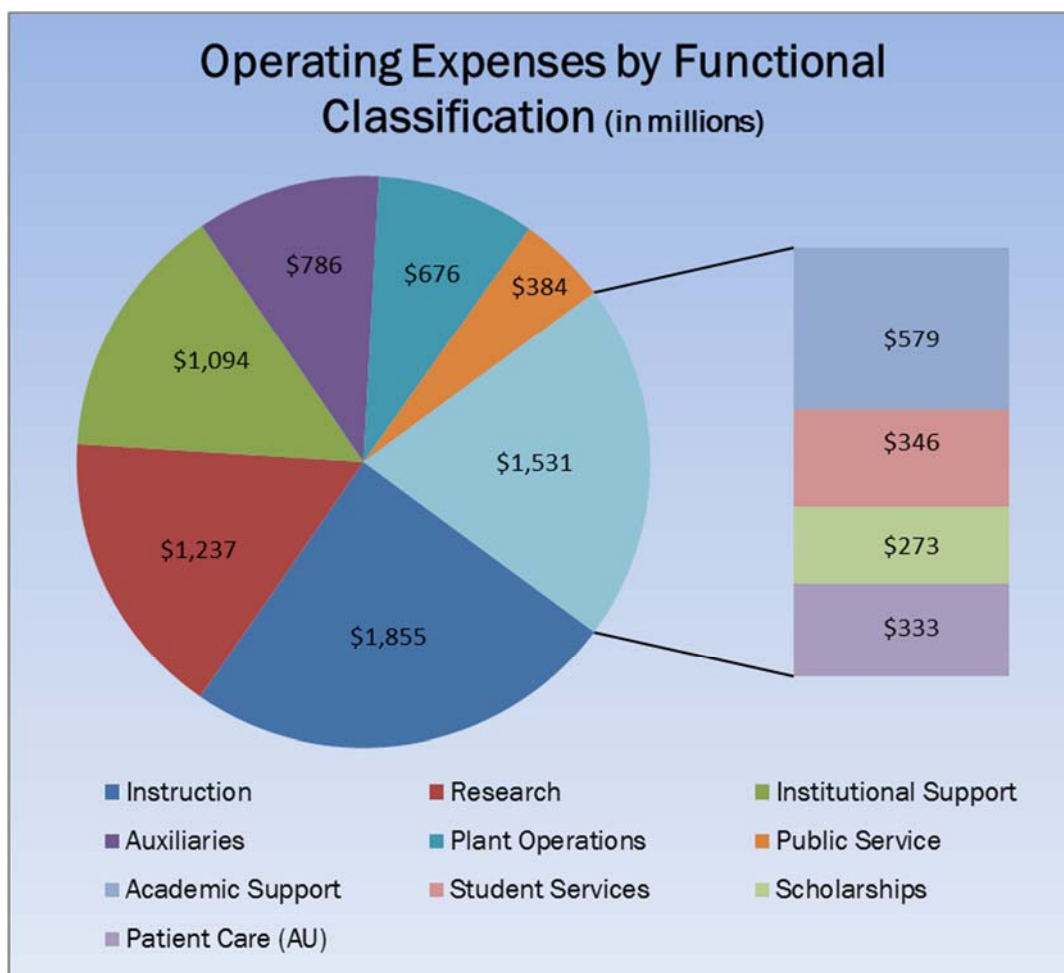
Revenue by source (state appropriations, grants and contracts, tuition and fees, auxiliaries, gifts and other sources) is depicted by the following chart:



## Expenses

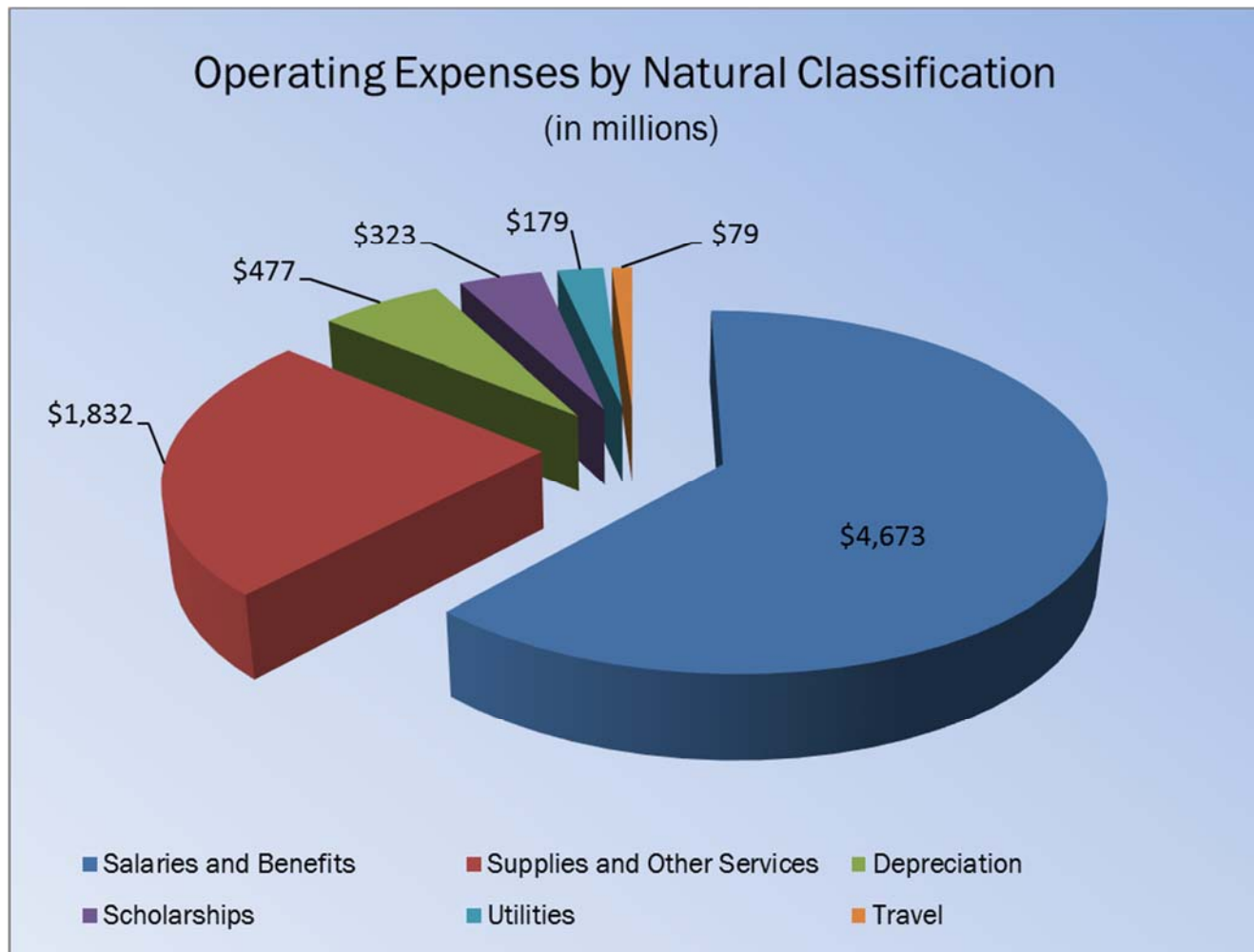
Total operating expenses were \$7,563 billion in fiscal 2016, an increase of \$110 million (1.4%) when compared with fiscal 2015. These increases are primarily attributable to the following functional classifications: Research (\$18 million); Auxiliaries (\$20 million); Academic Support (\$19 million); Student Services (\$13 million); Institutional Support (\$28 million) and Scholarships and Fellowships (\$6 million). These amounts were partially offset by a decrease in Instruction (\$6 million) and Plant Operations (\$6 million).

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



As noted above, expenses increased \$110 million (1.4%) in fiscal 2016 when compared with fiscal 2015. The increases were substantially attributable to salaries and benefits, including other personal services (\$96 million) and depreciation (\$18 million).

The following chart depicts the fiscal 2016 operating expenses by natural classification.



### ***Statement of Cash Flows***

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

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

CONDENSED STATEMENT OF NET CASH FLOWS (in millions)		
	June 30, 2016	June 30, 2015
<b>Cash Provided (Used) by:</b>		
Operating Activities	\$ (2,055)	\$ (2,019)
Non-Capital Financing Activities	2,604	2,613
Capital and Related Financing Activities	(541)	(645)
Investing Activities	392	(12)
<b>NET CHANGE IN CASH</b>	<b>\$ 400</b>	<b>\$ (63)</b>
Cash, beginning of year (restated)	1,016	1,382
<b>CASH, end of year</b>	<b>\$ 1,416</b>	<b>\$ 1,319</b>

### **Capital Assets**

Capital assets, net of accumulated depreciation, at June 30, 2016 and June 30, 2015 were as follows:

CAPITAL ASSETS, net of accumulated depreciation (in millions)			Increase	
	June 30, 2016	June 30, 2015	(Decrease)	% Change
Land	\$ 400	\$ 389	\$ 11	2.8%
Construction in Progress	240	231	9	3.9%
Infrastructure, Facilities, and Improvements	490	482	8	1.7%
Building and Improvements	7,886	7,844	42	0.5%
Equipment	448	443	5	1.1%
Works of Art and Collections	54	52	2	3.8%
Library and other collections	175	173	2	1.2%
Software	21	25	(4)	-16.0%
<b>Capital Assets, net of accumulated depreciation</b>	<b>\$ 9,714</b>	<b>\$ 9,639</b>	<b>\$ 75</b>	<b>0.8%</b>

As shown above, capital assets, net of accumulated depreciation increased \$75 million, or .8% during fiscal 2016 when compared with fiscal 2015. Major building additions constituted \$41 million of the capital asset additions. Major building additions included the Lakeview Discovery and Science Center at Clayton State University, Health Center at Georgia Southern University and the Lab Science Building at Abraham Baldwin Agricultural College.

### **Long-Term Debt and Liabilities**

The University System of Georgia had long-term debt and liabilities of \$8.060 billion in fiscal 2016. Long-term liabilities included lease purchase obligations of \$2.632 billion net of the interfund capital lease elimination between the USG and blended component units of \$501 million, revenue bonds payable of \$514 million, compensated absences of \$210 million, net pension liability of \$2.332 billion, net OPEB obligation of \$2.356 billion, and other long-term liabilities of \$16 million. Of these amounts, \$219.6 million was reflected as current liabilities at June 30, 2016.

For additional information concerning long-term debt and liabilities of the USG, please refer to notes 1, 8, 9, 14 and 15 in the Notes to the Financial Statements.

### ***Retiree Health Benefit Fund***

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

As noted in the Long-Term Debt and Liabilities section above, the USG carries a net OPEB Obligation liability of \$2.356 billion as of June 30, 2016. The Board of Regents continues to evaluate options to reduce this growing liability.

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

### ***Early Retirement Pension Plan Fund – Augusta University***

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

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

### ***Affiliated Organizations***

System-wide, there were twenty affiliated organizations that met one or more criteria for inclusion as component units of the State of Georgia in compliance with GASB Statement No. 14, as amended. These twenty affiliated organizations are included as component units in the University System of Georgia consolidated annual financial statements as they have been determined essential to the fair presentation to these departmental statements. All system-wide affiliated organizations including the twenty previously mentioned are included in the supplementary information section.

### ***Economic Outlook***

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

Preparing Georgia for the future requires an increase in the number of Georgians who have degrees. In order to continue to be competitive globally, Georgia needs to increase the number of Georgians with degrees from the current level of 42 percent of the population to a targeted 60 percent of the population by 2025. This positive movement can be attributed to implementing strategies, ranging from new teaching methods, to better advising, to giving credit for experiential learning. Predictions for Georgia's workforce needs for 2025 are significant. In 2011, the USG graduated 54,855 students. The USG has been working to increase that number year-over-year, and in 2015-16 62,545 students graduated from USG institutions reflecting a 14% increase over the past five years. The USG still has a long way to reach its goal of graduating 80,000 students a year, but is confident about the progress made and believes it is on track to achieving the goal.

The consolidation of twelve institutions into six new ones has been successfully completed and the consolidation of Albany State University and Darton State College is in the final stages. Additionally, the consolidation of four institutions is in the preliminary stages. This will allow more funding to be shifted from administration to the classroom following the USG's strategic plan of being committed to pursuing operational efficiencies and being a model steward of resources.

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

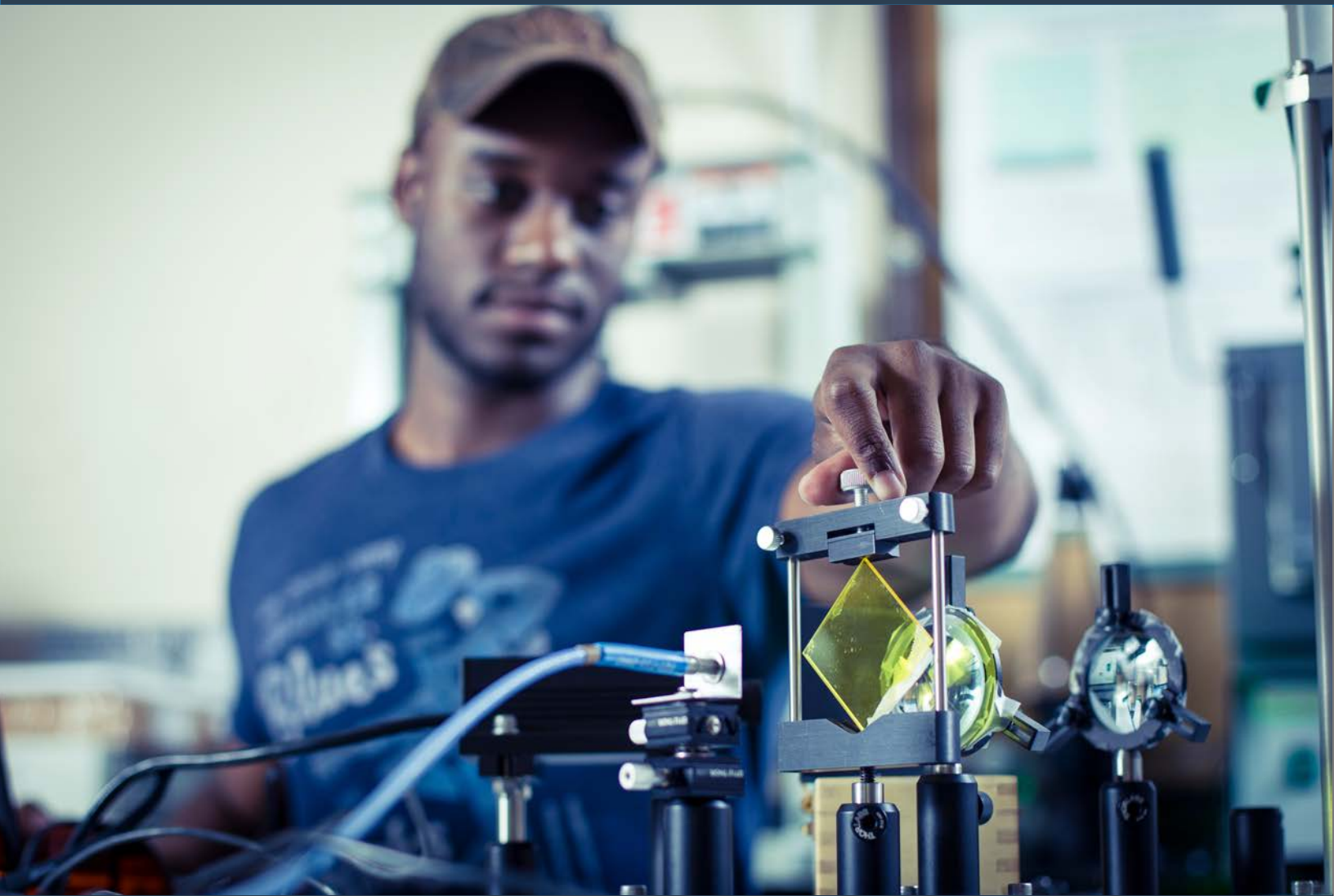
A key component of the USG's success and future is the strong relationship with Governor Deal and the Georgia General Assembly. Due to their support, and the excellent leadership of the Board of Regents and Chancellor Wrigley, the USG will continue to progress in remaining affordable and maintaining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

A handwritten signature in cursive script, reading "Shelley C. Nickel".

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



# FINANCIAL STATEMENTS



UNIVERSITY SYSTEM OF GEORGIA

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

		Blended Compone
	University System of Georgia	Georgia Southern University Housing Foundation
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,353,559,853	\$ 2,910,536
Short-term Investments	219,967,993	4,000,797
Accounts Receivable, Net		
Federal Financial Assistance	74,191,273	
Pledges & Contributions		
Other	263,102,074	128,904
Affiliated Organizations	17,915,894	
Component Units	156,992,856	
Primary Government		
Due From Other Funds	33,525	6,656,835
Investment in Capital Leases		
Inventories	25,385,593	
Prepaid Items	51,974,160	93,614
Other Assets	2,350,341	
Total Current Assets	<u>2,165,473,562</u>	<u>13,790,686</u>
<b>Non-Current Assets</b>		
Cash and Cash Equivalents		32,419,646
Investments	53,242,815	
Accounts Receivable, Net		
Pledges & Contributions		
Other		
Component Units	2,132,289	
Primary Government		
Due from Other Funds	3,859,400	198,294,056
Investment in Capital Leases		
Notes Receivable, Net	43,364,575	
Other Assets		1,620,584
Cash and Cash Equivalents (Externally Restricted)	6,852,070	
Short-term Investments (Externally Restricted)	96,987	
Investments (Externally Restricted)	178,418,904	
Capital Assets, Net	9,713,899,057	429,942
Total Non-Current Assets	<u>10,001,866,097</u>	<u>232,764,228</u>
<b>TOTAL ASSETS</b>	<u>12,167,339,659</u>	<u>246,554,914</u>
<b>Deferred Outflows of Resources</b>		
Deferred Loss on Debt Refunding	6,059,687	4,450,038
Accumulated Decrease in Fair Value of Hedging Instruments		
Deferred Loss on Defined Benefit Pension Plan	322,110,452	
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>328,170,139</u>	<u>4,450,038</u>

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

nt Units of the State of Georgia Reporting Entity

University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation	Interfund Capital Lease Elimination	Total
\$ 4,734,984	\$ 2,834,901		\$ 1,364,040,274
892,334			224,861,124
			74,191,273
	950,332		264,181,310
			17,915,894
			156,992,856
2,055,931	3,548,949	\$ (12,295,240)	-
	87,068		25,385,593
			52,154,842
			2,350,341
<u>7,683,249</u>	<u>7,421,250</u>	<u>(12,295,240)</u>	<u>2,182,073,507</u>
3,551,676	9,026,903		44,998,225
418,297			53,661,112
			2,132,289
119,258,616	173,076,453	(494,488,525)	-
			43,364,575
			1,620,584
			6,852,070
			96,987
			178,418,904
	227,338		9,714,556,337
<u>123,228,589</u>	<u>182,330,694</u>	<u>(494,488,525)</u>	<u>10,045,701,083</u>
<u>130,911,838</u>	<u>189,751,944</u>	<u>(506,783,765)</u>	<u>12,227,774,590</u>
5,846,865	3,713,129		20,069,719
	6,951,128		6,951,128
			322,110,452
<u>5,846,865</u>	<u>10,664,257</u>	<u>-</u>	<u>349,131,299</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

		Blended Component
	University System of Georgia	Georgia Southern University Housing Foundation
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	151,774,593	4,466,912
Salaries Payable	22,490,530	
Benefits Payable	67,437,106	
Contracts Payable	21,502,767	
Retainage Payable	8,549,658	
Due to Affiliated Organization	2,712,262	
Due to Component Units	3,739,050	
Due to Primary Government		
Deposits	17,444,102	
Advances (Including Tuition and Fees)	226,405,844	
Deposits Held for Other Organizations	105,146,678	
Estimated Third-Party Payor Settlements		
Lease Purchase Obligations - External	11,045,122	
Lease Purchase Obligations - Component Units	57,703,321	
Due to Other Funds	12,261,715	33,525
Revenue Bonds Payable		6,210,000
Liabilities under Split Interest Agreements		
Notes and Loans Payable	680,144	
Other Liabilities	2,907,560	
Pollution Remediation	617,905	
Claims & Judgments	1,527,942	
Compensated Absences	135,675,595	
Total Current Liabilities	849,621,894	10,710,437
<b>Non-Current Liabilities</b>		
Advances		
Due to Affiliated Organizations		
Deposits Held for Other Organizations		
Other Liabilities		
Lease Purchase Obligations - External	895,035,818	
Lease Purchase Obligations - Component Units	1,668,778,361	
Due to Component Units		
Due to Other Funds	488,921,474	3,859,400
Due to Primary Government		
Revenue Bonds Payable		206,040,721
Liabilities under Split Interest Agreements		
Interest Rate Swap		
Notes and Loans Payable	9,504,296	
Pollution Remediation	588,932	
Claims & Judgments	3,113,992	
Compensated Absences	74,342,580	
Net Pension Liability	2,331,730,203	
Net OPEB Obligation	2,355,867,771	
Total Non-Current Liabilities	7,827,883,427	209,900,121
<b>TOTAL LIABILITIES</b>	8,677,505,321	220,610,558

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



nt Units of the State of Georgia Reporting Entity

University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation	Interfund Capital Lease Elimination	Total
1,104,181	3,149,827		160,495,513
			22,490,530
			67,437,106
			21,502,767
			8,549,658
			2,712,262
			3,739,050
			17,444,102
49,101			226,454,945
			105,146,678
			11,045,122
			57,703,321
		(12,295,240)	-
2,540,000	3,210,000		11,960,000
			680,144
			2,907,560
			617,905
			1,527,942
			135,675,595
<u>3,693,282</u>	<u>6,359,827</u>	<u>(12,295,240)</u>	<u>858,090,200</u>
			-
			-
			-
			895,035,818
			1,668,778,361
			-
		(492,780,874)	-
127,176,655	169,267,541		502,484,917
			9,504,296
			588,932
			3,113,992
			74,342,580
			2,331,730,203
			2,355,867,771
<u>127,176,655</u>	<u>169,267,541</u>	<u>(492,780,874)</u>	<u>7,841,446,870</u>
<u>130,869,937</u>	<u>175,627,368</u>	<u>(505,076,114)</u>	<u>8,699,537,070</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Blended Component	
	University System of Georgia	Georgia Southern University Housing Foundation
<b>Deferred Inflows of Resources</b>		
Deferred Gain on Debt Refundings	24,244,742	472,520
Deferred Grants Received in Advance of Timing Requirements	26,845,858	
Deferred Service Concession Arrangements	467,857,803	
Deferred Gain on Defined Benefit Pension Plan	243,910,612	
Accumulated Increase in Fair Value of Hedging Instruments		
<b>TOTAL DEFERRED INFLOWS</b>	<b>762,859,015</b>	<b>472,520</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	6,430,045,601	429,942
Restricted		
Non-Expendable	181,152,225	
Expendable	231,850,909	26,474,530
Unrestricted (Deficit)	(3,787,903,273)	3,017,402
<b>TOTAL NET POSITION</b>	<b>\$ 3,055,145,462</b>	<b>\$ 29,921,874</b>

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

t Units of the State of Georgia Reporting Entity

University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation	Interfund Capital Lease Elimination	Total
1,016,520			25,733,782
			26,845,858
			467,857,803
			243,910,612
	6,951,128		6,951,128
1,016,520	6,951,128	-	771,299,183
	227,338	(1,707,651)	6,428,995,230
			181,152,225
			258,325,439
4,872,246	17,610,367		(3,762,403,258)
\$ 4,872,246	\$ 17,837,705	\$ (1,707,651)	\$ 3,106,069,636

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation, Inc. & Subsidiaries
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,664,718	\$ 1,691,484
Short-term Investments		
Accounts Receivable, Net		
Federal Financial Assistance		
Pledges & Contributions	447,761	127,135
Other	334	196,608
Affiliated Organizations		
Component Units		
Primary Government	1,860,878	11,328,696
Due From Other Funds		
Investment in Capital Leases		
Inventories		
Prepaid Items	21,518	
Other Assets		
<b>Total Current Assets</b>	<b>4,995,209</b>	<b>13,343,923</b>
<b>Non-Current Assets</b>		
Cash and Cash Equivalents		21,289,048
Investments	30,304,628	2,379,168
Accounts Receivable, Net		
Pledges & Contributions		325,000
Other		
Component Units		
Primary Government	86,925,921	132,785,197
Due from Other Funds		
Investment in Capital Leases		
Notes Receivable, Net		
Other Assets	2,094,946	1,310,445
Cash and Cash Equivalents (Externally Restricted)		
Short-term Investments (Externally Restricted)		
Investments (Externally Restricted)	13,717,408	
Capital Assets, Net	3,140,636	10,821,897
<b>Total Non-Current Assets</b>	<b>136,183,539</b>	<b>168,910,755</b>
<b>TOTAL ASSETS</b>	<b>141,178,748</b>	<b>182,254,678</b>
<b>Deferred Outflows of Resources</b>		
Deferred Loss on Debt Refunding		
Accumulated Decrease in Fair Value of Hedging Instruments		
Deferred Loss on Defined Benefit Pension Plan		
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>-</b>	<b>-</b>

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



Component Units of the State of Georgia Reporting Entity

Georgia State University Foundation	Georgia Tech Athletic Association	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.
\$ 5,302,568	\$ 6,718,468	\$ 4,115,236	\$ 6,145,000
6,785,317	2,771,332		19,961,039
333,158	2,218,101		
		571,842	
5,538,122		8,557,805	8,975,790
1,122	911,620	225,670	
		600,000	
<u>17,960,287</u>	<u>12,619,521</u>	<u>14,070,553</u>	<u>35,081,829</u>
26,247,991		2,948,236	10,472,000
216,389,456	98,449,829		1,390,035,171
4,023,778	8,754,616		83,243,961
		7,362,430	
149,947,687		234,488,248	121,107,210
		1,630,780	
4,717,952	1,050,656	3,875,000	28,246,000
10,588,827	167,490,996	3,482,017	33,168,000
<u>411,915,691</u>	<u>275,746,097</u>	<u>253,786,711</u>	<u>1,666,272,342</u>
<u>429,875,978</u>	<u>288,365,618</u>	<u>267,857,264</u>	<u>1,701,354,171</u>
	20,397,906	28,507,196	
<u>-</u>	<u>20,397,906</u>	<u>28,507,196</u>	<u>-</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation, Inc. & Subsidiaries
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	1,032,418	4,508,590
Salaries Payable		
Benefits Payable		
Contracts Payable		
Retainage Payable		
Due to Affiliated Organization		
Due to Component Units		
Due to Primary Government	192,976	41,424
Deposits		
Advances (Including Tuition and Fees)		24,198
Deposits Held for Other Organizations	2,865,646	
Estimated Third-Party Payor Settlements		
Lease Purchase Obligations - External		
Lease Purchase Obligations - Component Units		
Due to Other Funds		
Revenue Bonds Payable	2,085,000	23,720,000
Liabilities under Split Interest Agreements		
Notes and Loans Payable	273,221	2,467,054
Other Liabilities		
Pollution Remediation		
Claims & Judgments		
Compensated Absences		
Total Current Liabilities	6,449,261	30,761,266
<b>Non-Current Liabilities</b>		
Advances		
Due to Affiliated Organizations		
Deposits Held for Other Organizations		
Other Liabilities		
Lease Purchase Obligations - External		
Lease Purchase Obligations - Component Units		
Due to Component Units		
Due to Other Funds		
Due to Primary Government	2,132,289	
Revenue Bonds Payable	98,561,783	144,566,581
Liabilities under Split Interest Agreements	851,474	
Interest Rate Swap	15,167,596	5,597,563
Notes and Loans Payable	660,284	
Pollution Remediation		
Claims & Judgments		
Compensated Absences		
Net Pension Liability		
Net OPEB Obligation		
Total Non-Current Liabilities	117,373,426	150,164,144
<b>TOTAL LIABILITIES</b>	123,822,687	180,925,410

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

Component Units of the State of Georgia Reporting Entity

Georgia State University Foundation	Georgia Tech Athletic Association	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.
3,661,196	5,455,557	1,983,052	9,183,300
			357,741
		35,963	
17,362,655	10,716,022		
1,731,585	113,090	2,500	25,741,000
559,450	59,567		
5,565,000	1,050,000	10,393,793	10,295,000
	941,467		2,095,000
695,845	1,575,564		31,230,000
			374,400
<u>29,575,731</u>	<u>19,911,267</u>	<u>12,415,308</u>	<u>79,276,441</u>
1,313,101		7,500	
7,149,132	2,145,192		7,138,300
1,202,400			
			7,362,430
136,525,140	218,271,156	265,631,874	228,225,000
1,907,385			11,421,000
15,837,801	6,026,501		
<u>163,934,959</u>	<u>226,442,849</u>	<u>265,639,374</u>	<u>254,146,730</u>
<u>193,510,690</u>	<u>246,354,116</u>	<u>278,054,682</u>	<u>333,423,171</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation, Inc. & Subsidiaries
<b>Deferred Inflows of Resources</b>		
Deferred Gain on Debt Refundings		
Deferred Grants Received in Advance of Timing Requirements		
Deferred Service Concession Arrangements		
Deferred Gain on Defined Benefit Pension Plan		
Accumulated Increase in Fair Value of Hedging Instruments		
<b>TOTAL DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,207,131	8,354,843
Restricted		
Non-Expendable	22,564,187	1,266,743
Expendable		940,212
Unrestricted (Deficit)	(7,415,257)	(9,232,530)
<b>TOTAL NET POSITION</b>	<b>\$ 17,356,061</b>	<b>\$ 1,329,268</b>

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

Component Units of the State of Georgia Reporting Entity

Georgia State University Foundation	Georgia Tech Athletic Association	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.
-	-	-	-
10,588,827	(38,988,334)	(990,396)	2,850,800
111,719,259	33,640,336	7,961,820	651,193,000
85,589,213	55,866,088	3,482,017	636,785,000
28,467,989	11,891,318	7,856,337	77,102,200
<u>\$ 236,365,288</u>	<u>\$ 62,409,408</u>	<u>\$ 18,309,778</u>	<u>\$ 1,367,931,000</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Georgia Tech Research Corp.	Kennesaw State University Foundation, Inc.
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 105,480,070	\$ 14,645,148
Short-term Investments		
Accounts Receivable, Net		
Federal Financial Assistance		
Pledges & Contributions		1,174,305
Other	47,983,333	216,899
Affiliated Organizations		
Component Units	1,510,008	
Primary Government	343,977	7,330,843
Due From Other Funds		
Investment in Capital Leases		
Inventories		269,014
Prepaid Items	48,640	
Other Assets	61,009,491	
Total Current Assets	<u>216,375,519</u>	<u>23,636,209</u>
<b>Non-Current Assets</b>		
Cash and Cash Equivalents		48,787,844
Investments	124	15,003,983
Accounts Receivable, Net		
Pledges & Contributions		3,169,398
Other		
Component Units		
Primary Government	5,088,535	216,788,920
Due from Other Funds		
Investment in Capital Leases		
Notes Receivable, Net	200,000	
Other Assets	679	7,138,882
Cash and Cash Equivalents (Externally Restricted)		
Short-term Investments (Externally Restricted)		
Investments (Externally Restricted)		29,656,726
Capital Assets, Net	1,458,404	99,281,994
Total Non-Current Assets	<u>6,747,742</u>	<u>419,827,747</u>
<b>TOTAL ASSETS</b>	<u>223,123,261</u>	<u>443,463,956</u>
<b>Deferred Outflows of Resources</b>		
Deferred Loss on Debt Refunding		
Accumulated Decrease in Fair Value of Hedging Instruments		
Deferred Loss on Defined Benefit Pension Plan		
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>

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



Component Units of the State of Georgia Reporting Entity

Medical College of Georgia Foundation	Middle Georgia State University Real Estate Foundation, Inc.	University of Georgia Athletic Association, Inc.	University of Georgia Foundation
\$ 3,176,702	\$ 313,462	\$ 60,241,958	\$ 12,520,353
			101,358,401
			19,099,809
	119,743	1,838,232	1,426,960
		4,996	6,595
	1,424,238	48,130	
		334,091	335,295
<u>3,176,702</u>	<u>1,857,443</u>	<u>62,467,407</u>	<u>134,747,413</u>
77,425,991		45,515,888	793,556,953
17,502			41,201,959
	93,875,839		
305,320	1,818,128	592,326	16,114,432
136,998,394	14,531,082		
4,275,837	16,332	240,022,781	26,186,780
<u>219,023,044</u>	<u>110,241,381</u>	<u>286,130,995</u>	<u>877,060,124</u>
<u>222,199,746</u>	<u>112,098,824</u>	<u>348,598,402</u>	<u>1,011,807,537</u>
		2,481,498	
		9,470,237	
<u>-</u>	<u>-</u>	<u>11,951,735</u>	<u>-</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Georgia Tech Research Corp.	Kennesaw State University Foundation, Inc.
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable		10,180,592
Salaries Payable		
Benefits Payable		
Contracts Payable		
Retainage Payable		
Due to Affiliated Organization		
Due to Component Units	1,510,008	
Due to Primary Government	76,310,266	1,919,156
Deposits		98,991
Advances (Including Tuition and Fees)	55,644,243	872,392
Deposits Held for Other Organizations		
Estimated Third-Party Payor Settlements		
Lease Purchase Obligations - External	343,977	
Lease Purchase Obligations - Component Units		
Due to Other Funds		
Revenue Bonds Payable		10,975,000
Liabilities under Split Interest Agreements		20,012
Notes and Loans Payable		
Other Liabilities	32,055,795	
Pollution Remediation		
Claims & Judgments		
Compensated Absences		
Total Current Liabilities	165,864,289	24,066,143
<b>Non-Current Liabilities</b>		
Advances		
Due to Affiliated Organizations		
Deposits Held for Other Organizations		
Other Liabilities		
Lease Purchase Obligations - External	5,088,535	
Lease Purchase Obligations - Component Units		
Due to Component Units		
Due to Other Funds		
Due to Primary Government		
Revenue Bonds Payable		370,805,400
Liabilities under Split Interest Agreements		23,764
Interest Rate Swap		
Notes and Loans Payable		
Pollution Remediation		
Claims & Judgments		
Compensated Absences		
Net Pension Liability		
Net OPEB Obligation		
Total Non-Current Liabilities	5,088,535	370,829,164
<b>TOTAL LIABILITIES</b>	170,952,824	394,895,307

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



Component Units of the State of Georgia Reporting Entity

Medical College of Georgia Foundation	Middle Georgia State University Real Estate Foundation, Inc.	University of Georgia Athletic Association, Inc.	University of Georgia Foundation
	2,299,266	3,959,903 6,647,611	813,626
		2,021 4,552,760	4,996 1,981,458
		25,752,444	512,603
	1,395,000	4,990,000	741,550 478,541
2,213,198			
<u>2,213,198</u>	<u>3,694,266</u>	<u>45,904,739</u>	<u>4,532,774</u>
			95,038 500,000
		586,684	
	94,563,810	96,716,851	
944,492		9,470,237	9,421,915 4,273,468 16,791,136
<u>944,492</u>	<u>94,563,810</u>	<u>106,773,772</u>	<u>31,081,557</u>
<u>3,157,690</u>	<u>98,258,076</u>	<u>152,678,511</u>	<u>35,614,331</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Georgia Tech Research Corp.	Kennesaw State University Foundation, Inc.
<b>Deferred Inflows of Resources</b>		
Deferred Gain on Debt Refundings		
Deferred Grants Received in Advance of Timing Requirements		
Deferred Service Concession Arrangements		
Deferred Gain on Defined Benefit Pension Plan		
Accumulated Increase in Fair Value of Hedging Instruments		
<b>TOTAL DEFERRED INFLOWS</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,458,404	(64,573,573)
Restricted		
Non-Expendable		33,309,506
Expendable		10,931,290
Unrestricted (Deficit)	50,712,033	68,901,426
<b>TOTAL NET POSITION</b>	<u>\$ 52,170,437</u>	<u>\$ 48,568,649</u>

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

Component Units of the State of Georgia Reporting Entity

Medical College of Georgia Foundation	Middle Georgia State University Real Estate Foundation, Inc.	University of Georgia Athletic Association, Inc.	University of Georgia Foundation
-	-	-	-
2,062,639	1,175,727	140,797,428	8,384,685
136,998,394	12,393,477		485,302,060
63,801,902			387,038,762
16,179,121	271,544	67,074,198	95,467,699
<u>\$ 219,042,056</u>	<u>\$ 13,840,748</u>	<u>\$ 207,871,626</u>	<u>\$ 976,193,206</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Component	
	University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 27,542,099	\$ 980,022
Short-term Investments		
Accounts Receivable, Net		
Federal Financial Assistance		
Pledges & Contributions		
Other	30,006,947	168,168
Affiliated Organizations		
Component Units		
Primary Government	7,204,600	2,151,571
Due From Other Funds		
Investment in Capital Leases		
Inventories		
Prepaid Items	198,179	103,811
Other Assets	18,699,569	
Total Current Assets	<u>83,651,394</u>	<u>3,403,572</u>
<b>Non-Current Assets</b>		
Cash and Cash Equivalents	7,519,229	19,615,877
Investments	50,528,536	
Accounts Receivable, Net		
Pledges & Contributions		
Other		
Component Units		
Primary Government	266,979,412	122,035,773
Due from Other Funds		
Investment in Capital Leases		
Notes Receivable, Net		
Other Assets	949,080	2,629,062
Cash and Cash Equivalents (Externally Restricted)		
Short-term Investments (Externally Restricted)		
Investments (Externally Restricted)		
Capital Assets, Net	19,629,439	3,224,473
Total Non-Current Assets	<u>345,605,696</u>	<u>147,505,185</u>
<b>TOTAL ASSETS</b>	<u>429,257,090</u>	<u>150,908,757</u>
<b>Deferred Outflows of Resources</b>		
Deferred Loss on Debt Refunding	12,908,125	
Accumulated Decrease in Fair Value of Hedging Instruments		
Deferred Loss on Defined Benefit Pension Plan		
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>12,908,125</u>	<u>-</u>

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

Units of the State of Georgia Reporting Entity

University System of Georgia Foundation, Inc.	MCG Health Systems, Inc. d/b/a AU Health System	Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries
\$ 2,156,581	\$ 30,619,167 38,131,818	\$ 7,902,086 20,372,441
47,025		
24,913	115,737,534 403,783	585,512 439,857
3,566,334	2,082,202	1,579,577 1,373,162
	18,973,543 23,067,531	
<u>5,794,853</u>	<u>229,015,578</u>	<u>32,252,635</u>
10,513,625		2,234,481
4,621,573	117,924,293	29,266,235
	11,400,000	
218,986,862		24,857,292
	201,290	
2,556,489	916,014	426,137
	254,781,744	7,309,479
<u>236,678,549</u>	<u>385,223,341</u>	<u>64,093,624</u>
<u>242,473,402</u>	<u>614,238,919</u>	<u>96,346,259</u>
<u>-</u>	<u>-</u>	<u>-</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Component	
	University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	1,804,847	3,380,631
Salaries Payable		
Benefits Payable		
Contracts Payable		
Retainage Payable		
Due to Affiliated Organization		
Due to Component Units	4,574	
Due to Primary Government	34,360,056	
Deposits	18,645,994	
Advances (Including Tuition and Fees)	2,393,215	179,204
Deposits Held for Other Organizations		
Estimated Third-Party Payor Settlements		
Lease Purchase Obligations - External		
Lease Purchase Obligations - Component Units		
Due to Other Funds		
Revenue Bonds Payable	9,155,000	2,559,455
Liabilities under Split Interest Agreements		
Notes and Loans Payable		612,245
Other Liabilities		
Pollution Remediation		
Claims & Judgments		
Compensated Absences		
Total Current Liabilities	66,363,686	6,731,535
<b>Non-Current Liabilities</b>		
Advances	1,164,247	
Due to Affiliated Organizations		
Deposits Held for Other Organizations		
Other Liabilities		
Lease Purchase Obligations - External		
Lease Purchase Obligations - Component Units		
Due to Component Units		
Due to Other Funds		
Due to Primary Government		
Revenue Bonds Payable	278,979,942	133,439,416
Liabilities under Split Interest Agreements		
Interest Rate Swap		
Notes and Loans Payable	8,516,222	2,092,500
Pollution Remediation		
Claims & Judgments		
Compensated Absences		
Net Pension Liability		
Net OPEB Obligation		
Total Non-Current Liabilities	288,660,411	135,531,916
<b>TOTAL LIABILITIES</b>	355,024,097	142,263,451

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



Units of the State of Georgia Reporting Entity

University System of Georgia Foundation, Inc.	MCG Health Systems, Inc. d/b/a AU Health System	Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries
619,655	38,642,162 5,770,950	740,839
	278,305 1,579,577	307,709
39,135	25,973,915	11,585,747 3,515,968
16,690	5,424,527 6,696,954	
4,645,000	3,820,000	
	3,387,500 2,832,941	835,000
	15,640,934	
<u>5,320,480</u>	<u>110,047,765</u>	<u>16,985,263</u>
	8,498,826 31,553,464	505,828
237,487,129	114,370,000	
	30,884,787 40,483,333	24,910,931
<u>237,487,129</u>	<u>225,790,410</u>	<u>25,416,759</u>
<u>242,807,609</u>	<u>335,838,175</u>	<u>42,402,022</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Component	
	University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.
<b>Deferred Inflows of Resources</b>		
Deferred Gain on Debt Refundings		
Deferred Grants Received in Advance of Timing Requirements		
Deferred Service Concession Arrangements		
Deferred Gain on Defined Benefit Pension Plan		
Accumulated Increase in Fair Value of Hedging Instruments		
<b>TOTAL DEFERRED INFLOWS</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	11,113,217	3,224,473
Restricted		
Non-Expendable		
Expendable	1,717,920	
Unrestricted (Deficit)	74,309,981	5,420,833
<b>TOTAL NET POSITION</b>	<u>\$ 87,141,118</u>	<u>\$ 8,645,306</u>

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



Units of the State of Georgia Reporting Entity

University System of Georgia Foundation, Inc.	MCG Health Systems, Inc. d/b/a AU Health System	Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries
-	-	-
	54,470,493	7,309,479
98,791		
1,430,328		
(1,863,326)	223,930,251	46,634,758
\$ (334,207)	\$ 278,400,744	\$ 53,944,237

