BOARD OF REGENTS OF
THE UNIVERSITY SYSTEM OF GEORGIA

ANNUAL FINANCIAL REPORTS

For the Year Ended
June 30, 2008

Offices of Fiscal Affairs and Internal Audit

"Creating A More Educated Georgia"
www.usg.edu

Board of Regents of
The University System of Georgia
Annual Financial Reports
June 30, 2008

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BOARD OF REGENTS
UNIVERSITY SYSTEM OF GEORGIA
June 30, 2008

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Term Expires January 1, 2009

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State-At-Large
Term Expires January 1, 2009

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Term Expires January 1, 2013

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Term Expires January 1, 2013

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Term Expires January 1, 2014

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Usha Ramachandran ……........... Treasurer
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OFFICE OF BUSINESS AND FISCAL AFFAIRS 404-656-2232
OFFICE OF INTERNAL AUDIT 404-656-2237
270 WASHINGTON STREET, S.W.
ATLANTA, GEORGIA 30334

December 16, 2008

Chancellor Erroll B. Davis, Jr.
Board of Regents
University System of Georgia

Dear Chancellor Davis:

In keeping with the by-laws of the Board of Regents, we submit to you the Annual Financial Report of the University System of Georgia for the fiscal year ended June 30, 2008.

The officers of the various institutions represented in this report have assured us that every effort has been made to reflect accurately the information considered important to all concerned parties. In the event that this report is not sufficient in detail or if there is additional information desired, this office will be glad to supply such information.

Sincerely,

Usha Ramachandran	Ronald B. Stark
Vice Chancellor for Fiscal Affairs	Chief Audit Officer and
and Treasurer of the Board	Associate Vice Chancellor

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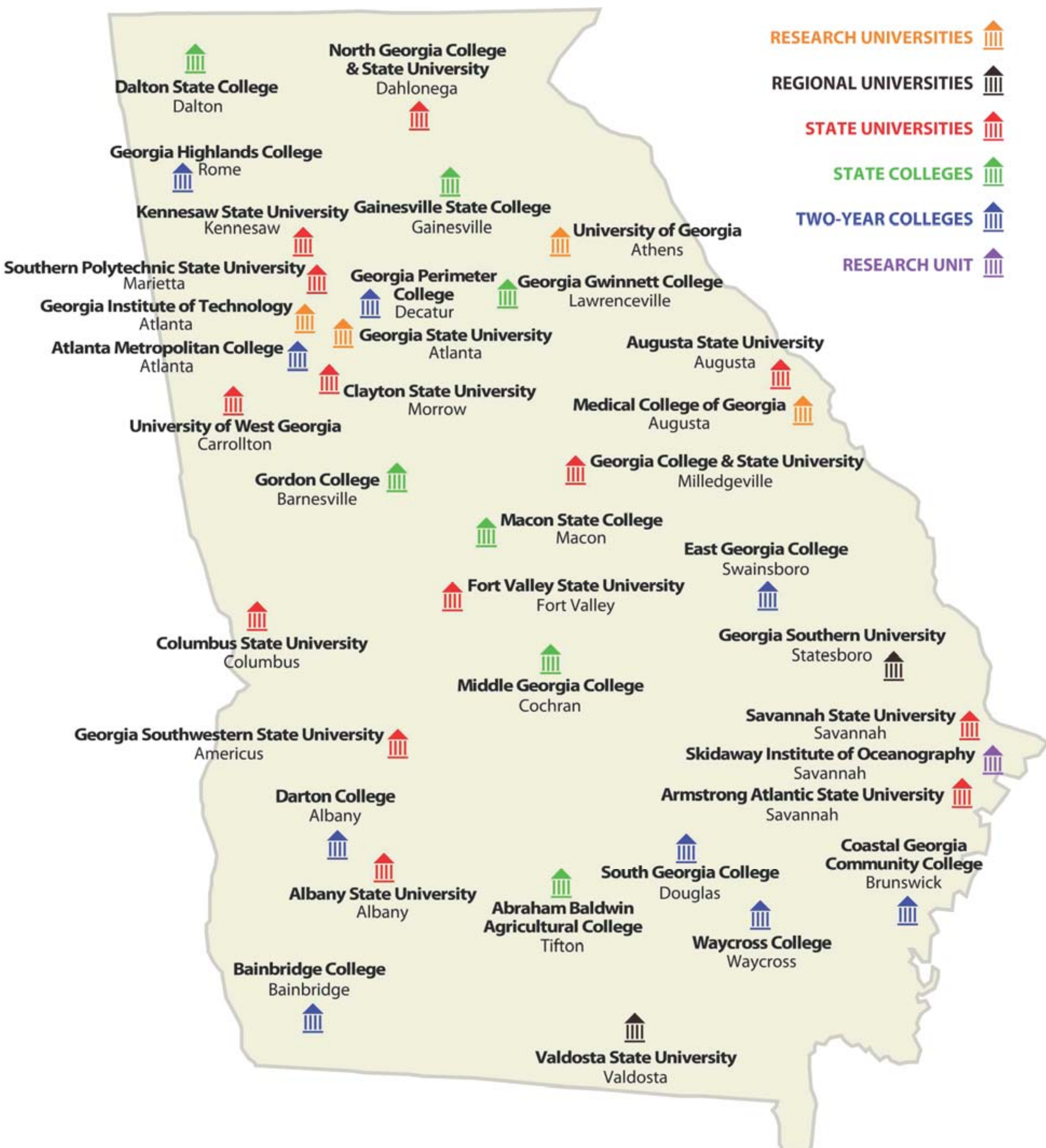
UNIVERSITY SYSTEM OF GEORGIA