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016

		Blended Component
	University System of Georgia	Georgia Southern University Housing Foundation
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (Net of Allowance for Doubtful Accounts)	\$ 2,552,428,838	
Less: Scholarship Allowances	(548,421,326)	
Federal Appropriations	23,256,605	
Grants and Contracts		
Federal	808,329,681	
State	250,991,920	
Other	539,537,935	
Gifts and Contributions		
Endowment Income		
Sales and Services	201,525,559	
Rents and Royalties	5,138,509	
Auxiliary Enterprises		
Residence Halls	355,874,670	
Bookstore	67,915,579	
Food Services	183,524,173	
Parking/Transportation	84,473,323	
Health Services	57,308,410	
Intercollegiate Athletics	128,390,101	
Other Organizations	33,310,613	
Less: Auxiliary Scholarship Allowance	(31,444,571)	
Interest Income on Direct Financing Leases		\$ 10,805,026
Other Operating Revenues	225,729,048	1,888,463
Total Operating Revenues	4,937,869,067	12,693,489
<b>OPERATING EXPENSES</b>		
Faculty Salaries	1,501,154,523	
Staff Salaries	1,991,523,219	
Employee Benefits	1,165,301,820	
Other Personal Services	14,822,768	203,349
Travel	79,126,107	
Scholarships and Fellowships	323,049,220	
Utilities	178,432,498	
Supplies and Other Services	1,826,601,806	3,314,156
Depreciation/Amortization	477,410,330	
Total Operating Expenses	7,557,422,291	3,517,505
Operating Income (Loss)	(2,619,553,224)	9,175,984

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

Units of the State of Georgia Reporting Entity

Component Units of the State of Georgia

University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation	Interfund Capital Lease Elimination	Total	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation, Inc. & Subsidiaries
			\$ 2,552,428,838		
			(548,421,326)		
			23,256,605		
			808,329,681		
			250,991,920		
			539,537,935		
				\$ 2,037,071	\$ 1,252,702
				261,864	
			201,525,559		112,252
			5,138,509	5,550,616	11,857,274
			355,874,670		
			67,915,579		
			183,524,173		
			84,473,323		
			57,308,410		
			128,390,101		
			33,310,613		
			(31,444,571)		
\$ 6,559,792	\$ 8,023,310	\$ (25,388,128)	-		
414,419	2,406,971		230,438,901	103,034	
6,974,211	10,430,281	(25,388,128)	4,942,578,920	7,952,585	13,222,228
			1,501,154,523		
	93,932		1,991,617,151	591,652	
			1,165,301,820		
			15,026,117		
			79,126,107	160,626	
			323,049,220	711,844	210,296
113,724			178,546,222	90,492	
164,351	1,862,031		1,831,942,344	1,938,602	1,485,679
	57,217		477,467,547	218,285	127,583
278,075	2,013,180	-	7,563,231,051	3,711,501	1,823,558
6,696,136	8,417,101	(25,388,128)	(2,620,652,131)	4,241,084	11,398,670

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016

		Blended Component
	University System of Georgia	Georgia Southern University Housing Foundation
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	2,022,898,745	
Grants and Contracts		
Federal	558,246,075	
State	8,107,612	
Other	77,814,334	
Gifts	63,864,580	
Investment Income	21,692,036	427,113
Interest Expense	(171,632,290)	(9,773,197)
Other Non-Operating Revenues (Expenses)	(7,294,301)	
Net Non-Operating Revenues	2,573,696,791	(9,346,084)
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(45,856,433)	(170,100)
Capital Grants and Gifts		
Federal	444,756	
State	161,760,376	
Other	53,612,751	
Additions to Permanent and Term Endowments	136,762	
Special Item	(466,637)	
Extraordinary Item	731,765	
Total Other Revenues, Special Items and Extraordinary Items	216,219,773	-
Change in Net Position	170,363,340	(170,100)
Net Position, Beginning of Year, As Originally Reported	2,879,376,310	
Prior Year Adjustments	5,405,812	30,091,974
Net Position, Beginning of Year, Restated	2,884,782,122	30,091,974
Net Position, End of Year	\$ 3,055,145,462	\$ 29,921,874

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

Units of the State of Georgia Reporting Entity

Component Units of the State of Georgia

University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation	Interfund Capital Lease Elimination	Total	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation, Inc. & Subsidiaries
			2,022,898,745		
			558,246,075		
			8,107,612		
			77,814,334		
			63,864,580		
(34,568)	8,620		22,093,201	(2,124,853)	473,871
(5,316,759)	(8,355,240)	23,680,477	(171,397,009)	(4,166,098)	(11,318,697)
(455,544)			(7,749,845)	999	
(5,806,871)	(8,346,620)	23,680,477	2,573,877,693	(6,289,952)	(10,844,826)
889,265	70,481	(1,707,651)	(46,774,438)	(2,048,868)	553,844
			444,756		
			161,760,376		
			53,612,751		
			136,762	165,037	497,500
			(466,637)		
			731,765		
-	-	-	216,219,773	165,037	497,500
889,265	70,481	(1,707,651)	169,445,335	(1,883,831)	1,051,344
			2,879,376,310		
3,982,981	17,767,224		57,247,991	19,239,892	277,924
3,982,981	17,767,224	-	2,936,624,301	19,239,892	277,924
\$ 4,872,246	\$ 17,837,705	\$ (1,707,651)	\$ 3,106,069,636	\$ 17,356,061	\$ 1,329,268



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016

	Georgia State University Foundation	Georgia Tech Athletic Association
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (Net of Allowance for Doubtful Accounts)		
Less: Scholarship Allowances		
Federal Appropriations		
Grants and Contracts		
Federal		
State		
Other		
Gifts and Contributions	\$ 24,468,944	\$ 1,560,420
Endowment Income	5,403,260	
Sales and Services		52,497,464
Rents and Royalties	18,103,510	9,691,493
Auxiliary Enterprises		
Residence Halls		
Bookstore		
Food Services		
Parking/Transportation		
Health Services		
Intercollegiate Athletics		
Other Organizations		
Less: Auxiliary Scholarship Allowance		
Interest Income on Direct Financing Leases		
Other Operating Revenues	(950,704)	
Total Operating Revenues	47,025,010	63,749,377
<b>OPERATING EXPENSES</b>		
Faculty Salaries		
Staff Salaries		
Employee Benefits		
Other Personal Services	1,945,287	
Travel	1,098,457	4,362,161
Scholarships and Fellowships	31,530,056	10,412,150
Utilities		
Supplies and Other Services		42,611,206
Depreciation/Amortization	689,656	7,366,430
Total Operating Expenses	35,263,456	64,751,947
Operating Income (Loss)	11,761,554	(1,002,570)

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

Component Units of the State of Georgia Reporting Entity

Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.	Georgia Tech Research Corp.	Kennesaw State University Foundation, Inc.	Medical College of Georgia Foundation	Middle Georgia State College Real Estate Foundation, Inc.
		\$ 583,309.902			
\$ 245,000		6,973.224			
	\$ 49,825,000	64,393,472	\$ 2,472,791	\$ 1,232,933	
726	33,000	6,940	1,198,027		
14,276,429	8,310,388	10,991,009	358,790	606,439	\$ 5,213,669
			42,217,563		
				499,714	
14,522,155	58,168,388	665,674,547	46,247,171	2,339,086	5,213,669
	3,601,000		3,397,739	900,676	
	537,000			208,536	
	69,000		41,541		
	99,000	117,317			
	23,000		3,312,340	58,383	
1,063,351	96,250,000	664,701,374	14,563,893	6,462,095	262,417
1,662,833	1,694,000	372,528	5,229,865	27,113	
2,726,184	102,273,000	665,191,219	26,545,378	7,656,803	262,417
11,795,971	(44,104,612)	483,328	19,701,793	(5,317,717)	4,951,252

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016

	Georgia State University Foundation	Georgia Tech Athletic Association
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations		
Grants and Contracts		
Federal		
State		
Other		
Gifts		2,943,355
Investment Income	1,233,731	(3,520,638)
Interest Expense	(5,586,952)	(12,585,877)
Other Non-Operating Revenues (Expenses)		(1,310,121)
Net Non-Operating Revenues	(4,353,221)	(14,473,281)
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	7,408,333	(15,475,851)
 Capital Grants and Gifts		
Federal		
State		
Other		
Additions to Permanent and Term Endowments	2,363,480	1,878,683
Special Item		
Extraordinary Item		
Total Other Revenues, Special Items and Extraordinary Items	2,363,480	1,878,683
Change in Net Position	9,771,813	(13,597,168)
 Net Position, Beginning of Year, As Originally Reported		
Prior Year Adjustments	226,593,475	76,006,576
Net Position, Beginning of Year, Restated	226,593,475	76,006,576
 Net Position, End of Year	\$ 236,365,288	\$ 62,409,408

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

Component Units of the State of Georgia Reporting Entity

Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.	Georgia Tech Research Corp.	Kennesaw State University Foundation, Inc.	Medical College of Georgia Foundation	Middle Georgia State College Real Estate Foundation, Inc.
232,521 (11,705,341)	(54,314,000) (10,332,000)	311,735	(811,255) (15,755,813)	(1,797,974)	246,523 (4,542,578) (21,545)
(11,472,820)	(64,646,000)	311,735	(16,567,068)	(1,797,974)	(4,317,600)
323,151	(108,750,612)	795,063	3,134,725	(7,115,691)	633,652
	27,503,000		3,811,874 (305,308)	2,056,925	
-	27,503,000	-	3,506,566	2,056,925	-
323,151	(81,247,612)	795,063	6,641,291	(5,058,766)	633,652
17,986,627	1,449,178,612	51,375,374	41,927,358	224,100,822	13,207,096
17,986,627	1,449,178,612	51,375,374	41,927,358	224,100,822	13,207,096
\$ 18,309,778	\$ 1,367,931,000	\$ 52,170,437	\$ 48,568,649	\$ 219,042,056	\$ 13,840,748

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (Net of Allowance for Doubtful Accounts)		
Less: Scholarship Allowances		
Federal Appropriations		
Grants and Contracts		
Federal		
State		
Other		
Gifts and Contributions		\$ 53,628,040
Endowment Income		
Sales and Services		6,128,913
Rents and Royalties		4,163,519
Auxiliary Enterprises		
Residence Halls		
Bookstore		
Food Services		
Parking/Transportation		
Health Services		
Intercollegiate Athletics	\$ 124,658,981	
Other Organizations		
Less: Auxiliary Scholarship Allowance		
Interest Income on Direct Financing Leases		
Other Operating Revenues		
Total Operating Revenues	124,658,981	63,920,472
<b>OPERATING EXPENSES</b>		
Faculty Salaries		
Staff Salaries	15,962,520	432,867
Employee Benefits	318,594	
Other Personal Services		
Travel	9,356,067	872,183
Scholarships and Fellowships		
Utilities		
Supplies and Other Services	85,773,048	69,230,347
Depreciation/Amortization	8,139,097	1,313,751
Total Operating Expenses	119,549,326	71,849,148
Operating Income (Loss)	5,109,655	(7,928,676)

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



Component Units of the State of Georgia Reporting Entity

University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.	University System of Georgia Foundation, Inc.	MCG Health Systems, Inc. d/b/a AU Health System	Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries
\$ 160,445,433	\$ 129,263	\$ 832,625		
		1,333,337		
		257,968		
	710,346	599,946	\$ 618,810,948	\$ 154,600,269
30,579,683	8,702,003	12,895,958	249,783	868,135
21,847				
191,046,963	9,541,612	15,919,834	619,060,731	155,468,404
265,598	124,105	712,388	233,462,547	21,450,558
58,172			51,630,642	16,855,648
		665,512	80,980,336	148,130
		92,002	763,031	1,401,688
		1,781,518		169,300
			3,785,893	111,665
172,649,101	1,158,427	931,349	242,982,744	122,948,484
151,991	253,519	171,891	32,263,402	781,277
173,124,862	1,536,051	4,354,660	645,868,595	163,866,750
17,922,101	8,005,561	11,565,174	(26,807,864)	(8,398,346)

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations		
Grants and Contracts		
Federal		
State		
Other		
Gifts		
Investment Income	(1,542,111)	(13,293,490)
Interest Expense	(3,894,171)	(2,535,002)
Other Non-Operating Revenues (Expenses)	(75,003)	
Net Non-Operating Revenues	(5,511,285)	(15,828,492)
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(401,630)	(23,757,168)
Capital Grants and Gifts		
Federal		
State		
Other		
Additions to Permanent and Term Endowments		39,205,334
Special Item		
Extraordinary Item		
Total Other Revenues, Special Items and Extraordinary Items	-	39,205,334
Change in Net Position	(401,630)	15,448,166
Net Position, Beginning of Year, As Originally Reported		
Prior Year Adjustments	208,273,256	960,745,040
Net Position, Beginning of Year, Restated	208,273,256	960,745,040
Net Position, End of Year	\$ 207,871,626	\$ 976,193,206

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

Component Units of the State of Georgia Reporting Entity

University of Georgia Research Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc.	University System of Georgia Foundation, Inc.	MCG Health Systems, Inc. d/b/a AU Health System	Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries
			30,909,818	
			3,526,387	
			3,087,165	
			820,836	
(689,351)	412,875	(213,524)	4,148,483	991,635
(13,801,208)	(6,638,411)	(12,296,308)	(16,226,394)	(808,153)
255,344	(572,465)	(580,944)	(4,869,591)	
(14,235,215)	(6,798,001)	(13,090,776)	21,396,704	183,482
3,686,886	1,207,560	(1,525,602)	(5,411,160)	(8,214,864)
		5,000		
(1,055,343)	(1,334,417)			
(1,055,343)	(1,334,417)	5,000	-	-
2,631,543	(126,857)	(1,520,602)	(5,411,160)	(8,214,864)
84,509,575	8,772,163	1,186,395	283,811,904	62,159,101
84,509,575	8,772,163	1,186,395	283,811,904	62,159,101
\$ 87,141,118	\$ 8,645,306	\$ (334,207)	\$ 278,400,744	\$ 53,944,237

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016

	University System of Georgia	Blended Compone Georgia Southern University Housing Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments from Customers	\$ 3,300,010,368	
Federal Appropriations	25,298,692	
Grants and Contracts (Exchange)	1,588,176,926	
Receipts from Other Funds		
Receipts of Principal and Interest on Leases		\$ 17,315,770
Payments to Suppliers	(3,134,704,262)	(518,835)
Payments to Employees	(3,513,261,608)	
Payments for Scholarships and Fellowships	(322,556,879)	
Loans Issued to Students	(6,634,497)	
Collection of Loans to Students	7,420,001	
Other Receipts	3,266,520	1,536,075
Other Payments	(3,886,989)	
Net Cash Used by Operating Activities	(2,056,871,728)	18,333,010
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	2,022,898,745	
Agency Fund Transactions	(89,292,734)	
Gifts and Grants Received for Other Than Capital Purposes	698,333,021	
Transfer of Endowments to Affiliated Organization	(466,637)	
Other Non-Operating Receipts	15,703,723	
Other Non-Operating Expenses	(22,378,835)	(440,178)
Net Cash Flows Provided by Non-Capital Financing Activities	2,624,797,283	(440,178)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Grants and Gifts Received	122,973,743	
Proceeds from Sales of Capital Assets	12,750,526	
Purchases of Capital Assets	(428,668,280)	
Proceeds from Issuance of Long-term Debt		28,588,531
Principal Paid on Capital Debt and Leases	(96,478,865)	(37,790,000)
Interest Paid on Capital Debt and Leases	(169,754,813)	(10,297,483)
Net Cash Used by Capital and Related Financing Activities	(559,177,689)	(19,498,952)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturities of Investments	372,253,514	
Interest on Investments	21,787,707	364,737
Purchase of Investments	(1,251,632)	(1,469,894)
Net Cash Provided by Investing Activities	392,789,589	(1,105,157)
Net Change in Cash	401,537,455	(2,711,277)
Cash and Cash Equivalents - Beginning of Year (Originally Reported)	958,874,468	
Prior Year Adjustment for Changes in Financial Accounting and Reporting		38,041,459
Cash and Cash Equivalents - Beginning of Year (Restated)	958,874,468	38,041,459
Cash and Cash Equivalents - End of Year	\$ 1,360,411,923	\$ 35,330,182

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

nt Units of the State of Georgia Reporting Entity

University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation	Interfund Capital Lease Elimination	Total
			\$ 3,300,010,368
			25,298,692
			1,588,176,926
	\$ 93,932		93,932
\$ 8,818,849	11,248,010	\$ (37,382,629)	-
	(1,675,326)		(3,136,898,423)
	(93,932)		(3,513,355,540)
			(322,556,879)
			(6,634,497)
			7,420,001
	2,224,179		7,026,774
(291,200)			(4,178,189)
8,527,649	11,796,863	(37,382,629)	(2,055,596,835)
			2,022,898,745
			(89,292,734)
			698,333,021
			(466,637)
			15,703,723
			(22,819,013)
-	-	-	2,624,357,105
			122,973,743
			12,750,526
(48,568)			(428,716,848)
			28,588,531
(2,380,000)	(2,960,000)	11,438,207	(128,170,658)
(5,368,785)	(8,317,147)	25,944,422	(167,793,806)
(7,797,353)	(11,277,147)	37,382,629	(560,368,512)
			373,241,361
987,847			22,189,607
28,700	8,463		(3,731,035)
(1,009,509)			391,699,933
7,038	8,463	-	400,091,691
737,334	528,179	-	958,874,468
			56,924,410
7,549,326	11,333,625		1,015,798,878
7,549,326	11,333,625	-	
\$ 8,286,660	\$ 11,861,804	-	\$ 1,415,890,569



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016

	University System of Georgia	Blended Component Georgia Southern University Housing Foundation
<b>RECONCILIATION OF OPERATING LOSS TO</b>		
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (2,619,553,224)	\$ 9,175,984
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation/Amortization	477,410,330	
Receipts of Principal on Capital Leases		6,368,870
Operating Expenses Related to Non-Cash Gifts	1,313,367	
Change in Assets and Liabilities:		
Receivables, Net	(29,476,662)	
Inventories	(1,826,503)	
Other Assets		2,824,693
Prepaid items	(6,000,666)	181,967
Notes Receivable, Net	854,028	
Accounts Payable	(33,606,137)	(7,992)
Salaries Payable	3,388,836	
Benefits Payable	11,003,079	
Contracts Payable	1,346,322	
Retainage Payable	282,838	
Compensated Absences	8,575,708	
Deposits	771,624	
Advances (Including Tuition and Fees)	6,976,462	
Other Liabilities	(5,480,535)	(210,512)
Claims & Judgments	4,641,755	
Net Pension Liability	417,327,533	
Net OPEB Obligation	192,490,881	
Changes in Deferred Inflows/Outflows:		
Deferred Inflows	(398,174,371)	
Deferred Outflows	(89,136,393)	
Net Cash Used by Operating Activities	<u>\$ (2,056,871,728)</u>	<u>\$ 18,333,010</u>
<b>NON-CASH INVESTING, NON-CAPITAL FINANCING, CAPITAL AND RELATED FINANCING TRANSACTIONS:</b>		
Non-capital Financing Activities Accounts Receivable, Net of Allowances	\$ 82,532,284	
Recognition of Non-capital Financing Activities Advances and Deferred Inflows	\$ 15,346,531	
Gift of Non-capital Financing Activities	\$ 2,168,464	
Adjustment in Capital Lease Liability	\$ 509,876	
Capital Financing Activities Accounts Receivable Accrual, Net of Allowances	\$ 13,530,110	
Gift of Capital Assets	\$ 114,284,487	
Loss on Disposal of Capital Assets	\$ 13,833,170	
Adjustments to Capital Asset Beginning Balance Ran Through Current Year Activity	\$ 1,363,369	
Accrual of Capital Asset Related Payables	\$ 34,590,979	
Capital Assets Acquired by Incurring Capital Lease Obligations	\$ 18,820,541	
Capital Assets Acquired by Incurring Notes Payable	\$ 7,761,925	
Gain/Loss on Capital Debt Refunded	\$ 16,306,796	\$ 141,874
Increase in Capital Debt due to Capitalized Interest	\$ 60,351	
Adjustments to Capital Debt Beginning Balance Ran Through Current Year Activity	\$ 94,679	
Recognition of Capital Financing Activities Advances and Deferred Inflows	\$ 4,014,265	
Amortization of Deferred Gain/Loss of Capital Debt Refunded	\$ 1,075,915	
Accrual of Capital Financing Interest Payable	\$ 6,773,553	
Reinstated Missing Capital Assets	\$ 389,206	
Release of Debt on Refinancing	\$ 1,341,351	
Unrealized Gain/Loss on Investments	\$ 2,197,498	
Transfer of Investments to Affiliated Organization	\$ 376,608	

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

nt Units of the State of Georgia Reporting Entity

University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation	Interfund Capital Lease Elimination	Total
\$ 6,696,136	\$ 8,417,101	\$ (25,388,128)	\$ (2,620,652,131)
	57,217		477,467,547
1,844,637	3,224,700	(11,438,207)	-
			1,313,367
	(88,860)	(556,294)	(30,121,816)
			(1,826,503)
			2,824,693
	186,705		(5,631,994)
			854,028
(13,124)			(33,627,253)
			3,388,836
			11,003,079
			1,346,322
			282,838
			8,575,708
			771,624
			6,976,462
			(5,691,047)
			4,641,755
			417,327,533
			192,490,881
			(398,174,371)
			(89,136,393)
\$ 8,527,649	\$ 11,796,863	\$ (37,382,629)	\$ (2,055,596,835)

			\$ 82,532,284
			\$ 15,346,531
			\$ 2,168,464
			\$ 509,876
			\$ 13,530,110
			\$ 114,284,487
			\$ 13,833,170
			\$ 1,363,369
			\$ 34,590,979
			\$ 18,820,541
			\$ 7,761,925
	\$ 256,078		\$ 16,704,748
			\$ 60,351
			\$ 94,679
			\$ 4,014,265
			\$ 1,075,915
			\$ 6,773,553
			\$ 389,206
			\$ 1,341,351
			\$ 2,197,498
			\$ 376,608

UNIVERSITY SYSTEM OF GEORGIA  
 COMBINED STATEMENT OF FIDUCIARY NET POSITION  
 PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS  
 JUNE 30, 2016

	Early Retirement Plan - Augusta University	457(f) Deferred Compensation Fund	Retiree Health Benefit Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,161,947		\$ 7,950,664	\$ 14,112,611
Investments				
Debt Securities - Bond Securities	12,513,934			12,513,934
Equity Mutual Funds - Domestic	30,977,764	\$ 4,527,589		35,505,353
Equity Mutual Funds - International	3,658,921			3,658,921
Equity Securities - Domestic	20,803,503			20,803,503
Equity Securities - International	2,948,921			2,948,921
Money Market Mutual Funds		337,818		337,818
Mutual Bond Funds		694,326		694,326
Real Estate Investment Trust	3,257,358			3,257,358
Real Estate Mutual Funds		188,267		188,267
Receivables				
Employer			2,574,822	2,574,822
Employee			1,184,431	1,184,431
<b>Total Assets</b>	<b>80,322,348</b>	<b>5,748,000</b>	<b>11,709,917</b>	<b>97,780,265</b>
<b>LIABILITIES</b>				
Benefits Payable			8,811,415	8,811,415
<b>NET POSITION</b>				
Held in Trust for:				
Pension Benefits	80,322,348	5,748,000		86,070,348
Other Postemployment Benefits			2,898,502	2,898,502
<b>Total Net Position</b>	<b>\$ 80,322,348</b>	<b>\$ 5,748,000</b>	<b>\$ 2,898,502</b>	<b>\$ 88,968,850</b>

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

UNIVERSITY SYSTEM OF GEORGIA  
 COMBINED STATEMENT OF FIDUCIARY REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS  
 YEAR ENDED JUNE 30, 2016

	Early Retirement Plan - Augusta University	457(f) Deferred Compensation Fund	Retiree Health Benefit Fund	Total
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 13,084,672	\$ 811,156	\$ 111,813,724	\$ 125,709,552
Plan member		266,666	28,586,933	28,853,599
Investment Income				
Dividends and Interest	1,505,546	243,376	48,402	1,797,324
Net Appreciation in Investments				
Reported at Fair Value	241,640	110,127	(16,495)	335,272
Less: Investment Expense	(158,469)	(16)		(158,485)
<b>Total Additions</b>	<u>14,673,389</u>	<u>1,431,309</u>	<u>140,432,564</u>	<u>156,537,262</u>
<b>DEDUCTIONS</b>				
Benefits	13,476,778		124,501,761	137,978,539
Life Insurance Premium Expense			4,948,068	4,948,068
Withdrawal		1,328,284		1,328,284
Administrative expense			8,364,829	8,364,829
<b>Total Deductions</b>	<u>13,476,778</u>	<u>1,328,284</u>	<u>137,814,658</u>	<u>152,619,720</u>
Change in Net Position Held in Trust for Pension and Other Employee Benefits	1,196,611	103,025	2,617,906	3,917,542
<b>Net Position, Beginning of Year</b>				
Net Position, Beginning of Year, As Originally Reported	<u>79,125,737</u>	<u>5,644,975</u>	<u>280,596</u>	<u>85,051,308</u>
<b>Net Position, End of Year</b>	<u>\$ 80,322,348</u>	<u>\$ 5,748,000</u>	<u>\$ 2,898,502</u>	<u>\$ 88,968,850</u>

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

# NOTES TO THE FINANCIAL STATEMENTS



**UNIVERSITY SYSTEM OF GEORGIA**



**UNIVERSITY SYSTEM OF GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 1 Summary of Significant Accounting Policies**

**Nature of Operations**

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

**Reporting Entity**

The USG, an organizational unit of the State of Georgia primary government (State), is comprised of twenty-nine (29) State-supported member institutions of higher education in Georgia, the University System Office (USO), the Georgia Archives and the Georgia Public Library System. The USO also is the custodian of the Board of Regents Retiree Health Benefit Fund and the 457(f) Deferred Compensation Plan. Augusta University, an organizational unit of the USG, is the custodian of the Early Retirement Plan.

The Board of Regents of the University System of Georgia (Board) has constitutional authority to govern, control and manage the University System of Georgia. The Board 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 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 of Georgia.

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

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the USG. In addition, certain blended and discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2016, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



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

#### Blended Component Units

Georgia Southern University Housing Foundation, Inc. (GSHF), UWG Real Estate Foundation, Inc. (UWGREF), and VSU Auxiliary Services Real Estate Foundation, Inc. (VSUREF) are legally separate, tax-exempt component units of the State. The primary government is fiscally accountable for these foundations. Additionally, these foundations provide services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government. Therefore, these foundations met the requirements for blending as defined by GASB Codification Sections 2100 and 2600.

GSHF's purpose is to acquire, construct or improve student housing and other student facilities for the benefit of Georgia Southern University. GSHF's fiscal year ends on June 30 each year. Separately issued financial statements are available from GSHF at the following address: Georgia Southern University Housing Foundation, Inc., P.O. Box 8020, Statesboro, GA 30460.

UWGREF's purpose is to constructs research and auxiliary buildings and facilities for use by the University of West Georgia. UWGREF's fiscal year ends on June 30 each year. Separately issued financial statements are available from UWGREF at the following address: UWG Real Estate Foundation, Inc. 1601 Maple St, Carrollton, GA 30118.

VSUREF was organized to support Valdosta State University in its mission to provide excellent higher education to its constituencies, and to provide broad advice, consultation and support to the President of Valdosta State University. VSUREF's primary efforts are directed toward developing Valdosta State University's facilities and infrastructure as identified in the strategic planning process and the master plan of Valdosta State University. In addition, VSUREF may provide such services as administration of assets, advice, consultation and support to the Board of Regents and the colleges and universities of the University System of Georgia and their affiliated support organizations. VSUREF's fiscal year ends on December 31 each year. Separately issued financial statements are available from VSUREF at the following address: VSU Auxiliary Services Real Estate Foundation, Inc. 1500 N. Patterson St, Valdosta, GA 31698.

#### Discretely Presented Component Units

The below organizations are legally separate, tax-exempt component units of the State. Although the State (primary government) is not fiscally accountable for these entities, it has been determined that the nature and significance of the relationship between the primary government and the below organizations is such that exclusion from these departmental financial statements would render them misleading. The below organizations met the requirements for discrete presentation as defined by GASB Codification Sections 2100 and 2600. Each of the below organization's fiscal year ends on June 30 each year. Separately issued financial statements are available from the addresses listed below.

- Georgia College & State University Foundation, Inc., 231 W Hancock St., CBX 96, Milledgeville, GA, 30161.

- Georgia Gwinnett College Foundation, Inc., 1000 University Center Lane, Lawrenceville, GA, 30043.
- Georgia State University Foundation, Inc., Attn: Dale Parmer, GSU Foundation, 533 One Park Place, Atlanta, GA 30301-2668.
- Georgia Tech Athletic Association, 150 Bobby Dodd Way, Atlanta, Georgia 30332-0455
- Georgia Tech Facilities, Inc., 221 Uncle Heinie Way, Lyman Hall Room 325, Atlanta, Georgia 30332-0257
- Georgia Tech Foundation, Inc., 760 Spring Street, Atlanta, Georgia 30332
- Georgia Tech Research Corp., 505 10th Street, Atlanta, Georgia 30332-0415
- Kennesaw State University Foundation, Inc., 3391 Town Point Drive, Suite 4530/Mail drop 9101, Kennesaw, GA 30144.
- Medical College of Georgia Foundation, 545 15th Street, Augusta, GA 30901
- Middle Georgia State University Real Estate Foundation, Inc., 100 University Pkwy, Macon, GA 31206
- University of Georgia Athletic Association, Inc., 456 E. Broad Street, Athens, GA 30602
- University of Georgia Foundation, 394 S. Milledge Ave, Suite 100, Athens, GA 30602
- University of Georgia Research Foundation, Inc., 324 Business Services Building, 456 E. Broad Street, Athens, GA 30602
- University of North Georgia Real Estate Foundation, Inc., 110 South Chestatee Street, Suite 320, Dahlonega, GA 30597
- University System of Georgia Foundation, Inc., 270 Washington Street, SW Suite 7007, Atlanta, Ga 30334
- MCG Health Systems, Inc. d/b/a AU Health System, 1120 15th Street. FY139, Augusta, GA 30912
- Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries, 1499 Walton Way, Ste. 1400, Augusta, GA 30901

See Note 19 for additional information related to discretely presented component units.

#### **Basis of Accounting and Financial Statement Presentation**

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the USG's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

The USG's enterprise and fiduciary fund financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. All significant intra-fund transactions have been eliminated.

### **New Accounting Pronouncements**

For fiscal year 2016, the USG adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements.

For fiscal year 2016, the USG adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general-purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement does not have a significant impact on the USG's financial statements.

For fiscal year 2016, the USG adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of GAAP. The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement does not have a significant impact on the USG's financial statements.

For fiscal year 2016, the USG adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement does not have a significant impact on the USG's financial statements.

### **Cash and Cash Equivalents**

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Ga Fund 1) and the Board of Regents Short-Term Investment Pool.

### **Short-Term Investments**

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

### **Investments**

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The

USG accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, the Board of Regents Total Return Fund, the Board of Regents Diversified Fund, the Board of Regents Diversified Fund for Foundations, and the Georgia Extended Asset Pool are included as investments.

### **Accounts Receivable**

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

### **Inventories**

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

### **Non-current Cash and Investments**

Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position.

### **Prepaid Items**

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items.

### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the USG's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

For projects managed by GSFIC, GSFIC retains construction in progress in its accounting records throughout the construction period and transfers the entire project to the institutional unit of the

University System when complete. For projects managed by institutions of the USG, the institutions retain construction in progress on their books and are reimbursed by GSFIC.

### **Capital Liability Reserve Fund**

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

### **Deferred Outflows of Resources**

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

### **Deposits**

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

### **Advances**

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

### **Deposits Held for Other Organizations**

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

### **Compensated Absences**

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

### **Non-current Liabilities**

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

### **Deferred Inflows of Resources**

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

### **Net Other Post-Employment Benefit (OPEB) Obligation**

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

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

### **Pensions and Net Pension Liability**

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

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

### **Service Concession Arrangements**

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

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

### **Net Position**

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

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

Restricted – nonexpendable net position includes endowments and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and



future income, which may either be expended or added to principal. For institution-controlled, donor-restricted endowments, the by-laws of the Board of Regents of the University System of Georgia permits each individual institution to use prudent judgment in the spending of current realized and unrealized endowment appreciation. Donor-restricted endowment appreciation is periodically transferred to restricted – expendable accounts for expenditure as specified by the purpose of the endowment. Each institution maintains pertinent information related to each endowment fund including donor; amount and date of donation; restrictions by the source of limitations; limitations on investments, etc.

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the USG, and may be used at the discretion of the governing board to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

### **Income Taxes**

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

### **Classification of Revenues and Expenses**

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

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.
- Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.
- Operating expense includes activities that have the characteristics of exchange transactions.
- Non-operating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

### Special and Extraordinary Items

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

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

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

### Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the USG, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the USG's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the USG has recorded contra revenue for scholarship allowances.

### Restatement of Prior Year Net Position

The USG made the following restatements to the below enterprise funds:

	University System of Georgia	Georgia Southern University Housing Foundation	University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation
Net position, beginning of year, as originally reported	\$ 2,879,376,310			
Re-evaluation of capital assets and capital lease agreements between the institutions and their related foundations	3,353,487			
Correction of prior year errors in capital assets	2,080,894			
Correction of prior year errors in accounts receivables	(28,569)			
Changes in financial accounting and reporting		\$ 30,091,974	\$ 3,982,981	\$ 17,767,224
Net position, beginning of year, restated	<u>\$ 2,884,782,122</u>	<u>\$ 30,091,974</u>	<u>\$ 3,982,981</u>	<u>\$ 17,767,224</u>

### Changes in Financial Accounting and Reporting

In fiscal year 2016, Georgia Southern University Housing Foundation, Inc., University of West Georgia Real Estate Foundation, and Valdosta State University Auxiliaries Foundation, blended component units of the State, have been included as separate enterprise funds since these foundations have been determined to be essential to the fair presentation to these departmental statements. This change resulted in an increase in the beginning net position for enterprise funds of \$51,842,179. In addition, beginning cash and cash equivalents in the statement of cash flows was increased \$56,924,410.

## Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

	Business-type Activities and Fiduciary Funds
Cash & Cash Equivalents	\$ 1,378,152,885
Short-Term Investments	224,861,124
Investments	79,908,401
Non Current - Cash	44,998,225
Non Current - Investments	53,661,112
Cash (Externally Restricted)	6,852,070
Short Term Investments (Externally Restricted)	96,987
Investments (Externally Restricted)	178,418,904
	<u>\$ 1,966,949,708</u>

Cash on hand, deposits and investments as of June 30, 2016 consist of the following:

	Business-type Activities and Fiduciary Funds
Cash on Hand	\$ 1,186,907
Deposits with Financial Institutions	596,134,083
Investments	1,446,253,474
Assets Held at USG on Behalf of Component Units	(76,624,756)
	<u>\$ 1,966,949,708</u>

### A. Deposits

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

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation. The Treasurer of the Board of Regents is responsible for all details relative to furnishing the required depository protection for all units of the University System of Georgia.

At June 30, 2016, the bank balances of the USG's deposits totaled \$644,931,846. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the USG. Of these deposits, \$47,128,163 were exposed to custodial credit risk as follows:

	Business-type Activities and Fiduciary Funds
Uninsured and uncollateralized	\$ 14,573,817
Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the USG's name	32,554,346
Total deposits exposed to custodial credit risk	<u>\$ 47,128,163</u>

## B. Investments

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

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

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments.

The following table summarizes the valuation of the USG's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2016.

Investment type	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
U.S. Treasuries	\$ 34,153,716	\$ 33,982,965	\$ 170,751	
U.S. Agencies - Explicitly Guaranteed	164,364,285		164,364,285	
U.S. Agencies - Implicitly Guaranteed	513,801,101	47,265,058	466,536,043	
Bond Securities	83,648,002	83,648,002		
Municipal Obligations	1,056,967		1,056,967	
Corporate Debt	897,207		897,207	
Money Market Mutual Fund	34,339,747	34,339,747		
Mutual Bond Fund	2,588,089	2,588,089		
Real Estate Mutual Funds	188,267	188,267		
Real Estate Investment Trusts	13,861,919	13,861,919		
Real Estate Held for Investment Purposes	6,190,052			\$ 6,190,052
Equity Securities	114,138,203	114,137,586		617
Equity Mutual Funds	109,876,343	109,876,343		
Bond Mutual Funds	303,710	303,710		
Repurchase Agreements	7,331,847		7,331,847	
	<u>1,086,739,455</u>	<u>\$ 440,191,686</u>	<u>\$ 640,357,100</u>	<u>\$ 6,190,669</u>
<u>Investment Pools</u>				
Office of the State Treasurer				
Georgia Fund 1	352,618,630			
Georgia Extended Asset Pool	<u>6,895,389</u>			
	<u>\$ 1,446,253,474</u>			

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

#### Board of Regents Pooled Investment Program

The USG serves as fiscal agent for various units of the University System of Georgia and affiliated organizations. The USG pools the monies of these organizations with the USG's monies for investment purposes. 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 pooled investment fund balance at fair value along with a pro rata share of the pooled fund's investment returns.

The USG 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 Board of Regents' pooled investment fund options are described below.

1. 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. Investments are in securities allowed under Georgia Code 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and three years, and the fund will typically have an overall average duration of  $\frac{3}{4}$  - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Short Term Fund at June 30, 2016 was \$503,641,374.

2. Legal Fund

The Legal Fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under Georgia Code 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between five and ten years, with a maximum of thirty years for any individual investment. The overall character of the portfolio should be one of Agency quality, possessing virtually no degree of financial risk. The market value of the Legal Fund at June 30, 2016 was \$12,058,068.

3. Balanced Income Fund

The Balanced Income Fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents.

The equity allocation shall range between 30% and 40%, with a target of 35% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 70%, with a target of 65% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality (A1, P1) institutional money market mutual funds, or other high quality short term instruments. Reserves are invested in high quality institutional money market mutual funds or other high quality, short term instruments. The market value of the Balanced Income Fund at June 30, 2016 was \$6,659,419.

4. Total Return Fund

The Total Return Fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers greater overall



equity exposure and is appropriate for investing longer term funds such as endowments. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents.

The equity allocation shall range between 60% and 70%, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 30% and 40%, with a target of 35% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality (A1, P1) institutional money market mutual funds, or other high quality short term instruments. Reserves are invested in high quality institutional money market mutual funds or other high quality, short term instruments. The market value of the Total Return Fund at June 30, 2016 was \$13,325,815.

#### 5. Diversified Fund

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

The equity allocation shall range between 50% and 75% of the portfolio, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 25% and 50%, with a target of 35% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Diversified Fund at June 30, 2016 was \$161,637,616.

#### 6. Diversified Fund for Foundations

The Diversified Fund for Foundations is available only to University System of Georgia affiliated organizations. Like the Diversified Fund, the fund is designed to provide improved return characteristics with reduced volatility through greater diversification and is appropriate for investing longer term funds such as endowments. Investments in the fund may include domestic, international and emerging market equities, domestic and global investment grade and non-investment grade fixed income and alternative investments.

The equity allocation shall range between 40% and 75% of the portfolio, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 10% and 40% of the portfolio, with a target of 20% of the total portfolio. The alternatives portion of the portfolio shall range between 0% and 30% of the portfolio, with a target of 15% of the total portfolio. Cash reserves and invested income are invested at all times in the highest quality (A1, P1) institutional money market funds, or other high quality short term instruments. The market value of the Diversified Fund for Foundations at June 30, 2016 was \$43,985,004.

Condensed financial information for the investment pool is as follows:

Statement of Net Position - June 30, 2016

Assets

Cash and Cash Equivalents*	\$ 66,715,907
Investments*	674,081,575
Receivables	509,814
	<u>\$ 741,307,296</u>

Distribution of Net Position

USG Account Balance	\$ 598,117,602
Blended Foundations	4,000,797
Component Units & Affiliated Organizations	139,188,897
	<u>\$ 741,307,296</u>

\*Cash and Cash Equivalents and Investments in Short Term Investment Pool of \$503,641,374 are reported as Cash and Cash Equivalents on the Statements of Net Position and Fiduciary Net Position

Statement of Changes in Net Position - June 30, 2016

Market Value Plus Accrued Income on July 1, 2015*	\$ 630,125,149
Receipts	181,717,934
Disbursements	
Administrative Expenses	(748,657)
Distributions	(77,137,852)
Investment Results	
Income Collected and Accrued	10,314,086
Realized Gain/Loss on Assets Sold	3,636,641
Change in Unrealized Gain/Loss	(5,346,898)
Amortization (Short-Term Fund)	(1,253,107)
Market Value Plus Accrued Income on June 30, 2016	<u>\$ 741,307,296</u>

\*Beginning Market Value is restated to include \$39,157,349 in investments in the Diversified Fund for Foundations, which the USO assumed administrative responsibility for during fiscal year 2016. There is no effect on the July 1, 2015 Net Position reported on the USG's Statement of Revenues, Expenses and Changes in Net Position.

## 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 USG's policy for managing interest rate risk is contained in the investment policy guidelines for the various pooled funds.

1. In the Short-Term fund, the average maturity of the fixed income portfolio shall not exceed three years.
2. In all the other pooled funds, the average maturity of the fixed income portfolio shall not exceed ten years.
3. Fixed income investments, except in the Diversified Funds, shall be limited to U.S. government agency and corporate debt instruments that meet investment eligibility under Georgia Code 50-17-63.
4. The fixed income target allocation is defined in the investment policy guidelines for each pooled investment fund. These targets may be modified upon recommendation of the fund's investment manager and approval by the Board of Regents.

The USG's business-type activity and Regents' Retiree Health Insurance Fiduciary fund investments as of June 30, 2016 are presented below. Regents' Retiree Health Insurance Fiduciary fund investments are invested in the BOR investment pool and therefore, not reported separately. All investments are presented by investment type and debt securities are presented by maturity.