Institutions of the University System of Georgia

RESEARCH UNIVERSITIES

Georgia Institute of Technology	Atlanta
Georgia State University	Atlanta
Medical College of Georgia	Augusta
University of Georgia	Athens

REGIONAL UNIVERSITIES

Georgia Southern University	Statesboro
Valdosta State University	Valdosta

STATE UNIVERSITIES

Albany State University	Albany
Armstrong Atlantic State University	Savannah
Augusta State University	Augusta
Clayton State University	Morrow
Columbus State University	Columbus
Fort Valley State University	Fort Valley
Georgia College & State University	Milledgeville
Georgia Southwestern State University	Americus
Kennesaw State University	Kennesaw
North Georgia College & State University	Dahlonega
Savannah State University	Savannah
Southern Polytechnic State University	Marietta
University of West Georgia	Carrollton

STATE COLLEGES

Abraham Baldwin Agricultural College	Tifton
Dalton State College	Dalton
Gainesville State College	Gainesville
Georgia Gwinnett College	Lawrenceville
Gordon College	Barnesville
Macon State College	Macon
Middle Georgia College	Cochran

TWO-YEAR COLLEGES

Atlanta Metropolitan College	Atlanta
Bainbridge College	Bainbridge
Coastal Georgia Community College	Brunswick
Darton College	Albany
East Georgia College	Swainsboro
Georgia Highlands College	Rome
Georgia Perimeter College	Decatur
South Georgia College	Douglas
Waycross College	Waycross

INDEPENDENT RESEARCH UNIT

Skidaway Institute of Oceanography	Savannah

STATE RESOURCES

The General Appropriations Act of 2008, as amended, provided a total of $2,121,723,333 to the University System of Georgia. In addition, House Bill 95 provided $20,337,799 from Tobacco funds. The amounts were as follows:

STATE APPROPRIATIONS AVAILABLE				
General Appropriations Act of 2008				
House Bill 95				
General State Funds			$2,115,477,060	
Tobacco funds			20,337,799	
House Bill 989				
General State Funds			6,246,273	
TOTAL STATE APPROPRIATIONS AVAILABLE				$2,142,061,132
ALLOCATIONS BY BOARD OF REGENTS				
Educational and General				
Teaching		$1,778,128,874		
Non-Teaching		148,342,948		
Tobacco funds		20,337,799		
Other Activities				
Regents Central Office	$15,893,146			
Information Technology	39,919,044			
Southern Regional Education Board	1,126,700			
Rental Payments - Georgia Military College	3,062,152			
Georgia Public Telecommunications Commission	18,069,614			
Public Libraries	40,329,496			
Research Consortium	35,995,015			
Total Other Activities		154,395,167		
Special Initiative Funding		40,856,344		
Total Educational and General			2,142,061,132	
TOTAL ALLOCATIONS BY BOARD OF REGENTS				$2,142,061,132

UNIVERSITY SYSTEM OF GEORGIA
Management's Discussion and Analysis

Introduction

The mission of the University System of Georgia is to contribute to the educational, cultural, economic, and social advancement of Georgia by providing excellent undergraduate general education and first-rate programs leading to associate, baccalaureate, masters, professional, and doctorate degrees; by pursuing leading-edge basic and applied research, scholarly inquiry, and creative endeavors; and by bringing these intellectual resources, and those of the public libraries, to bear on the economic development of the State and the continuing education of its citizens.