Investment type	Investment Maturity				
	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years More Than 10 Years
<b>Debt Securities</b>					
U.S. Treasuries	\$ 34,153,716	\$ 30,225,698	\$ 2,003	\$ 2,067,242	\$ 1,858,773
U.S. Agencies - Explicitly Guaranteed	164,364,285	44,885,624	108,771,222	9,132,157	1,575,282
U.S. Agencies - Implicitly Guaranteed	513,801,100	136,806,447	321,556,858	54,153,589	864,311 \$ 419,895
Bond Securities	71,134,069	4,077,483		14,690,973	38,928,882 13,436,731
Corporate Bonds	-				
Municipal Obligations	1,056,967	5,000		388,806	165,664 497,497
Corporate Debt	897,205	284,992	9,016	350,717	235,360 17,120
General Obligation Bonds	-				
Money Market Mutual Fund	29,338,352	29,338,352			
Mutual Bond Fund	2,197,473			8,208	2,150,333 38,932
Repurchase Agreements	7,331,847	7,331,847			
	824,275,014	\$ 252,955,443	\$ 430,339,099	\$ 80,791,692	\$ 45,778,605 \$ 14,410,175
<b>Other Investments</b>					
Equity Securities - Domestic	88,539,856				
Equity Securities - International	1,845,924				
Miscellaneous Holdings					
Equity Mutual Funds	70,712,071				
Other - Tangible Assets					
Real Estate Held For Investments	6,190,052				
Real Estate Investment Trusts	10,604,560				
Commodities Market Funds					
<b>Investment Pools</b>					
Office of the State Treasurer					
Georgia Fund 1	352,618,630				
Georgia Extended Asset Pool	6,895,389				
	\$ 1,361,681,496				

The USG's Early Retirement Plan Fiduciary Fund investments as of June 30, 2016 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment type	Investment Maturity			
	Fair Value	Less Than 3 Months	1-5 Years	6-10 Years
<u>Debt Securities</u>				
Bond Securities	\$ 12,513,934		\$ 2,202,149	\$ 10,311,785
Money Market Mutual Fund	4,663,577	\$ 4,663,577		
	17,177,511	4,663,577	2,202,149	10,311,785
<u>Other Investments</u>				
Equity Securities - Domestic	23,752,424			
Equity Mutual Funds	34,636,685			
Real Estate Held For Investments	3,257,358			
	\$ 78,823,978			

The USG's 457(f) Deferred Compensation Plan Fiduciary Fund investments as of June 30, 2016 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment type	Investment Maturity			
	Fair Value	Less Than 3 Months	1-5 Years	6-10 Years
<u>Debt Securities</u>				
Money Market Mutual Fund	\$ 337,818	\$ 337,818		
Mutual Bond Fund	694,326		\$ 221,367	\$ 472,959
	1,032,144	337,818	221,367	472,959
<u>Other Investments</u>				
Equity Mutual Funds	4,527,589			
Real Estate Held For Investments	188,267			
	\$ 5,748,000			

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

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

At June 30, 2016, \$50,794,346, \$0 and \$1,032,144 of the USG's applicable business-type activity, Early Retirement Plan Fiduciary Fund, and 457(f) Deferred Compensation Plan Fiduciary Fund investments, respectively, were uninsured and held by the investment's counterparty's trust department or agent, but not in the USG'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 USG's policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds.

1. In all pooled funds except the Diversified Funds, 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 Funds are permitted to invest in noninvestment grade debt issues up to a limit of 15% of the entire portfolio.

The USG's business-type activity investments subject to credit quality risk are reflected below:

Credit Rating	Investment Type							Grand Total
	Bond Mutual Funds	Bond Securities	Corporate Debt	Money Market Mutual Funds	Municipal Obligations	Repurchasing Agreements	US Agencies-Implicitly Guaranteed	
A			\$ 127,610		\$ 387,055			\$ 514,665
A-			101,943					101,943
AA			46,772		308,838			355,610
AA-			71,359					71,359
AA+			52,305	\$ 28,543,430			\$ 2,354,700	30,950,435
AAA	\$ 253,793		26,016		335,053		196,047	810,909
B	14,712							14,712
Baaa			101,000					101,000
BBB			23,148		26,021			49,169
BBB-			13,721					13,721
BBB+			56,439					56,439
Not Rated	1,928,968	\$ 71,134,069	276,892	794,922		\$ 7,331,847	511,250,353	592,717,051
	<u>\$ 2,197,473</u>	<u>\$ 71,134,069</u>	<u>\$ 897,205</u>	<u>\$ 29,338,352</u>	<u>\$ 1,056,967</u>	<u>\$ 7,331,847</u>	<u>\$ 513,801,100</u>	<u>\$ 625,757,013</u>

The USG's Early Retirement Plan Fiduciary Fund investments subject to credit quality risk are reflected below:

Credit Rating	Investment Type		Grand Total
	Bond Securities	Money Market Mutual Funds	
AA+		\$ 1,419,369	\$ 1,419,369
Not Rated	\$ 12,513,934	3,244,208	15,758,142
	<u>\$ 12,513,934</u>	<u>\$ 4,663,577</u>	<u>\$ 17,177,511</u>

The USG's 457(f) Deferred Compensation Plan Fiduciary Fund investments subject to credit quality risk are reflected below:

Credit Rating	Investment Type		Grand Total
	Money Market Mutual Funds	Mutual Bond Funds	
Not Rated	\$ 337,818	\$ 694,326	\$ 1,032,144

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The USG's policy for managing concentration of credit risk is to diversify investments to the extent that any single issuer shall be limited to 5% of the market value in a particular investment fund.

At June 30, 2016, approximately 25.9%, 12.7%, 11.7%, 10.8%, and 6% of the USG's BTA investments were investments in Local Gov't Investment Pool (Ga Fund 1), Federal National MTGE Assoc. notes, Federal National MTG Assoc. Pool, Federal Home Loan Bank notes, and Government National Mortgage Assn notes, respectively.

At June 30, 2016, approximately 36.63%, 9.06%, 8.89%, and 5.49% of the USG's Fiduciary Fund investments were investments in Vanguard Institutional Index Fund, IShares Core Total U.S. Aggregate Bond ETF, IShares Russell 1000 Growth ETF and IShares Russell 1000, respectively.

## Note 3 Receivable

Business-type activity accounts and notes receivable consisted of the following at June 30, 2016:

Notes and Loans	\$ 43,364,575
Component Units	159,125,145
Other	282,573,633
Inter- governmental Receivable	74,191,273
Georgia Student Finance	16,328,029
Georgia State Financing and Investment Commission	<u>15,047,640</u>
Gross Receivables	590,630,295
Allowance for Uncollectibles	<u>(31,852,098)</u>
Total Receivables (Net)	<u>\$ 558,778,197</u>



## Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2016. 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 USG for amounts cancelled under these provisions. As the USG 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 USG 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, 2016, the allowance for uncollectible loans was \$2,003,021.

## Note 4 Inventories

Inventories consisted of the following at June 30, 2016:

Consumable Supplies	\$ 4,979,516
Merchandise for Resale	<u>20,406,077</u>
Total	<u>\$ 25,385,593</u>

## Note 5 Due To/From Other Funds

Due to/from other funds reported with the enterprise funds at June 30, 2016, consist of the following:

	Due To Other Funds			Reconciling Item:	
	University System of Georgia	Georgia Southern University Housing Foundation	Due To Other Funds	Timing Difference Due to Different Fiscal Years	Due From Other Funds
University System of Georgia		\$ 3,892,925	\$ 3,892,925		\$ 3,892,925
Valdosta State University Auxiliaries Foundation	\$ 176,625,402		176,625,402		176,625,402
Georgia Southern University Housing Foundation	204,950,891		204,950,891		204,950,891
University of West Georgia Real Estate Foundation	121,314,547		121,314,547		121,314,547
Reconciling Item:					
Timing Difference Due to Different Fiscal Years	<u>(1,707,651)</u>		<u>(1,707,651)</u>	\$ 1,707,651	-
	<u>\$ 501,183,189</u>	<u>\$ 3,892,925</u>	<u>\$ 505,076,114</u>	<u>\$ 1,707,651</u>	<u>\$ 506,783,765</u>

Due to/from other funds in the amount of \$3,892,925 resulted from billings for goods/services and support between the USG and foundations.

Due to/from other funds of \$501,183,189 is related to leases for the purchase by the USG of various facilities acquired/constructed by foundations. \$488,921,474 of this balance is due in more than one year.

Due from other funds of \$1,707,651 is related to lease payments and resulted from a timing difference in fiscal years ended between Valdosta State University Auxiliaries Foundation and Valdosta State University. Valdosta State University Auxiliaries Foundation's fiscal year ended December 31, 2015, while Valdosta State University's fiscal year ended June 30, 2016.

## Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2016 are shown below:

	Balance July 1, 2015 (Restated)	Additions	Reductions	Balance June 30, 2016
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 389,656,483	\$ 10,215,612	\$ 9,216	\$ 399,862,879
Works of Art and Collections	47,165,460	2,059,474		49,224,934
Construction Work-in-Progress	231,398,060	215,092,401	206,466,289	240,024,172
Total Capital Assets Not Being Depreciated	668,220,003	227,367,487	206,475,505	689,111,985
Capital Assets, Being Depreciated:				
Infrastructure	358,859,912	4,968,260		363,828,172
Building and Building Improvements	11,118,643,951	340,735,183	17,303,178	11,442,075,956
Improvements Other Than Buildings	407,046,900	29,542,633	152,469	436,437,064
Machinery and Equipment	1,553,935,158	137,622,906	99,960,204	1,591,597,860
Library Collections	866,653,973	35,278,492	7,360,539	894,571,926
Works of Art and Collections	6,013,829	756,369	30,500	6,739,698
Software	44,108,439		1,750,000	42,358,439
Total Assets Being Depreciated	14,355,262,162	548,903,843	126,556,890	14,777,609,115
Less: Accumulated Depreciation For:				
Infrastructure	129,197,101	11,412,881	2,458	140,607,524
Buildings	3,274,090,724	296,425,924	13,553,335	3,556,963,313
Facilities and Other improvements	154,854,494	14,590,256	152,470	169,292,280
Equipment	1,110,813,470	118,319,185	85,996,871	1,143,135,784
Library Collections	693,597,255	33,449,982	7,576,058	719,471,179
Capitalized Collections	1,216,740	144,469	21,688	1,339,521
Software	19,979,196	3,067,633	1,691,667	21,355,162
Total Accumulated Depreciation	5,383,748,980	477,410,330	108,994,547	5,752,164,763
Total Capital Assets, Being Depreciated, Net	8,971,513,182	71,493,513	17,562,343	9,025,444,352
Business-type Activities, Capital Assets, net	\$ 9,639,733,185	\$ 298,861,000	\$ 224,037,848	\$ 9,714,556,337

## Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2016:

Prepaid Tuition and Fees	\$ 130,237,246
Research	49,753,700
Other Unearned Revenue	46,463,999
Total	<u>\$ 226,454,945</u>

## Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2016 was as follows:

	Restated Beginning Balances July 1, 2015	Additions	Reductions	Ending Balances June 30, 2016	Current Portion
<b>Leases</b>					
Lease Obligations (1)	\$ 3,227,618,187	\$ 18,786,214	\$ 112,658,590	\$ 3,133,745,811	\$ 81,010,158
Less: Elimination Blended Foundations	(516,288,683)		(15,105,494)	(501,183,189)	(12,261,715)
Total Lease Obligations, Net	2,711,329,504	18,786,214	97,553,096	2,632,562,622	68,748,443
<b>Revenue Bonds Payable</b>					
Georgia Southern University Housing Foundation	216,245,000	26,270,000	37,790,000	204,725,000	6,210,000
Unamortized Bond Discount	(245,448)	(98,866)	(13,964)	(330,350)	
Unamortized Bond Premium	6,429,985	2,417,397	991,311	7,856,071	
	222,429,537	28,588,531	38,767,347	212,250,721	6,210,000
UWG Real Estate Foundation	126,670,000		2,380,000	124,290,000	2,540,000
Unamortized Bond Discount	(428,151)		(18,295)	(409,856)	
Unamortized Bond Premium	6,114,161		277,650	5,836,511	
	132,356,010	-	2,639,355	129,716,655	2,540,000
VSU Auxiliary Real Estate Foundation	174,850,000		2,960,000	171,890,000	3,210,000
Unamortized Bond Discount	(934,434)	57,218		(877,216)	
Unamortized Bond Premium	1,562,141	-	97,384	1,464,757	
	175,477,707	57,218	3,057,384	172,477,541	3,210,000
<b>Other Liabilities</b>					
Compensated Absences	201,442,464	142,746,309	134,170,598	210,018,175	135,675,595
Notes & Loans		10,184,440		10,184,440	680,144
Claims and Judgments	-	4,641,934	-	4,641,934	1,527,942
Pollution Remediation	1,084,464	474,275	351,902	1,206,837	617,905
Net Pension Liability	1,914,402,670	417,587,957	260,424	2,331,730,203	-
Other Post Employment Benefits Liability	2,163,376,890	192,490,881	-	2,355,867,771	-
<b>Total Long Term Obligations</b>	<b>\$ 7,521,899,246</b>	<b>\$ 815,557,759</b>	<b>\$ 276,800,106</b>	<b>\$ 8,060,656,899</b>	<b>\$ 219,210,029</b>

(1) Lease obligations includes Lease Purchase Obligations - External (\$11,045,122 current & \$895,035,818 noncurrent), Lease Purchase Obligations - Component Units (\$57,703,321 current & \$1,668,778,361 noncurrent), and Due to Other Funds (\$12,261,715 current & \$488,921,474 noncurrent) reported on the Statement of Net Position.

### Revenue Bonds

Blended higher education foundations have issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campuses of the USG. The bond issues have interest rates ranging 2.00% to 5.50% with maturity dates through fiscal year 2042. As of June 30, 2016, the outstanding principal for the revenue bonds is \$514 million. These bonds are secured by lease arrangements for these various facilities with the USG.

At June 30, 2016, bonds payable currently outstanding are as follows (amount in thousands):

	Interest Rates	Maturing Through Year	Original Issue Amount	Outstanding Amount
Georgia Southern University Housing Foundation	2.00% - 5.125%	2042	\$ 231,440	\$ 212,251
University of West Georgia Real Estate Foundation	2.00% - 5.00%	2041	\$ 134,709	\$ 129,717
Valdosta State University Auxiliaries Foundation	2.00% - 5.50%	2039	\$ 182,478	\$ 172,478

Annual debt service requirements to maturity for revenues bonds payable are as follows:

Fiscal Year Ending June 30:	Revenue Bonds Payable					
	Georgia Southern University Housing Foundation		University of West Georgia Real Estate Foundation		Valdosta State University Auxiliaries Foundation	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 6,210,000	\$ 9,303,599	\$ 2,540,000	\$ 5,304,436	\$ 3,210,000	\$ 7,793,481
2018	6,920,000	9,048,199	2,810,000	5,219,361	3,510,000	7,684,104
2019	7,230,000	8,750,486	3,015,000	5,126,361	3,850,000	7,524,222
2020	7,515,000	8,434,524	3,225,000	5,020,874	4,215,000	7,356,859
2021	7,825,000	8,093,705	3,460,000	4,903,749	4,590,000	7,165,925
2022 through 2026	44,800,000	34,517,924	20,880,000	22,268,294	29,040,000	32,389,655
2027 through 2031	53,185,000	23,277,629	27,545,000	17,334,397	40,325,000	24,855,833
2032 through 2036	30,860,000	14,175,969	31,110,000	11,022,586	43,600,000	15,385,929
2037 through 2041	34,385,000	5,321,915	25,455,000	4,146,177	39,550,000	4,137,946
2042	5,795,000	194,288	4,250,000	181,274		
	204,725,000	121,118,238	124,290,000	80,527,509	171,890,000	114,293,954
Unamortized Bond Discount	(330,350)		(409,856)		(877,216)	
Unamortized Bond Premium	7,856,071		5,836,511		1,464,757	
Total	\$ 212,250,721	\$ 121,118,238	\$ 129,716,655	\$ 80,527,509	\$ 172,477,541	\$ 114,293,954

### Debt Derivative Instruments

Derivative Instruments are utilized by some of the higher education foundations and consist primarily of interest rate swap agreements. The fair values and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2016 financial statements under GASB provisions are as follows:

	Change in Fair Value			Fair Value	
	Classification	Amount		Amount	Notional
Proprietary funds' activities					
Cash flow hedges:					
VSU Auxiliary Services					
Real Estate Foundation Inc.	Deferred outflow				
2008B-Interest Rate Swap	of resources	\$ (162,071)	Debt	\$ (6,951,128)	\$ 28,075,000

The fair value of the interest rate swap liability disclosed above is consistent with the Level 2 Fair Value Hierarchy defined in GASB Statement No. 72, *Fair Value Measurement and Application*. This Level 2 derivative position was primarily valued using standard calculations/models that use as their basis readily observable market parameters (interest rates).

### VSU Auxiliary Services Real Estate Foundation, Inc. (Company):

The Company has an outstanding interest rate swap agreement effectively changing the interest rate exposure on the \$28.0 million bond payable from variable to a 4.05% fixed rate over the term of the bond payable. As of December 31, 2015, the total notional amount of the swap was \$28,075,000. As of December 31, 2015, the fair value of this interest rate swap was a liability of \$6.951 million in the accompanying consolidated statement of financial position. The VSU Auxiliary Foundation recorded a loss on the swap of \$162,071 for the year ended December 31, 2015.

Revenue bonds in the amount of \$28.7 million ("Series 2008B Bonds"), were issued June 19, 2008 by the South Regional Joint Development Authority ("the Authority"), a public body corporate and politic created pursuant to the constitution and laws of the State of Georgia, including Development Authorities Law, as amended, and were loaned to the Company to finance the construction of the Georgia Hall Project and the Reade Hall Project. The bonds were issued pursuant to the Development

Authorities Law of the State of Georgia and in accordance with the provisions of a Trust Indenture dated June 1, 2008 between the Authority and Wells Fargo Bank, National Association, as the trustee ("the Trustee"). The Series 2008B Bonds were issued in the form of fully registered bonds in the denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. Interest rates are variable and the bonds mature in 2039. Payment of the principal of and interest on the Series 2008B Bonds will be principally secured by an irrevocable, direct-pay letter of credit issued by Wells Fargo Bank, National Association ("the Bank", previously Wachovia Bank, National Association) on the date of issuance of the bonds pursuant to the terms of the Reimbursement Agreement. The original letter of credit dated June 19, 2008 was extended to December 14, 2010. Additional security for the Series 2008B Bonds each consists of; 1) the trust estate (from which the bonds are payable; 2) the Debt Service Reserve Fund; 3) the loan agreement; 4) the project estate and personal property as set forth in the security deed, agreements and documents relating to the construction and management of the project; and 5) any and all rents and leases for use of the project property.

Rents to be received under the rental agreement are in fixed amounts and the interest rate on the Series 2008B Bonds, unless converted to a Fixed Rate, are variable, based on weekly market rate. The variable rate on the bonds may cause debt service on the bonds and other amounts payable from such rents to exceed the amounts scheduled to be received and available for such purpose. Accordingly, in connection with the issuance of the bonds, the Company entered into an interest rate swap (the "Rate Swap") with Wachovia Bank, National Association (the "Rate Swap Provider") under a Hedge Agreement in order to hedge against changes in the Company's interest expense associated with the bonds. The Rate Swap Provider subsequently became Wells Fargo Bank, N.A. Under the Rate Swap, the Company agreed to make monthly payments based upon a fixed rate of interest of 4.05% per annum to Wachovia Bank, and Wachovia Bank agreed to make monthly floating rate payments to the Company at the USD-SIFMA Municipal Swap Index per annum, in each case times a notional amount equal to the aggregate principal amount of the bonds scheduled to remain outstanding in each period, taking into account planned redemptions.

The payments made by the Rate Swap Provider based on the USD-SIFMA Municipal Swap Index may not match perfectly the interest accruing on the bonds, but the Company estimates that additional rentals paid or accumulated from the Rental Agreement will be sufficient to cover such differences. The Rate Swap terminates on the date of maturity of the Series 2008 B Bonds.

### Notes and Loans Payable

The USG entered into note payables to secure an Energy Performance Contract. The interest rate for the notes range from 2.003% to 2.04% and matures during fiscal year 2024. Below is the annual debt service related to the outstanding notes payable at June 30, 2016.

	Notes and Loans Payable	
	Principal	Interest
Fiscal Year Ended June 30:		
2017	\$ 680,144	\$ 303,801
2018	1,409,027	185,183
2019	1,437,861	156,349
2020	1,467,287	126,923
2021	1,497,313	96,897
2022 through 2024	3,692,808	105,876
Total Notes and Loans Payable	<u>\$ 10,184,440</u>	<u>\$ 975,029</u>

## Pollution Remediation

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

The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. USG has recorded a liability related to this pollution remediation in the amount of \$770,132. The liability was determined using a five-year budget estimated provided by Brown and Caldwell. The University of Georgia does not anticipate any changes to the expected remediation outlay. There are no expected recoveries that have reduced this liability.

Georgia Institute of Technology is responsible for pollution remediation at all Institute sites including, but not limited to ground contamination, storage/treatment/disposal of hazardous materials, and asbestos abatement. USG has recorded a liability related to this pollution remediation in the amount of \$436,705. There are no expected recoveries that have reduced this liability.

## Note 9 Lease Obligations

The USG is obligated under various operating leases for the use of real property (land, buildings, and office facilities) and equipment, and also is obligated under capital leases and installment purchase agreements for the acquisition of real property.

### Capital Leases

Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between fiscal 2016 and 2052. The USG has approximately \$3,133,745,811 in capital lease obligations as of June 30, 2016. Of this amount, \$1,726,481,682 is with component units. \$906,080,940 is with organizations external to the financial statement reporting entity, of which, most are affiliated organizations of the USG. \$501,183,189 is with blended foundations. Capital leases with blended foundations are reported as due to other funds on the Statement of Net Position. USG's cash payments related to capital leases for fiscal year 2016 were \$266,233,678, of which \$169,754,813 represented interest and \$96,478,865 represented principal.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2016:

Description	Gross Amount	Accumulated Depreciation	Assets Held Under Capital Lease, Net at June 30, 2016	Outstanding Balances per Lease Schedule at June 30, 2016
Land	\$ 50,979,290		\$ 50,979,290	\$ 34,326,279
Infrastructure	39,705,000	\$ (12,149,730)	27,555,270	35,446,022
Equipment	30,388,465	(13,189,829)	17,198,636	23,130,391
Buildings	3,435,414,114	(787,180,740)	2,648,233,374	3,030,717,647
Facilities and Improvements	6,892,637	(2,846,956)	4,045,681	5,547,627
Total Assets Held Under Capital Lease at June 30, 2016	<u>\$ 3,563,379,506</u>	<u>\$ (815,367,255)</u>	<u>\$ 2,748,012,251</u>	<u>\$ 3,129,167,966</u>

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



## Operating Leases

The USG's non-cancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2016 through 2052. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancellable if the State of Georgia does not provide adequate funding, but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis; examples of property under operating leases are real property, copiers and other small business equipment. System-wide real property and equipment operating lease expense for fiscal 2016 was \$47,371,341.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2016, are as follows:

	Capital Lease Obligations	Less: Elimination of Blended Foundation Activity - Due To Other Funds			Total Capital Lease Obligations, Net	Total Operating Leases
		Georgia Southern University Housing Foundation	University of West Georgia Real Estate Foundation	Valdosta State University Auxiliaries Foundation		
Year Ending June 30:						
2017	\$ 261,522,039	\$ (12,281,947)	\$ (8,511,495)	\$ (17,199,994)	\$ 223,528,603	\$ 43,268,222
2018	263,476,368	(12,487,231)	(8,712,422)	(17,221,778)	225,054,937	36,415,925
2019	267,352,767	(12,704,316)	(8,844,307)	(17,220,045)	228,584,099	43,143,323
2020	268,570,747	(12,913,165)	(8,954,518)	(17,220,545)	229,482,519	41,064,272
2021	268,218,347	(13,120,861)	(9,065,518)	(17,235,861)	228,796,107	38,012,568
2022 through 2026	1,336,391,931	(68,425,861)	(46,906,034)	(86,281,251)	1,134,778,785	171,318,757
2027 through 2031	1,329,620,239	(69,263,717)	(49,245,211)	(79,293,448)	1,131,817,863	111,900,130
2032 through 2036	1,039,820,313	(65,379,670)	(47,001,518)	(48,943,465)	878,495,660	42,394,068
2037 through 2041	576,218,078	(34,145,298)	(33,971,859)	(38,647,118)	469,453,803	2,643,429
2042 through 2046	31,891,727		(3,225,429)	(1,914,241)	26,752,057	663,580
2047 through 2051	3,869,257				3,869,257	663,581
2052	773,852				773,852	265,432
Total minimum lease payments	5,647,725,665	(300,722,066)	(224,438,311)	(341,177,746)	4,781,387,542	531,753,287
Less: Interest	2,182,178,186	(105,711,371)	(88,250,832)	(136,226,854)	1,851,989,129	
Less: Executory costs	331,801,668	(20,092,945)	(14,872,932)		296,835,791	
Principal Outstanding	<u>\$ 3,133,745,811</u>	<u>\$ (174,917,750)</u>	<u>\$ (121,314,547)</u>	<u>\$ (204,950,892)</u>	<u>\$ 2,632,562,622</u>	<u>\$ 531,753,287</u>

## Note 10 Net Position

The breakdown of net position for the University System of Georgia fund at June 30, 2016 is as follows:

	University System of Georgia Fund
Net Investment in Capital Assets	<u>\$ 6,430,045,601</u>
Restricted for	
Nonexpendable	
Permanent Endowment	<u>181,152,225</u>
Expendable	
Sponsored and Other Organized Activities	131,350,006
Federal Loans	42,751,492
Institutional Loans	25,436,019
Term Endowments	1,371,709
Quasi-Endowments	17,305,213
Capital Projects	13,636,470
Sub-Total	<u>231,850,909</u>
Unrestricted	
Auxiliary Enterprises Operations	191,681,011
Auxiliary Enterprises Renewals & Replacement Reserve	217,253,122
USO Reserve Fund	18,950,669
Reserve for Encumbrances	358,343,691
Reserve for Inventory	3,351,269
Health Insurance Reserve	135,646,551
Other Unrestricted	(4,713,129,586)
Sub-Total	<u>(3,787,903,273)</u>
Total Net Position	<u>\$ 3,055,145,462</u>

## Note 11 Service Concessions Arrangements

### University System Office

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

Pursuant to the contractual stipulations of this SCA, whereby the BOR and Corvias Campus Living-USG, LLC, are the "parties" participating in this agreement, as of May 14, 2015, the institutions noted above transferred the housing resources covered by this SCA, along with associated capital lease obligations to the University System Office in fiscal year 2015 through Special Item Transfer. In accordance with the SCA, in May 2015, Corvias Campus Living-USG, LLC, provided \$311,561,781 to the BOR to retire

the capital lease obligations transferred to the University System Office. These lease obligations were subsequently retired using the funds provided. The housing assets are reported in Note 6 in the Building and Building Improvements category. The \$311,561,781 received from Corvias Campus Living-USG, LLC, was reported as a Deferred Inflow of Resources in FY 2015. The SCA is for 65 years (780 months) to end in June 2080. The University System Office amortized \$399,438 of this Deferred Inflow in June 2015, and \$4,793,258 in June 2016, leaving a remaining Deferred Inflow of Resources balance of \$306,369,085 at June 30, 2016.

In addition to the existing student housing arrangement, Corvias Campus Living-USG, LLC designs and constructs authorized new housing projects that, once constructed, will be similarly managed, maintained and operated on seven of the nine campuses with existing student housing resources. Two of these projects were completed within fiscal year 2016 and their fair market values were capitalized increasing Capital Assets by \$10,650,907 for the College of Coastal Georgia student housing project and by \$11,989,213 for the student housing project on the East Georgia State College campus. These additions are reported in Note 6 in the Building and Building Improvements category. A Deferred Inflow of Resources was recorded as the offset to the Capital Asset additions. The Deferred Inflow associated with these new projects is being amortized over the remaining life of the SCA. As of June 30, 2016, \$13,868 of the Deferred Inflows related to these two projects was amortized, leaving a remaining Deferred Inflow of Resources balance of \$22,626,252.

Also part of this SCA, and beginning in fiscal year 2016, the University System Office receives \$8,000,000 in Ground Rent and \$500,000 in Supplemental Capital Repair and Replacement funds each year for the next ten years, with each amount escalating by 3% annually. The University System Office recorded Accounts Receivable and Deferred Inflow of Resources in the amount of \$73,232,489 representing the present value of this revenue stream based on the agreement terms and will amortize the Deferred Inflows over a ten-year period. For the year ended June 30, 2016, the University System Office amortized \$8,072,175 and recognized \$427,825 in associated interest income, leaving a Deferred Inflow balance of \$65,160,313 as of June 30, 2016.

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

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

### **Georgia Gwinnett College (GGC)**

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

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

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

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

### **Kennesaw State University (KSU)**

At June 30, 2016, the KSU was a participant in three Service Concession Arrangements.

1. In August 2001, KSU entered into an agreement with Kennesaw State Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the residence hall ("University Place") in accordance with a contractual agreement between the two parties. Under the terms of the agreement, KSU received no funds upfront from KSUF, but will take full ownership of the residence hall at the end of the operating agreement in June, 2031.
2. In August 2003, KSU entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Village") in accordance with a contractual agreement between the parties. Under the terms of the agreement, KSU received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in June 2034.
3. In August 2007, KSU entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Suites") in accordance with a contractual agreement between the parties. Under the terms of the agreement, KSU received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in June 2037.

At June 30, 2016, KSU reports the three housing residences as capital assets with a net carrying value of \$67,137,916. For fiscal year 2016, KSU reported a remaining deferred inflow of resources of \$67,137,916 and amortized revenue of \$3,582,190. As part of the contractual agreement, KSUF is responsible for insuring each of the three residence halls and for providing maintenance services. KSU has no reportable future obligation for these services.

### **Note 12 Endowments**

Investments of the University System of Georgia's (USG) endowment funds are pooled at the individual member institution level, unless required to be separately invested by the donor. For USG member institution controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents of the USG permits the individual member institution to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as

they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was \$2,287,974.46 and is reflected as restricted-expendable net position.

Several USG member institutions with endowment funds, where the donor has not provided specific instructions, have predicated endowment funds investment returns on the total return concept. Annual payouts from the USG member institution's endowment funds are based on a spending policies which limit spending between 3% and 6% of the endowments principal's market value. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the USG member institution uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

For endowment funds where the donor has not provided specific instructions and the USG member institution has determined not to utilize the total return concept, investment return of endowment funds is predicated under classical trust doctrines. Unless the donor has stipulated otherwise, capital gains and losses are accounted for as part of the endowment principal and are not available for expenditure.

During the current year, the USG member institutions incurred investment losses that exceeded the related endowment's available accumulated income and net appreciation. These losses resulted in a reduction to the specific nonexpendable endowment balance. At June 30, 2016, the amount of investment losses reported against the nonexpendable endowment balances was \$43,653.

### **Note 13 Significant Commitments and Contingencies**

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2016. In addition to these encumbrances, the USG had other significant unearned outstanding construction or renovation contracts in the amount of \$131,165,984 executed as of June 30, 2016. This amount is not reflected in the accompanying basic financial statements.

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

Litigation, claims and assessments filed against the USG, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

### **Note 14. Retirement Plans**

The USG participates in various retirement plans administered by the State of Georgia under two major retirement systems: Teachers Retirement System of Georgia (TRS) and Employees' Retirement System of Georgia (ERS). These two systems issue separate publicly available financial reports that include

the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

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

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

### **Summary of Significant Accounting Policies**

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

### **General Information about the Teachers Retirement System**

#### Plan description

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

#### Benefits Provided

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

#### Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2016. USGs contractually required contribution rate for the year ended June 30, 2016 was 14.27% of annual USG payroll. USG's contributions to TRS totaled \$232,397,988 for the year ended June 30, 2016.



## **General Information about the Employees' Retirement System**

### Plan description

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

### Benefits provided

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

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

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

### Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. USG's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. USG's contributions to ERS totaled \$2,674,110 for the year ended June 30, 2016. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At June 30, 2016, USG reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An

expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. USG's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2015. At June 30 2015, USG's TRS proportion was 14.65%, which was an increase of 0.21% from its proportion measured as of June 30, 2014. At June 30, 2015, USG's ERS proportion was 0.42%, which was a decrease of 0.02% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, USG recognized pension expense of \$159,270,836 for TRS and \$2,207,490 for ERS. At June 30, 2016, USG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 19,737,126		\$ 129,732
Net difference between projected and actual earnings on pension plan investments		189,283,623		1,171,534
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 80,332,629	32,707,897	\$ 1,691,096	880,700
Contributions subsequent to the measurement date	232,397,988		2,674,110	
Total	<u>\$ 312,730,617</u>	<u>\$ 241,728,646</u>	<u>\$ 4,365,206</u>	<u>\$ 2,181,966</u>

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

Year Ended June 30:	TRS	ERS
2017	\$ (80,245,367)	\$ 124,821
2018	(80,245,367)	(488,521)
2019	(80,245,512)	(522,178)
2020	78,870,988	395,008
2021	469,241	

### Actuarial assumptions

The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

#### Teachers Retirement System

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

#### Employees' Retirement System

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

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

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

### Discount rate

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

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

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

#### Teachers Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
University System of Georgia's proportionate share of the net pension liability	\$ 3,856,141,562	\$ 2,243,998,382	\$ 915,208,810

#### Employees' Retirement System:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
University System of Georgia's proportionate share of the net pension liability	\$ 23,016,687	\$ 16,237,112	\$ 10,457,260

### Pension plan fiduciary net position

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

## B. Early Retirement Pension Plan

### Plan Description

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

The plan was designed to provide eligible participants additional benefits above the amounts payable through Teachers Retirement System of Georgia (TRS). The plan was designed to allow vested employees aged 55 or employees of any age with 25 years of creditable service to retire without penalties as applied by the Teachers Retirement System of Georgia (TRS) for early retirement. The

plan would allow for all participants to retire as if they were vested and aged 60 or had attained 30 years of creditable service. Any member who opted into the Optional Retirement Plan aged 55 with 10 years of service by June 30, 2000 was also eligible to participate in the plan.

The plan is closed to new entrants. There were no active plan participants. As of January 1, 2016, plan participants consisted of the following:

Inactive Plan Participants:	
Retirees and Beneficiaries Currently Receiving Benefits	638
Terminated Employees Entitled to Deferred Benefits	0
Disabled Employees Entitled to Deferred Benefits	0
	<hr/>
Total	638
	<hr/>

### Benefits Provided

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

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

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

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

The ERP does not issue a standalone report.

### Funding Policy

The fund sources that provided for an employee's salary, as of December 31, 1999, would be responsible for funding the annuity to provide for retiree benefits. There is no additional cost to the employee/retiree, USG, or State of Georgia for this plan. Contributions are made by Augusta University based on the actuarial valuation of the plan. For fiscal year 2016, affiliated organizations contributed \$5,886,802 to the plan on-behalf of the University.

Since this plan was not pre-funded, Augusta University's approach to collect and deposit as much into the ERP fund in the earlier years as is possible, thereby, realizing a greater return on investment. Effective January 1, 2016, the period to amortize the unfunded accrued liability was extended 2 years.

With this change, the plan should be fully funded by June 30, 2025. The funding policy is reasonable and in compliance with minimum funding requirements set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law.

### Investments

Augusta University maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility of the institution to the citizens of Georgia and which conforms to the USG investment policy. All investments are consistent with USG policy and applicable Federal and state laws.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. The Augusta University's Investment Policy and Guidelines for managing concentration of credit risk requires that stocks and debt issues be diversified. Augusta University also relies upon the concentration of credit risk policy of the individual investment vehicles related to plan assets. More than 5% of the Pension Plan's Investments are in iShares Core Total U.S. Aggregate Bond Exchange-traded Fund (ETF), Vanguard Institutional Index Fund, iShares Russell 1000 Value ETF, and iShares Russell 1000 Growth ETF. These investments are 10.3%, 41.8%, 6.3%, and 10.1% respectively of the Plan's total investments.

For the fiscal year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.02%.

### Net Pension Liability (NPL)

The components of the net pension liability at June 30, 2016 were as follows:

Total Pension Liability	\$ 151,817,059
Plan Fiduciary Net Position	<u>(80,322,348)</u>
Net Pension Liability	<u>\$ 71,494,711</u>

Plan Fiduciary Net Position as a percentage of total pension liability is 52.91%.

### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016 with the results rolled forward to the June 30, 2016 measurement date using the following actuarial assumptions, applied to all periods included in the measurement: (a) rate of return of 7.50% per annum, compounded annually (b) inflation of 3 percent, and (c) cost of living increases of 3 percent per annum.

To better recognize current and future mortality improvements, effective June 30, 2016 mortality rates were based on the RP-2014 Mortality Table, adjusted to 2006, with generational mortality improvement projected after year 2006 using Scale MP-2015 rather than the previously used RP-2000 Mortality Table for Healthy Annuitants with projected improvement from year 2000 to year 2022 under Projection Scale AA.

The projection of cash flows used to determine the discount rate of 7.5% per annum, compounded annually assumes that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	64.46%	6.50%
International Equity	8.23%	7.25%
Fixed Income	15.58%	1.25%
Real Estate	4.06%	5.75%
Cash	7.67%	0.50%

#### **Sensitivity of Net Pension Liability to Changes in the Discount Rate**

The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease 6.50%</u>	<u>Current Rate 7.50%</u>	<u>1% Increase 8.50%</u>
Net Pension Liability	\$ 84,587,641	\$ 71,494,711	\$ 60,145,990

#### **Schedule of Changes in Net Pension Liability**

For the year ended June 30, 2016, the USG recognized net pension liability of \$71,494,711 calculated as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance, June 30, 2015	\$ 143,780,226	\$ 79,125,737	\$ 64,654,489
Interest	10,278,138		10,278,138
Experience losses (gains)	1,349,554		1,349,554
Changes of assumptions	9,885,919		9,885,919
Contributions - Employer		13,084,672	(13,084,672)
Net investment income		1,588,717	(1,588,717)
Benefit payments	(13,476,778)	(13,476,778)	-
Net Change	8,036,833	1,196,611	6,840,222
Balance, June 30, 2016	\$ 151,817,059	\$ 80,322,348	\$ 71,494,711



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

### Schedule of Changes in Pension Expense

For the year ended June 30, 2016, the USG recognized pension expense of \$16,976,695 from the following sources:

	Pension Expense
Interest	\$ 10,278,138
Projected investment income	(5,919,726)
Recognition of experience (gain)/loss	1,349,554
Recognition of changes in assumptions	9,885,919
Investment losses (gains)	1,382,810
	<u>16,976,695</u>
Pension Expense June 30, 2016	<u>\$ 16,976,695</u>

### Deferred Outflows/Inflows of Resources

At June 30, 2016, the USG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 5,014,629	\$ -
Total	<u>\$ 5,014,629</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

## C. Defined Contribution Plan:

### Regents Retirement Plan

#### Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan that was created/established by the Georgia General Assembly in O.C.G.A. 47-21-1 et.seq. and administered by the Board of Regents of the University System of Georgia (Board). O.C.G.A. 47-3-68(a) defines who may participate in the Regents Retirement Plan. An “eligible university system employee” is a faculty member or all exempt full and partial benefit eligible employees, as designated by the

regulations of the Board. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from three approved vendors (VALIC, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

### **Funding Policy**

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2016, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The USG and the covered employees made the required contributions of \$121,544,780 (9.24%) and \$78,954,826 (6%), respectively.

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

## **Note 15 Post-Employment Benefits Other Than Pension Benefits**

### **Plan Description and Funding Policy**

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

Pursuant to the general powers conferred by the OCGA Section 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2016, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

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

Membership of the Plan consisted of the following at June 30, 2016:

Retirees and beneficiaries receiving benefits	18,836
Active employee plan contracts	39,485
	<hr/>
Total	58,321
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The contribution requirements of plan members and the employer are established and may be amended by the Board. The Plan is substantially funded on a “pay-as-you-go” basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation.

Organizational units of the University System of Georgia 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 Board for the upcoming plan year. For the 2016 plan year, the employer rate was approximately 79% of the total health insurance cost for eligible retirees and the retiree rate was approximately 21%. With regard to life insurance, the employer covers the total cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2016, the University System of Georgia contributed \$111,813,724 to the plan, for current premiums or claims. Plan members receiving benefits contributed \$28,586,933 for current premiums or claims.

#### **Annual OPEB Cost and Net OPEB Obligation**

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

The following table presents the components of the USG’s annual OPEB cost, the amount actually contributed, and changes in the net OPEB obligation (NOO) for the Plan for fiscal year 2016, 2015, and 2014 (dollars in millions):

	Fiscal Year Ending June 30		
	2016	2015	2014
Annual Required Contribution	\$ 295.2	\$ 442.4	\$ 403.3
Interest on Net OPEB Obligation (NOO)	97.3	82.9	69.9
Amortization of NOO	(88.2)	(75.2)	(63.4)
Total Expense or Annual OPEB Cost (AOC)	\$ 304.3	\$ 450.1	\$ 409.8
Actual Contribution Toward OPEB Cost	(111.8)	(129.8)	(120.9)
Increase in NOO	\$ 192.5	\$ 320.3	\$ 288.9
Net OPEB Obligation, beginning of year	2,163.4	1,843.1	1,562.6
Prior Year Adjustment - Life Insurance	0.0	0.0	(8.4)
Net OPEB Obligation, end of year	\$ 2,355.9	\$ 2,163.4	\$ 1,843.1

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

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 409.8	\$ 120.9	29.5%	\$ 1,843.1
2015	\$ 450.1	\$ 129.8	28.8%	\$ 2,163.4
2016*	\$ 304.3	\$ 111.8	36.7%	\$ 2,355.9

### 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)
7/1/2013	\$ 216,775	\$ 4,095,304,172	\$ 4,095,087,397	0.0%	\$ 2,594,800,486	157.8%
7/1/2014	\$ 81,519	\$ 4,278,445,406	\$ 4,278,363,887	0.0%	\$ 2,608,756,645	164.0%
7/1/2015*	\$ 280,596	\$ 2,657,095,907	\$ 2,656,815,311	0.0%	\$ 3,087,013,265	86.1%

\* Changes in Plan Provisions: Effective January 1, 2016, all post-65 Medicare eligible retirees' access medical coverage through an individual Healthcare Exchange marketplace. The Board of Regents provides an annual fixed dollar HRA contribution for these retirees.

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

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

### **Actuarial Methods and Assumptions**

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

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

Valuation date	July 1, 2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Payroll, Closed
Asset valuation method	Market Value
Amortization period	30 years
<b>Actuarial assumptions:</b>	
Interest rate**	4.5%
Inflation rate**	2.5%
Salary growth**	3.0%
Salary scale**	4.0%
Initial healthcare cost trend**	
Pre-Medicare eligible	7.5%
Medicare eligible	4.5%
Ultimate trend rate**	
Pre-Medicare eligible	4.5%
Medicare eligible	4.5%
Year ultimate trend is reached	2031

\*\*Includes an inflation assumption of 2.50%

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

## Note 16 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2016, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The USG, participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. For fiscal year ended 2016, the reserves for these plans amounted to \$135,646,551. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The dental plan is administered through Delta Dental.

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

A reconciliation of total estimated claims liabilities for employees and retirees for the fiscal years ended June 30, 2016, and June 30, 2015 is shown below:

	June 30, 2016	June 30, 2015
Employees:		
Unpaid Claims and Claim Adjustments (Prior Year)	\$ 36,497,000	\$ 39,089,023
Incurred Claims and Claim Adjustments Expenses - Provisions for Insured Events of the Current Year	385,414,556	379,213,694
Payments - Claims and Claim Adjustments Attributable To Insured Events of the Current Year and Prior Years	<u>370,933,721</u>	<u>381,805,717</u>
Unpaid Claims and Claim Adjustments (Current Year)	<u>\$ 50,977,835</u>	<u>\$ 36,497,000</u>
Retirees:		
Unpaid Claims and Claim Adjustments (Prior Year)	\$ 11,425,000	\$ 12,119,357
Incurred Claims and Claim Adjustments Expenses - Provisions for Insured Events of the Current Year	124,501,761	150,240,224
Payments - Claims and Claim Adjustments Attributable To Insured Events of the Current Year and Prior Years	<u>127,115,346</u>	<u>150,934,581</u>
Unpaid Claims and Claim Adjustments (Current Year)	<u>\$ 8,811,415</u>	<u>\$ 11,425,000</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 USG is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

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

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

## Note 17 Natural Classifications with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2016 are shown below:

Natural Classification	Functional Classification					
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Faculty	\$ 925,564,634	\$ 405,560,777	\$ 39,389,673	\$ 41,674,073	\$ 2,274,234	\$ 10,256,505
Staff	340,274,732	292,519,614	138,750,181	253,849,713	171,144,593	315,835,274
Benefits	403,694,886	189,915,732	63,380,504	105,315,700	59,016,968	143,698,048
Other Personal Services	1,084,421	238,741	676,761	887,090	520,714	8,175,962
Travel	20,643,909	30,920,621	6,820,814	6,609,092	4,265,176	6,020,380
Scholarships and Fellowships	11,035,521	5,824,633	1,946,673	818,549	3,357,419	2,281,049
Utilities	5,715,409	4,900,319	3,195,115	2,671,640	3,126,281	8,873,374
Supplies and Other Services	74,848,465	227,026,574	121,774,492	111,395,718	80,728,881	556,757,701
Depreciation	72,312,325	80,561,361	8,527,561	55,291,874	21,432,837	41,617,986
Total Expenses	<u>\$ 1,855,174,302</u>	<u>\$ 1,237,468,372</u>	<u>\$ 384,461,774</u>	<u>\$ 578,513,449</u>	<u>\$ 345,867,103</u>	<u>\$ 1,093,516,279</u>

Natural Classification	Functional Classification				
	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Patient Care	Total Expenses
Faculty	\$ 841,277		\$ 948,941	\$ 74,644,409	\$ 1,501,154,523
Staff	190,459,726	\$ 70,593	184,494,900	104,217,825	1,991,617,151
Benefits	79,410,678	184,295	62,591,038	58,093,971	1,165,301,820
Other Personal Services	(2,090,425)	533,883	4,997,920	1,050	15,026,117
Travel	686,533	874	2,732,945	425,763	79,126,107
Scholarships and Fellowships		272,093,357	25,692,019	-	323,049,220
Utilities	113,837,018		35,815,542	411,524	178,546,222
Supplies and Other Services	214,398,231	194,354	349,204,290	95,613,638	1,831,942,344
Depreciation	77,999,260	6,420	119,717,923		477,467,547
Total Expenses	<u>\$ 675,542,298</u>	<u>\$ 273,083,776</u>	<u>\$ 786,195,518</u>	<u>\$ 333,408,180</u>	<u>\$ 7,563,231,051</u>

## Note 18 Subsequent Event

### Georgia State University

On January 4, 2017, Panther Holdings, LLC, an affiliate of Georgia State University Real Estate Foundation, Inc., purchased approximately 68.22 acres of land and related improvements, including the existing Turner Field baseball stadium (the "Stadium"). The Board of Regents of the University System of Georgia (Board), at its November 9, 2016 meeting, authorized the acquisition of approximately 38.94 acres of the 68.22 acres acquired by Panther Holding, LLC, including the Stadium, for the sum of \$22,800,000. The Board estimates that costs associated with this acquisition, including renovations, will be approximately \$50,000.

### University System Office

In the subsequent fiscal year, Certificates of Substantial Completion were issued on the five remaining student housing resource projects referenced in Note 11 under the University System Office on the



campuses of Augusta University, Columbus State University, Dalton State College, Georgia State University, and the University of North Georgia. The fair market values of the respective projects will be capitalized as Building Assets and Deferred Inflows of Resources in fiscal year 2017.

## Note 19 Component Units

### Georgia College & State University Foundation, Inc. (GCSUF)

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

The GCSUF was organized to encourage, solicit, receive and administer gifts and bequests of property and funds for the scientific, educational and charitable purposes for advancement of Georgia College & State University. During the year ended June 30, 2016, the GCSUF distributed approximately \$73 thousand to the Georgia College & State University in support of capital outlay projects, scholarships and other supporting activities. Georgia College & State University disbursed approximately \$920 thousand during fiscal year 2016 to GCSUF related to rental of foundation facilities. GCSUF also has several direct financing leases with Georgia College & State University. Amounts due from Georgia College & State University related to direct financing lease activity as of June 30, 2016 is as follows:

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

The GCSUF holds endowment and other investments in the amount of \$44 million. The \$16.5 million corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. The GCSUF, in conjunction with the donors, has established a policy of appropriating for distribution each year 4.75% of its endowment fund's three year average fair value through the calendar year-end preceding the fiscal year in which the distribution is planned.

Investments are comprised of the following amounts at June 30, 2016:

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

Changes in the endowment net position for the year ended June 30, 2016 is as follows:

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

The GCSUF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of Georgia College & State University. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

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

A summary of the components of bonds payable at June 30, 2016, is as follows:

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

**Georgia Gwinnett College Foundation, Inc. (GGCF)**

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

The GGCF's primary objective is to receive, invest, account for, and allocate private gifts and contributions in support of Georgia Gwinnett College. GGCF also has several direct financing leases with Georgia Gwinnett College. Amounts due from Georgia Gwinnett College related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$	11,280,304
2018		11,524,590
2019		11,768,630
2020		12,056,164
2021		12,299,610
2022 through 2026		65,470,148
2027 through 2031		72,694,146
2032 through 2036		71,449,334
2037 through 2041		56,352,351
2042		1,090,202
Total minimum lease payments to be received		325,985,479
Less: Unearned Income		(181,875,378)
Net Investment in Direct Financing Lease	\$	<u>144,110,101</u>

The GGCF holds endowment and other investments in the amount of \$2.4 million. It is the policy of GGCF that endowment funds invested for less than one full fiscal year are prohibited from spending to allow the accumulation of earnings to funds future spending. Only the dividends, interest, or capital gains earned by the endowment funds can be used to fund the total spending budget. As a general principal, spending from the endowment funds held by GGCF should be used in the range of 4-5% of each fund's balance.

Investments are comprised of the following amounts at June 30, 2016:

Corporate Bonds	6,099
Real Estate	125,000
Investment Pools	24,000
BOR Investment Pools:	
BOR Legal Fund	557,558
BOR Balanced Income Fund	384,723
BOR Diversified Fund	<u>1,281,788</u>
Total Investments	<u>\$2,379,168</u>

Changes in the endowment net position for the year ended June 30, 2016 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Beginning	\$ 158,610	\$ 743,243	\$ 901,853
Contributions	21,930	209,500	231,430
Net realized and unrealized gains	9,964		9,964
Appropriation of endowment assets for expenditure	(21,373)		(21,373)
Ending	<u>\$ 169,131</u>	<u>\$ 952,743</u>	<u>\$ 1,121,874</u>

The GGCF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of Georgia Gwinnett College. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Notes and Loans Payable	\$ 2,565,006		\$ 97,952	\$ 2,467,054	\$ 2,467,054
Interest Rate Swap		\$ 5,597,563		5,597,563	
Revenue/Mortgage Bonds Payable	176,255,000		1,235,000	175,020,000	23,720,000
Bond - (Discount)	(6,959,093)		(225,674)	(6,733,419)	
Total Long Term Liabilities	<u>\$ 171,860,913</u>	<u>\$ 5,597,563</u>	<u>\$ 1,107,278</u>	<u>\$ 176,351,198</u>	<u>\$ 26,187,054</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 23,720,000
2018	690,000
2019	930,000
2020	1,190,000
2021	1,515,000
Thereafter	146,975,000
Bonds Payable	175,020,000
Issuance discount, net	(6,733,419)
	<u>\$ 168,286,581</u>

#### Georgia State University Foundation, Inc. (GSUF)

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

The GSUF acts primarily as a fund-raising organization to supplement the resources that are available to the Georgia State University in support of its programs. During the year ended June 30, 2016, the GSUF distributed approximately \$18.4 million to Georgia State University in support of capital outlay projects, scholarships and other supporting activities. GSUF also has several direct financing leases with Georgia State University. Amounts due from Georgia State University related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$	15,811,406
2018		16,041,689
2019		16,283,644
2020		16,517,858
2021		15,369,346
2022 through 2026		61,942,985
2027 through 2031		67,227,090
2032 through 2036		64,788,668
2037		8,012,811
Total minimum lease payments to be received		281,995,497
Less: Unearned Income		(126,509,688)
Net Investment in Direct Financing Lease	\$	155,485,809

The GSUF holds endowment and other investments in the amount of \$216,389,456 at June 30, 2016. The GSUF's endowment consists of 526 individual funds, which totaled \$140,763,864 at June 30, 2016. The funds were established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The GSUF classifies permanently restricted net assets as assets that, under the terms of the gift instrument, are permanent endowments not wholly expendable by the GSUF on a current basis until a portion is allocated for spending. Permanently restricted assets are invested in perpetuity in the endowment investment pool subject to periodic spending allocations where a portion of the donor-restricted endowment fund in permanently restricted net assets is allocated and classified as temporarily restricted net assets available for spending.

According to the spending policy, the GSUF is not obliged to allocate for spending a stated percentage of its endowment assets in any given year. However, in order to achieve both reasonable stability in budgeting and a reasonable balance between near-term and distant programmatic priorities, the Board of Trustees has adopted the following spending policy: The allocation for spending in any given fiscal year shall equal:

- 70% of spending for the prior year, adjusted for cumulative changes in inflation (as measured by CPI), plus
- 30% of GSUF's long-term spending rate (currently 4.5%) applied to the endowment's market value at the beginning of the year.

The spending allocation rate for the year ended June 30, 2016 of 4.19% was applied to each individual endowment based on its average market value during the year. The spending allocation rate for the year ended June 30, 2015 of 4.14% was applied to each individual endowment based on its average market value during the year.

The total endowment spending allocation distributed for the years ended June 30, 2016 and 2015 was \$5,403,260 and \$5,174,904, respectively. To the extent that the endowment investment pool's total return is greater or less than the allocations made for spending, the fair value of each endowment increases or decreases accordingly.

Investments are comprised of the following amounts at June 30, 2016:

Money Market Accounts	\$ 45,091,217
Corporate Bonds	61,702,871
Equity Securities	25,306,194
Mutual Funds	4,284,981
Venture Capital	62,503,543
Real Estate	7,319,142
Diversifying Strategies	10,181,508
	<hr/>
Total Investments	<u>\$ 216,389,456</u>

Changes in the endowment net position for the year ended June 30, 2016 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Beginning	\$ 28,717,693	\$ 108,388,123	\$ 137,105,816
Contributions	500,374	2,363,480	2,863,854
Net realized and unrealized gains	932,657	3,463,344	4,396,001
Appropriation of endowment assets for expenditure	(1,201,960)	(4,201,300)	(5,403,260)
Transfers to comply with donor intent	43,541	250,981	294,522
Other	52,300	1,454,631	1,506,931
Ending	<u>\$ 29,044,605</u>	<u>\$ 111,719,259</u>	<u>\$ 140,763,864</u>

The GSUF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of Georgia State University and other affiliated organizations of the University System of Georgia. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Lease Purchase Obligation (Capital Lease)	\$ 2,296,250		\$ 534,400	\$ 1,761,850	\$ 559,450
Liabilities under split interest agreement	2,155,445		248,060	1,907,385	
Interest Rate Swap		\$ 15,837,801		15,837,801	
Revenue/Mortgage Bonds Payable	78,264,999	70,734,401	5,959,400	143,040,000	5,565,000
Bond - Premium	254,639		36,308	218,331	
Bond - (Discount)	(1,244,296)		(76,105)	(1,168,191)	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Long Term Liabilities	<u>\$ 81,727,037</u>	<u>\$ 86,572,202</u>	<u>\$ 6,702,063</u>	<u>\$ 161,597,176</u>	<u>\$ 6,124,450</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$	5,565,000
2018		6,085,000
2019		5,555,000
2020		4,270,000
2021		4,620,000
Thereafter		116,945,000
Bonds Payable		143,040,000
Issuance discount, net		(1,168,191)
Issuance premium, net		218,331
	\$	<u>142,090,140</u>

### Georgia Tech Athletic Association (GTAA)

The GTAA administers Georgia Institute of Technology's intercollegiate athletics program, including fund-raising to support scholarships. During the year ended June 30, 2016, the GTAA distributed approximately \$1.9 million to the Georgia Institute of Technology for athletic scholarship support and other payments that were either expense reimbursements or support for Georgia Institute of Technology's intercollegiate athletics program. The GTAA also maintains the capital assets associated with Georgia Institute of Technology's intercollegiate athletics program. A summary of the changes in these capital assets at June 30, 2016, is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Capital Assets, Not Being Depreciated:				
Land (and other assets)	\$ 9,025,000	\$ 3,283,136		\$ 12,308,136
Construction Work-in-Progress	340,499	75,763	\$ 340,499	75,763
Total Capital Assets Not Being Depreciated	<u>9,365,499</u>	<u>3,358,899</u>	<u>340,499</u>	<u>12,383,899</u>
Capital Assets, Being Depreciated:				
Building and Building Improvements	214,837,919	804,318		215,642,237
Facilities and Other Improvements	225,445	67,799		293,244
Equipment	9,891,372	14,195		9,905,567
Leased Equipment	221,783			221,783
Total Assets Being Depreciated	<u>225,176,519</u>	<u>886,312</u>		<u>226,062,831</u>
Less: Accumulated Depreciation				
Building and Building Improvements	58,861,405	6,784,031		65,645,436
Facilities and Other Improvements	30,848	19,475		50,323
Equipment	4,608,338	518,567		5,126,905
Leased Equipment	88,713	44,357		133,070
Total Accumulated Depreciation	<u>63,589,304</u>	<u>7,366,430</u>		<u>70,955,734</u>
Total Capital Assets, Being Depreciated, Net	<u>161,587,215</u>	<u>(6,480,118)</u>	<u>0</u>	<u>155,107,097</u>
Capital Assets, net	<u>\$ 170,952,714</u>	<u>\$ (3,121,219)</u>	<u>\$ 340,499</u>	<u>\$ 167,490,996</u>

The GTAA has entered into various debt arrangements for the benefit of Georgia Institute of Technology's intercollegiate athletics program. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:



	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts due within One Year</u>
Lease Purchase Obligations (Capital Lease)	\$ 116,298	\$ -	\$ 56,731	\$ 59,567	\$ 59,567
Notes and Loans Payable	7,907,437		939,469	6,967,968	941,467
Revenue/Mortgage Bonds Payable	212,935,000		1,010,000	211,925,000	1,050,000
Bond - Premium	9,767,006		654,205	9,112,801	
Bond - (Discount)	(1,786,239)		(69,594)	(1,716,645)	
Total Long Term Liabilities	<u>\$ 228,939,502</u>	<u>\$ -</u>	<u>\$ 2,590,811</u>	<u>\$ 226,348,691</u>	<u>\$ 2,051,034</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 1,050,000
2018	1,105,000
2019	1,145,000
2020	31,190,000
2021	1,235,000
Thereafter	<u>176,200,000</u>
Bonds Payable	211,925,000
Issuance discount, net	(1,716,645)
Issuance premium, net	<u>9,112,801</u>
	<u>\$ 219,321,156</u>

A summary of the components of notes and loans payable at June 30, 2016, is as follows:

2017	\$ 941,467
2018	943,965
2019	945,963
2020	948,461
2021	950,959
Thereafter	<u>2,237,152</u>
Notes and Loans Payable	<u>\$ 6,967,968</u>

### Georgia Tech Facilities, Inc. (GTFI)

The GTFI is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. Additionally, the FASB reported Investment in Direct Financing Leases and Net Position were increased \$48,254,975 for external financial reporting purposes in these financial statements. This adjustment was necessary to properly reflect these balances in accordance with GAAP. The GTFI amortizes Investment in Direct Financing Leases on a straight-line method, whereas, GAAP requires the effective interest method be utilized.

The GTFI constructs buildings and other structures for use by Georgia Institute of Technology and other affiliated organizations. Funding for construction is obtained from contributions or financing with debt

service funded by support from various sources. During the year ended June 30, 2016, the GTFI distributed approximately \$266 thousand to the Georgia Institute of Technology for capital improvements. GTFI also has several direct financing leases with Georgia Institute of Technology. Amounts due from Georgia Institute of Technology related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$	22,493,300
2018		22,496,975
2019		22,557,364
2020		22,715,950
2021		22,718,300
2022 through 2026		112,743,050
2027 through 2031		100,345,550
2032 through 2036		56,443,200
2037 through 2041		42,670,900
2042		1,617,000
Total minimum lease payments to be received		426,801,589
Less: Unearned Income		(183,755,536)
Net Investment in Direct Financing Lease	\$	243,046,053

The GTFI has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of Georgia Institute of Technology. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts due within One Year
Revenue/Mortgage Bonds Payable	\$ 275,964,180	\$ -	\$ 10,200,198	\$ 265,763,982	\$ 10,393,793
Bond Premium	11,007,456		733,546	10,273,910	
Bond Discount	(12,714)		(489)	(12,225)	
Total Long Term Liabilities	\$ 286,958,922	\$ -	\$ 10,933,255	\$ 276,025,667	\$ 10,393,793

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 10,393,793
2018	10,844,810
2019	11,403,267
2020	12,077,184
2021	12,039,582
Thereafter	209,005,346
Bonds Payable	265,763,982
Bond Premium	10,273,910
Bond (Discount)	(12,225)
	<u>\$ 276,025,667</u>

#### Georgia Tech Foundation, Inc. (GTF)

The GTF is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition

criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. Additionally, the FASB reported Investment in Direct Financing Leases and Net Position were increased \$24,387,000 for external financial reporting purposes in these financial statements. This adjustment was necessary to properly reflect these balances in accordance with GAAP. The GTF amortizes Investment in Direct Financing Leases on a straight-line method, whereas, GAAP requires the effective interest method be utilized.

The GTF acts primarily as a fund-raising organization to supplement the resources that are available to the Georgia Institute of Technology in support of its programs. During the year ended June 30, 2016, the GTF distributed approximately \$78 million to Georgia Institute of Technology in support of capital outlay projects, scholarships and other supporting activities. GTF also has several direct financing leases with Georgia Institute of Technology. Amounts due from Georgia Institute of Technology related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$	14,331,242
2018		14,334,345
2019		14,336,290
2020		14,338,797
2021		14,337,806
2022 through 2026		64,854,139
2027 through 2031		61,527,084
2032		9,010,000
Total minimum lease payments to be received		207,069,703
Less: Unearned Income		(76,986,703)
Net Investment in Direct Financing Lease	\$	<u>130,083,000</u>

The GTF holds investments totaling \$1.390 billion as of June 30, 2016, of which \$606.7 million is the corpus of the endowment (permanently restricted). The corpus is nonexpendable, but the earnings on the investments may be spent in accordance with donor restrictions or in accordance with the GTF's spending policy. The GTF has established a spending policy in which up to 6% of the twelve (12) quarter average market value of the endowment funds are allocated from the earnings for expenditure. In fiscal year 2016, the GTF allocated 5% of that average. The donor restricted endowment balance as of June 30, 2016 is \$1.065 billion and the amount of net appreciation available for authorization for expenditure by the governing board is \$224.0 million.

Investments are comprised of the following amounts at June 30, 2016:

Cash held by investment organization	\$	47,395,000
Corporate Bonds		157,236,000
Equity Securities		850,536,000
Real Estate		60,059,000
Hedge Funds		310,724,000
Natural Resources		62,535,000
Investments held by GTF		<u>1,488,485,000</u>
Less pooled investments held for GTAA		<u>(98,449,829)</u>
Total Investments	\$	<u>1,390,035,171</u>

Changes in the endowment net position for the year ended June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning	\$ 197,563,000	\$ 542,220,000	\$ 576,052,000	\$ 1,315,835,000
Contributions	2,777,000	1,437,000	35,155,000	39,369,000
Net realized and unrealized gains	(11,159,000)	(35,746,000)	(1,594,000)	(48,499,000)
Appropriation of endowment assets for expenditure	(12,051,000)	(47,335,000)		(59,386,000)
Other			(2,923,000)	(2,923,000)
Ending	<u>\$ 177,130,000</u>	<u>\$ 460,576,000</u>	<u>\$ 606,690,000</u>	<u>\$ 1,244,396,000</u>

The GTF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of Georgia Institute of Technology and other affiliated organizations of the University System of Georgia. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Compensated Absences	\$ 342,180	\$ 239,359	\$ 207,139	\$ 374,400	\$ 374,400
Liabilities under split interest agreement	11,435,000	1,065,000	(1,016,000)	13,516,000	2,095,000
Notes and Loans Payable	40,498,000	4,383,000	13,651,000	31,230,000	31,230,000
Revenue/Mortgage Bonds Payable	225,195,000	1,817,000	542,000	226,470,000	10,295,000
Bond - Premium	(15,000)	(33)	(2,333)	(12,700)	
Bond - (Discount)	13,919,595		1,856,895	12,062,700	
Total Long Term Liabilities	<u>\$ 291,374,775</u>	<u>\$ 7,504,326</u>	<u>\$ 15,238,701</u>	<u>\$ 283,640,400</u>	<u>\$ 43,994,400</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 10,295,000
2018	10,725,000
2019	11,225,000
2020	11,830,000
2021	12,585,000
Thereafter	169,810,000
Bonds Payable	226,470,000
Issuance discount, net	(12,700)
Issuance premium, net	12,062,700
	<u>\$ 238,520,000</u>

### Georgia Tech Research Corp. (GTRC)

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

The GTRC functions as the prime contractor for most sponsored research conducted at Georgia Institute of Technology and subcontracts with Georgia Institute of Technology for faculty and staff services. During the year ended June 30, 2016, the GTRC distributed approximately \$655 million to Georgia Institute of Technology for restricted and unrestricted grants and contract sub-awarded to Georgia Institute of Technology.

The GTRC has entered into a lease purchase arrangement for equipment for the benefit of Georgia Institute of Technology's sponsored programs. A summary of the components of the lease purchase obligation at June 30, 2016, is as follows:

2017	\$ 343,977
2018	5,088,535
Lease purchase obligation	<u>\$ 5,432,512</u>

#### **Kennesaw State University Foundation, Inc. (KSUF)**

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

The KSUF acts primarily as a fund-raising organization to supplement the resources that are available to the Kennesaw State University in support of Kennesaw State University programs. During the year ended June 30, 2016, the KSUF distributed approximately \$1.6 million to Kennesaw State University in support of capital outlay projects, scholarships and other supporting activities. KSUF also has several direct financing leases with Kennesaw State University. Amounts due from Kennesaw State University related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$ 20,782,720
2018	20,941,175
2019	20,488,832
2020	18,891,589
2021	19,040,544
2022 through 2026	96,533,449
2027 through 2031	83,429,936
2032 through 2036	75,541,763
2037 through 2041	59,431,455
2042	1,756,540
Total minimum lease payments to be received	<u>416,838,003</u>
Less: Unearned Income	<u>(193,279,156)</u>
Net Investment in Direct Financing Lease	<u>\$ 223,558,847</u>

The KSUF also maintains the capital assets for the benefit of Kennesaw State University. A summary of these capital assets at June 30, 2016, is as follows:

Capital Assets not being Depreciated:

Land (and other assets)	\$ 6,035,380
Leased Land and Land Improvements	75,603
Capitalized Collections	<u>1,896,711</u>
Total Capital Assets not being Depreciated	8,007,694

Capital Assets being Depreciated:

Buildings and Building Improvements	138,485,445
Machinery and Equipment	10,554,500
Software	<u>30,200</u>
Total Capital Assets being Depreciated	149,070,145
Less Total Accumulated Depreciation	<u>57,795,845</u>
Capital Assets, Net	<u><u>\$ 99,281,994</u></u>

Kennesaw State University Foundation holds endowment and other investments in the amount of \$44.7 million. The \$29.7 million corpus of the endowment is nonexpendable, but the earnings on the investments may be expended as restricted by the donors. Kennesaw State University Foundation Board of Trustees has established a spending plan for endowments appropriating for distribution 0% to 3.25% calculated on a sliding scale of the endowment balance as of the calendar year-end of preceding fiscal year in which the distribution is planned. The sliding scale was based on the balance of each endowment in relation to the corpus balance of each endowment. The remaining earnings less fees is set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2016:

Money Market Accounts	\$ 4,455,142
Certificates of Deposit	252,789
Government and Agency Securities	13,265,343
Corporate Bonds	4,509,273
Equity Securities	13,787,182
Mutual Funds	<u>8,390,980</u>
Total Investments	<u><u>\$ 44,660,709</u></u>

Changes in the endowment net position for the year ended June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning	\$ (193,759)	\$ 4,572,311	\$ 29,216,724	\$ 33,595,276
Contributions		183,138	3,811,874	3,995,012
Net realized and unrealized gains	(44,560)	39,632		(4,928)
Appropriation of endowment assets for expenditure		(1,198,027)		(1,198,027)
Transfers to comply with donor intent		(18,159)	280,908	262,749
Ending	<u>\$ (238,319)</u>	<u>\$ 3,578,895</u>	<u>\$ 33,309,506</u>	<u>\$ 36,650,082</u>

The KSU has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of Kennesaw State University and

other affiliated organizations of the University System of Georgia. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts due within One Year</u>
Liabilities under split interest agreement	\$ 63,788		\$ 20,012	\$ 43,776	\$ 20,012
Notes and Loans Payable	12,718,473		12,718,473	0	
Revenue/Mortgage Bonds Payable	381,400,000	\$ 37,285,000	48,045,000	370,640,000	10,975,000
Bond - Premium	11,143,492	1,742,102		12,885,594	
Bond - (Discount)	(1,811,672)		(66,478)	(1,745,194)	
Total Long Term Liabilities	<u>\$ 403,514,081</u>	<u>\$ 39,027,102</u>	<u>\$ 60,717,007</u>	<u>\$ 381,824,176</u>	<u>\$ 10,995,012</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 10,975,000
2018	11,265,000
2019	11,245,000
2020	11,035,000
2021	11,715,000
Thereafter	314,405,000
Bonds Payable	<u>370,640,000</u>
Issuance discount, net	12,885,594
Issuance premium, net	(1,745,194)
	<u>\$ 381,780,400</u>

#### Medical College of Georgia Foundation (MCGF)

The MCGF is a private nonprofit organization that reports on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The modified cash reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The MCGF serves the needs and interests of Augusta University, the Augusta University Health Sciences campus and the Augusta University Health System. During the year ended June 30, 2016, the MCGF distributed approximately \$3.7 million to the Augusta University in support of capital outlay projects, scholarships and other supporting activities.

The MCGF holds endowment and other investments in the amount of \$214,424,385. The \$187 million donor-restricted corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. The MCGF, in conjunction with the donors, has established a spending plan whereby a certain percentage (generally not to exceed 3.5% of a rolling average of endowment net assets using the prior three calendar years ended December 31, 2015, 2014, and 2013) may be distributed for purposes of supporting unrestricted and temporarily restricted activities.



Investments are comprised of the following amounts at June 30, 2016:

Money Market Accounts	\$	1,863,823
Corporate Bonds		22,563,325
Equity Securities		72,570,132
Split Interest Investments		1,852,683
Real Estate		25,899,932
Diversifying Strategies		<u>89,674,490</u>
Total Investments	\$	<u><u>214,424,385</u></u>

Changes in the endowment net position for the year ended June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning	\$ 4,571,972	\$ 57,597,646	\$ 134,941,469	\$ 197,111,087
Contributions			2,056,925	2,056,925
Net realized and unrealized gains	(111,684)	(1,174,783)		(1,286,467)
Appropriation of endowment assets for expenditure		(5,288,949)		(5,288,949)
Ending	<u>\$ 4,460,288</u>	<u>\$ 51,133,914</u>	<u>\$ 136,998,394</u>	<u>\$ 192,592,596</u>

#### **Middle Georgia State University Real Estate Foundation, Inc. (MGSUREF)**

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

The MGSUREF was organized for the purpose of promoting, in various ways, the cause for higher education, expanding educational opportunities, supporting athletic programs, and acquiring and administering funds to be used to award scholarships and create endowments for the benefit of students and faculty of Middle Georgia State University. The MGSUREF has several direct financing leases with Middle Georgia State University. Amounts due from Middle Georgia State University related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$	6,118,111
2018		6,236,346
2019		6,347,450
2020		6,463,365
2021		6,573,406
2022 through 2026		34,694,260
2027 through 2031		37,524,113
2032 through 2036		39,477,384
2037 through 2041		18,082,798
2042		<u>1,469,057</u>
Total minimum lease payments to be received		162,986,290
Less: Unearned Income		<u>(67,686,213)</u>
Net Investment in Direct Financing Lease	\$	<u><u>95,300,077</u></u>

The MGSUREF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of Middle Georgia State University. The MGSUREF also holds \$14.5 million in split interest investments. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts due within One Year</u>
Revenue/Mortgage Bonds Payable	\$ 96,420,000	\$ -	\$ 1,260,000	\$ 95,160,000	\$ 1,395,000
Bond Premium	1,479,822		55,455	1,424,367	
Bond (Discount)	(653,474)		(27,917)	(625,557)	
Total Long Term Liabilities	<u>\$ 97,246,348</u>	<u>\$ -</u>	<u>\$ 1,287,538</u>	<u>\$ 95,958,810</u>	<u>\$ 1,395,000</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 1,395,000
2018	1,555,000
2019	1,710,000
2020	1,880,000
2021	2,065,000
Thereafter	<u>86,555,000</u>
Bond Payable	95,160,000
Bond Premium	1,424,367
Bond (Discount)	<u>(625,557)</u>
	<u>\$ 95,958,810</u>

#### **University of Georgia Athletic Association, Inc. (UGAAA)**

The UGAAA administers University of Georgia's intercollegiate athletics program, including fund-raising to support scholarships. During the year ended June 30, 2016, the UGAAA distributed approximately \$43.1 million to University of Georgia for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. The UGAAA also maintains the capital assets associated with University of Georgia's intercollegiate athletics program. A summary of the changes in these capital assets at June 30, 2016, is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Capital Assets, Not Being Depreciated:				
Construction Work-in-Progress	\$ 3,481,786	\$ 10,312,118	\$ 20,881	\$ 13,773,023
Capital Assets, Being Depreciated				
Building and Building Improvements	288,241,115	4,363,142		292,604,257
Facilities and Other Improvements	28,418,945			28,418,945
Equipment	8,704,299	639,771	531,633	8,812,437
Total Assets Being Depreciated	<u>325,364,359</u>	<u>5,002,913</u>	<u>531,633</u>	<u>329,835,639</u>
Less: Accumulated Depreciation				
Building and Building Improvements	74,841,014	6,554,284		81,395,298
Facilities and Other Improvements	14,377,175	1,247,196		15,624,371
Equipment	6,683,397	337,617	454,802	6,566,212
Total Accumulated Depreciation	<u>95,901,586</u>	<u>8,139,097</u>	<u>454,802</u>	<u>103,585,881</u>
Total Capital Assets, Being Depreciated, Net	<u>229,462,773</u>	<u>(3,136,184)</u>	<u>76,831</u>	<u>226,249,758</u>
Capital Assets, net	<u>\$ 232,944,559</u>	<u>\$ 7,175,934</u>	<u>\$ 97,712</u>	<u>\$ 240,022,781</u>

The UGAAA has entered into various debt arrangements for the benefit of University of Georgia's intercollegiate athletics program.

Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts due within One Year</u>
Interest Rate Swap	\$ 7,494,039	\$ 1,976,198		\$ 9,470,237	
Revenue/Mortgage Bonds Payable	104,675,000		\$ 4,855,000	99,820,000	\$ 4,990,000
Bond Premium	2,012,640		125,789	1,886,851	
Total Long Term Liabilities	<u>\$ 114,181,679</u>	<u>\$ 1,976,198</u>	<u>\$ 4,980,789</u>	<u>\$ 111,177,088</u>	<u>\$ 4,990,000</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 4,990,000
2018	5,145,000
2019	5,345,000
2020	5,540,000
2021	5,745,000
Thereafter	<u>73,055,000</u>
Bond Payable	99,820,000
Bond Premium	<u>1,886,851</u>
	<u>\$ 101,706,851</u>

#### University of Georgia Foundation, Inc. (UGAF)

The UGAF is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition

criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The UGAF acts primarily as a fund-raising organization to supplement the resources that are available to University of Georgia in support of its programs. During the year ended June 30, 2016, the UGAF distributed approximately \$47.9 million to University of Georgia in support of capital outlay projects, scholarships and other supporting activities.

The UGAF holds investments totaling \$951.7 million as of June 30, 2016. In order to achieve its long-term rate of return objectives, the UGAF relies on a total return strategy in which investment returns are achieved through both capital appreciation (net realized and unrealized gains) and current yield (interest and dividends). The UGAF targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk constraints.

Investments are comprised of the following amounts at June 30, 2016:

Cash held by investment organization	\$ 2,172,729
Certificates of Deposit	10,000
Government and Agency Securities	36,112,439
Corporate Bonds	31,014,628
Mortgage/Asset Backed Securities	23,578,470
Equity Securities	99,891,353
Mutual Funds	381,361,647
Joint Ventures/Partnerships	1,860,560
Venture Capital	1,600,785
Real Estate	62,604,692
Diversifying Strategies	35,674,435
Hedge Funds	248,798,391
Natural Resources	27,010,793
	<u>951,690,922</u>
Less pooled investment held for other component units	<u>(56,775,568)</u>
Total Investments	<u><u>\$ 894,915,354</u></u>

Changes in the endowment net position for the year ended June 30, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning	\$ 80,123,265	\$ 307,360,671	\$ 419,283,668	\$ 806,767,604
Contributions	9,781,750	15,243,351	35,932,100	60,957,201
Net realized and unrealized gains	(1,576,988)	(12,140,785)	11,789	(13,705,984)
Appropriation of endowment assets for expenditure	(2,303,812)	(30,294,777)		(32,598,589)
Ending	<u>\$ 86,024,215</u>	<u>\$ 280,168,460</u>	<u>\$ 455,227,557</u>	<u>\$ 821,420,232</u>

The UGAF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of University of Georgia and other affiliated organizations of the University System of Georgia. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts due within One Year</u>
Liabilities under split interest agreement	\$ 10,307,646		\$ 144,181	\$ 10,163,465	\$ 741,550
Notes and Loans Payable	17,730,814		461,137	17,269,677	478,541
Interest Rate Swap	<u>2,476,363</u>	<u>\$ 1,797,105</u>		<u>4,273,468</u>	
Total Long Term Liabilities	<u>\$ 30,514,823</u>	<u>\$ 1,797,105</u>	<u>\$ 605,318</u>	<u>\$ 31,706,610</u>	<u>\$ 1,220,091</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 478,541
2018	5,586,136
2019	375,000
2020	385,000
2021	400,000
Thereafter	<u>10,045,000</u>
Notes and Loans Payable	<u>\$ 17,269,677</u>

#### University of Georgia Research Foundation, Inc. (UGAREF)

The UGAREF serves to enhance the research mission of the University of Georgia by securing sponsored research funding and by providing funding of special research initiatives. During the year ended June 30, 2016, the UGAREF distributed approximately \$160 million to University of Georgia in support of capital outlay projects, scholarships and other supporting activities. UGAREF also has several direct financing leases with University of Georgia. Amounts due from University of Georgia related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$ 22,825,004
2018	22,807,616
2019	22,660,807
2020	22,642,150
2021	22,622,086
2022 through 2026	112,814,357
2027 through 2031	112,161,763
2032 through 2036	86,202,902
2037 through 2041	33,458,382
2042 through 2044	<u>4,149,130</u>
Total minimum lease payments to be received	462,344,197
Less: Unearned Income	<u>(188,160,185)</u>
Net Investment in Direct Financing Lease	<u>\$ 274,184,012</u>

The UGAREF holds investments totaling \$50.5 million as of June 30, 2016. Investments are comprised of the following amounts at June 30, 2016:

U.S. Treasuries	\$ 3,284,691
U.S. Agencies Implicitly Guaranteed	162,116
Corporate Debt	8,054,778
Foreign Government Bonds	260,968
Municipal Obligation	372,478
Bond/Fixed Income Mutual Funds	12,758,403
Equity Mutual Funds	12,533,600
Equity Securities - Domestic	5,408,799
Equity Securities - International	434,553
Managed Futures / Hedge Funds	<u>7,258,150</u>
Total Investments	<u>\$ 50,528,536</u>

The UGAREF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of University of Georgia and other affiliated organizations of the University System of Georgia. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts due within One Year</u>
Compensated Absences	\$ 37,995		\$ 37,995		
Notes and Loans Payable	10,294,202		1,777,980	\$ 8,516,222	
Revenue/Mortgage Bonds Payable	297,810,000	\$ 54,025,000	75,150,000	276,685,000	\$ 9,155,000
Bond - Premium	5,115,649	7,118,584	647,933	11,586,300	
Bond - (Discount)	<u>(3,576,348)</u>		<u>(3,439,990)</u>	<u>(136,358)</u>	
Total Long Term Liabilities	<u>\$ 309,681,498</u>	<u>\$ 61,143,584</u>	<u>\$ 74,173,918</u>	<u>\$ 296,651,164</u>	<u>\$ 9,155,000</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 9,155,000
2018	9,455,000
2019	9,695,000
2020	10,070,000
2021	10,490,000
Thereafter	<u>227,820,000</u>
Bond Payable	276,685,000
Bond Premium	11,586,300
Bond (Discount)	<u>(136,358)</u>
	<u>\$ 288,134,942</u>

A summary of the components of notes and loans payable at June 30, 2016, is as follows:

2019	<u>\$ 8,516,222</u>
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### University of North Georgia Real Estate Foundation, Inc. (UNGREF)

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

The UNGREF constructs buildings and other structures for use by University of North Georgia and other affiliated organizations. Funding for construction is obtained from contributions or financing with debt service funded by support from various sources. During the year ended June 30, 2016, the UNGREF distributed approximately \$266 thousand to the University of North Georgia for capital improvements. UNGREF also has several direct financing leases with University of North Georgia. Amounts due from University of North Georgia related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$	9,954,320
2018		10,046,796
2019		10,175,062
2020		10,318,392
2021		10,457,702
2022 through 2026		51,459,242
2027 through 2031		51,797,148
2032 through 2036		54,468,355
2037 through 2041		34,562,259
Total minimum lease payments to be received		243,239,276
Less: Unearned Income		(119,051,932)
Net Investment in Direct Financing Lease	\$	<u>124,187,344</u>

The UNGREF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of University of North Georgia. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts due within One Year</u>
Notes and Loans Payable	\$ 2,868,750	\$ 240,995	\$ 405,000	\$ 2,704,745	\$ 612,245
Revenue/Mortgage Bonds Payable	139,775,809		2,357,752	137,418,057	2,559,455
Bond Premium	389,328		28,126	361,202	
Bond (Discount)	(1,811,260)		(30,872)	(1,780,388)	
Total Long Term Liabilities	<u>\$ 141,222,627</u>	<u>\$ 240,995</u>	<u>\$ 2,760,006</u>	<u>\$ 138,703,616</u>	<u>\$ 3,171,700</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$	2,559,455
2018		2,776,453
2019		2,858,755
2020		3,096,368
2021		3,344,299
Thereafter		122,782,727
Bond Payable		137,418,057
Bond Premium		361,202
Bond (Discount)		(1,780,388)
	\$	<u>135,998,871</u>

A summary of the components of notes and loans payable at June 30, 2016, is as follows:

2017	\$	612,245
2018		472,500
2019		405,000
2020		405,000
2021		405,000
2022		405,000
Notes and Loans Payable	\$	<u>2,704,745</u>

#### **University System of Georgia Foundation, Inc. (USGF)**

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

The University System of Georgia Foundation, Inc. is a cooperative organization of the Board of Regents of the University System of Georgia. Its mission is to advance the University System of Georgia, as a whole, consistent with the priorities determined by the University System of Georgia Foundation, Inc. Board of Trustees. The USGF's support comes primarily from contributions and grants from individuals and corporations, and from leasing activities within the University System of Georgia. The University System of Georgia Foundation, Inc. has four primary goals, which are:

- To cultivate private support for scholarships for students to attend University System of Georgia institutions.
- To serve as the administrative center for private grants awarded to University System office staff in "Research and Development (R&D) Centers" that feature the strategic priorities of the Board of Regents of the USG and that involve multiple University System of Georgia institutions.
- To provide support to the Office of the Chancellor of the University System of Georgia.
- To facilitate financing of capital improvement projects at University System of Georgia institutions.

During the year ended June 30, 2016, the USGF distributed approximately \$481 thousand to the University System of Georgia in support of capital outlay projects, scholarships and other supporting activities. USGF also has several direct financing leases with various University System of Georgia



institutions. Amounts due from various University System of Georgia institutions related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$	16,393,998
2018		16,558,320
2019		16,724,816
2020		17,207,088
2021		17,445,968
2022 through 2026		88,287,626
2027 through 2031		89,042,612
2032 through 2036		89,790,792
2037 through 2041		61,664,849
Total minimum lease payments to be received		413,116,069
Less: Unearned Income		(190,562,873)
Net Investment in Direct Financing Lease	\$	222,553,196

The USGF holds endowment and other investments in the amount of \$4.6 million. This balance is invested in the BOR diversified pooled investment fund. Changes in the endowment net position for the year ended June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning	\$ 4,723,766	\$ 9,053	\$ 93,791	\$ 4,826,610
Contributions			5,000	5,000
Net realized and unrealized gains	41,853	6,078		47,931
Appropriation of endowment assets for expenditure	(252,423)	(5,545)		(257,968)
Ending	\$ 4,513,196	\$ 9,586	\$ 98,791	\$ 4,621,573

The USGF has entered into various debt arrangements associated with capital renovations, improvements and acquisitions and other activities for the benefit of the USG. Changes in these long-term liabilities for the year ended June 30, 2016 is as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts due within One Year
Revenue/Mortgage Bonds Payable	\$ 243,065,000		\$ 4,295,000	\$ 238,770,000	\$ 4,645,000
Bond - Premium	4,098,567	\$ 2,797,914	2,143,033	4,753,448	
Bond - (Discount)	(1,413,582)		(22,263)	(1,391,319)	
Total Long Term Liabilities	\$ 245,749,985	\$ 2,797,914	\$ 6,415,770	\$ 242,132,129	\$ 4,645,000

A summary of the components of bonds payable at June 30, 2016, is as follows:

2017	\$ 4,645,000
2018	4,975,000
2019	5,340,000
2020	6,090,000
2021	6,600,000
Thereafter	211,120,000
Bond Payable	238,770,000
Bond Premium	4,753,448
Bond (Discount)	(1,391,319)
	<u>\$ 242,132,129</u>

#### **MCG Health System, Inc. d/b/a AU Medical Center (Health System)**

The Health System was established to promote the health science education missions and other tax-exempt functions and purposes of the Augusta University, the Medical College of Georgia Physicians Practice Group d/b/a AU Medical Associates, and MCG Health, Inc. d/b/a AU Medical Center. During fiscal year 2016, the Health System distributed approximately \$43 million to the Augusta University for restricted and unrestricted purposes.

At June 30, 2016, the Health System maintains an investment policy which fosters and 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 with Board of Regents policy. All investments are consistent with donor intent, Board of Regents policy and applicable federal and state laws.

A summary of investments follows:

Investment type	Fair Value	Investment Maturity				
		Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Debt Securities						
U.S. Treasuries	\$ 25,397,420			\$ 24,438,435	\$ 958,985	
U.S. Agencies						
Explicitly Guaranteed	3,789,668			260,013	208,582	\$ 3,321,073
Implicitly Guaranteed	6,803,614		\$ 1,281,276	4,169,092	98,814	1,254,432
Corporate Debt	42,193,406	\$ 1,250,488	5,631,952	33,850,519	1,460,447	
Mortgage Backed Securities (Commercial)	26,587,722			12,146,458	4,141,790	10,299,474
Municipal Obligation	16,797,700		866,851	14,434,492	1,496,357	
	<u>\$ 121,569,530</u>	<u>\$ 1,250,488</u>	<u>\$ 7,780,079</u>	<u>\$ 89,299,009</u>	<u>\$ 8,364,975</u>	<u>\$ 14,874,979</u>
Other Investments						
Equity Securities - Domestic	20,301,494					
Equity Securities - International	8,240,248					
Accrued Interest and Dividends	559,509					
Joint Venture	5,385,330					
	<u>\$ 156,056,111</u>					

As of June 30, 2016 and June 30, 2015, the Health System utilized two investment managers. These managers are required to make investments in adherence to the Health System's current investment policy and objectives.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to transact, the Health System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The entire balance of the Health System's investments is held by the investment managers in the Health System's name as of June 30, 2016.

The Health System's investment strategy utilizes the total return approach with respect to investment returns, which recognizes that total return is comprised of both income and capital gains (realized and unrealized). When considering investment performance, the Health System measures the total returns, including dividends on stock, interest on fixed-income securities and capital gains. The Health System's long-term return objective is stated at 2% plus the Consumer Price Index.

The Health System allows for an overall level of investment risk sufficient to achieve the long-term return objective described above, managed primarily through its asset allocation policy. The Health System's investment policy requires cash levels adequate to meet all expected or unexpected cash flow needs by investing at least 90% of the Health System's assets in securities that can be sold readily and efficiently. The Health System's investment policy also states that the fixed income maturity for any single security should not exceed five years.

The Health System capital assets activity for the year ending June 30, 2016 was as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balances</b>
Capital Assets, Not Being Depreciated:				
Land (and other assets)	\$ 11,267,344			\$ 11,267,344
Construction Work-in-Progress	58,260,455	\$ 18,897,336	\$ 55,598,805	21,558,986
Total Capital Assets Not Being Depreciated	69,527,799	18,897,336	55,598,805	32,826,330
Capital Assets, Being Depreciated/Amortized:				
Building and Building Improvements	32,847,341			32,847,341
Facilities and Other Improvements	119,324,446	44,491,858	355,557	163,460,747
Equipment	182,518,137	10,713,870	7,190,169	186,041,838
Leased Equipment	50,773,550	2,509,737	565,755	52,717,532
Software	9,491,310	392,427		9,883,737
Total Assets Being Depreciated/Amortized	394,954,784	58,107,892	8,111,481	444,951,195
Less: Accumulated Depreciation/Amortization				
Building and Building Improvements	5,610,565	943,507		6,554,072
Facilities and Other Improvements	44,164,346	7,787,507		51,951,853
Equipment	128,514,595	15,348,150	7,106,465	136,756,280
Leased Equipment	13,847,791	6,552,262	108,502	20,291,551
Software	5,810,049	1,631,976		7,442,025
Total Accumulated Depreciation/Amortization	197,947,346	32,263,402	7,214,967	222,995,781
Total Capital Assets, Being Depreciated/Amortized, Net	197,007,438	25,844,490	896,514	221,955,414
Capital Assets, net	\$ 266,535,237	\$ 44,741,826	\$ 56,495,319	\$ 254,781,744

Changes in long-term liabilities for the Health System for the fiscal year ended June 30, 2016 are shown below:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts due within One Year</u>
Compensated Absences	\$ 15,113,158	\$ 4,912,058	\$ 4,384,282	\$ 15,640,934	\$ 15,640,934
Lease Purchase Obligation (Capital Lease)	41,003,334	3,781,313	6,534,229	38,250,418	6,696,954
Notes and Loans Payable	47,112,500		3,241,667	43,870,833	3,387,500
Revenue/Mortgage Bonds Payable	121,890,000		3,700,000	118,190,000	3,820,000
Total Long Term Liabilities	<u>\$ 225,118,992</u>	<u>\$ 8,693,371</u>	<u>\$ 17,860,178</u>	<u>\$ 215,952,185</u>	<u>\$ 29,545,388</u>

A summary of the components of lease purchase obligations at June 30, 2016, is as follows:

2017	\$ 8,822,279
2018	8,551,937
2019	8,016,685
2020	7,365,238
2021	5,641,800
2022 through 2026	6,679,686
2027	353,311
Total minimum lease payments	<u>45,430,936</u>
Less: Interest	<u>7,180,518</u>
Principal Outstanding	<u>\$ 38,250,418</u>

A summary of the components of notes and loans payable at June 30, 2016, is as follows:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,387,500	\$ 447,989
2018	3,445,833	409,857
2019	37,037,500	
	<u>\$ 43,870,833</u>	<u>\$ 857,846</u>

A summary of the components of bonds payable at June 30, 2016, is as follows:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,820,000	\$ 4,575,327
2018	3,950,000	4,410,120
2019	4,080,000	4,237,802
2020	4,220,000	14,507,423
2021	4,360,000	10,635,172
2022 through 2026	24,100,000	9,521,640
2027 through 2031	28,440,000	3,527,785
2032 through 2036	33,520,000	1,300,969
2037 through 2041	11,700,000	38,444
	<u>\$ 118,190,000</u>	<u>\$ 52,754,682</u>

### Swap

Concurrent with the issuance of the 2008 Bonds, the Health System entered into a variable-to-fixed interest rate swap (the Swap) to convert the Health System's variable interest rate on the 2008 Bonds into a synthetic fixed rate of 3.302%.

The Swap matures on July 1, 2037. The notional amount of the Swap at June 30, 2016 and June 30, 2015 was \$118,190,000 and \$121,890,000, respectively. The notional amount decreased from the initial notional amount of \$135,000,000. The notional value of the Swap declines in conjunction with payments of bond principal such that the outstanding balance of the bonds approximate the notional amount of the Swap at all times. Under the Swap, the Health System pays the counterparty interest at a fixed rate of 3.302% and receives interest payments at a variable rate computed as 68% of LIBOR.

The fair value of the Swap is recorded as an asset or liability, depending on whether the termination of the Swap would result in amounts due to the Health System or the Swap counterparty. At June 30, 2016 the fair value of the Swap represented a liability to the Health System in the amount of \$30,885,000 the Health System or the Swap counterparty is required to post collateral with the other party in the event that the fair value of the Swap exceeds certain thresholds, as defined. At June 30, 2016, the Health System had \$11,400,000 posted cash collateral with the Swap counterparty, respectively.

As of June 30, 2016 and 2015, the Health System was exposed to credit risk in the amount of the fair value of the Swap. the Health System has two Swap counterparties. As of June 30, 2016, the Swap counterparties were rated A+ Fitch Ratings, A1 by Moody's Investors Services, and A by Standard & Poor's. To mitigate the potential for credit risk, various levels of collateralization by the counterparty may be required should the counterparty's credit rating be downgraded and the fair value of the Swap be in a liability position at a level above certain thresholds specified in the Swap agreement.

The Health System or the counterparty may terminate the Swap if the other party fails to perform under the terms of the agreement. If the Swap is terminated, the variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination, the Swap has a negative fair value (unfavorable to the Health System), the Health System would be liable to the counterparty for a payment equal to the Swap's fair value.

### **Medical College of Georgia Physicians Practice Group Foundation (d/b/a AU Medical Associates) and Subsidiaries (AUMA or the Company)**

The AUMA is a private nonprofit organization that reports on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The modified cash reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The AUMA was formed in 1958 as a nonprofit organization for the purpose of enhancing the clinical, research, and educational missions of the Augusta University (AU) and billing and collecting for medical services provided to patients. Revenues are obtained primarily from physician fees charged to patients at AU Medical Center and AU Children's Medical Center, which are operated by MCG Health, Inc. and d/b/a AU Medical Center (AUMC).

PPG Properties, LLC is a limited liability company formed in 2001 by AUMA to manage real estate rental properties. This entity has no termination date.

PPG Alternative Collections, LLC is a limited liability company formed in 2003 by AUMA to bill and collect for anesthesia services provided to patients. This entity has no termination date.

Georgia Esoteric and Molecular Labs, LLC is a limited liability company formed in 2004 by AUMA to operate a specialized pathology laboratory with genetic or molecular testing capabilities. This entity has no termination date.

MCG-PPG Cancer Research Center, LLC (CRC) was formed in 2004 by AUMA to construct, own and operate a portion of a building to house a cancer research center on the campus of AU. This entity has no termination date. The CRC has a direct financing leases with AU. Amounts due from AU related to direct financing lease activity as of June 30, 2016 is as follows:

2017	\$	1,869,230
2018		1,870,988
2019		1,872,692
2020		1,877,564
2021		1,870,708
2022 through 2026		9,334,764
2027 through 2031		9,320,624
2032 through 2036		5,580,018
Total minimum lease payments to be received		<u>33,596,588</u>
Less: Unearned Income		<u>7,622,975</u>
Net Investment in Direct Financing Lease	\$	<u><u>25,973,613</u></u>

GRMC – GRMA, SP is an offshore captive which AUMA entered into effective July 9, 2013 to provide insurance coverage.

AUMA is the sole equity member and has sole voting control of each of the LLC's.

During fiscal year 2016, AUMA distributed approximately \$100.8 million to AU for restricted and unrestricted purposes, including collections for medical services provided to patients.

Investments are comprised of the following amounts at June 30, 2016:

Certificates of Deposit	\$	7,002,565
Government and Agency Securities		11,750,847
Corporate Bonds		12,067,476
Equity Securities		9,704,850
Mutual Funds		1,561,700
Joint Ventures/Partnerships		1,270,491
BOR Investment Pools:		
BOR Short Term Fund		<u>6,280,747</u>
Total Investments	\$	<u><u>49,638,676</u></u>

AUMA held the following capital assets as of June 30, 2016:

Capital Assets not being Depreciated:

Land (and other assets)	\$	4,044,523
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Capital Assets being Depreciated/Amortized:

Buildings and Building Improvements		3,585,200
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Machinery and Equipment		10,208,231
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Total Capital Assets being Depreciated/Amortized		<u>13,793,431</u>
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Less Total Accumulated Depreciation/Amortization		<u>10,528,475</u>
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Total Capital Assets being Depreciated/Amortized, Net		<u>3,264,956</u>
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Capital Assets, Net	\$	<u><u>7,309,479</u></u>
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Changes in long-term liabilities for component units for the fiscal year ended June 30, 2016 are show below:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts due within One Year</u>
Notes and Loans Payable	\$ 24,490,000	\$ -	\$ 810,000	\$ 23,680,000	\$ 835,000
Note Premium	<u>2,262,660</u>		<u>196,729</u>	<u>2,065,931</u>	
Total Long Term Liabilities	<u>\$ 26,752,660</u>	<u>\$ -</u>	<u>\$ 1,006,729</u>	<u>\$ 25,745,931</u>	<u>\$ 835,000</u>

Annual debt services requirements to maturity for notes and loans payable are as follows:

2017	\$ 835,000
2018	865,000
2019	905,000
2020	945,000
2021	970,000
2022 through 2026	5,585,000
2027 through 2031	6,940,000
2032 through 2036	<u>6,635,000</u>
Notes and Loans Payable	23,680,000
Note Premium	<u>2,065,931</u>
	<u><u>\$ 25,745,931</u></u>

# REQUIRED SUPPLEMENTARY INFORMATION



UNIVERSITY SYSTEM OF GEORGIA



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

Early Retirement Plan	Year Ended	Actuarially	Contributions in	Contribution	Covered Employee	Contributions as a
		Determined	Relation to the	Deficiency		Percentage of
		Contribution	Actuarially	(Excess)	Payroll (c)	Covered Employee
		(a)	Determined	(b-a)		Payroll (b/c)
			Contribution			
			(b)			
	6/30/2016	\$ 12,760,669	\$ 13,084,672	\$ 324,003	N/A	N/A
	6/30/2015	\$ 13,225,850	\$ 13,084,672	\$ (141,178)	N/A	N/A
	6/30/2014	\$ 13,588,064	\$ 13,084,672	\$ (503,392)	N/A	N/A
	6/30/2013	\$ 13,549,860	\$ 13,225,850	\$ (324,010)	N/A	N/A
	6/30/2012	\$ 13,300,187	\$ 13,225,850	\$ (74,337)	N/A	N/A
	6/30/2011	\$ 13,368,807	\$ 13,225,850	\$ (142,957)	N/A	N/A
	6/30/2010	\$ 13,410,238	\$ 13,225,850	\$ (184,388)	N/A	N/A
	6/30/2009	\$ 13,778,696	\$ 13,225,850	\$ (552,846)	N/A	N/A
	6/30/2008	\$ 13,510,767	\$ 12,996,492	\$ (514,275)	N/A	N/A
	6/30/2007	\$ 13,363,491	\$ 12,936,540	\$ (426,951)	N/A	N/A

Employees' Retirement System	Year Ended	Actuarially	Contributions in	Contribution	Covered Employee	Contributions as a
		Determined	Relation to the	Deficiency		Percentage of
		Contribution	Actuarially	(Excess)	Payroll (c)	Covered Employee
		(a)	Determined	(b-a)		Payroll (b/c)
			Contribution			
			(b)			
	6/30/2016	\$ 2,674,110	\$ 2,674,110	\$ -	\$ 9,660,262	27.68%
	6/30/2015	\$ 2,094,605	\$ 2,094,605	\$ -	\$ 9,219,622	22.72%
	6/30/2014	\$ 1,631,633	\$ 1,631,633	\$ -	\$ 8,690,850	18.77%
	6/30/2013	\$ 1,238,577	\$ 1,238,577	\$ -	\$ 8,312,597	14.90%
	6/30/2012	\$ 896,604	\$ 896,604	\$ -	\$ 7,701,668	11.64%
	6/30/2011	\$ 709,947	\$ 709,947	\$ -	\$ 6,819,856	10.41%
	6/30/2010	\$ 665,448	\$ 665,448	\$ -	\$ 6,392,392	10.41%
	6/30/2009	\$ 687,652	\$ 687,652	\$ -	\$ 6,568,751	10.47%
	6/30/2008	\$ 602,995	\$ 602,995	\$ -	\$ 5,732,353	10.52%
	6/30/2007	\$ 485,973	\$ 485,973	\$ -	\$ 4,621,119	10.52%

Teachers Retirement System	Year Ended	Actuarially	Contributions in	Contribution	Covered Employee	Contributions as a
		Determined	Relation to the	Deficiency		Percentage of
		Contribution	Actuarially	(Excess)	Payroll (c)	Covered Employee
		(a)	Determined	(b-a)		Payroll (b/c)
			Contribution			
			(b)			
	6/30/2016	\$ 232,397,988	\$ 232,397,988	\$ -	\$ 1,571,067,875	14.79%
	6/30/2015	\$ 203,874,344	\$ 203,874,344	\$ -	\$ 1,542,770,677	13.21%
	6/30/2014	\$ 181,383,954	\$ 181,383,954	\$ -	\$ 1,477,068,029	12.28%
	6/30/2013	\$ 164,293,969	\$ 164,293,969	\$ -	\$ 1,439,912,086	11.41%
	6/30/2012	\$ 148,193,749	\$ 148,193,749	\$ -	\$ 1,441,573,434	10.28%
	6/30/2011	\$ 143,479,549	\$ 143,479,549	\$ -	\$ 1,395,715,457	10.28%
	6/30/2010	\$ 135,361,497	\$ 135,361,497	\$ -	\$ 1,389,748,429	9.74%
	6/30/2009	\$ 128,072,380	\$ 128,072,380	\$ -	\$ 1,380,090,302	9.28%
	6/30/2008	\$ 122,832,156	\$ 122,832,156	\$ -	\$ 1,323,622,371	9.28%
	6/30/2007	\$ 115,443,652	\$ 115,443,652	\$ -	\$ 1,244,004,871	9.28%

UNIVERSITY SYSTEM OF GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016\*

Employees' Retirement System	Year Ended	Proportion of	Proportionate Share of	Covered Employee	Proportionate Share	Plan Fiduciary
		the Net	the Net Pension		of the Net Pension	Net Position as a
		Pension	Liability	Payroll	Liability as a	Percentage of
		Liability			Percentage of	the Total Pension
					Covered Payroll	Liability
	6/30/2016	0.40%	\$ 16,237,112	\$ 9,219,622	176.11%	76.20%
	6/30/2015	0.39%	\$ 14,722,566	\$ 8,690,850	169.40%	77.99%

Teachers Retirement System	Year Ended	Proportion of	Proportionate Share of	Covered Employee	Proportionate Share	Contributions as
		the Net	the Net Pension		of the Net Pension	a Percentage of
		Pension	Liability	Payroll	Liability as a	Covered
		Liability			Percentage of	Employee Payroll
					Covered Payroll	(b/c)
	6/30/2016	14.74%	\$ 2,243,998,382	\$ 1,542,770,677	145.45%	81.44%
	6/30/2015	14.52%	\$ 1,835,025,616	\$ 1,477,068,029	124.23%	84.03%

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

**UNIVERSITY SYSTEM OF GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYERS' AND NONEMPLOYERS' NET PENSION LIABILITY**  
**EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY**  
**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**FOR THE LAST THREE FISCAL YEARS\***

(dollars in millions)

	2016	2015	2014
Total Pension Liability	\$ 151.8	\$ 143.8	\$ 145.4
Plan Fiduciary Net Position	(80.3)	(79.1)	(76.2)
Net Pension Liability	<u>\$ 71.5</u>	<u>\$ 64.7</u>	<u>\$ 69.2</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.9%	55.0%	52.4%
Covered Employee Payroll	0.0	0.0	0.0
Employers' and Nonemployers' Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

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

**UNIVERSITY SYSTEM OF GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY  
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN  
FOR THE LAST THREE FISCAL YEARS\***

(Dollar amounts in millions)

	2016	2015	2014
<u>Total Pension Liability</u>			
Interest	\$ 10.3	\$ 10.4	\$ 10.6
Differences Between Expected and Actual Experience	1.3	1.3	(0.1)
Changes of Assumptions	9.9		
Benefit Payments/Refunds	(13.5)	(13.3)	(13.1)
Net Change in Total Pension Liability	8.0	(1.6)	(2.6)
Total Pension Liability - Beginning	143.8	145.4	148.0
Total Pension Liability - Ending (a)	<u>\$ 151.8</u>	<u>\$ 143.8</u>	<u>\$ 145.4</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	\$ 13.1	\$ 13.1	\$ 13.1
Net Investment Income	1.6	3.1	11.8
Benefit Payments/Refunds	(13.5)	(13.3)	(13.1)
Net Change in Plan Fiduciary Net Position	1.2	2.9	11.8
Plan Fiduciary Net Position - Beginning	79.1	76.2	64.4
Plan Fiduciary Net Position - Ending (b)	<u>\$ 80.3</u>	<u>\$ 79.1</u>	<u>\$ 76.2</u>
Net Pension Liability Ending (a - b)	<u>\$ 71.5</u>	<u>\$ 64.7</u>	<u>\$ 69.2</u>

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.02%	4.13%	18.35%

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

**UNIVERSITY SYSTEM OF GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**METHODS AND ASSUMPTIONS**  
**EARLY RETIREMENT PROGRAM - AUGUSTA UNIVERSITY**  
**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**FOR YEAR ENDED JUNE 30, 2016**

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

**Changes of assumptions:**

The expectation of retired life mortality was changed effective June 30, 2016 to the RP-2014 Mortality Table rather than the RP-2000 Mortality Table used previously. Mortality rates were adjusted to better recognize current and future mortality improvements.

**Method and assumptions used to determine contribution rates:** Actuarially determined contribution rate as determined as of January 1, 2015.

Actuarial valuation method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	8 years
Asset valuation method	Fair market value based on quoted market prices
Inflation	3.0% per annum, compounded annually
Cost of living adjustments	3.0% per annum, compounded annually
Investment rate of return	7.5% per annum, compounded annually
Mortality Rates (per 1,000 lives)	RP-2014 Mortality Table, adjusted to 2006, with generational mortality improvement projected after year 2006 using Scale MP-2015.

**UNIVERSITY SYSTEM OF GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BOARD OF REGENTS RETIREE HEALTH BENEFIT FUND**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS**  
**YEAR ENDED JUNE 30, 2016**

**Funding Progress:**

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)
7/1/2013	\$ 216,775	\$ 4,095,304,172	\$ 4,095,087,397	0.0%	\$ 2,594,800,486	157.8%
7/1/2014	\$ 81,519	\$ 4,278,445,406	\$ 4,278,363,887	0.0%	\$ 2,608,756,645	164.0%
7/1/2015*	\$ 280,596	\$ 2,657,095,907	\$ 2,656,815,311	0.0%	\$ 3,087,013,265	86.1%

**Employer Contributions (dollar amounts in millions):**

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 409.8	\$ 120.9	29.5%	\$ 1,843.1
2015	\$ 450.1	\$ 129.8	28.8%	\$ 2,163.4
2016*	\$ 304.3	\$ 111.8	36.7%	\$ 2,355.9

\*Changes in Plan Provisions: Effective January 1, 2016, all post-65 Medicare eligible retirees access medical coverage through an individual Healthcare Exchange marketplace. The Board of Regents of the University System of Georgia provides an annual fixed dollar HRA contribution for these retirees.

# SUPPLEMENTARY INFORMATION



UNIVERSITY SYSTEM OF GEORGIA



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION BY INSTITUTION  
JUNE 30, 2016

	Abraham Baldwin Agricultural College	Albany State University	Armstrong State University
<b>ASSETS</b>			
Current Assets			
Cash & Cash Equivalents	\$ 8,600,407	\$ 1,987,262	\$ 20,215,819
Short-term Investments	118,711		
Accounts Receivable, Net			
Federal Financial Assistance	999,143	1,608,628	897,897
Other	1,184,579	3,626,154	3,008,874
Due From Affiliated Organizations	47,127		69,719
Due From Component Units-Discrete			
Due From Other Funds-Blended			
Inventories	398,278		
Prepaid Items	5,075	36,784	768,382
Other Assets			
Total Current Assets	<u>11,353,320</u>	<u>7,258,828</u>	<u>24,960,691</u>
Non-Current Assets			
Investments (including Real Estate)			271,909
Due From Component Units-Discrete			
Due from Other Funds-Blended			
Due From USO - Capital Liability Reserve Fund		507,323	220,862
Notes Receivable, Net	263,585	368,837	
Non-current Cash (Externally Restricted)			155,711
Short-term Investments (Externally Restricted)			
Investments (Externally Restricted)			2,816,601
Capital Assets, Net	<u>51,199,441</u>	<u>138,887,060</u>	<u>109,351,838</u>
Total Non-Current Assets	<u>51,463,026</u>	<u>139,763,220</u>	<u>112,816,921</u>
Total Assets	<u>62,816,346</u>	<u>147,022,048</u>	<u>137,777,612</u>
Deferred Outflows of Resources			
Deferred Loss on Debt Refunding			
Deferred Loss on Defined Benefit Pension Plan	<u>2,190,040</u>	<u>2,634,074</u>	<u>2,842,014</u>
Total Deferred Outflows of Resources	<u>2,190,040</u>	<u>2,634,074</u>	<u>2,842,014</u>

Atlanta Metropolitan State College	Augusta University	Bainbridge State College	Clayton State University	College of Coastal Georgia
\$ 2,316,985	\$ 17,892,544	\$ 71,580	\$ 6,300,021	\$ 3,559,397
1,434,425	8,766,339	399,334	697,828	119,808
1,956,650	21,106,067	1,907,964	3,114,013	721,029
	6,156,733		133,633	278,589
	37,559,662			
(704)	922,001	2,195	1,153,631	27,680
226,656	13,511,921	9,526	163,769	102,744
<u>5,934,012</u>	<u>105,915,267</u>	<u>2,390,599</u>	<u>11,562,895</u>	<u>4,809,247</u>
	72,861,662	85,603		
69,628	197,730	149,284	578,205	77,550
	2,882,862		57,439	
		1,588		
	2,144,190	1,648,889	1,498,797	136,955
<u>34,860,517</u>	<u>534,921,000</u>	<u>51,931,060</u>	<u>137,091,345</u>	<u>69,680,413</u>
<u>34,930,145</u>	<u>613,007,444</u>	<u>53,816,424</u>	<u>139,225,786</u>	<u>69,894,918</u>
<u>40,864,157</u>	<u>718,922,711</u>	<u>56,207,023</u>	<u>150,788,681</u>	<u>74,704,165</u>
	2,973,434			
<u>1,354,029</u>	<u>34,741,271</u>	<u>817,459</u>	<u>2,727,743</u>	<u>1,048,761</u>
<u>1,354,029</u>	<u>37,714,705</u>	<u>817,459</u>	<u>2,727,743</u>	<u>1,048,761</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION BY INSTITUTION  
JUNE 30, 2016

	Abraham Baldwin Agricultural College	Albany State University	Armstrong State University
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	1,070,413	2,906,913	582,502
Salaries Payable	96,122	135,160	177,226
Benefits Payable	71,674	86,416	166,694
Contracts Payable	260,503		204,166
Retainage Payable	35,601		151,590
Due to Affiliated Organization			
Due to Component Units-Discrete			
Capital Liability Reserve Fund			
Deposits		963,971	62,637
Advances (Including Tuition and Fees)	395,464	632,995	3,541,601
Deposits Held for Other Organizations	700,059	283,817	1,221,222
Lease Purchase Obligations - External	22,437	1,821,652	819,796
Lease Purchase Obligations - Discrete Component Units			
Lease Purchase Obligations - Blended Component Units			
Notes and Loans Payable			
Other Liabilities		9,143	66,500
Pollution Remediation			
Claims & Judgments	235,648		
Compensated Absences	520,135	888,241	1,355,744
Total Current Liabilities	<u>3,408,056</u>	<u>7,728,308</u>	<u>8,349,678</u>
Non-Current Liabilities			
Lease Purchase Obligations - External	74,048	70,669,668	38,118,235
Lease Purchase Obligations - Discrete Component Units			
Lease Purchase Obligations - Blended Component Units			
Notes and Loans Payable			
Pollution Remediation			
Claims & Judgments			
Compensated Absences	355,530	844,991	581,033
Net Pension Liability	14,028,097	27,906,366	24,075,146
Other Post Employment Benefits Liability			
Total Non-Current Liabilities	<u>14,457,675</u>	<u>99,421,025</u>	<u>62,774,414</u>
Total Liabilities	<u>17,865,731</u>	<u>107,149,333</u>	<u>71,124,092</u>
Deferred Inflows of Resources			
Deferred Gain on Debt Refunding			3,137,922
Deferred Grants Received in Advance of Timing			
Deferred ServiceConcession Arrangements			
Deferred Gain on Deferred Benefit Pension Plan	1,300,170	3,448,223	2,370,285
Total Deferred Inflows of Resources	<u>1,300,170</u>	<u>3,448,223</u>	<u>5,508,207</u>
NET POSITION			
Net Investment in Capital Assets	50,806,852	66,395,740	66,920,129
Restricted for: Permanent Trust (Nonexpendable)			2,936,644
Restricted Expendable for: Higher Education	658,464	407,177	355,106
Unrestricted	(5,624,831)	(27,744,351)	(6,224,552)
Total Net Position	<u>\$ 45,840,485</u>	<u>\$ 39,058,566</u>	<u>\$ 63,987,327</u>

Atlanta Metropolitan State College	Augusta University	Bainbridge State College	Clayton State University	College of Coastal Georgia
857,162	6,072,689	70,843	886,235	690,209
119,037	2,119,433	47,422	192,528	95,004
37,593	2,194,177	27,334	11,508	52,581
	1,323,593		23	
	738,939			
	845,378			9,784
	2,339,043			
2,072			6,606	13,073
676,244	54,832,709	658,505	2,323,101	693,319
1,093,498	1,606,083	750,029	353,775	218,696
174,239	3,344,882	291,591	990,056	246,359
3,493		(4,462)	(24,784)	
600,000				
421,702	20,676,696	256,950	1,260,996	436,444
3,985,040	96,093,622	2,098,212	6,000,044	2,455,469
9,857,242	54,516,213	18,108,787	74,522,428	11,561,059
2,075,376				
395,578	17,030,588	137,980	903,968	261,073
12,659,066	333,942,164	9,237,784	26,416,043	9,096,181
24,987,262	405,488,965	27,484,551	101,842,439	20,918,313
28,972,302	501,582,587	29,582,763	107,842,483	23,373,782
	894,546			40,000
1,399,746	27,413,443	1,628,374	2,655,837	946,228
1,399,746	28,307,989	1,628,374	2,655,837	986,228
24,829,036	477,493,762	33,530,682	61,578,861	57,872,995
	2,172,437	1,663,180	1,498,797	68,879
59,067	45,774,792	178,405	54,196	96,750
(13,041,965)	(298,694,151)	(9,558,922)	(20,113,750)	(6,645,708)
\$ 11,846,138	\$ 226,746,840	\$ 25,813,345	\$ 43,018,104	\$ 51,392,916

UNIVERSITY SYSTEM OF GEORGIA  
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	Columbus State University	Dalton State College	Darton State College
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 18,238,400	\$ 7,527,958	\$ 8,560,634
Short-term Investments	65,394		
Accounts Receivable, Net			
Federal Financial Assistance	2,942,114	342,302	303,097
Other	3,415,867	831,295	1,242,321
Due From Affiliated Organizations	386,198	44,263	14,653
Due From Component Units-Discrete			
Due From Other Funds-Blended			
Inventories		7,247	4,000
Prepaid Items	426,012	31,729	
Other Assets			
Total Current Assets	<u>25,473,985</u>	<u>8,784,794</u>	<u>10,124,705</u>
Non-Current Assets			
Investments (including Real Estate)	555,984		
Due From Component Units-Discrete			
Due from Other Funds-Blended			
Due From USO - Capital Liability Reserve Fund	259,144	46,314	294,059
Notes Receivable, Net	890,928		
Non-current Cash (Externally Restricted)	401,367		
Short-term Investments (Externally Restricted)			
Investments (Externally Restricted)	3,985,833		
Capital Assets, Net	<u>111,262,804</u>	<u>48,419,185</u>	<u>71,454,294</u>
Total Non-Current Assets	<u>117,356,060</u>	<u>48,465,499</u>	<u>71,748,353</u>
Total Assets	<u>142,830,045</u>	<u>57,250,293</u>	<u>81,873,058</u>
Deferred Outflows of Resources			
Deferred Loss on Debt Refunding			
Deferred Loss on Defined Benefit Pension Plan	<u>4,191,985</u>	<u>1,897,594</u>	<u>2,369,905</u>
Total Deferred Outflows of Resources	<u>4,191,985</u>	<u>1,897,594</u>	<u>2,369,905</u>



East Georgia State College	Fort Valley State University	Georgia College & State University	Georgia Gwinnett College	Georgia Highlands College
\$ 1,973,420	\$ 2,264,623	\$ 20,604,905	\$ 29,318,465	\$ 4,789,315
797,629	2,429,321	259,160	122,390	1,159,356
454,728	1,538,011	3,793,748	4,103,573	836,864
	1,283,451			285
		192,976	41,424	
11,928		255,279		
90,333	88,677	962,453	691,733	222,220
<u>3,328,038</u>	<u>7,604,083</u>	<u>26,068,521</u>	<u>34,277,585</u>	<u>7,008,040</u>
	59,772	2,085,578		
		2,132,289		
	650,274	1,081,968	1,507,117	115,505
	1,096,106	2,010,676		
		166,002		
		5,208,122		37,568
<u>22,608,910</u>	<u>149,007,999</u>	<u>175,258,328</u>	<u>256,204,920</u>	<u>51,428,204</u>
<u>22,608,910</u>	<u>150,814,151</u>	<u>187,942,963</u>	<u>257,712,037</u>	<u>51,581,277</u>
<u>25,936,948</u>	<u>158,418,234</u>	<u>214,011,484</u>	<u>291,989,622</u>	<u>58,589,317</u>
	416,835			
<u>1,114,329</u>	<u>2,542,103</u>	<u>5,912,854</u>	<u>8,913,654</u>	<u>1,665,110</u>
<u>1,114,329</u>	<u>2,958,938</u>	<u>5,912,854</u>	<u>8,913,654</u>	<u>1,665,110</u>

UNIVERSITY SYSTEM OF GEORGIA  
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	Columbus State University	Dalton State College	Darton State College
LIABILITIES			
Current Liabilities			
Accounts Payable	1,908,420	1,075,813	274,092
Salaries Payable	217,560	97,722	118,625
Benefits Payable	135,172	88,289	55,259
Contracts Payable	668,662		
Retainage Payable	258,059	226,337	
Due to Affiliated Organization			
Due to Component Units-Discrete			
Capital Liability Reserve Fund			
Deposits	300	5,850	227,850
Advances (Including Tuition and Fees)	4,443,960	539,986	1,886,298
Deposits Held for Other Organizations	1,360,728	401,420	1,250,175
Lease Purchase Obligations - External	1,292,901	111,974	615,897
Lease Purchase Obligations - Discrete Component Units			
Lease Purchase Obligations - Blended Component Units			
Notes and Loans Payable			
Other Liabilities			
Pollution Remediation			
Claims & Judgments			
Compensated Absences	1,568,450	479,005	611,854
Total Current Liabilities	11,854,212	3,026,396	5,040,050
Non-Current Liabilities			
Lease Purchase Obligations - External	43,257,366	6,091,770	41,847,506
Lease Purchase Obligations - Discrete Component Units			
Lease Purchase Obligations - Blended Component Units			
Notes and Loans Payable			
Pollution Remediation			
Claims & Judgments			
Compensated Absences	895,472	219,290	460,564
Net Pension Liability	35,568,087	14,461,741	18,149,127
Other Post Employment Benefits Liability			
Total Non-Current Liabilities	79,720,925	20,772,801	60,457,197
Total Liabilities	91,575,137	23,799,197	65,497,247
Deferred Inflows of Resources			
Deferred Gain on Debt Refunding		623,951	1,205,548
Deferred Grants Received in Advance of Timing	239,999		200,000
Deferred Service Concession Arrangements			
Deferred Gain on Deferred Benefit Pension Plan	3,965,239	1,567,583	2,587,783
Total Deferred Inflows of Resources	4,205,238	2,191,534	3,993,331
NET POSITION			
Net Investment in Capital Assets	66,712,537	41,591,490	27,785,344
Restricted for: Permanent Trust (Nonexpendable)	1,862,956		
Restricted Expendable for: Higher Education	3,680,726	1,961	
Unrestricted	(21,014,564)	(8,436,295)	(13,032,959)
Total Net Position	\$ 51,241,655	\$ 33,157,156	\$ 14,752,385

East Georgia State College	Fort Valley State University	Georgia College & State University	Georgia Gwinnett College	Georgia Highlands College
236,296	1,629,384	2,298,094	3,477,802	608,238
64,546	119,311	300,993	340,081	91,539
45,096	58,957	1,246,553	682,751	212,411
28,953		1,406,496	236,132	
	75,600	295,670	22,040	889
		297	3,792	
	325,366			
29,400	19,452	307,778	779,240	425
405,374	1,481,946	1,882,349	2,274,265	892,852
85,101	489,060	931,152	311,339	210,499
2,327	915,489	2,505,465	2,578,495	363,312
	133,460	693,191	75,949	41,072
	519,669			
342,707	1,296,660	2,094,994	1,158,020	634,713
<u>1,239,800</u>	<u>7,064,354</u>	<u>13,963,032</u>	<u>11,939,906</u>	<u>3,055,950</u>
4,489	79,050,006	121,852,181	176,984,325	16,121,983
	913,244			
244,901	632,598	652,502	831,425	225,731
8,270,442	26,490,990	40,292,642	31,547,037	16,114,176
<u>8,519,832</u>	<u>107,086,838</u>	<u>162,797,325</u>	<u>209,362,787</u>	<u>32,461,890</u>
<u>9,759,632</u>	<u>114,151,192</u>	<u>176,760,357</u>	<u>221,302,693</u>	<u>35,517,840</u>
	908,372	1,483,686		
		3,753,443		
			6,564,237	
1,103,391	5,294,643	3,746,987	2,936,865	2,813,481
<u>1,103,391</u>	<u>6,203,015</u>	<u>8,984,116</u>	<u>9,501,102</u>	<u>2,813,481</u>
22,573,141	68,475,364	52,534,272	71,299,459	34,942,909
37,100		3,785,471		37,570
32,022	3,054,498	4,790,028	19,422	37,245
(6,454,009)	(30,506,897)	(26,929,906)	(1,219,400)	(13,094,618)
<u>\$ 16,188,254</u>	<u>\$ 41,022,965</u>	<u>\$ 34,179,865</u>	<u>\$ 70,099,481</u>	<u>\$ 21,923,106</u>



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	Georgia Institute of Technology	Georgia Southern University	Georgia Southwestern State University
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 253,383,976	\$ 36,178,618	\$ 8,251,686
Short-term Investments	155,462		
Accounts Receivable, Net			
Federal Financial Assistance	1,368,391	12,272,338	337,865
Other	5,439,075	5,501,637	913,089
Due From Affiliated Organizations		3,375,746	
Due From Component Units-Discrete	108,402,024		
Due From Other Funds-Blended		33,525	
Inventories	983,529	3,565,105	609,552
Prepaid Items	15,896,863	115,521	261,966
Other Assets			
Total Current Assets	<u>385,629,320</u>	<u>61,042,490</u>	<u>10,374,158</u>
Non-Current Assets			
Investments (including Real Estate)	9,414,328		
Due From Component Units-Discrete			
Due from Other Funds-Blended		3,859,400	
Due From USO - Capital Liability Reserve Fund	2,275,907	1,778,721	267,598
Notes Receivable, Net	11,919,171	2,402,471	784,082
Non-current Cash (Externally Restricted)	99,930		
Short-term Investments (Externally Restricted)			
Investments (Externally Restricted)	62,087,101	5,474,704	732,169
Capital Assets, Net	<u>1,862,527,297</u>	<u>549,604,319</u>	<u>87,502,010</u>
Total Non-Current Assets	<u>1,948,323,734</u>	<u>563,119,615</u>	<u>89,285,859</u>
Total Assets	<u>2,333,953,054</u>	<u>624,162,105</u>	<u>99,660,017</u>
Deferred Outflows of Resources			
Deferred Loss on Debt Refunding			
Deferred Loss on Defined Benefit Pension Plan	<u>51,000,129</u>	<u>13,982,239</u>	<u>1,159,062</u>
Total Deferred Outflows of Resources	<u>51,000,129</u>	<u>13,982,239</u>	<u>1,159,062</u>

Georgia State University	Gordon State College	Kennesaw State University	Middle Georgia State University	Savannah State University
\$ 189,492,767	\$ 11,934,530	\$ 82,593,642	\$ 10,634,749	\$ 3,043,837
				408,276
18,201,977	155,101	1,824,930	157,096	1,907,467
23,938,370	456,307	6,226,366	3,375,764	6,274,605
213,650	9,880	4,439,837	237,470	
		1,919,156		
397,241	330,251	4,184,884	1,817,151	72,703
5,099,992	138,956	1,196,270	86,200	249,322
<u>237,343,997</u>	<u>13,025,025</u>	<u>102,385,085</u>	<u>16,308,430</u>	<u>11,956,210</u>
11,648			1,708,278	6,724,009
1,414,212	355,149	2,098,531	715,528	844,039
5,954,021		625,566		786,278
777,477			187	109,381
		68,695		28,292
92,898		4,206,825		
<u>927,409,257</u>	<u>86,827,847</u>	<u>645,049,814</u>	<u>225,978,822</u>	<u>142,576,561</u>
<u>935,659,513</u>	<u>87,182,996</u>	<u>652,049,431</u>	<u>228,402,815</u>	<u>151,068,560</u>
<u>1,173,003,510</u>	<u>100,208,021</u>	<u>754,434,516</u>	<u>244,711,245</u>	<u>163,024,770</u>
		1,141,664		
<u>30,877,505</u>	<u>1,484,252</u>	<u>27,345,240</u>	<u>3,515,690</u>	<u>4,363,002</u>
<u>30,877,505</u>	<u>1,484,252</u>	<u>28,486,904</u>	<u>3,515,690</u>	<u>4,363,002</u>

UNIVERSITY SYSTEM OF GEORGIA  
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	Georgia Institute of Technology	Georgia Southern University	Georgia Southwestern State University
LIABILITIES			
Current Liabilities			
Accounts Payable	66,970,780	7,391,429	948,437
Salaries Payable	3,026,146	1,016,896	265,584
Benefits Payable	690,464	505,974	76,610
Contracts Payable	6,042,916	1,016,876	
Retainage Payable	2,068,157	61,298	37,647
Due to Affiliated Organization	30,894	3,208	
Due to Component Units-Discrete			
Capital Liability Reserve Fund			
Deposits	8,687,906	823,965	152,550
Advances (Including Tuition and Fees)	23,754,907	7,501,723	3,018,008
Deposits Held for Other Organizations	13,298,455	1,598,255	88,141
Lease Purchase Obligations - External	16,868,654	595,926	616,825
Lease Purchase Obligations - Discrete Component Units			
Lease Purchase Obligations - Blended Component Units		6,656,835	
Notes and Loans Payable	349,260	131,242	
Other Liabilities	448,258	2,043	
Pollution Remediation	436,705		
Claims & Judgments			
Compensated Absences	31,978,082	4,964,938	560,789
Total Current Liabilities	174,651,584	32,270,608	5,764,591
Non-Current Liabilities			
Lease Purchase Obligations - External	437,636,171	21,079,125	36,610,584
Lease Purchase Obligations - Discrete Component Units			
Lease Purchase Obligations - Blended Component Units		198,294,056	
Notes and Loans Payable	7,412,665	1,248,008	
Pollution Remediation			
Claims & Judgments			
Compensated Absences	14,097,358	1,882,429	225,172
Net Pension Liability	342,919,737	94,297,247	10,767,068
Other Post Employment Benefits Liability			
Total Non-Current Liabilities	802,065,931	316,800,865	47,602,824
Total Liabilities	976,717,515	349,071,473	53,367,415
Deferred Inflows of Resources			
Deferred Gain on Debt Refunding		2,979,359	
Deferred Grants Received in Advance of Timing	8,109,144		
Deferred Service Concession Arrangements			
Deferred Gain on Deferred Benefit Pension Plan	31,921,369	8,830,257	1,122,850
Total Deferred Inflows of Resources	40,030,513	11,809,616	1,122,850
NET POSITION			
Net Investment in Capital Assets	1,390,649,474	318,609,377	50,241,901
Restricted for: Permanent Trust (Nonexpendable)	62,187,031	2,465,814	424,385
Restricted Expendable for: Higher Education	25,538,921	6,908,259	1,145,641
Unrestricted	(110,170,271)	(50,720,195)	(5,483,113)
Total Net Position	\$ 1,368,205,155	\$ 277,263,255	\$ 46,328,814

Georgia State University	Gordon State College	Kennesaw State University	Middle Georgia State University	Savannah State University
20,617,424	988,432	15,888,925	557,589	1,137,454
2,356,495	102,963	911,130	225,631	180,273
6,286,328		609,644		121,327
2,687,614	4,355	110,894		
1,366,946	63,148	285,479		
1,441,933		380,946		
		560,916		
16,135	259,125	48,027	1,237,226	
27,517,058	289,573	16,213,361	1,999,480	1,711,151
1,937,996	456,646	1,779,526	885,085	1,835,331
7,477,695	993,274	9,206,846	1,424,244	2,304,578
274,820		246,707	9,507	1,238
			166,380	
11,655,254	436,234	7,402,523	1,449,966	885,882
83,635,698	3,593,750	53,644,924	7,955,108	8,177,234
256,631,459	41,703,329	293,151,580	93,795,489	101,608,182
			125,372	
7,567,814	275,371	3,343,572	712,136	1,016,383
249,327,383	14,405,781	127,382,189	32,438,217	28,629,659
513,526,656	56,384,481	423,877,341	127,071,214	131,254,224
597,162,354	59,978,231	477,522,265	135,026,322	139,431,458
6,456,774		1,273,146		
10,743,262	922,186		504,000	
		67,137,916		
26,920,529	1,782,470	24,663,063	5,908,939	2,717,113
44,120,565	2,704,656	93,074,125	6,412,939	2,717,113
650,933,850	44,063,741	274,600,389	130,759,089	38,663,801
97,689		4,091,172	552,952	6,658,534
23,840,079		928,874	1,559,776	1,143,226
(112,273,522)	(5,054,355)	(67,295,405)	(26,084,143)	(21,226,360)
\$ 562,598,096	\$ 39,009,386	\$ 212,325,030	\$ 106,787,674	\$ 25,239,201



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION BY INSTITUTION  
JUNE 30, 2016

	South Georgia State College	University of Georgia	University of North Georgia
<b>ASSETS</b>			
Current Assets			
Cash & Cash Equivalents	\$ 3,127,348	\$ 248,298,027	\$ 29,061,090
Short-term Investments		25,239	1,971,785
Accounts Receivable, Net			
Federal Financial Assistance	206,031	6,113,495	1,621,183
Other	480,445	33,625,813	5,556,115
Due From Affiliated Organizations	134,398		863,947
Due From Component Units-Discrete		40,894,274	
Due From Other Funds-Blended			
Inventories	237,625	6,626,389	1,563,633
Prepaid Items	371,178	6,410,739	3,574,276
Other Assets			
Total Current Assets	<u>4,557,025</u>	<u>341,993,976</u>	<u>44,212,029</u>
Non-Current Assets			
Investments (including Real Estate)	476,470	121,690,858	
Due From Component Units-Discrete			
Due from Other Funds-Blended			
Due From USO - Capital Liability Reserve Fund	266,644	1,767,538	983,809
Notes Receivable, Net	49,273	9,389,623	1,233,517
Non-current Cash (Externally Restricted)		3,259,403	1,068,502
Short-term Investments (Externally Restricted)			
Investments (Externally Restricted)		76,210,606	1,531,121
Capital Assets, Net	<u>49,964,506</u>	<u>1,872,768,272</u>	<u>259,321,957</u>
Total Non-Current Assets	<u>50,756,893</u>	<u>2,085,086,300</u>	<u>264,138,906</u>
Total Assets	<u>55,313,918</u>	<u>2,427,080,276</u>	<u>308,350,935</u>
Deferred Outflows of Resources			
Deferred Loss on Debt Refunding			
Deferred Loss on Defined Benefit Pension Plan	979,625	68,229,698	13,638,918
Total Deferred Outflows of Resources	<u>979,625</u>	<u>68,229,698</u>	<u>13,638,918</u>

University of West Georgia	Valdosta State University	University System Office (Oversight Unit)	Elimination/ Consolidation Entries	Total
\$ 50,471,235	\$ 26,756,423	\$ 671,069,905	\$ (424,959,715)	\$ 1,353,559,853
		228,069,566	(10,846,440)	219,967,993
852,009	588,332	392,051	4,914,236	74,191,273
2,338,248	2,556,200	121,943,046	(8,364,743)	263,102,074
85,308	141,007			17,915,894
		39,135	(32,055,795)	156,992,856
				33,525
1,869,253	19,798	326,944		25,385,593
485,413	426,421	323,029		51,974,160
		2,350,342	(1)	2,350,341
<u>56,101,466</u>	<u>30,488,181</u>	<u>1,024,514,018</u>	<u>(471,312,458)</u>	<u>2,165,473,562</u>
	7,212,912	5,984,313	(175,900,509)	53,242,815
				2,132,289
				3,859,400
1,357,248	1,364,272		(21,244,159)	0
2,621,097	29,043	1,379,249	(1,379,249)	43,364,575
	32,963	779,559		6,852,070
				96,987
	6,994,482	3,612,043		178,418,904
306,272,607	319,820,358	364,708,112		9,713,899,057
<u>310,250,952</u>	<u>335,454,030</u>	<u>376,463,276</u>	<u>(198,523,917)</u>	<u>10,001,866,097</u>
366,352,418	365,942,211	1,400,977,294	(669,836,375)	12,167,339,659
1,527,754				6,059,687
12,209,680	7,038,444	9,324,043		322,110,452
<u>13,737,434</u>	<u>7,038,444</u>	<u>9,324,043</u>	<u>0</u>	<u>328,170,139</u>

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION BY INSTITUTION  
JUNE 30, 2016

	South Georgia State College	University of Georgia	University of North Georgia
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	131,566	30,429,618	2,207,339
Salaries Payable	64,754	8,934,946	361,173
Benefits Payable	33,735		343,602
Contracts Payable		6,547,476	133,330
Retainage Payable	21,350	2,181,070	15,013
Due to Affiliated Organization			
Due to Component Units-Discrete		835,002	
Capital Liability Reserve Fund			
Deposits	5	1,272,757	1,721,968
Advances (Including Tuition and Fees)	341,244	50,825,435	6,339,611
Deposits Held for Other Organizations	334,748	4,643,926	916,054
Lease Purchase Obligations - External	323,881	6,452,262	2,235,056
Lease Purchase Obligations - Discrete Component Units			
Lease Purchase Obligations - Blended Component Units			
Notes and Loans Payable		373,681	
Other Liabilities	586,240	478,484	
Pollution Remediation		181,200	
Claims & Judgments			
Compensated Absences	410,242	32,306,391	2,527,983
Total Current Liabilities	<u>2,247,765</u>	<u>145,462,248</u>	<u>16,801,129</u>
Non-Current Liabilities			
Lease Purchase Obligations - External	30,839,019	266,996,652	126,597,127
Lease Purchase Obligations - Discrete Component Units			
Lease Purchase Obligations - Blended Component Units			
Notes and Loans Payable		2,048,834	
Pollution Remediation		588,932	
Claims & Judgments			
Compensated Absences	101,289	13,792,725	1,894,289
Net Pension Liability	9,235,662	553,580,336	66,665,651
Other Post Employment Benefits Liability			
Total Non-Current Liabilities	<u>40,175,970</u>	<u>837,007,479</u>	<u>195,157,067</u>
Total Liabilities	<u>42,423,735</u>	<u>982,469,727</u>	<u>211,958,196</u>
Deferred Inflows of Resources			
Deferred Gain on Debt Refunding			1,696,347
Deferred Grants Received in Advance of Timing			
Deferred Service Concession Arrangements			
Deferred Gain on Deferred Benefit Pension Plan	1,797,883	51,897,318	6,232,905
Total Deferred Inflows of Resources	<u>1,797,883</u>	<u>51,897,318</u>	<u>7,929,252</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	18,801,606	1,590,590,812	128,402,179
Restricted for: Permanent Trust (Nonexpendable)	296,490	79,470,009	2,733,299
Restricted Expendable for: Higher Education	316,807	89,039,094	2,437,922
Unrestricted	(7,342,978)	(298,156,986)	(31,470,995)
Total Net Position	<u>\$ 12,071,925</u>	<u>\$ 1,460,942,929</u>	<u>\$ 102,102,405</u>

University of West Georgia	Valdosta State University	University System Office (Oversight Unit)	Elimination/ Consolidation Entries	Total
3,791,374	1,987,944	7,628,217	(33,547,040)	151,774,593
381,084	270,868	60,278		22,490,530
1,786,309	832,813	50,977,835		67,437,106
830,113	665			21,502,767
542,056	102,769			8,549,658
119				2,712,262
				3,739,050
			(325,366)	0
	805,784			17,444,102
4,084,566	4,670,067	578,692		226,405,844
616,484	2,054,749	696,723,873	(633,289,244)	105,146,678
1,314,794	594,447	2,243,089	(57,703,321)	11,045,122
			57,703,321	57,703,321
2,055,931	3,548,949			12,261,715
			(174,039)	680,144
65,080	1,511		(199,890)	2,907,560
				617,905
6,245				1,527,942
2,537,910	1,988,031	2,568,059		135,675,595
18,012,065	16,858,597	760,780,043	(667,535,579)	849,621,894
48,346,382	2,739,197	41,734,926	(1,667,070,710)	895,035,818
			1,668,778,361	1,668,778,361
119,258,616	173,076,453		(1,707,651)	488,921,474
			(1,205,211)	9,504,296
				588,932
				3,113,992
1,486,048	1,623,801	1,650,969		74,342,580
57,594,117	55,157,192	41,074,875		2,331,730,203
			2,355,867,771	2,355,867,771
226,685,163	232,596,643	84,460,770	2,354,662,560	7,827,883,427
244,697,228	249,455,240	845,240,813	1,687,126,981	8,677,505,321
	3,585,091			24,244,742
	(16,518)	2,350,342		26,845,858
		394,155,650		467,857,803
5,394,685	5,764,450	3,778,503		243,910,612
5,394,685	9,333,023	400,284,495	0	762,859,015
135,399,912	136,175,388	296,811,509		6,430,045,601
	3,720,214	4,391,602		181,152,225
3,446,952	5,972,321	10,373,178		231,850,909
(8,848,925)	(31,675,531)	(146,800,260)	(2,356,963,356)	(3,787,903,273)
\$ 129,997,939	\$ 114,192,392	\$ 164,776,029	\$ (2,356,963,356)	\$ 3,055,145,462



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY INSTITUTION  
YEAR ENDED JUNE 30, 2016

	Abraham Baldwin Agricultural College	Albany State University	Armstrong State University	Atlanta Metropolitan State College
<b>OPERATING REVENUES</b>				
Student Tuition & Fees, Net	\$ 9,884,906	\$ 12,658,025	\$ 35,897,629	\$ 4,173,749
Scholarship Allowance				
Federal Appropriations				
Grants & Contracts - Federal	142,890	8,389,997	1,372,606	2,182,436
Grants & Contracts - State		238,932	78,418	93,616
Grants & Contracts - Other		289,794	1,704,721	114,396
Sales and Services	148,134	246,774	164,557	8,368
Rents and Royalties	108,970	7,435	25	139,471
Auxiliary - Residence Halls	2,137,828	6,727,956	3,651,986	
Auxiliary - Bookstore	2,722,553	68,130	252,715	164,839
Auxiliary - Food Services	2,985,861	4,206,285	3,589,720	629,125
Auxiliary - Parking	211,319	177,270	473,576	
Auxiliary - Health Services	452,527	342,452	283,128	
Auxiliary - Intercollegiate Athletics	578,095	1,430,387	2,793,805	439,815
Auxiliary - Other Organizations	315,426	206,564	2,600,677	15,251
Auxiliary Scholarship Allowance				
Other Operating Revenues	219,636	268,005	651,418	121,188
Total Operating Revenues	19,908,145	35,258,006	53,514,981	8,082,254
<b>OPERATING EXPENSES</b>				
Salaries - Faculty	6,534,986	10,975,391	20,803,103	4,357,308
Salaries - Staff	8,923,161	18,722,427	20,907,255	8,703,473
Employee Benefits	5,669,921	9,372,229	12,042,288	3,698,602
Other Personnel Services	268,834	257,690	313,888	79,721
Travel	378,388	327,603	806,756	153,753
Scholarships and Fellowships	5,517,431	7,545,043	10,979,260	4,406,269
Utilities	1,027,977	2,680,196	2,678,063	910,414
Supplies and Other Services	13,958,822	11,972,813	21,354,359	8,004,017
Depreciation	2,249,935	6,823,314	5,017,090	1,395,618
Total Operating Expenses	44,529,455	68,676,706	94,902,062	31,709,175
Other Income (Loss)	(24,621,310)	(33,418,700)	(41,387,081)	(23,626,921)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State Appropriations	14,953,239	19,454,105	29,919,942	10,382,601
Grants & Contracts - Federal	8,593,015	9,233,305	12,706,099	9,289,760
Grants & Contracts - State	41,719			
Grants & Contracts - Other	361,577	15,257		1,999
Gifts	635,529	145,914	801,532	882,282
Investment Income	121	68,347	103,072	
Interest Expense	(5,598)	(3,467,082)	(1,823,286)	(592,458)
Other Nonoperating Revenues (Expenses)	(6,086)	(43,030)	(32,087)	
Net Nonoperating Revenues	24,573,516	25,406,816	41,675,272	19,964,184
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(47,794)	(8,011,884)	288,191	(3,662,737)
Capital Grants & Gifts - Federal				
Capital Grants & Gifts - State	6,562,073	13,215	3,466,521	1,849,878
Capital Grants & Gifts - Other	6,732			
Additions to Permanent and Term Endowments				
Special Item				
Extraordinary Item				
Total Other Revenues, Special Items and Extraordinary Items	6,568,805	13,215	3,466,521	1,849,878
Change in Net Position	6,521,011	-7,998,669	3,754,712	-1,812,859
Net Position, Beginning of Year, Originally Reported	39,319,474	49,035,063	60,232,615	13,658,997
Prior Year Adjustments		(1,977,828)		
Net Position, Beginning of Year, Restated	39,319,474	47,057,235	60,232,615	13,658,997
Net Position - End of Year	\$ 45,840,485	\$ 39,058,566	\$ 63,987,327	\$ 11,846,138

Augusta University	Bainbridge State College	Clayton State University	College of Coastal Georgia	Columbus State University	Dalton State College
\$ 86,148,215	\$ 5,123,797	\$ 25,976,400	\$ 6,507,812	\$ 46,695,311	\$ 10,094,921
56,045,165	462,109	1,191,798	15,145	999,490	87,022
207,930,776	1,398,635	118,180		220,328	19,057
208,221,585	(3,398)	268,584		243,518	1,582,625
10,167,422	21,811	1,924,232	119,206	4,098,141	13,844
383,175	38,975	22,656	2,220	42,800	
4,075,875		6,150,680	1,049,763	5,775,957	1,314,818
2,149,995	92,710	3,777,235	228,135	294,122	248,080
297,941	17,381	362,774	2,100,791	523,618	10,044
2,551,643	93,761	512,445		1,251,951	670,559
2,118,980		712,192		622,554	
3,100,714		2,389,508	1,127,214	2,789,597	848,082
3,178,191		367,045	928,134	404,270	470,287
570,515	30,846	545,832	228,043	631,989	236,367
586,940,192	7,276,627	44,319,561	12,306,463	64,593,646	15,595,706
174,419,950	4,032,509	20,457,665	7,257,599	24,934,396	11,029,065
237,801,158	4,668,148	20,634,532	8,275,400	27,505,118	9,046,209
128,718,483	2,633,967	12,086,540	4,476,751	15,491,007	6,454,295
570,081	122,236	491,187	126,926	382,142	157,137
4,198,741	109,354	446,446	284,531	789,454	268,683
9,203,548	4,740,994	9,525,352	3,758,594	10,520,535	6,118,187
10,813,996	592,994	2,748,716	867,278	4,300,462	1,362,406
205,003,371	3,114,007	17,601,850	7,005,907	26,340,544	6,983,842
28,894,244	1,836,433	5,737,770	3,240,854	4,804,165	1,836,310
799,623,572	21,850,642	89,730,058	35,293,840	115,067,823	43,256,134
(212,683,380)	(14,574,015)	(45,410,497)	(22,987,377)	(50,474,177)	(27,660,428)
195,068,634	7,721,470	25,511,940	13,316,898	34,581,249	15,199,491
9,915,746	6,348,743	17,199,912	7,152,675	14,583,997	11,104,562
			42,346	280	
3,710,738		521,584	1,192,325	3,764,042	
13,982,821	385,383	983,129	511,702	304,771	857,219
570,075	60,970	33,518	11,264	77,920	1,362
(1,997,206)	(1,155,086)	(3,659,489)	(542,824)	(2,443,347)	(338,506)
(571,795)	(1,186)	(111,510)	212	6,514	(12,215)
220,679,013	13,360,294	40,479,084	21,684,598	50,875,426	26,811,913
7,995,633	(1,213,721)	(4,931,413)	(1,302,779)	401,249	(848,515)
8,433,386	1,150,259	25,367,915	232,450	3,899,597	3,641,456
44,978	4,956			217,505	15,950
8,478,364	1,155,215	25,367,915	232,450	4,117,102	3,657,406
16,473,997	-58,506	20,436,502	-1,070,329	4,518,351	2,808,891
209,827,324	25,501,812	21,436,309	52,463,245	45,510,195	30,348,265
445,519	370,039	1,145,293		1,213,109	
210,272,843	25,871,851	22,581,602	52,463,245	46,723,304	30,348,265
\$ 226,746,840	\$ 25,813,345	\$ 43,018,104	\$ 51,392,916	\$ 51,241,655	\$ 33,157,156



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY INSTITUTION  
YEAR ENDED JUNE 30, 2016

	Darton State College	East Georgia State College	Fort Valley State University	Georgia College & State University
<b>OPERATING REVENUES</b>				
Student Tuition & Fees, Net	\$ 10,833,855	\$ 4,439,163	\$ 9,345,483	\$ 56,847,486
Scholarship Allowance				
Federal Appropriations			7,506,135	
Grants & Contracts - Federal	39,294	50,547	744,148	698,165
Grants & Contracts - State	1,684,630	44,765	84,673	20,860
Grants & Contracts - Other	358,983	12,723	47,410	182,076
Sales and Services	33,627	25,949	420,260	2,232,936
Rents and Royalties	-	792	114,376	52,133
Auxiliary - Residence Halls	2,897,599	423,017	5,373,850	15,038,942
Auxiliary - Bookstore	194,490	107,338	46,673	1,036,584
Auxiliary - Food Services	1,466,808	604,695	3,443,579	7,574,688
Auxiliary - Parking	30,247	255,810	233,844	1,509,071
Auxiliary - Health Services	186,797	68,102	363,831	1,376,142
Auxiliary - Intercollegiate Athletics	1,183,402	631,019	1,382,889	2,477,273
Auxiliary - Other Organizations	189,856	2,596	1,010,467	329,877
Auxiliary Scholarship Allowance				
Other Operating Revenues	159,901	82,132	96,129	336,765
Total Operating Revenues	19,259,489	6,748,648	30,213,747	89,712,998
<b>OPERATING EXPENSES</b>				
Salaries - Faculty	9,842,748	4,443,614	9,980,467	28,143,288
Salaries - Staff	9,603,156	5,661,026	17,924,311	31,373,553
Employee Benefits	5,889,702	3,280,019	8,342,635	18,447,378
Other Personnel Services	173,555	104,258	299,577	291,494
Travel	233,653	122,807	833,556	1,129,480
Scholarships and Fellowships	7,448,027	5,014,952	5,057,052	2,907,575
Utilities	1,400,725	552,093	3,972,690	3,229,584
Supplies and Other Services	9,809,335	3,846,605	21,590,941	29,844,635
Depreciation	3,410,304	1,104,262	6,107,501	8,951,830
Total Operating Expenses	47,811,205	24,129,636	74,108,730	124,318,817
Other Income (Loss)	(28,551,716)	(17,380,988)	(43,894,983)	(34,605,819)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State Appropriations	15,752,915	6,923,831	21,623,880	31,536,964
Grants & Contracts - Federal	12,913,424	8,827,698	23,383,882	6,639,799
Grants & Contracts - State		48,469	3,537	100,468
Grants & Contracts - Other		231,923	1,137,919	1,385,843
Gifts	92,974	114,808	1,598,450	328,422
Investment Income	3,109	3,690	3,019	205,303
Interest Expense	(2,184,830)	(459)	(3,765,181)	(6,362,123)
Other Nonoperating Revenues (Expenses)		(3,281)	(7,153)	(798)
Net Nonoperating Revenues	26,577,592	16,146,679	43,978,353	33,833,878
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(1,974,124)	(1,234,309)	83,370	(771,941)
Capital Grants & Gifts - Federal			(25,059)	
Capital Grants & Gifts - State	84,398	182,943	507,380	1,427,504
Capital Grants & Gifts - Other	100,000	47,000		254,075
Additions to Permanent and Term Endowments				46,290
Special Item				
Extraordinary Item				
Total Other Revenues, Special Items and Extraordinary Items	184,398	229,943	482,321	1,727,869
Change in Net Position	-1,789,726	-1,004,366	565,691	955,928
Net Position, Beginning of Year, Originally Reported	16,542,111	17,192,620	40,509,308	33,223,937
Prior Year Adjustments			(52,034)	
Net Position, Beginning of Year, Restated	16,542,111	17,192,620	40,457,274	33,223,937
Net Position - End of Year	\$ 14,752,385	\$ 16,188,254	\$ 41,022,965	\$ 34,179,865

Georgia Gwinnett College	Georgia Highlands College	Georgia Institute of Technology	Georgia Southern University	Georgia Southwestern State University	Georgia State University
\$ 34,189,548	\$ 11,737,452	\$ 353,571,407	\$ 114,177,862	\$ 12,068,373	\$ 292,578,096
147,401	249,856	531,410,303	4,525,900	592,603	63,306,293
64,386	32,472	7,803,801	529,836	216,112	8,958,388
294,226	380,703	211,486,429	9,265,812	1,991,927	30,207,978
62,501	219,630	35,828,457	5,563,121	10,418	23,234,155
10,320	103,042	400,548	471,817	4,750	231,940
7,829,871		73,352,574	31,130,465	3,946,741	16,756,766
723,506	253,406	1,942,579	11,465,747	1,070,037	2,923,438
1,164,118		3,428,710	20,322,133	2,426,001	9,027,909
2,481,319	113,605	17,510,067	4,467,406	65,412	8,385,295
632,056		9,486,035	4,540,373	353,364	3,680,151
3,856,680	692,083		17,380,952	1,047,677	19,645,462
209,642	245,545	1,935,612	90,060	355,654	11,619,742
214,345	162,468	9,220,339	1,912,901	223,400	3,795,058
51,879,919	14,190,262	1,257,376,861	225,844,385	24,372,469	494,350,671
36,131,774	8,612,595	394,337,433	63,992,657	9,117,672	157,366,779
23,028,332	9,130,082	340,047,628	92,938,759	8,216,554	261,229,713
16,012,507	5,222,141	169,051,230	47,998,408	5,856,681	104,951,384
217,936	83,602	731,510	933,711	98,707	2,407,189
595,081	195,833	27,668,992	3,533,310	335,703	6,851,458
10,687,846	6,305,301	15,162,457	15,074,478	2,629,923	60,101,950
2,334,283	1,392,811	30,150,850	12,377,533	1,579,791	20,872,409
21,430,810	7,646,157	358,873,402	73,643,640	9,916,951	159,029,327
8,185,629	1,930,934	92,614,554	28,211,691	3,732,047	51,616,165
118,624,198	40,519,456	1,428,638,056	338,704,187	41,484,029	824,426,374
(66,744,279)	(26,329,194)	(171,261,195)	(112,859,802)	(17,111,560)	(330,075,703)
48,455,678	15,297,540	233,201,045	91,640,673	11,312,769	244,170,135
28,204,908	11,074,679	11,696,408	31,745,661	4,855,926	100,037,860
					4,255,069
681,952	780,789	1,721,782	4,240,402	131,107	6,649,537
53,605	10,616	16,175,551	210,645	176	743,705
(10,205,593)	(922,043)	(25,754,187)	(12,007,247)	(1,842,536)	(17,392,678)
(1,210)	(16,251)	(659,494)	(201,378)		(6,103,984)
67,189,340	26,225,330	236,381,105	115,628,756	14,457,442	332,359,644
445,061	(103,864)	65,119,910	2,768,954	(2,654,118)	2,283,941
108,072		12,490,298	9,959,147	1,756,244	22,870,249
318,207		1,170,928	1,253,757		730,330
		79,331			
426,279	-	13,740,557	11,212,904	1,756,244	23,600,579
871,340	-103,864	78,860,467	13,981,858	-897,874	25,884,520
69,228,141	22,026,970	1,289,344,688	263,281,397	47,226,688	536,713,576
69,228,141	22,026,970	1,289,344,688	263,281,397	47,226,688	536,713,576
\$ 70,099,481	\$ 21,923,106	\$ 1,368,205,155	\$ 277,263,255	\$ 46,328,814	\$ 562,598,096



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY INSTITUTION  
YEAR ENDED JUNE 30, 2016

	Gordon State College	Kennesaw State University	Middle Georgia State University	Savannah State University
<b>OPERATING REVENUES</b>				
Student Tuition & Fees, Net	\$ 6,625,364	\$ 183,761,639	\$ 21,338,442	\$ 13,311,455
Scholarship Allowance				
Federal Appropriations				
Grants & Contracts - Federal	98,622	2,259,989	172,344	9,780,672
Grants & Contracts - State	121,183	888,461		63,394
Grants & Contracts - Other	8,400	99,735	36,778	445,339
Sales and Services	132,541	12,733,728	654,827	945,266
Rents and Royalties	42,713	1,077,825	112,638	56,815
Auxiliary - Residence Halls	5,473,003	16,550,765	8,179,481	14,593,486
Auxiliary - Bookstore	2,115,468	15,178,645	3,590,080	267,093
Auxiliary - Food Services	2,724,765	26,500,274	3,826,442	9,552,531
Auxiliary - Parking	104,436	9,806,645	225,414	758,499
Auxiliary - Health Services	69,899	3,384,932	273,263	630,861
Auxiliary - Intercollegiate Athletics	569,369	14,629,504	1,612,807	4,413,061
Auxiliary - Other Organizations	62,071	4,912,067	247,684	40,171
Auxiliary Scholarship Allowance				
Other Operating Revenues	172,417	1,981,710	723,110	577,675
Total Operating Revenues	18,320,251	293,765,919	40,993,310	55,436,318
<b>OPERATING EXPENSES</b>				
Salaries - Faculty	8,888,249	91,638,505	20,354,333	15,028,827
Salaries - Staff	7,004,577	118,150,291	18,725,131	20,478,284
Employee Benefits	4,531,438	56,690,372	11,684,647	10,907,155
Other Personnel Services	110	1,343,367	221,191	380,998
Travel	199,094	3,334,112	674,983	1,169,487
Scholarships and Fellowships	4,022,748	28,056,837	8,410,729	6,656,916
Utilities	1,889,033	9,736,610	3,059,757	3,270,148
Supplies and Other Services	9,853,194	116,524,817	24,029,664	27,852,066
Depreciation	3,020,163	31,708,533	8,409,538	7,356,724
Total Operating Expenses	39,408,606	457,183,444	95,569,973	93,100,605
Other Income (Loss)	(21,088,355)	(163,417,525)	(54,576,663)	(37,664,287)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State Appropriations	11,980,705	115,692,680	32,435,511	22,014,788
Grants & Contracts - Federal	10,216,461	55,400,094	17,404,358	17,173,804
Grants & Contracts - State		148,619	721,818	
Grants & Contracts - Other		4,645,487	511,076	
Gifts	75,950	1,125,674	1,758,564	781,214
Investment Income	36,870	350,161	70,800	332,132
Interest Expense	(2,088,994)	(17,167,065)	(4,759,008)	(4,884,069)
Other Nonoperating Revenues (Expenses)	244,303	(401,073)	113,881	51,660
Net Nonoperating Revenues	20,465,295	159,794,577	48,257,000	35,469,529
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(623,060)	(3,622,948)	(6,319,663)	(2,194,758)
Capital Grants & Gifts - Federal				
Capital Grants & Gifts - State	4,463,546	16,988,157	563,765	
Capital Grants & Gifts - Other	150,000	5,925,192	22,604	
Additions to Permanent and Term Endowments				
Special Item			(466,637)	
Extraordinary Item				731,765
Total Other Revenues, Special Items and Extraordinary Items	4,613,546	22,913,349	119,732	731,765
Change in Net Position	3,990,486	19,290,401	-6,199,931	-1,462,993
Net Position, Beginning of Year, Originally Reported	35,018,900	193,997,059	112,987,605	26,702,194
Prior Year Adjustments		(962,430)		
Net Position, Beginning of Year, Restated	35,018,900	193,034,629	112,987,605	26,702,194
Net Position - End of Year	\$ 39,009,386	\$ 212,325,030	\$ 106,787,674	\$ 25,239,201

South Georgia State College	University of Georgia	University of North Georgia	University of West Georgia	Valdosta State University	University System Office (Oversight Unit)
\$ 3,206,933	\$ 439,728,927	\$ 68,413,593	\$ 64,567,962	\$ 60,103,707	
	15,750,470				
16,153	125,396,681		1,711,758	1,301,641	\$ 145,549
2,153	20,130,477		642,596	764,370	
	70,490,319		1,589,267	864,592	
38,339	73,256,686	2,741,005	656,927	1,978,998	52,720,998
1,090	545,874	129,761	24,245	1,012,103	
1,285,657	54,525,900	9,655,584	18,651,073	13,109,347	6,500,459
1,068,844	4,248,477	6,672,748	3,619,895	1,392,017	
900,099	46,698,115	7,866,830	9,420,722	11,852,214	
11,891	22,041,207	4,585,682	1,680,710	4,264,239	
	21,625,229	949,327	2,281,657	2,874,558	
481,791	29,416,816	3,157,010	6,917,505	3,397,584	
97,670	2,512,159	87,583	351,791	524,521	
68,344	1,896,211	978,868	10,474,306	1,244,639	476,491,613
7,178,964	928,263,548	105,237,991	122,590,414	104,684,530	535,858,619
4,211,663	232,593,868	42,177,620	40,341,480	39,148,979	
5,005,914	497,592,293	43,819,777	43,832,303	33,629,103	38,945,551
3,033,936	210,687,003	27,104,694	27,451,873	23,137,850	11,885,803
282,546	861,172	550,090	719,388	2,304,543	47,982
257,599	18,430,000	1,685,269	1,648,050	1,364,604	1,099,327
2,916,183	33,333,444	12,793,222	10,945,580	13,148,787	60,000
1,095,699	32,898,080	4,417,473	3,562,788	5,816,437	6,841,202
5,420,940	262,326,331	41,349,350	46,661,087	35,370,225	574,962,211
2,502,610	93,302,107	14,788,034	13,928,608	17,185,528	17,507,835
24,727,090	1,382,024,298	188,685,529	189,091,157	171,106,056	651,349,911
(17,548,126)	(453,760,750)	(83,447,538)	(66,500,743)	(66,421,526)	(115,491,292)
10,155,262	417,681,690	54,445,675	49,871,591	45,473,672	177,122,170
7,254,425	28,110,165	26,807,492	24,256,354	19,900,175	6,214,688
	6,719,908	170,981		109,467	
55,916	38,558,344	2,944,921		142,666	14,377,648
476,533	17,097,193	1,427,403	664,517	1,524,912	3,102,115
10,854	1,485,393	126,629	187,473	194,096	642,570
(1,979,589)	(17,452,985)	(8,005,920)	(9,273,518)	(7,832,586)	(1,807,807)
(387,566)	15,875,287	(17,884)	(95,973)	59,979	(14,972,181)
15,585,835	508,074,995	77,899,297	65,610,444	59,572,381	184,679,203
(1,962,291)	54,314,245	(5,548,241)	(890,299)	(6,849,145)	69,187,911
	469,815				
1,032,661	24,038,346	2,128,806	4,840,073	3,688,167	13,870
147,971	42,078,655	572,465	455,544	100,858	
				6,185	
1,180,632	66,586,816	2,701,271	5,295,617	3,795,210	13,870
-781,659	120,901,061	-2,846,970	4,405,318	-3,053,935	69,201,781
12,397,111	1,340,041,868	104,949,375	123,761,844	117,246,327	92,637,354
456,473			1,830,777		2,936,894
12,853,584	1,340,041,868	104,949,375	125,592,621	117,246,327	95,574,248
\$ 12,071,925	\$ 1,460,942,929	\$ 102,102,405	\$ 129,997,939	\$ 114,192,392	\$ 164,776,029



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY INSTITUTION  
YEAR ENDED JUNE 30, 2016

	Elimination/ Consolidation Entries	Total
<b>OPERATING REVENUES</b>		
Student Tuition & Fees, Net	\$ 548,421,326	\$ 2,552,428,838
Scholarship Allowance	(548,421,326)	(548,421,326)
Federal Appropriations		23,256,605
Grants & Contracts - Federal	(5,206,896)	808,329,681
Grants & Contracts - State	(1,158,579)	250,991,920
Grants & Contracts - Other	(646,587)	539,537,935
Sales and Services	(28,877,299)	201,525,559
Rents and Royalties		5,138,509
Auxiliary - Residence Halls	19,715,227	355,874,670
Auxiliary - Bookstore		67,915,579
Auxiliary - Food Services		183,524,173
Auxiliary - Parking		84,473,323
Auxiliary - Health Services		57,308,410
Auxiliary - Intercollegiate Athletics		128,390,101
Auxiliary - Other Organizations		33,310,613
Auxiliary Scholarship Allowance	(31,444,571)	(31,444,571)
Other Operating Revenues	(288,587,122)	225,729,048
Total Operating Revenues	(336,205,827)	4,937,869,067
<b>OPERATING EXPENSES</b>		
Salaries - Faculty		1,501,154,523
Salaries - Staff		1,991,523,219
Employee Benefits	192,490,881	1,165,301,820
Other Personnel Services		14,822,768
Travel		79,126,107
Scholarships and Fellowships		323,049,220
Utilities		178,432,498
Supplies and Other Services	-334,719,414	1,826,601,806
Depreciation		477,410,330
Total Operating Expenses	(142,228,533)	7,557,422,291
Other Income (Loss)	(193,977,294)	(2,619,553,224)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	2	2,022,898,745
Grants & Contracts - Federal		558,246,075
Grants & Contracts - State		8,107,612
Grants & Contracts - Other		77,814,334
Gifts		63,864,580
Investment Income	(81,010)	21,692,036
Interest Expense	81,010	(171,632,290)
Other Nonoperating Revenues (Expenses)	(2)	(7,294,301)
Net Nonoperating Revenues	-	2,573,696,791
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(193,977,294)	(45,856,433)
Capital Grants & Gifts - Federal		444,756
Capital Grants & Gifts - State		161,760,376
Capital Grants & Gifts - Other		53,612,751
Additions to Permanent and Term Endowments		136,762
Special Item		(466,637)
Extraordinary Item		731,765
Total Other Revenues, Special Items and Extraordinary Items	-	216,219,773
Change in Net Position	-193,977,294	170,363,340
Net Position, Beginning of Year, Originally Reported	(2,162,986,062)	2,879,376,310
Prior Year Adjustments		5,405,812
Net Position, Beginning of Year, Restated	(2,162,986,062)	2,884,782,122
Net Position - End of Year	\$ (2,356,963,356)	\$ 3,055,145,462



# **UNIVERSITY SYSTEM OF GEORGIA**



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION BY AFFILIATED ORGANIZATION (Unaudited)  
JUNE 30, 2016

	Abraham Baldwin Agricultural College Foundation, Inc. & Subsidiaries	Albany State University Foundation, Inc.	Armstrong State University Educational Properties Foundation, Inc. & Subsidiaries	Armstrong State University Foundation, Inc.	Atlanta Metropolitan College Foundation, Inc.	Augusta State University Foundation, Inc. & Subsidiaries
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 1,608,546	\$ 16,718,573	\$ 2,191,242	\$ 849,620	\$ 304,473	\$ 227,101
Short-term Investments			999,949		100,325	1,453,659
Accounts Receivable, net	79,022			236,427	4,874	402,738
Investment in Capital Leases			491,905			
Inventories						
Prepaid Items			4,994	10,000	6,164	597
Notes Receivable, net						
Other Assets						
Total Current Assets	1,687,568	16,718,573	3,688,090	1,096,047	415,836	2,084,095
<b>Noncurrent Assets</b>						
Cash and Cash Equivalents			4,309,054			3,268,770
Short-Term Investments						654,000
Investments	22,434,143					63,104,212
Investments (Externally Restricted)	222,638	1,813,699		9,294,745		
Accounts Receivable, net						
Investment in Capital Leases		62,311,011	38,463,424			
Notes Receivable, net						
Other Assets		1,900,665				1,156,820
Capital Assets, net	3,522,032	444,012	2,784,948			912,279
Total Noncurrent Assets	26,178,813	66,469,387	45,557,426	9,294,745	-	69,096,081
<b>Total Assets</b>	27,866,381	83,187,960	49,245,516	10,390,792	415,836	71,180,176
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accumulated decrease in fair value of hedging derivatives						
Deferred Loss on Debt Refundings			67,440			
<b>Total Deferred Outflows of Resources</b>	-	-	67,440	-	-	-
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts & Other Payable	69,515	101,510	47,962		1,911	110,770
Deposits			10,558			
Advances			148,898			
Other Liabilities		1,804,631				448,862
Deposits Held for Other Organizations						
Lease Purchase Obligations						
Compensated Absences						
Revenue/Mortgage Bonds Payable			810,000			
Interest Rate Swap		1,716,969				
Liabilities under Split-Interest Agreements						
Notes and Loans Payable						
Total Current Liabilities	69,515	3,623,110	1,017,418	-	1,911	559,632
<b>Noncurrent Liabilities</b>						
Accounts & Other Payable						
Advances						
Lease Purchase Obligations						
Revenue/Mortgage Bonds payable			39,083,408			26,925,606
Liabilities under Split-Interest Agreements						
Interest Rate Swap						
Other Long-Term Liabilities						10,534,648
Deposits Held for Other Organizations						
Notes and Loans Payable		72,212,863				482,950
Total Noncurrent Liabilities	-	72,212,863	39,083,408	-	-	37,943,204
<b>Total Liabilities</b>	69,515	75,835,973	40,100,826	-	1,911	38,502,836
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Accumulated increase in fair value of hedging derivatives						
Deferred Gain on Debt Refunding			34,577			
<b>Total Deferred Inflows of Resources</b>	-	-	34,577	-	-	-
<b>NET POSITION</b>						
Net Investment in Capital Assets			2,784,948			
Restricted for:						
Nonexpendable	8,638,803	2,083,699	350,359	5,621,248		18,102,110
Expendable	4,792,373	5,169,343	1,707,107	4,497,344	462,002	12,148,425
Unrestricted	14,365,690	98,945	4,335,139	272,200	(48,077)	2,426,805
<b>Total Net Position</b>	\$ 27,796,866	\$ 7,351,987	\$ 9,177,553	\$ 10,390,792	\$ 413,925	\$ 32,677,340

Augusta University Research Institute, Inc.	Augusta University, College of Dental Medicine Faculty Practice Group d/b/a AU Dental Faculty Practice Group	Clayton State University Foundation, Inc.	College of Coastal Georgia Foundation, Inc.	Columbus State University Alumni Association, Inc.	Columbus State University Athletic Fund, Inc.	Columbus State University Foundation, Inc.	Dalton State College Athletic Club	Dalton State College Foundation, Inc.
\$ 7,724,908 1 5,262,264	\$ 2,773,666 1,730,600 77,052	\$ 5,392,522 511,819 38,917	\$ 683,721 142,809 685	\$ 121,161 50,161 2,911 9,282	\$ 2,142 240 3,937	\$ 3,179,019 5,072,289 433,216 2,530,931	\$ 194,529 1,478,720	\$ 1,460,687 17,241,538 4,983,500 46,944
12,987,173	4,581,318	5,943,258	827,215	183,515	6,319	11,215,455	1,673,249	23,732,669
77,275 419,189	10,887,875	5,976,155 615,276 61,305,039	10,397,492 2,884,288 78,721	6,914 222,703	80,308 2,469,586	8,153,110 54,703,019 20,625,465		6,671,407
496,464 13,483,637	10,887,875 15,469,193	7,904,731 75,801,201 81,744,459	1,570,502 15,026,003 15,853,218	229,617 413,132	16,267 2,566,161 2,572,480	83,481,594 94,697,049	1,381,164 3,054,413	5,538,732 12,310,631 36,043,300
-	-	2,131,636 2,131,636	-	-	-	-	-	-
5,230,903 16,296	13,655,941	29,173 13,025	124,299	5,842 2,475	50,448 250	836,752 102,349	31,917	71,844 69,290
5,247,199	13,655,941	69,051,978 1,630,681 4,500,000 75,224,857	2,257 126,556	8,317	50,698	90,518 1,029,619	31,917	1,250,000 1,391,134
			18,759			1,807,859 859,766 13,531,445		
5,247,199	13,655,941	75,224,857	145,315	8,317	50,698	16,199,070 17,228,689	31,917	1,391,134
-	-	-	-	-	-	-	-	-
77,275 8,159,163 \$ 8,236,438	1,813,252 1,813,252	3,332,833 4,232,674 1,085,731 \$ 8,651,238	6,787,323 5,681,491 1,668,587 \$ 15,707,903	95,061 309,754 \$ 404,815	2,522,771 (17,256) \$ 2,521,782	73,962,553 3,505,807 \$ 77,468,360	10,000 2,483,805 528,691 \$ 3,022,496	10,156,371 7,763,698 16,732,097 \$ 34,652,166

UNIVERSITY SYSTEM OF GEORGIA  
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	Darton Boosters, Inc.	Darton State College Foundation, Inc.	East Georgia State College Foundation, Inc.	Fort Valley State University Foundation, Inc.	Foundation Properties, Inc. (Columbus State University)	Georgia Advanced Technology Ventures, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 20,962	\$ 140,762	\$ 52,299	\$ 2,285,819	\$ 6,354,750	\$ 3,699,421
Short-term Investments				923,947		
Accounts Receivable, net		18,665		23,369	743,882	895,039
Investment in Capital Leases				845,579		
Inventories						
Prepaid Items					23,874	55,931
Notes Receivable, net						
Other Assets					2,119	1,019,892
Total Current Assets	20,962	159,427	52,299	4,078,714	7,124,625	5,670,283
<b>Noncurrent Assets</b>						
Cash and Cash Equivalents					720,682	1,107,417
Short-Term Investments				7,022,670		
Investments	1,480,863	3,882,614	1,034,205	5,968,279	1,862,033	15,000
Investments (Externally Restricted)						
Accounts Receivable, net			754,695	23,904	1,807,859	
Investment in Capital Leases	22,564,274			55,894,526		
Notes Receivable, net						
Other Assets	379,465			42,264	671,068	
Capital Assets, net		398,427	187,589	1,120,788	84,391,427	88,716,226
Total Noncurrent Assets	24,424,602	4,281,041	1,976,489	70,072,431	89,453,069	89,838,643
<b>Total Assets</b>	24,445,564	4,440,468	2,028,788	74,151,145	96,577,694	95,508,926
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accumulated decrease in fair value of hedging derivatives						
Deferred Loss on Debt Refundings						66,682
<b>Total Deferred Outflows of Resources</b>	-	-	-	-	-	66,682
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts & Other Payable			1,013	2,457,901	25,138,068	3,426,939
Deposits						161,316
Advances					49,241	
Other Liabilities					236,303	3,062,098
Deposits Held for Other Organizations						
Lease Purchase Obligations						57,437,445
Compensated Absences						
Revenue/Mortgage Bonds Payable	21,827,635			885,000	1,525,000	
Interest Rate Swap						
Liabilities under Split-Interest Agreements						
Notes and Loans Payable				292,136		7,159,904
Total Current Liabilities	21,827,635	-	1,013	3,635,037	26,948,612	71,247,702
<b>Noncurrent Liabilities</b>						
Accounts & Other Payable						
Advances						
Lease Purchase Obligations						
Revenue/Mortgage Bonds payable				60,045,940	46,531,000	
Liabilities under Split-Interest Agreements						
Interest Rate Swap						
Other Long-Term Liabilities						
Deposits Held for Other Organizations						
Notes and Loans Payable				252,842		
Total Noncurrent Liabilities	-	-	-	60,298,782	46,531,000	-
<b>Total Liabilities</b>	21,827,635	-	1,013	63,933,819	73,479,612	71,247,702
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Accumulated increase in fair value of hedging derivatives						
Deferred Gain on Debt Refunding						
<b>Total Deferred Inflows of Resources</b>	-	-	-	-	-	-
<b>NET POSITION</b>						
Net Investment in Capital Assets				1,907,503	(48,056,000)	
Restricted for:						
Nonexpendable		1,053,018	176,035	3,957,224	1,988,306	
Expendable		496,997	1,657,109	5,039,904		8,000,000
Unrestricted	2,617,929	2,890,453	194,631	(687,305)	69,165,776	16,327,906
<b>Total Net Position</b>	\$ 2,617,929	\$ 4,440,468	\$ 2,027,775	\$ 10,217,326	\$ 23,098,082	\$ 24,327,906

Georgia College & State University Alumni Association, Inc.	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation Inc. & Subsidiaries	Georgia Highlands College Foundation, Inc.	Georgia Southern University Athletic Foundation, Inc.	Georgia Southern University Foundation, Inc.	Georgia Southern University Housing Foundation	Georgia Southern University Research & Service Foundation, Inc.	Georgia Southwestern Foundation, Inc.
\$ 204,579	\$ 2,664,718	\$ 1,691,484	\$ 1,131,090	\$ 2,293,928	\$ 227,227	\$ 2,910,536	\$ 5,845,510	\$ 2,583,860
1,775	448,392	327,535	6,500	2,853,547	1,845,369	4,000,797	3,169,382	779,086
8,111	1,860,581	11,324,904				6,785,739		
316	21,518		8,268	3,910		93,614	29,249	3,504
							37,125	
214,781	4,995,209	13,343,923	1,146,458	5,151,385	2,072,596	13,790,686	9,081,266	3,366,450
		21,289,048	616,944	5,825,512		32,419,646		4,465,647
7,344,554	30,304,628	2,379,168	18,708,349	21,729,228	54,513,976			59,234,717
	13,717,408							
	86,925,921	325,000				198,294,056		
		132,785,197						
4,500	2,094,946	1,310,445	536,582	395,183	145,729	1,620,584		14,873
23,174	3,140,636	10,821,897	2,767	2,695,167	773,841	429,942	176	659,415
7,372,228	136,183,539	168,910,755	19,864,642	30,645,090	55,433,546	232,764,228	176	64,374,652
7,587,009	141,178,748	182,254,678	21,011,100	35,796,475	57,506,142	246,554,914	9,081,442	67,741,102
						4,450,038		
						4,450,038		
14,813	1,225,394	4,550,014		138,302	91,509	4,500,437	3,360,075	
		24,198						
	2,865,646		31,550		53,229		1,770,185	125,673
							533,257	
	2,085,000	23,720,000	17,522,436			6,210,000		
	273,221	2,467,054					157,093	36,939,267
14,813	6,449,261	30,761,266	17,553,986	138,302	144,738	10,710,437	5,820,610	37,064,940
	2,132,289			55,648		3,859,400		
	98,561,783	144,566,581		22,536,502		206,040,721		
	851,474							
	15,167,596	5,597,563		818,434				
	660,284			178,508				
-	117,373,426	150,164,144	-	23,589,092	-	209,900,121	-	-
14,813	123,822,687	180,925,410	17,553,986	23,727,394	144,738	220,610,558	5,820,610	37,064,940
						472,520		
						472,520		
23,174	2,207,131	8,354,843				429,942		
5,183,356	22,564,187	1,266,743	924,770	412,161	36,641,114			12,200,536
1,812,702		940,212	1,578,742	6,788,692	16,272,166	26,474,530		9,545,999
552,964	(7,415,257)	(9,232,530)	953,602	4,868,228	4,448,124	3,017,402	3,260,832	8,929,627
\$ 7,572,196	\$ 17,356,061	\$ 1,329,268	\$ 3,457,114	\$ 12,069,081	\$ 57,361,404	\$ 29,921,874	\$ 3,260,832	\$ 30,676,162

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	Georgia State University Foundation	Georgia State University Research Foundation, Inc. & Affiliates	Georgia Tech Alumni Association	Georgia Tech Athletic Association	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 5,302,568	\$ 7,328,203	\$ 381,414	\$ 6,718,468	\$ 4,115,236	\$ 6,145,000
Short-term Investments						
Accounts Receivable, net	7,118,475	5,336,444	61,439	4,989,433	571,842	19,961,039
Investment in Capital Leases	5,538,122				8,557,805	8,975,790
Inventories			11,621			
Prepaid Items	1,122		90,534	911,620	225,670	
Notes Receivable, net					600,000	
Other Assets		17,546,180				
<b>Total Current Assets</b>	<b>17,960,287</b>	<b>30,210,827</b>	<b>545,008</b>	<b>12,619,521</b>	<b>14,070,553</b>	<b>35,081,829</b>
<b>Noncurrent Assets</b>						
Cash and Cash Equivalents	26,247,991				2,948,236	10,472,000
Short-Term Investments						
Investments	216,389,456	6,962,950				1,488,485,000
Investments (Externally Restricted)						
Accounts Receivable, net	4,023,778			107,204,445	7,362,430	83,243,961
Investment in Capital Leases	149,947,687	72,366,210			234,488,248	121,107,210
Notes Receivable, net					1,630,780	
Other Assets	4,717,952			1,050,656	3,875,000	28,246,000
Capital Assets, net	10,588,827	8,693,939	271,226	167,490,996	3,482,017	33,168,000
<b>Total Noncurrent Assets</b>	<b>411,915,691</b>	<b>88,023,099</b>	<b>271,226</b>	<b>275,746,097</b>	<b>253,786,711</b>	<b>1,764,722,171</b>
<b>Total Assets</b>	<b>429,875,978</b>	<b>118,233,926</b>	<b>816,234</b>	<b>288,365,618</b>	<b>267,857,264</b>	<b>1,799,804,000</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accumulated decrease in fair value of hedging derivatives				20,397,906		
Deferred Loss on Debt Refundings		9,193,109			28,507,196	
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>9,193,109</b>	<b>-</b>	<b>20,397,906</b>	<b>28,507,196</b>	<b>-</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts & Other Payable	3,661,196	13,605,220	244,023	5,455,557	2,019,015	115,353,300
Deposits				10,716,022		
Advances	17,362,655			113,090	2,500	25,741,000
Other Liabilities	695,845	8,162,322	505,497	1,575,564		
Deposits Held for Other Organizations	1,731,585					
Lease Purchase Obligations	559,450			59,567		
Compensated Absences						374,400
Revenue/Mortgage Bonds Payable	5,565,000			1,050,000	10,393,793	10,295,000
Interest Rate Swap						
Liabilities under Split-Interest Agreements						2,095,000
Notes and Loans Payable				941,467		31,230,000
<b>Total Current Liabilities</b>	<b>29,575,731</b>	<b>21,767,542</b>	<b>749,520</b>	<b>19,911,267</b>	<b>12,415,308</b>	<b>185,088,700</b>
<b>Noncurrent Liabilities</b>						
Accounts & Other Payable						
Advances	1,313,101				7,500	
Lease Purchase Obligations	1,202,400					
Revenue/Mortgage Bonds payable	136,525,140	81,919,326		218,271,156	265,631,874	228,225,000
Liabilities under Split Interest Agreements	1,907,385					11,421,000
Interest Rate Swap	15,837,801					
Other Long-Term Liabilities	7,149,132			2,145,192		7,138,300
Deposits Held for Other Organizations						
Notes and Loans Payable				6,026,501		
<b>Total Noncurrent Liabilities</b>	<b>163,934,959</b>	<b>81,919,326</b>	<b>-</b>	<b>226,442,849</b>	<b>265,639,374</b>	<b>246,784,300</b>
<b>Total Liabilities</b>	<b>193,510,690</b>	<b>103,686,868</b>	<b>749,520</b>	<b>246,354,116</b>	<b>278,054,682</b>	<b>431,873,000</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Accumulated increase in fair value of hedging derivatives						
Deferred Gain on Debt Refunding						
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	10,588,827	8,693,939		(38,988,334)	(990,396)	2,850,800
Restricted for:						
Nonexpendable	111,719,259	7,676,261		33,640,336	7,961,820	651,193,000
Expendable	85,589,213	3,250,000		55,866,088	3,482,017	636,785,000
Unrestricted	28,467,989	4,119,967	66,714	11,891,318	7,856,337	77,102,200
<b>Total Net Position</b>	<b>\$ 236,365,288</b>	<b>\$ 23,740,167</b>	<b>\$ 66,714</b>	<b>\$ 62,409,408</b>	<b>\$ 18,309,778</b>	<b>\$ 1,367,931,000</b>



Georgia Tech Research Corp.	Gordon State College Foundation, Inc. & Subsidiaries.	James M. Dye Foundation, Inc.	Kennesaw State University Athletic Association, Inc.	Kennesaw State University Foundation, Inc.	Kennesaw State University Research & Service Foundation, Inc.	MCG Health Systems, Inc. d/b/a AU Health System	Medical College of Georgia Foundation	Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries
\$ 105,480,070	\$ 497,829	\$ 199,702	\$ 3,862,196	\$ 14,645,148	\$ 2,900,828	\$ 30,619,167	\$ 3,176,702	\$ 7,902,086
49,493,341	3,857	4,411	357,644	1,952,120	2,375,743	38,131,818		20,372,441
297,643	43,159,458		77,967	6,769,927		118,223,519		2,861,787
			145,413	269,014		18,973,543		1,116,321
48,640		721			82,622	23,067,531		
61,009,490								
216,329,184	43,661,144	204,834	4,443,220	23,636,209	5,359,193	229,015,578	3,176,702	32,252,635
				48,787,844				2,234,481
124	8,853,939	2,056,421		15,003,983	1,685,704	117,924,293	77,425,991	29,266,235
				29,656,726			136,998,394	
				3,169,398		11,400,000	17,502	
5,134,870				216,788,920				24,857,292
200,000						201,290		
679	5,033,290			7,138,882		916,014	305,320	426,137
1,458,404	13,830,371		2,422,035	99,281,994		254,781,744	4,275,837	7,309,479
6,794,077	27,717,600	2,056,421	2,422,035	419,827,747	1,685,704	385,223,341	219,023,044	64,093,624
223,123,261	71,378,744	2,261,255	6,865,255	443,463,956	7,044,897	614,238,919	222,199,746	96,346,259
-	-	-	-	-	-	-	-	-
109,876,069	46,938	36,435	1,357,190	12,099,748	3,327,480	77,669,436		12,634,295
55,644,243				98,991				3,515,968
	15,495,505	4,296	1,538,745	872,392	1,211,083	2,832,941		
343,977						6,696,954		
	42,607,066			10,975,000		15,640,934		
				20,012		3,820,000		
			1,652,083			3,387,500	2,213,198	835,000
165,864,289	58,149,509	40,731	4,548,018	24,066,143	4,538,563	110,047,765	2,213,198	16,985,263
5,088,535				370,805,400		31,553,464		
				23,764		114,370,000	944,492	
						30,884,787		
						8,498,826		505,828
						40,483,333		24,910,931
5,088,535	-	-	-	370,829,164	-	225,790,410	944,492	25,416,759
170,952,824	58,149,509	40,731	4,548,018	394,895,307	4,538,563	335,838,175	3,157,690	42,402,022
-	-	-	-	-	-	-	-	-
1,458,404				(64,573,573)		54,470,493	2,062,639	7,309,479
	2,736,382	1,920,296		33,309,506			136,998,394	
	615,464	169,994	241,081	10,931,290	524,332		63,801,902	
50,712,033	9,877,389	130,234	2,076,156	68,901,426	1,982,002	223,930,251	16,179,121	46,634,758
\$ 52,170,437	\$ 13,229,235	\$ 2,220,524	\$ 2,317,237	\$ 48,568,649	\$ 2,506,334	\$ 278,400,744	\$ 219,042,056	\$ 53,944,237

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	Middle Georgia State College Foundation, Inc. & Subsidiaries	Middle Georgia State College Real Estate Foundation, Inc.	Polytechnic Foundation of KSU, Inc.	Savannah State University Foundation, Inc. & Subsidiaries	South Georgia State College Foundation, Inc. & Subsidiaries	Southern Polytechnic Applied Research Corporation (KSU)
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 209,034	\$ 313,462	\$ 861,299	\$ 530,153	\$ 838,862	\$ 1,175,816
Short-term Investments				177,312		
Accounts Receivable, net	158,627	119,743	372,240	282,629		685,807
Investment in Capital Leases		1,424,238		1,945,908		
Inventories						
Prepaid Items				6,277	23,909	
Notes Receivable, net						
Other Assets			22,668,348	111,011		
<b>Total Current Assets</b>	<u>367,661</u>	<u>1,857,443</u>	<u>23,901,887</u>	<u>3,053,290</u>	<u>862,771</u>	<u>1,861,623</u>
<b>Noncurrent Assets</b>						
Cash and Cash Equivalents	200,000			5,536,227		
Short-Term Investments						
Investments	10,267,004		5,309,686		37,901,885	
Investments (Externally Restricted)		14,531,082				
Accounts Receivable, net	10,862					
Investment in Capital Leases		93,875,839		85,204,167		
Notes Receivable, net						
Other Assets	68,892	1,818,128	3,823,350	2,019,039	883,382	
Capital Assets, net		16,332	1,193,639		330,395	
<b>Total Noncurrent Assets</b>	<u>10,546,758</u>	<u>110,241,381</u>	<u>10,326,675</u>	<u>92,759,433</u>	<u>39,115,662</u>	<u>-</u>
<b>Total Assets</b>	<u>10,914,419</u>	<u>112,098,824</u>	<u>34,228,562</u>	<u>95,812,723</u>	<u>39,978,433</u>	<u>1,861,623</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accumulated decrease in fair value of hedging derivatives						
Deferred Loss on Debt Refundings						
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts & Other Payable	180,867	2,299,266	862,189	487,133	104,080	141,531
Deposits						
Advances						
Other Liabilities			1,770,768	13,558,506	136,809	1,000,875
Deposits Held for Other Organizations						
Lease Purchase Obligations						
Compensated Absences						
Revenue/Mortgage Bonds Payable		1,395,000	23,533,397	1,785,000	33,919,228	
Interest Rate Swap						
Liabilities under Split-Interest Agreements			4,464			
Notes and Loans Payable				182,673		
<b>Total Current Liabilities</b>	<u>180,867</u>	<u>3,694,266</u>	<u>26,170,818</u>	<u>16,013,312</u>	<u>34,160,117</u>	<u>1,142,406</u>
<b>Noncurrent Liabilities</b>						
Accounts & Other Payable						
Advances						
Lease Purchase Obligations						
Revenue/Mortgage Bonds payable		94,563,810		76,924,411		
Liabilities under Split Interest Agreements						
Interest Rate Swap						
Other Long-Term Liabilities						
Deposits Held for Other Organizations						
Notes and Loans Payable				1,613,393		
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>94,563,810</u>	<u>-</u>	<u>78,537,804</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>180,867</u>	<u>98,258,076</u>	<u>26,170,818</u>	<u>94,551,116</u>	<u>34,160,117</u>	<u>1,142,406</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Accumulated increase in fair value of hedging derivatives						
Deferred Gain on Debt Refunding						
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets		1,175,727		14,281,817		
Restricted for:						
Nonexpendable	2,053,666	12,393,477	3,683,963	226,584	2,813,563	
Expendable	8,380,233		2,178,631		201,505	
Unrestricted	299,653	271,544	2,195,150	(13,246,794)	2,803,248	719,217
<b>Total Net Position</b>	<u>\$ 10,733,552</u>	<u>\$ 13,840,748</u>	<u>\$ 8,057,744</u>	<u>\$ 1,261,607</u>	<u>\$ 5,818,316</u>	<u>\$ 719,217</u>



University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	University of North Georgia Foundation - Dahlonega, Inc.	University of North Georgia Real Estate Foundation, Inc.	University of West Georgia Athletic Foundation, Inc.	University of West Georgia Foundation, Inc.	University of West Georgia Real Estate Foundation	University System of Georgia Foundation, Inc.
\$ 60,241,958	\$ 12,520,353	\$ 27,542,099	\$ 2,924,430	\$ 980,022	\$ 456,305	\$ 83,738	\$ 4,734,984	\$ 2,156,581
1,891,358	101,358,401	30,793,819	610,351	168,168	945,914	5,270,984	892,334	71,938
	20,533,364	6,417,728		2,151,571			2,055,931	3,566,334
334,091	335,295	198,179		103,811		2,379		
		18,699,569	124,645		94			
62,467,407	134,747,413	83,651,394	3,659,426	3,403,572	1,402,313	5,357,101	7,683,249	5,794,853
		7,519,229	49,261	19,615,877		13,696,277	3,551,676	10,513,625
	850,332,521	50,528,536	52,969,313		379,573	71,216,749	418,297	4,621,573
45,515,888	41,201,959						119,258,616	
		266,979,412		122,035,773				218,986,862
592,326	16,114,432	949,080		2,629,062		1,038,204		2,556,489
240,022,781	26,186,780	19,629,439	630,084	3,224,473		73,578		
286,130,995	933,835,692	345,605,696	53,648,658	147,505,185	379,573	86,024,808	123,228,589	236,678,549
348,598,402	1,068,583,105	429,257,090	57,308,084	150,908,757	1,781,886	91,381,909	130,911,838	242,473,402
9,470,237								
2,481,498		12,908,125					5,846,865	
11,951,735		12,908,125					5,846,865	
15,162,295	2,800,080	36,169,477	889,775	3,380,631	31,332	21,422	1,104,181	658,790
25,752,444	512,603	18,645,994		179,204			49,101	
		2,393,215	65,886		65,695	1,051,783		16,690
						379,573		
4,990,000		9,155,000		2,559,455			2,540,000	4,645,000
	741,550		10,221			68,860		
	478,541			612,245				
45,904,739	4,532,774	66,363,686	965,882	6,731,535	97,027	1,521,638	3,693,282	5,320,480
	56,870,606							
		1,164,247						
96,716,851		278,979,942		133,439,416		48,771,038	127,176,655	237,487,129
	9,421,915							
9,470,237	4,273,468							
586,684			639,363					
	500,000							
	16,791,136	8,516,222		2,092,500				
106,773,772	87,857,125	288,660,411	639,363	135,531,916		48,771,038	127,176,655	237,487,129
152,678,511	92,389,899	355,024,097	1,605,245	142,263,451	97,027	50,292,676	130,869,937	242,807,609
							1,016,520	
							1,016,520	
140,797,428	8,384,685	11,113,217		3,224,473				
	485,302,060		26,782,060			20,538,309		98,791
	387,038,762	1,717,920	23,444,947		1,610,206	10,497,693		1,430,328
67,074,198	95,467,699	74,309,981	5,475,832	5,420,833	74,653	10,053,231	4,872,246	(1,863,326)
\$ 207,871,626	\$ 976,193,206	\$ 87,141,118	\$ 55,702,839	\$ 8,645,306	\$ 1,684,859	\$ 41,089,233	\$ 4,872,246	\$ (334,207)

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET POSITION BY AFFILIATED ORGANIZATION (Unaudited)  
JUNE 30, 2016

	Valdosta State University Auxiliaries Foundation	Valdosta State University Foundation, Inc.	Walter & Emilie Spivey Foundation	Totals
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 2,834,901	\$ 3,009,630	\$ 33,856	\$ 396,261,555
Short-term Investments		1,580		185,704,263
Accounts Receivable, net	4,499,281	4,991,118		324,565,948
Investment in Capital Leases				104,443,814
Inventories				19,372,416
Prepaid Items	87,068	15,371		26,560,101
Notes Receivable, net		29,915		629,915
Other Assets			139,882	123,852,161
Total Current Assets	7,421,250	8,047,614	173,738	1,181,390,173
<b>Noncurrent Assets</b>				
Cash and Cash Equivalents	9,026,903	503,837		249,219,946
Short-Term Investments				18,689,438
Investments		31,708,635	6,382,765	3,516,542,717
Investments (Externally Restricted)				209,118,980
Accounts Receivable, net	173,076,453			817,617,695
Investment in Capital Leases				2,010,716,843
Notes Receivable, net				2,032,070
Other Assets		543,719		95,214,649
Capital Assets, net	227,338	7,589,156		1,123,615,003
Total Noncurrent Assets	182,330,694	40,345,347	6,382,765	8,042,767,341
<b>Total Assets</b>	189,751,944	48,392,961	6,556,503	9,224,157,514
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accumulated decrease in fair value of hedging derivatives	6,951,128			36,819,271
Deferred Loss on Debt Refundings	3,713,129			69,365,718
<b>Total Deferred Outflows of Resources</b>	10,664,257	-	-	106,184,989
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts & Other Payable	3,149,827	262,634		490,364,664
Deposits				33,165,145
Advances				128,949,858
Other Liabilities		3,062		57,224,142
Deposits Held for Other Organizations		107,301		5,699,938
Lease Purchase Obligations		3,915		65,101,308
Compensated Absences				16,015,334
Revenue/Mortgage Bonds Payable	3,210,000	4,243,626		320,318,614
Interest Rate Swap		610,859		3,958,509
Liabilities under Split-Interest Agreements		237,320		3,270,202
Notes and Loans Payable		1,277,528		95,848,910
Total Current Liabilities	6,359,827	6,746,245	-	1,219,916,624
<b>Noncurrent Liabilities</b>				
Accounts & Other Payable				64,725,802
Advances				2,484,848
Lease Purchase Obligations				37,844,399
Revenue/Mortgage Bonds payable	169,267,541			3,323,366,230
Liabilities under Split Interest Agreements				25,448,555
Interest Rate Swap				81,231,452
Other Long-Term Liabilities				51,547,852
Deposits Held for Other Organizations				500,000
Notes and Loans Payable				174,221,463
Total Noncurrent Liabilities	169,267,541	-	-	3,761,370,601
<b>Total Liabilities</b>	175,627,368	6,746,245	-	4,981,287,225
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Accumulated increase in fair value of hedging derivatives	6,951,128			6,951,128
Deferred Gain on Debt Refunding				1,523,617
<b>Total Deferred Inflows of Resources</b>	6,951,128	-	-	8,474,745
<b>NET POSITION</b>				
Net Investment in Capital Assets	227,338			131,325,273
Restricted for:				
Nonexpendable		29,549,082	6,556,503	1,795,183,893
Expendable		10,469,584		1,435,848,780
Unrestricted	17,610,367	1,628,050		978,222,587
<b>Total Net Position</b>	\$ 17,837,705	\$ 41,646,716	\$ 6,556,503	\$ 4,340,580,533



# **UNIVERSITY SYSTEM OF GEORGIA**

UNIVERSITY SYSTEM OF GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY AFFILIATED ORGANIZATION (Unaudited)  
YEAR ENDED JUNE 30, 2016

	Abraham Baldwin Agricultural College Foundation, Inc. & Subsidiaries	Albany State University Foundation, Inc.	Armstrong State University Educational Properties Foundation, Inc. & Subsidiaries	Armstrong State University Foundation, Inc.	Atlanta Metropolitan College Foundation, Inc.
<b>REVENUES</b>					
Operating Revenues					
Gifts and Contributions	\$ 927,419	\$ 1,008,676		\$ 1,943,901	
Endowment Income (per spending plan)					
Grants and Contracts					
Federal					
Federal Stimulus					
State					
Other					
Sales and Services					
Rents and Royalties		3,818,334	\$ 1,150,362		
Auxiliary Enterprises - Intercollegiate Athletics					
Net Income on Direct Financing Leases					
Net Patient Service Revenue					
Realized/Unrealized Gains (Losses)		(93,531)		356,518	
Interest and Dividend Income		308,335	3,010,023		
Other Operating Revenues		41,209	106,227		
Total Operating Revenues	927,419	5,083,023	4,266,612	2,300,419	-
<b>EXPENSES</b>					
Operating Expenses					
Salaries			64,152		
Employee Benefits					
Other Personal Services			739,663		\$ 36,251
Travel					
Scholarships and Fellowships		230,202			37,307
Utilities			15,781		
Supplies and Other Services					4,489
Depreciation					
Other Operating Expense	113,582	1,319,500	110,984	1,984,992	65,740
Payments to Other Component Units					
Payments to or on behalf of College/University	2,093,516				
Total Operating Expenses	2,207,098	1,549,702	930,580	1,984,992	143,787
Operating Income (loss)	(1,279,679)	3,533,321	3,336,032	315,427	(143,787)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State Appropriations					
Grants and Contracts					
Federal					
Federal Stimulus					
State					
Other					
Gifts					
Investment Income (endowments, auxiliary and other)	207,562		165,875	184,739	
Interest Income					133
Interest Expense (capital assets)		(3,438,987)			
Combined Margin Allocation			(3,088,331)		
Other Nonoperating Revenues	436,917	(101,060)			227,755
Net Nonoperating Revenues	644,479	(3,540,047)	(2,922,456)	184,739	227,888
Income before other revenues, expenses, gains, or loss	(635,200)	(6,726)	413,576	500,166	84,101
Loss on Bond Retirement			(13,151,112)		
Special Item Transfer					
Additions to Permanent and Term Endowments					
Total Other Revenues	-	-	(13,151,112)	-	-
Change in Net Position	(635,200)	(6,726)	(12,737,536)	500,166	84,101
<b>NET POSITION</b>					
Net Assets-beginning of year	28,432,066	7,358,713	21,915,089	9,890,626	329,824
Net Position-End of Year	\$ 27,796,866	\$ 7,351,987	\$ 9,177,553	\$ 10,390,792	\$ 413,925

Augusta State University Foundation, Inc. & Subsidiaries	Augusta University Research Institute, Inc.	Augusta University, College of Dental Medicine Faculty Practice Group d/b/a AU Dental Faculty Practice Group	Clayton State University Foundation, Inc.	College of Coastal Georgia Foundation, Inc.	Columbus State University Alumni Association, Inc.	Columbus State University Athletic Fund, Inc.
\$ 3,455,968			\$ 1,448,234	\$ 588,790 67,364	\$ 49,570	\$ 24,462
	\$ 52,610,851					
	9,814,070				18,623	19,811
	2,187,289		1,236,845	21,200		
		\$ (165,183) 146,743	(23,528) 2,681,314			
295,322		12,346,309	32,516		1,974	
3,751,290	64,612,210	12,327,869	5,375,381	677,354	70,167	44,273
			459,152			
	433,864			8,798 42,617	53,662	19,096
4,896,361		11,982,474	4,721,274		3,000	16,857
	63,452,383			1,285,712	12,135	140,997
4,896,361	63,886,247	11,982,474	5,180,426	1,337,127	68,797	176,950
(1,145,071)	725,963	345,395	194,955	(659,773)	1,370	(132,677)
709,664	47,445			33,912	9,238	372,812
709,664	47,445	-	-	33,912	9,238	372,812
(435,407)	773,408	345,395	194,955	(625,861)	10,608	240,135
				47,499		2,250
-	-	-	-	47,499	-	2,250
(435,407)	773,408	345,395	194,955	(578,362)	10,608	242,385
33,112,747	7,463,030	1,467,857	8,456,283	16,286,265	394,207	2,279,397
\$ 32,677,340	\$ 8,236,438	\$ 1,813,252	\$ 8,651,238	\$ 15,707,903	\$ 404,815	\$ 2,521,782

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY AFFILIATED ORGANIZATION (Unaudited)  
YEAR ENDED JUNE 30, 2016

	Columbus State University Foundation, Inc.	Dalton State College Athletic Club	Dalton State College Foundation, Inc.	Darton Boosters, Inc.	Darton State College Foundation, Inc.
<b>REVENUES</b>					
Operating Revenues					
Gifts and Contributions	\$ 28,984,276	\$ 540,951	\$ 5,866,667		\$ 256,438
Endowment Income (per spending plan)	2,623,374				
Grants and Contracts					
Federal					
Federal Stimulus					
State					
Other					
Sales and Services	1,407,160			\$ 197,498	
Rents and Royalties	13,070			1,756,619	27,864
Auxiliary Enterprises - Intercollegiate Athletics					
Net Income on Direct Financing Leases					
Net Patient Service Revenue					
Realized/Unrealized Gains (Losses)			(64,311)		(174,070)
Interest and Dividend Income		49		1,603	
Other Operating Revenues	75,461	231,765	37,480		
Total Operating Revenues	33,103,341	772,765	5,839,836	1,955,720	110,232
<b>EXPENSES</b>					
Operating Expenses					
Salaries	1,416,352				
Employee Benefits	142,516				
Other Personal Services					
Travel	317,073				
Scholarships and Fellowships	357,822	664,829	239,004		226,024
Utilities					
Supplies and Other Services	3,169,257				
Depreciation					
Other Operating Expense		1,164,716	1,862,884	889,947	304,462
Payments to Other Component Units					
Payments to or on behalf of College/University	23,547,978				
Total Operating Expenses	28,950,998	1,829,545	2,101,888	889,947	530,486
Operating Income (loss)	4,152,343	(1,056,780)	3,737,948	1,065,773	(420,254)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State Appropriations					
Grants and Contracts					
Federal					
Federal Stimulus					
State					
Other					
Gifts					
Investment Income (endowments, auxiliary and other)	64,200		824,378		129,258
Interest Income					
Interest Expense (capital assets)					
Combined Margin Allocation					
Other Nonoperating Revenues			(2,132,568)		
Net Nonoperating Revenues	64,200	-	(1,308,190)	-	129,258
Income before other revenues, expenses, gains, or loss	4,216,543	(1,056,780)	2,429,758	1,065,773	(290,996)
Loss on Bond Retirement					
Special Item Transfer					
Additions to Permanent and Term Endowments	4,146,276				
Total Other Revenues	4,146,276	-	-	-	-
Change in Net Position	8,362,819	(1,056,780)	2,429,758	1,065,773	(290,996)
<b>NET POSITION</b>					
Net Assets-beginning of year	69,105,541	4,079,276	32,222,408	1,552,156	4,731,464
Net Position-End of Year	\$ 77,468,360	\$ 3,022,496	\$ 34,652,166	\$ 2,617,929	\$ 4,440,468



East Georgia State College Foundation, Inc.	Fort Valley State University Foundation, Inc.	Foundation Properties, Inc. (Columbus State University)	Georgia Advanced Technology Ventures, Inc.	Georgia College & State University Alumni Association, Inc.	Georgia College & State University Foundation, Inc.	Georgia Gwinnett College Foundation Inc. & Subsidiaries
\$ 210,392	\$ 1,086,728	\$ 570,239	\$ 1,749,219	\$ 118,199 50,101	\$ 2,037,071 261,864	\$ 1,252,702
	3,418,528	6,130,149	112,999 13,051,869		5,550,616	112,252 11,857,274
(1,842)		6,436,086	8,994			
7,499		2,434	231,667	90,713	103,034	
216,049	4,505,256	13,138,908	15,154,748	259,013	7,952,585	13,222,228
		239,134 28,834		117,778	591,652	
207,072		32,410		2,677	160,626	210,296
	519,519	892,095		21	711,844	
	47,728	2,505,487		52,777	90,492	1,485,679
205,892	911,917		13,716,239	401	111,257	127,583
				63,406	218,285	
	679,997	174,225			1,705,401	
412,964	2,159,161	3,872,185	13,716,239	222,285	121,944	
(196,915)	2,346,095	9,266,723	1,438,509	459,345	3,711,501	1,823,558
				(200,332)	4,241,084	11,398,670
18,565	923	109,835			(2,124,853)	473,871
	(2,685,167)	(1,903,724)			(4,166,098)	(11,318,697)
18,565	(2,684,244)	(1,793,889)	-	-	999	(10,844,826)
(178,350)	(338,149)	7,472,834	1,438,509	(200,332)	(6,289,952)	553,844
					(2,048,868)	
			21,005,288			
	39,438			151,979	165,037	497,500
-	39,438	-	21,005,288	151,979	165,037	497,500
(178,350)	(298,711)	7,472,834	22,443,797	(48,353)	(1,883,831)	1,051,344
2,206,125	10,516,037	15,625,248	1,884,109	7,620,549	19,239,892	277,924
\$ 2,027,775	\$ 10,217,326	\$ 23,098,082	\$ 24,327,906	\$ 7,572,196	\$ 17,356,061	\$ 1,329,268



UNIVERSITY SYSTEM OF GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY AFFILIATED ORGANIZATION (Unaudited)  
YEAR ENDED JUNE 30, 2016

	Georgia Highlands College Foundation, Inc.	Georgia Southern University Athletic Foundation, Inc.	Georgia Southern University Foundation, Inc.	Georgia Southern University Housing Foundation	Georgia Southern University Research & Service Foundation, Inc.
<b>REVENUES</b>					
Operating Revenues					
Gifts and Contributions	\$ 566,202	\$ 2,490,519	\$ 6,109,433		
Endowment Income (per spending plan)					
Grants and Contracts					
Federal					
Federal Stimulus					
State					
Other		477,081			\$ 7,512,500
Sales and Services					6,303,808
Rents and Royalties	60,164	274,600			
Auxiliary Enterprises - Intercollegiate Athletics					
Net Income on Direct Financing Leases				\$ 10,805,026	
Net Patient Service Revenue					
Realized/Unrealized Gains (Losses)	(72,659)		(2,422,129)		
Interest and Dividend Income			600,837		4,092
Other Operating Revenues	50,606	(71,874)	692,684	1,888,463	2,242
Total Operating Revenues	604,313	3,170,326	4,980,825	12,693,489	13,822,642
<b>EXPENSES</b>					
Operating Expenses					
Salaries					
Employee Benefits					
Other Personal Services				203,349	
Travel					
Scholarships and Fellowships		554,000	1,587,620		
Utilities					
Supplies and Other Services				3,314,156	
Depreciation					
Other Operating Expense	1,417,721	2,819,606	6,101,610		13,859,238
Payments to Other Component Units					
Payments to or on behalf of College/University					
Total Operating Expenses	1,417,721	3,373,606	7,689,230	3,517,505	13,859,238
Operating Income (loss)	(813,408)	(203,280)	(2,708,405)	9,175,984	(36,596)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State Appropriations					
Grants and Contracts					
Federal					
Federal Stimulus					
State					
Other					
Gifts					
Investment Income (endowments, auxiliary and other)	49,903	4,108		427,113	
Interest Income	929,212	1,118,180			
Interest Expense (capital assets)				(9,773,197)	
Combined Margin Allocation					
Other Nonoperating Revenues					
Net Nonoperating Revenues	979,115	1,122,288	-	(9,346,084)	-
Income before other revenues, expenses, gains, or loss	165,707	919,008	(2,708,405)	(170,100)	(36,596)
Loss on Bond Retirement					
Special Item Transfer		(797,637)			
Additions to Permanent and Term Endowments					
Total Other Revenues	-	(797,637)	-	-	-
Change in Net Position	165,707	121,371	(2,708,405)	(170,100)	(36,596)
<b>NET POSITION</b>					
Net Assets-beginning of year	3,291,407	11,947,710	60,069,809	30,091,974	3,297,428
Net Position-End of Year	\$ 3,457,114	\$ 12,069,081	\$ 57,361,404	\$ 29,921,874	\$ 3,260,832

Georgia Southwestern Foundation, Inc.	Georgia State University Foundation	Georgia State University Research Foundation, Inc. & Affiliates	Georgia Tech Alumni Association	Georgia Tech Athletic Association	Georgia Tech Facilities, Inc.	Georgia Tech Foundation, Inc.
\$ 1,424,313	\$ 24,468,944 5,403,260	\$ 55,927,224 168,219 1,031,920 14,155,550	\$ 5,323,602	\$ 1,560,420		\$ 49,825,000
			1,493,412	52,497,464 9,691,493	\$ 245,000 726 690,924	33,000 8,310,388
1,741,750	18,103,510	4,209,994				
(883,144)					13,585,505	
423,889	(950,704)	122,841	154,820			
2,706,808	47,025,010	75,615,748	6,971,834	63,749,377	14,522,155	58,168,388
						3,601,000 537,000 69,000 99,000
766,929	1,945,287 1,098,457			4,362,161 10,412,150		23,000 2,378,000 1,694,000 2,191,000 6,464,000 85,217,000
	689,656	161,825		18,839,107 7,366,430	797,001 1,662,833	
3,420,629	16,854,094	72,254,423	6,797,637			
	14,675,962			23,772,099	266,350	
4,187,558	35,263,456	72,416,248	6,797,637	64,751,947	2,726,184	102,273,000
(1,480,750)	11,761,554	3,199,500	174,197	(1,002,570)	11,795,971	(44,104,612)
				2,943,355 (3,520,638)	232,521	(54,314,000)
450,555	1,233,731	286,801 433,540 (4,063,430)		(12,585,877)	(11,705,341)	(10,332,000)
	(5,586,952)					
		(54,672)		(1,310,121)		
450,555	(4,353,221)	(3,397,761)	-	(14,473,281)	(11,472,820)	(64,646,000)
(1,030,195)	7,408,333	(198,261)	174,197	(15,475,851)	323,151	(108,750,612)
	2,363,480			1,878,683		27,503,000
-	2,363,480	-	-	1,878,683	-	27,503,000
(1,030,195)	9,771,813	(198,261)	174,197	(13,597,168)	323,151	(81,247,612)
31,706,357	226,593,475	23,938,428	(107,483)	76,006,576	17,986,627	1,449,178,612
\$ 30,676,162	\$ 236,365,288	\$ 23,740,167	\$ 66,714	\$ 62,409,408	\$ 18,309,778	\$ 1,367,931,000

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY AFFILIATED ORGANIZATION (Unaudited)  
YEAR ENDED JUNE 30, 2016

	Georgia Tech Research Corp.	Gordon State College Foundation, Inc. & Subsidiaries	James M. Dye Foundation, Inc.	Kennesaw State University Athletic Association, Inc.	Kennesaw State University Foundation, Inc.
<b>REVENUES</b>					
Operating Revenues					
Gifts and Contributions		\$ 373,652	\$ 84,370	\$ 4,990,222	\$ 2,472,791
Endowment Income (per spending plan)					1,198,027
Grants and Contracts					
Federal	\$ 583,309,902				
Federal Stimulus					
State	6,973,224				
Other	64,393,472				
Sales and Services	6,940			18,804,806	358,790
Rents and Royalties	10,991,009	2,332,833			42,217,563
Auxiliary Enterprises - Intercollegiate Athletics					
Net Income on Direct Financing Leases					
Net Patient Service Revenue					
Realized/Unrealized Gains (Losses)			(4,094)	(21,821)	
Interest and Dividend Income			31,668		
Other Operating Revenues		5,881		285,953	
Total Operating Revenues	665,674,547	2,712,366	111,944	24,059,160	46,247,171
<b>EXPENSES</b>					
Operating Expenses					
Salaries					3,397,739
Employee Benefits					
Other Personal Services					41,541
Travel	117,317				
Scholarships and Fellowships		220,259	65,255	5,039,748	
Utilities					3,312,340
Supplies and Other Services	9,619,943				8,484,708
Depreciation	372,528	179,615			5,229,865
Other Operating Expense		2,086,044	29,056	18,078,957	
Payments to Other Component Units					
Payments to or on behalf of College/University	655,081,431				6,079,185
Total Operating Expenses	665,191,219	2,485,918	94,311	23,118,705	26,545,378
Operating Income (loss)	483,328	226,448	17,633	940,455	19,701,793
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State Appropriations					
Grants and Contracts					
Federal					
Federal Stimulus					
State					
Other					
Gifts					
Investment Income (endowments, auxiliary and other)	311,735	(60,458)			(811,255)
Interest Income					
Interest Expense (capital assets)					(15,755,813)
Combined Margin Allocation					
Other Nonoperating Revenues					
Net Nonoperating Revenues	311,735	(60,458)	-	-	(16,567,068)
Income before other revenues, expenses, gains, or loss	795,063	165,990	17,633	940,455	3,134,725
Loss on Bond Retirement					(305,308)
Special Item Transfer					
Additions to Permanent and Term Endowments					3,811,874
Total Other Revenues	-	-	-	-	3,506,566
Change in Net Position	795,063	165,990	17,633	940,455	6,641,291
<b>NET POSITION</b>					
Net Assets-beginning of year	51,375,374	13,063,245	2,202,891	1,376,782	41,927,358
Net Position-End of Year	\$ 52,170,437	\$ 13,229,235	\$ 2,220,524	\$ 2,317,237	\$ 48,568,649

Kennesaw State University Research & Service Foundation, Inc.	MCG Health Systems, Inc. d/b/a AU Health System	Medical College of Georgia Foundation	Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates & Subsidiaries	Middle Georgia State College Foundation, Inc. & Subsidiaries	Middle Georgia State College Real Estate Foundation, Inc.	Polytechnic Foundation of KSU, Inc.
\$ 969,002		\$ 1,232,933		\$ 1,003,478		\$ 996,360
6,418,084						
2,309,385	\$ 25,990,708					
45,542	249,783	606,439	\$ 868,135		\$ 5,213,669	62,325
						992,154
	592,820,240		154,600,269			
11,691						2,415
59,561		499,714		91,366		85,623
9,813,265	619,060,731	2,339,086	155,468,404	1,094,844	5,213,669	2,138,877
	233,462,547	900,676	21,450,558			
	51,630,642	208,536	16,855,648			
	80,980,336		148,130			
	763,031		1,401,688			
		58,383	169,300	330,737		246,438
	3,785,893		111,665			
	242,982,744	571,582	9,765,295			
	32,263,402	27,113	781,277			
9,224,916				1,171,995		1,400,022
			9,555,994			
		5,890,513	103,627,195		262,417	
9,224,916	645,868,595	7,656,803	163,866,750	1,502,732	262,417	1,646,460
588,349	(26,807,864)	(5,317,717)	(8,398,346)	(407,888)	4,951,252	492,417
	30,909,818					
	2,975,918					
	550,469					
	3,087,165					
	820,836					
		(1,797,974)	991,635	(216,073)	246,523	
	4,148,483					
	(16,226,394)		(808,153)		(4,542,578)	
	(3,989,043)					
	(880,548)				(21,545)	
-	21,396,704	(1,797,974)	183,482	(216,073)	(4,317,600)	-
588,349	(5,411,160)	(7,115,691)	(8,214,864)	(623,961)	633,652	492,417
		2,056,925				
-	-	2,056,925	-	-	-	-
588,349	(5,411,160)	(5,058,766)	(8,214,864)	(623,961)	633,652	492,417
1,917,985	283,811,904	224,100,822	62,159,101	11,357,513	13,207,096	7,565,327
\$ 2,506,334	\$ 278,400,744	\$ 219,042,056	\$ 53,944,237	\$ 10,733,552	\$ 13,840,748	\$ 8,057,744



UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY AFFILIATED ORGANIZATION (Unaudited)  
YEAR ENDED JUNE 30, 2016

	Savannah State University Foundation, Inc. & Subsidiaries	South Georgia State College Foundation, Inc. & Subsidiaries	Southern Polytechnic Applied Research Corporation (KSU)	University of Georgia Athletic Association, Inc.	University of Georgia Foundation
<b>REVENUES</b>					
Operating Revenues					
Gifts and Contributions	\$ 98,359	\$ 176,271			\$ 53,628,040
Endowment Income (per spending plan)					
Grants and Contracts					
Federal			\$ 1,503,187		
Federal Stimulus					
State			328,006		
Other			462,225		
Sales and Services					6,128,913
Rents and Royalties	5,096,791	168,130			4,163,519
Auxiliary Enterprises - Intercollegiate Athletics				\$ 124,658,981	
Net Income on Direct Financing Leases					
Net Patient Service Revenue					
Realized/Unrealized Gains (Losses)					
Interest and Dividend Income		1,952,689			
Other Operating Revenues		(42,174)	99,043		
Total Operating Revenues	5,195,150	2,254,916	2,392,461	124,658,981	63,920,472
<b>EXPENSES</b>					
Operating Expenses					
Salaries				15,962,520	432,867
Employee Benefits				318,594	
Other Personal Services	155,283				
Travel				9,356,067	872,183
Scholarships and Fellowships		101,093			
Utilities					
Supplies and Other Services	162,219			38,683,068	12,103,439
Depreciation				8,139,097	1,313,751
Other Operating Expense	111,011	1,999,992	2,162,570		
Payments to Other Component Units				4,000,000	9,262,569
Payments to or on behalf of College/University	197,840			43,089,980	47,864,339
Total Operating Expenses	626,353	2,101,085	2,162,570	119,549,326	71,849,148
Operating Income (loss)	4,568,797	153,831	229,891	5,109,655	(7,928,676)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State Appropriations					
Grants and Contracts					
Federal					
Federal Stimulus					
State					
Other					
Gifts					
Investment Income (endowments, auxiliary and other)	1,534	72,415		(1,542,111)	(13,293,490)
Interest Income		4,259			
Interest Expense (capital assets)	(7,288,591)			(3,894,171)	(2,535,002)
Combined Margin Allocation					
Other Nonoperating Revenues		13,581		(75,003)	
Net Nonoperating Revenues	(7,287,057)	90,255	-	(5,511,285)	(15,828,492)
Income before other revenues, expenses, gains, or loss	(2,718,260)	244,086	229,891	(401,630)	(23,757,168)
Loss on Bond Retirement					
Special Item Transfer					
Additions to Permanent and Term Endowments					39,205,334
Total Other Revenues	-	-	-	-	39,205,334
Change in Net Position	(2,718,260)	244,086	229,891	(401,630)	15,448,166
<b>NET POSITION</b>					
Net Assets-beginning of year	3,979,867	5,574,230	489,326	208,273,256	960,745,040
Net Position-End of Year	\$ 1,261,607	\$ 5,818,316	\$ 719,217	\$ 207,871,626	\$ 976,193,206

University of Georgia Research Foundation, Inc.	University of North Georgia Foundation - Dahlonega, Inc.	University of North Georgia Real Estate Foundation, Inc.	University of West Georgia Athletic Foundation, Inc.	University of West Georgia Foundation, Inc.	University of West Georgia Real Estate Foundation	University System of Georgia Foundation, Inc.
	\$ 2,548,040	\$ 129,263	\$ 1,047,408	\$ 5,900,289		\$ 1,333,337 257,968
\$ 160,445,433		710,346	640,839			832,625
30,579,683	80,272	8,702,003		574,544		599,946
				2,763,285	\$ 6,559,792	12,895,958
	(903,127)		(18,900)	(2,260,746)		
21,847	407,721		72,522	149,557	414,419	
191,046,963	2,132,906	9,541,612	1,741,869	7,126,929	6,974,211	15,919,834
265,598 58,172		124,105				712,388
			113,167			665,512 92,002 1,781,518
12,627,477 151,991		253,519 500,876 12,140	1,612,776	8,020,218	113,724 164,351	171,891 360,683
160,021,624	4,656,095	645,411				570,666
173,124,862	4,656,095	1,536,051	1,725,943	8,020,218	278,075	4,354,660
17,922,101	(2,523,189)	8,005,561	15,926	(893,289)	6,696,136	11,565,174
(689,351)	496,806	412,875		610,811	(34,568)	(213,524)
(13,801,208)		(6,638,411)			(5,316,759)	(12,296,308)
255,344		(572,465)			(455,544)	(580,944)
(14,235,215)	496,806	(6,798,001)	-	610,811	(5,806,871)	(13,090,776)
3,686,886	(2,026,383)	1,207,560	15,926	(282,478)	889,265	(1,525,602)
(1,055,343)	(624,538)	(1,334,417)				
						5,000
(1,055,343)	(624,538)	(1,334,417)	-	-	-	5,000
2,631,543	(2,650,921)	(126,857)	15,926	(282,478)	889,265	(1,520,602)
84,509,575	58,353,760	8,772,163	1,668,933	41,371,711	3,982,981	1,186,395
\$ 87,141,118	\$ 55,702,839	\$ 8,645,306	\$ 1,684,859	\$ 41,089,233	\$ 4,872,246	\$ (334,207)

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY AFFILIATED ORGANIZATION (Unaudited)  
YEAR ENDED JUNE 30, 2016

	Valdosta State University Auxiliaries Foundation	Valdosta State University Foundation, Inc.	Walter & Emilie Spivey Foundation	Totals
<b>REVENUES</b>				
Operating Revenues				
Gifts and Contributions		\$ 10,257,739		\$ 231,129,889
Endowment Income (per spending plan)				9,861,958
Grants and Contracts				
Federal				693,351,164
Federal Stimulus				168,219
State				8,333,150
Other				264,756,040
Sales and Services		616,423		118,363,849
Rents and Royalties		522,766		220,387,424
Auxiliary Enterprises - Intercollegiate Athletics				124,658,981
Net Income on Direct Financing Leases	\$ 8,023,310			33,353,561
Net Patient Service Revenue				747,420,509
Realized/Unrealized Gains (Losses)		(1,768,494)	\$ (227,636)	(2,312,611)
Interest and Dividend Income		691,603		(1,349,439)
Other Operating Revenues	2,406,971	67,120		20,541,701
Total Operating Revenues	10,430,281	10,387,157	(227,636)	2,468,664,395
<b>EXPENSES</b>				
Operating Expenses				
Salaries	93,932			282,832,998
Employee Benefits				69,779,942
Other Personal Services				84,984,352
Travel				18,642,282
Scholarships and Fellowships		579,349	23,020	25,392,518
Utilities				7,485,326
Supplies and Other Services	1,862,031			369,105,614
Depreciation	57,217			63,458,111
Other Operating Expense		3,215,857	191,524	226,558,321
Payments to Other Component Units				29,436,504
Payments to or on behalf of College/University				1,238,871,240
Total Operating Expenses	2,013,180	3,795,206	214,544	2,416,547,208
Operating Income (loss)	8,417,101	6,591,951	(442,180)	52,117,187
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations				30,909,818
Grants and Contracts				
Federal				2,975,918
Federal Stimulus				550,469
State				3,087,165
Other				820,836
Gifts				2,943,355
Investment Income (endowments, auxiliary and other)	8,620		166,293	(69,262,039)
Interest Income				6,633,807
Interest Expense (capital assets)	(8,355,240)			(175,018,098)
Combined Margin Allocation				(7,077,374)
Other Nonoperating Revenues			(31,361)	(5,281,235)
Net Nonoperating Revenues	(8,346,620)	-	134,932	(208,717,378)
Income before other revenues, expenses, gains, or loss	70,481	6,591,951	(307,248)	(156,600,191)
Loss on Bond Retirement				(16,470,718)
Special Item Transfer			(17,576)	20,190,075
Additions to Permanent and Term Endowments				81,874,275
Total Other Revenues	-	-	(17,576)	85,593,632
Change in Net Position	70,481	6,591,951	(324,824)	(71,006,559)
<b>NET POSITION</b>				
Net Assets-beginning of year	17,767,224	35,054,765	6,881,327	4,411,587,092
Net Position-End of Year	\$ 17,837,705	\$ 41,646,716	\$ 6,556,503	\$ 4,340,580,533





# **UNIVERSITY SYSTEM OF GEORGIA**

**UNIVERSITY SYSTEM OF GEORGIA  
BALANCE SHEET (NON-GAAP BASIS)  
BUDGET FUNDS  
JUNE 30, 2016  
(UNAUDITED)**

ASSETS

Cash and Cash Equivalents	\$ 630,442,366.45
Investments	87,062,664.31
Accounts Receivable	
Federal Financial Assistance	124,785,879.56
Other	254,704,164.56
Prepaid Expenditures	17,482,265.95
Inventories	5,098,192.58
Other Assets	1,239,718.03
	<hr/>
Total Assets	\$ 1,120,815,251.44

LIABILITIES AND FUND EQUITY

Liabilities	
Contracts Payable	\$ 67,502.73
Accrued Payroll	12,669,038.58
Encumbrance Payable	313,562,957.60
Accounts Payable	88,194,383.53
Unearned Revenue	244,662,763.62
Other Liabilities	3,354,798.15
	<hr/>
Total Liabilities	662,511,444.21

Fund Balances	
Reserved	
Capital Outlay	11,944,406.56
Department Sales and Services	108,366,699.92
Indirect Cost Recoveries	124,017,017.23
Technology Fees	19,059,734.17
Restricted/Sponsored Funds	115,147,913.21
Uncollectible Accounts Receivable	23,157,783.75
Inventories	3,015,211.26
Tuition Carry - Forward	43,283,118.30
Carry-Over "Per Governor's Office of Planning and Budget"	7,322,608.45
Unreserved	
Surplus	2,989,314.38
	<hr/>
Total Fund Balances	458,303,807.23
	<hr/>
Total Liabilities and Fund Balances	\$ 1,120,815,251.44

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



# **UNIVERSITY SYSTEM OF GEORGIA**

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

	Original Appropriation	Amended Appropriation	Final Budget	Funds Current Year Revenues
<b>Regents, University System of Georgia</b>				
<b>Agricultural Experiment Station</b>				
State Appropriation				
State General Funds	\$ 38,494,527.00	\$ 38,494,527.00	\$ 38,494,527.00	\$ 38,494,527.00
Other Funds	37,552,919.00	37,552,919.00	71,774,937.00	50,652,255.89
<b>Total Agricultural Experiment Station</b>	<b>76,047,446.00</b>	<b>76,047,446.00</b>	<b>110,269,464.00</b>	<b>89,146,782.89</b>
<b>Athens &amp; Tifton Veterinary Laboratories</b>				
Other Funds	5,785,273.00	5,785,273.00	6,915,058.00	6,378,914.15
<b>Cooperative Extension Service</b>				
State Appropriation				
State General Funds	32,287,418.00	32,287,418.00	32,287,418.00	32,287,418.00
Other Funds	25,083,929.00	31,333,929.00	41,036,099.00	35,605,120.76
<b>Total Cooperative Extension Service</b>	<b>57,371,347.00</b>	<b>63,621,347.00</b>	<b>73,323,517.00</b>	<b>67,892,538.76</b>
<b>Enterprise Innovation Institute</b>				
State Appropriation				
State General Funds	8,590,935.00	8,590,935.00	8,590,935.00	8,590,935.00
Federal Funds				
Federal Funds Not Itemized				
Other Funds	10,475,000.00	10,900,000.00	12,141,567.00	9,407,705.86
<b>Total Enterprise Innovation Institute</b>	<b>19,065,935.00</b>	<b>19,490,935.00</b>	<b>20,732,502.00</b>	<b>17,998,640.86</b>
<b>Forestry Cooperative Extension</b>				
State Appropriation				
State General Funds	810,431.00	810,431.00	810,431.00	810,431.00
Other Funds	575,988.00	575,988.00	677,952.00	487,352.25
<b>Total Forestry Cooperative Extension</b>	<b>1,386,419.00</b>	<b>1,386,419.00</b>	<b>1,488,383.00</b>	<b>1,297,783.25</b>
<b>Forestry Research</b>				
State Appropriation				
State General Funds	2,660,386.00	2,660,386.00	2,660,386.00	2,660,386.00
Other Funds	10,250,426.00	10,250,426.00	12,286,518.00	10,871,142.81
<b>Total Forestry Research</b>	<b>12,910,812.00</b>	<b>12,910,812.00</b>	<b>14,946,904.00</b>	<b>13,531,528.81</b>
<b>Georgia Archives</b>				
State Appropriation				
State General Funds	4,646,252.00	4,646,252.00	4,646,252.00	4,646,252.00
Other Funds	689,281.00	882,473.00	1,079,766.00	1,095,139.62
<b>Total Georgia Archives</b>	<b>5,335,533.00</b>	<b>5,528,725.00</b>	<b>5,726,018.00</b>	<b>5,741,391.62</b>
<b>Georgia Radiation Therapy Center</b>				
Other Funds	4,837,326.00	4,466,022.00	4,466,022.00	4,466,022.00
<b>Georgia Tech Research Institute</b>				
State Appropriation				
State General Funds	5,694,440.00	5,694,440.00	5,694,440.00	5,694,440.00
Other Funds	314,011,962.00	361,751,431.00	371,238,559.00	359,569,938.88
<b>Total Georgia Tech Research Institute</b>	<b>319,706,402.00</b>	<b>367,445,871.00</b>	<b>376,932,999.00</b>	<b>365,264,378.88</b>
<b>Marine Institute</b>				
State Appropriation				
State General Funds	926,998.00	926,998.00	926,998.00	926,998.00
Other Funds	486,281.00	486,281.00	977,721.00	629,239.28
<b>Total Marine Institute</b>	<b>1,413,279.00</b>	<b>1,413,279.00</b>	<b>1,904,719.00</b>	<b>1,556,237.28</b>

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

Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency)
Prior Year Reserve Carry-Over	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	of Funds Available Over/(Under) Expenditures
\$ -	\$ -	\$ 38,494,527.00	\$ -	\$ 38,494,527.00	\$ -	\$ -
20,150,912.18	-	70,803,168.07	(971,768.93)	51,190,744.19	20,584,192.81	19,612,423.88
20,150,912.18	-	109,297,695.07	(971,768.93)	89,685,271.19	20,584,192.81	19,612,423.88
802,089.32	-	7,181,003.47	265,945.47	6,480,198.77	434,859.23	700,804.70
-	-	32,287,418.00	-	32,287,418.00	-	-
5,515,319.04	-	41,120,439.80	84,340.80	35,377,953.67	5,658,145.33	5,742,486.13
5,515,319.04	-	73,407,857.80	84,340.80	67,665,371.67	5,658,145.33	5,742,486.13
-	-	8,590,935.00	-	8,590,935.00	-	-
2,921.98	-	9,410,627.84	(2,730,939.16)	9,351,363.53	2,790,203.47	59,264.31
2,921.98	-	18,001,562.84	(2,730,939.16)	17,942,298.53	2,790,203.47	59,264.31
-	-	810,431.00	-	810,431.00	-	-
179,255.36	-	666,607.61	(11,344.39)	438,220.04	239,731.96	228,387.57
179,255.36	-	1,477,038.61	(11,344.39)	1,248,651.04	239,731.96	228,387.57
-	-	2,660,386.00	-	2,660,386.00	-	-
2,752,067.86	-	13,623,210.67	1,336,692.67	10,661,969.00	1,624,549.00	2,961,241.67
2,752,067.86	-	16,283,596.67	1,336,692.67	13,322,355.00	1,624,549.00	2,961,241.67
-	-	4,646,252.00	-	4,646,252.00	-	-
996,603.38	-	2,091,743.00	1,011,977.00	929,186.81	150,579.19	1,162,556.19
996,603.38	-	6,737,995.00	1,011,977.00	5,575,438.81	150,579.19	1,162,556.19
-	-	4,466,022.00	-	4,466,022.00	-	-
-	-	5,694,440.00	-	5,694,440.00	-	-
1,302,738.79	-	360,872,677.67	(10,365,881.33)	358,626,192.61	12,612,366.39	2,246,485.06
1,302,738.79	-	366,567,117.67	(10,365,881.33)	364,320,632.61	12,612,366.39	2,246,485.06
-	-	926,998.00	-	926,998.00	-	-
389,311.59	-	1,018,550.87	40,829.87	543,833.46	433,887.54	474,717.41
389,311.59	-	1,945,548.87	40,829.87	1,470,831.46	433,887.54	474,717.41

(continued)

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

	Original Appropriation	Amended Appropriation	Final Budget	Funds Current Year Revenues
<b>Regents, University System of Georgia</b>				
<b>Marine Resources Extension Center</b>				
State Appropriation				
State General Funds	1,243,709.00	1,243,709.00	1,243,709.00	1,243,709.00
Other Funds	1,345,529.00	1,345,529.00	1,727,744.00	1,407,218.81
<b>Total Marine Resources Extension Center</b>	<b>2,589,238.00</b>	<b>2,589,238.00</b>	<b>2,971,453.00</b>	<b>2,650,927.81</b>
<b>Medical College of Georgia Hospital and Clinics</b>				
State Appropriation				
State General Funds	28,840,775.00	28,840,775.00	28,840,775.00	28,840,775.00
<b>Public Libraries</b>				
State Appropriation				
State General Funds	32,869,520.00	32,869,520.00	32,869,520.00	32,869,520.00
Other Funds	5,222,400.00	5,222,400.00	6,124,724.00	4,661,756.06
<b>Total Public Libraries</b>	<b>38,091,920.00</b>	<b>38,091,920.00</b>	<b>38,994,244.00</b>	<b>37,531,276.06</b>
<b>Public Service/Special Funding Initiatives</b>				
State Appropriation				
State General Funds	32,444,814.00	37,444,814.00	37,444,814.00	37,444,814.00
Tobacco Settlement Funds	247,158.00	247,158.00	247,158.00	247,158.00
State Funds - Prior Year Carry-Over				
State General Funds - Prior Year	-	-	4,344,869.00	-
Other Funds	-	-	-	-
<b>Total Public Service/Special Funding Initiatives</b>	<b>32,691,972.00</b>	<b>37,691,972.00</b>	<b>42,036,841.00</b>	<b>37,691,972.00</b>
<b>Regents Central Office</b>				
State Appropriation				
State General Funds	11,894,954.00	11,894,954.00	11,894,954.00	11,894,954.00
Other Funds	-	-	200,000.00	483,586.73
<b>Total Regents Central Office</b>	<b>11,894,954.00</b>	<b>11,894,954.00</b>	<b>12,094,954.00</b>	<b>12,378,540.73</b>
<b>Skidaway Institute of Oceanography</b>				
State Appropriation				
State General Funds	1,273,178.00	1,273,178.00	1,273,178.00	1,273,178.00
Other Funds	3,800,620.00	3,800,620.00	5,185,253.00	4,322,192.61
<b>Total Skidaway Institute of Oceanography</b>	<b>5,073,798.00</b>	<b>5,073,798.00</b>	<b>6,458,431.00</b>	<b>5,595,370.61</b>
<b>Teaching</b>				
State Appropriation				
State General Funds	1,795,857,875.00	1,795,857,875.00	1,795,857,875.00	1,795,857,875.00
Other Funds	4,333,156,042.00	4,598,893,472.00	5,146,395,270.00	4,587,154,604.70
<b>Total Teaching</b>	<b>6,129,013,917.00</b>	<b>6,394,751,347.00</b>	<b>6,942,253,145.00</b>	<b>6,383,012,479.70</b>
<b>Veterinary Medicine Experiment Station</b>				
State Appropriation				
State General Funds	2,649,796.00	2,649,796.00	2,649,796.00	2,649,796.00
Other Funds	-	-	74,027.00	74,027.00
<b>Total Veterinary Medicine Experiment Station</b>	<b>2,649,796.00</b>	<b>2,649,796.00</b>	<b>2,723,823.00</b>	<b>2,723,823.00</b>

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



Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency)
Prior Year Reserve Carry-Over	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	of Funds Available Over/(Under) Expenditures
-	-	1,243,709.00	-	1,243,709.00	-	-
171,541.39	-	1,578,760.20	(148,983.80)	1,402,473.29	325,270.71	176,286.91
171,541.39	-	2,822,469.20	(148,983.80)	2,646,182.29	325,270.71	176,286.91
-	-	28,840,775.00	-	28,840,775.00	-	-
-	-	32,869,520.00	-	32,869,520.00	-	-
-	(69,600.36)	4,592,155.70	(1,532,568.30)	4,592,155.70	1,532,568.30	-
-	(69,600.36)	37,461,675.70	(1,532,568.30)	37,461,675.70	1,532,568.30	-
-	-	37,444,814.00	-	33,235,938.82	4,208,875.18	4,208,875.18
-	-	247,158.00	-	247,158.00	-	-
4,344,869.03	-	4,344,869.03	0.03	803,326.00	3,541,543.00	3,541,543.03
-	-	-	-	-	-	-
4,344,869.03	-	42,036,841.03	0.03	34,286,422.82	7,750,418.18	7,750,418.21
-	-	11,894,954.00	-	11,886,827.00	8,127.00	8,127.00
-	3,872,051.92	4,355,638.65	4,155,638.65	60,000.00	140,000.00	4,295,638.65
-	3,872,051.92	16,250,592.65	4,155,638.65	11,946,827.00	148,127.00	4,303,765.65
-	-	1,273,178.00	-	1,273,178.00	-	-
704,099.78	-	5,026,292.39	(158,960.61)	4,282,405.39	902,847.61	743,887.00
704,099.78	-	6,299,470.39	(158,960.61)	5,555,583.39	902,847.61	743,887.00
-	-	1,795,857,875.00	-	1,795,536,426.38	321,448.62	321,448.62
367,443,812.10	2,407,333.73	4,957,005,750.53	(189,389,519.47)	4,571,370,328.47	575,024,941.53	385,635,422.06
367,443,812.10	2,407,333.73	6,752,863,625.53	(189,389,519.47)	6,366,906,754.85	575,346,390.15	385,956,870.68
-	-	2,649,796.00	-	2,649,796.00	-	-
-	-	74,027.00	-	74,027.00	-	-
-	-	2,723,823.00	-	2,723,823.00	-	-

(continued)



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

	Original Appropriation	Amended Appropriation	Final Budget	Funds Current Year Revenues
<b>Regents, University System of Georgia</b>				
Veterinary Medicine Teaching Hospital				
State Appropriation				
State General Funds	417,163.00	417,163.00	417,163.00	417,163.00
Other Funds	14,500,000.00	14,500,000.00	18,669,799.00	16,810,342.14
<b>Total Veterinary Medicine Teaching Hospital</b>	<b>14,917,163.00</b>	<b>14,917,163.00</b>	<b>19,086,962.00</b>	<b>17,227,505.14</b>
<b>Agencies Attached for Administrative Purposes</b>				
Payments to Georgia Military College				
State Appropriation				
State General Funds	3,547,852.00	3,547,852.00	3,547,852.00	3,547,852.00
Payments to Georgia Public Telecommunications Commission				
State Appropriation				
State General Funds	14,997,510.00	14,997,510.00	14,997,510.00	14,997,510.00
<b>Budget Unit Totals</b>	<b>\$ 6,788,168,667.00</b>	<b>\$ 7,113,142,454.00</b>	<b>\$ 7,730,711,576.00</b>	<b>\$ 7,119,472,250.55</b>

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

Available Compared to Budget				Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
Prior Year Reserve Carry-Over	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
-	-	417,163.00	-	417,163.00	-	-
1,052,216.88	-	17,862,559.02	(807,239.98)	16,154,350.36	2,515,448.64	1,708,208.66
1,052,216.88	-	18,279,722.02	(807,239.98)	16,571,513.36	2,515,448.64	1,708,208.66
-	-	3,547,852.00	-	3,547,852.00	-	-
-	-	14,997,510.00	-	14,997,510.00	-	-
\$ 405,807,758.68	\$ 6,209,785.29	\$ 7,531,489,794.52	\$ (199,221,781.48)	\$ 7,097,661,990.49	\$ 633,049,585.51	\$ 433,827,804.03

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

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2015 Surplus	Prior Year Adjustments
<b>Regents, University System of Georgia</b>				
<b>Agricultural Experiment Station</b>				
State Appropriation	\$ 33,681.81	\$ -	\$ (33,681.81)	\$ 45,681.44
State General Funds	20,150,912.18	(20,150,912.18)	-	12,409.94
Other Funds				
<b>Total Agricultural Experiment Station</b>	<b>20,184,593.99</b>	<b>(20,150,912.18)</b>	<b>(33,681.81)</b>	<b>58,091.38</b>
<b>Athens &amp; Tifton Veterinary Laboratories</b>				
Other Funds	802,089.32	(802,089.32)	-	3,628.73
<b>Cooperative Extension Service</b>				
State Appropriation				
State General Funds	5,959.83	-	(5,959.83)	15,050.01
Other Funds	5,515,319.04	(5,515,319.04)	-	36,120.51
<b>Total Cooperative Extension Service</b>	<b>5,521,278.87</b>	<b>(5,515,319.04)</b>	<b>(5,959.83)</b>	<b>51,170.52</b>
<b>Enterprise Innovation Institute</b>				
State Appropriation				
State General Funds	6,914.55	-	(6,914.55)	-
Other Funds	2,921.98	(2,921.98)	-	-
<b>Total Enterprise Innovation Institute</b>	<b>9,836.53</b>	<b>(2,921.98)</b>	<b>(6,914.55)</b>	<b>-</b>
<b>Forestry Cooperative Extension</b>				
State Appropriation				
State General Funds	-	-	-	1,406.36
Other Funds	179,255.36	(179,255.36)	-	-
<b>Total Forestry Cooperative Extension</b>	<b>179,255.36</b>	<b>(179,255.36)</b>	<b>-</b>	<b>1,406.36</b>
<b>Forestry Research</b>				
State Appropriation				
State General Funds	760.04	-	(760.04)	1,109.57
Other Funds	2,752,067.86	(2,752,067.86)	-	5,794.49
<b>Total Forestry Research</b>	<b>2,752,827.90</b>	<b>(2,752,067.86)</b>	<b>(760.04)</b>	<b>6,904.06</b>
<b>Georgia Archives</b>				
State Appropriation				
State General Funds	1,710.49	-	(1,710.49)	89.80
Other Funds	996,603.38	(996,603.38)	-	-
<b>Total Georgia Archives</b>	<b>998,313.87</b>	<b>(996,603.38)</b>	<b>(1,710.49)</b>	<b>89.80</b>
<b>Georgia Radiation Therapy Center</b>				
Other Funds	-	-	-	-
<b>Georgia Tech Research Institute</b>				
State Appropriation				
State General Funds	6,213.33	-	(6,213.33)	78.54
Other Funds	1,302,738.79	(1,302,738.79)	-	-
<b>Total Georgia Tech Research Institute</b>	<b>1,308,952.12</b>	<b>(1,302,738.79)</b>	<b>(6,213.33)</b>	<b>78.54</b>
<b>Marine Institute</b>				
State Appropriation				
State General Funds	0.01	-	(0.01)	0.01
Other Funds	389,311.59	(389,311.59)	-	-
<b>Total Marine Institute</b>	<b>389,311.60</b>	<b>(389,311.59)</b>	<b>(0.01)</b>	<b>0.01</b>

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

Other Adjustments	Early Return of Fiscal Year 2016 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
\$ -	\$ -	\$ -	\$ 45,681.44	\$ -	\$ 45,681.44	\$ 45,681.44
-	-	19,612,423.88	19,624,833.82	19,624,833.82	-	19,624,833.82
-	-	19,612,423.88	19,670,515.26	19,624,833.82	45,681.44	19,670,515.26
-	-	700,804.70	704,433.43	704,433.43	-	704,433.43
-	-	-	15,050.01	-	15,050.01	15,050.01
-	-	5,742,486.13	5,778,606.64	5,778,606.64	-	5,778,606.64
-	-	5,742,486.13	5,793,656.65	5,778,606.64	15,050.01	5,793,656.65
-	-	-	-	-	-	-
-	-	59,264.31	59,264.31	59,264.31	-	59,264.31
-	-	59,264.31	59,264.31	59,264.31	-	59,264.31
-	-	-	1,406.36	-	1,406.36	1,406.36
-	-	228,387.57	228,387.57	228,387.57	-	228,387.57
-	-	228,387.57	229,793.93	228,387.57	1,406.36	229,793.93
-	-	-	1,109.57	-	1,109.57	1,109.57
-	-	2,961,241.67	2,967,036.16	2,967,036.16	-	2,967,036.16
-	-	2,961,241.67	2,968,145.73	2,967,036.16	1,109.57	2,968,145.73
-	-	-	89.80	-	89.80	89.80
-	-	1,162,556.19	1,162,556.19	1,162,556.19	-	1,162,556.19
-	-	1,162,556.19	1,162,645.99	1,162,556.19	89.80	1,162,645.99
-	-	-	-	-	-	-
-	-	-	78.54	-	78.54	78.54
-	-	2,246,485.06	2,246,485.06	2,246,485.06	-	2,246,485.06
-	-	2,246,485.06	2,246,563.60	2,246,485.06	78.54	2,246,563.60
-	-	-	0.01	-	0.01	0.01
-	-	474,717.41	474,717.41	474,717.41	-	474,717.41
-	-	474,717.41	474,717.42	474,717.41	0.01	474,717.42

(continued)

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

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2015 Surplus	Prior Year Adjustments
<b>Regents, University System of Georgia</b>				
<b>Marine Resources Extension Center</b>				
State Appropriation				
State General Funds	155.82	-	(155.82)	717.02
Other Funds	171,541.39	(171,541.39)	-	74.12
<b>Total Marine Resources Extension Center</b>	<b>171,697.21</b>	<b>(171,541.39)</b>	<b>(155.82)</b>	<b>791.14</b>
<b>Medical College of Georgia Hospital and Clinics</b>				
State Appropriation				
State General Funds	-	-	-	-
<b>Public Libraries</b>				
State Appropriation				
State General Funds	10,404.12	-	(10,404.12)	26,667.14
Other Funds	-	-	-	-
<b>Total Public Libraries</b>	<b>10,404.12</b>	<b>-</b>	<b>(10,404.12)</b>	<b>26,667.14</b>
<b>Public Service/Special Funding Initiatives</b>				
State Appropriation				
State General Funds	93,023.95	-	(93,023.95)	1,890.61
Tobacco Settlement Funds	-	-	-	-
State Funds - Prior Year Carry-Over				
State General Funds - Prior Year	4,344,869.03	(4,344,869.03)	-	-
Other Funds	-	-	-	24.23
<b>Total Public Service/Special Funding Initiatives</b>	<b>4,437,892.98</b>	<b>(4,344,869.03)</b>	<b>(93,023.95)</b>	<b>1,914.84</b>
<b>Regents Central Office</b>				
State Appropriation				
State General Funds	13,594.72	-	(13,594.72)	16,249.33
Other Funds	-	-	-	-
<b>Total Regents Central Office</b>	<b>13,594.72</b>	<b>-</b>	<b>(13,594.72)</b>	<b>16,249.33</b>
<b>Skidaway Institute of Oceanography</b>				
State Appropriation				
State General Funds	2,489.63	-	(2,489.63)	2,029.38
Other Funds	704,099.78	(704,099.78)	-	989.02
<b>Total Skidaway Institute of Oceanography</b>	<b>706,589.41</b>	<b>(704,099.78)</b>	<b>(2,489.63)</b>	<b>3,018.40</b>
<b>Teaching</b>				
State Appropriation				
State General Funds	1,371,524.50	-	(1,371,524.50)	1,031,490.57
Other Funds	368,393,824.37	(367,443,812.10)	(950,012.27)	161,483.92
<b>Total Teaching</b>	<b>369,765,348.87</b>	<b>(367,443,812.10)</b>	<b>(2,321,536.77)</b>	<b>1,192,974.49</b>
<b>Veterinary Medicine Experiment Station</b>				
State Appropriation				
State General Funds	501.14	-	(501.14)	1,047.30
Other Funds	-	-	-	-
<b>Total Veterinary Medicine Experiment Station</b>	<b>501.14</b>	<b>-</b>	<b>(501.14)</b>	<b>1,047.30</b>

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



Other Adjustments	Early Return of Fiscal Year 2016 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
-	-	-	717.02	-	717.02	717.02
-	-	176,286.91	176,361.03	176,361.03	-	176,361.03
-	-	176,286.91	177,078.05	176,361.03	717.02	177,078.05
-	-	-	-	-	-	-
-	-	-	26,667.14	-	26,667.14	26,667.14
-	-	-	-	-	-	-
-	-	-	26,667.14	-	26,667.14	26,667.14
-	-	4,208,875.18	4,210,765.79	3,781,065.42	429,700.37	4,210,765.79
-	-	-	-	-	-	-
-	-	3,541,543.03	3,541,543.03	3,541,543.03	-	3,541,543.03
-	-	-	24.23	-	24.23	24.23
-	-	7,750,418.21	7,752,333.05	7,322,608.45	429,724.60	7,752,333.05
-	-	8,127.00	24,376.33	-	24,376.33	24,376.33
-	-	4,295,638.65	4,295,638.65	4,295,638.65	-	4,295,638.65
-	-	4,303,765.65	4,320,014.98	4,295,638.65	24,376.33	4,320,014.98
-	-	-	2,029.38	-	2,029.38	2,029.38
-	-	743,887.00	744,876.02	744,876.02	-	744,876.02
-	-	743,887.00	746,905.40	744,876.02	2,029.38	746,905.40
(59,287.77)	-	321,448.62	1,293,651.42	-	1,293,651.42	1,293,651.42
(2,964,380.29)	-	385,635,422.06	382,832,525.69	381,684,840.23	1,147,685.46	382,832,525.69
(3,023,668.06)	-	385,956,870.68	384,126,177.11	381,684,840.23	2,441,336.88	384,126,177.11
-	-	-	1,047.30	-	1,047.30	1,047.30
-	-	-	-	-	-	-
-	-	-	1,047.30	-	1,047.30	1,047.30

(continued)

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

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2015 Surplus	Prior Year Adjustments
<b>Regents, University System of Georgia</b>				
Veterinary Medicine Teaching Hospital				
State Appropriation	-	-	-	-
State General Funds	-	-	-	-
Other Funds	1,052,216.88	(1,052,216.88)	-	(37,355.79)
<b>Total Veterinary Medicine Teaching Hospital</b>	<b>1,052,216.88</b>	<b>(1,052,216.88)</b>	<b>-</b>	<b>(37,355.79)</b>
<b>Agencies Attached for Administrative Purposes</b>				
Payments to Georgia Military College				
State Appropriation	-	-	-	-
State General Funds	-	-	-	-
Payments to Georgia Public Telecommunications Commission				
State Appropriation	-	-	-	-
State General Funds	-	-	-	-
<b>Total Operating Activity</b>	<b>408,304,704.89</b>	<b>(405,807,758.68)</b>	<b>(2,496,946.21)</b>	<b>1,326,676.25</b>
<b>Prior Year Reserve</b>				
Not Available for Expenditure				
Inventories	2,846,606.27	-	-	-
Other Reserves	20,302,720.68	-	-	-
<b>Budget Unit Totals</b>	<b>\$ 431,454,031.84</b>	<b>\$ (405,807,758.68)</b>	<b>\$ (2,496,946.21)</b>	<b>\$ 1,326,676.25</b>

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



Other Adjustments	Early Return of Fiscal Year 2016 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
-	-	-	-	-	-	-
-	-	1,708,208.66	1,670,852.87	1,670,852.87	-	1,670,852.87
-	-	1,708,208.66	1,670,852.87	1,670,852.87	-	1,670,852.87
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,023,668.06)	-	433,827,804.03	432,130,812.22	429,141,497.84	2,989,314.38	432,130,812.22
168,604.99	-	-	3,015,211.26	3,015,211.26	-	3,015,211.26
2,855,063.07	-	-	23,157,783.75	23,157,783.75	-	23,157,783.75
\$ -	\$ -	\$ 433,827,804.03	\$ 458,303,807.23	\$ 455,314,492.85	\$ 2,989,314.38	\$ 458,303,807.23

**Summary of Ending Fund Balance**

Reserved			
Inventories	\$ 3,015,211.26	\$ -	\$ 3,015,211.26
Federal Financial Assistance	-	-	-
Colleges and Universities	452,299,281.59	-	452,299,281.59
Unreserved, Undesignated			
Surplus	-	2,989,314.38	2,989,314.38
<b>Total Ending Fund Balance - June 30</b>	<b>\$ 455,314,492.85</b>	<b>\$ 2,989,314.38</b>	<b>\$ 458,303,807.23</b>

## Financial Statement Findings

### June 30, 2016

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:

Atlanta Metropolitan State College – FS 2016-001 and FS 2016-002  
Augusta University – FS 2016-001  
Bainbridge State College - FS 2016-001  
Fort Valley State University – FS 2016-001  
Gordon State College – FS 2015-001

*Detailed information on these findings is available in the individual college or university report for the fiscal year ended June 30, 2016 located at [www.audits.ga.gov](http://www.audits.ga.gov).*



# **UNIVERSITY SYSTEM OF GEORGIA**

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### ***University System of Georgia Highlights:***

Courtesy of University System of Georgia Communications and Governmental Affairs

### ***Photography:***

Courtesy of University System of Georgia Institutions



**UNIVERSITY SYSTEM OF GEORGIA**



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