The 35 institutions in the University System were led by Chancellor Erroll B. Davis Jr. and the Board of Regents at June 30, 2008. The University System continues to thrive as shown by the following statistics:

	Faculty	Students-Headcount	Students-FTE
FY2008	11,422	270,022	235,186
FY2007	11,082	259,945	225,197
FY2006	9,721	253,552	218,617

Overview of the Financial Statements and Financial Analysis

The University System of Georgia is proud to present its consolidated financial statements for fiscal year 2008. These statements contain information from the 35 institutions of the University System of Georgia, the Skidaway Institute of Oceanography and the University System Office. Each institution has prepared a separate financial statement that is available on compact disc. The emphasis of discussions about these statements will be on current year data. There are three consolidated financial statements presented: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

This discussion and analysis of the University System's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal 2008 and 2007.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University System of Georgia as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the University System of Georgia. The Statement of Net

Assets presents end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current), and Net Assets (assets minus liabilities). The difference between current and non-current assets will be discussed in the footnotes to the financial statements.

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

Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the University System. Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the University System of Georgia's equity in property, plant and equipment owned by its institutions. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institutions within the University System, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institutions within the University System for any lawful purpose of the respective institution.

Statement of Net Assets, Condensed

	June 30, 2008	June 30, 2007
Assets:		
Current Assets	$1,334,933,811	$1,157,762,551
Capital Assets, net	5,920,017,303	5,150,217,912
Other Assets	176,728,715	179,777,799
Total Assets	7,431,679,829	6,487,758,262
Liabilities:		
Current Liabilities	655,536,059	579,979,308
Noncurrent Liabilities	1,987,806,542	1,253,090,173
Total Liabilities	2,643,342,601	1,833,069,481
Net Assets:		
Invested in Capital Assets, net of debt	4,126,684,597	3,948,707,929
Restricted - nonexpendable	125,317,526	127,857,042
Restricted - expendable	219,074,523	215,423,585
Capital Projects	74,083,927	53,667,781
Unrestricted	243,176,655	309,032,444
Total Net Assets	$4,788,337,228	$4,654,688,781

The total assets of the University System of Georgia increased by approximately $944 million. A review of the Statement of Net Assets will reveal that the increase was primarily due to an increase of $770 million in Capital Assets, net of accumulated depreciation and an increase of $177 million in Current Assets. The increase in Current Assets is primarily in the categories of cash and cash equivalents, receivables and prepaid items.

The total liabilities for the year increased by approximately $810 million. The primary components of this increase were increases of $594 million in lease purchase obligations and $158 million in the net other post-employment benefit (OPEB) obligation for fiscal 2008. The combination of the increase in total assets of $944 million and the increase in total liabilities of $810 million yielded a net increase in total net assets of $134 million, or 2.9%. The increase in total net assets is primarily in the category of Invested in Capital Assets, net of related debt in the amount of $178 million, which was partially offset by a decrease of ($66) million in the category of Unrestricted Net Assets.

Statement of Revenues, Expenses and Changes in Net Assets

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

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

	June 30, 2008	**June 30, 2007**
Operating Revenues	$3,049,941,627	$2,852,965,328
Operating Expenses	5,389,669,907	4,871,469,225
Operating Loss	(2,339,728,280)	(2,018,503,897)
Nonoperating Revenues and Expenses	2,230,646,042	2,069,761,573
Income (Loss) Before other revenues, expenses, gains or losses, and special items	(109,082,238)	51,257,676
Other revenues, expenses, gains, losses, and special items	233,818,068	222,159,611
Increase in Net Assets	124,735,830	273,417,287
Net Assets at beginning of year, as originally reported	4,654,688,781	4,376,286,986
Prior Year Adjustments	8,912,617	4,984,508
Net Assets at beginning of year, restated	4,663,601,398	4,381,271,494
Net Assets at End of Year	$4,788,337,228	$4,654,688,781

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

Revenue by Source
For the Years Ended June 30, 2008 and June 30, 2007

	June 30, 2008	June 30, 2007
Operating Revenue		
Tuition and Fees	$934,375,216	$839,004,413
Federal Appropriations	20,772,007	17,390,952
Grants and Contracts	1,368,747,533	1,298,338,449
Sales and Services	119,229,193	115,843,964
Auxiliary	561,069,162	500,905,604
Other	45,748,516	81,481,946
Total Operating Revenue	3,049,941,627	2,852,965,328
Nonoperating Revenue		
State Appropriations	2,140,048,441	1,931,813,311
Grants and Contracts	66,525,949	64,533,847
Gifts	71,774,059	63,500,857
Investment Income	41,187,570	59,319,097
Other	(1,650,061)	4,915,332
Total Nonoperating Revenue	2,317,885,958	2,124,082,444
Capital Gifts and Grants		
State	168,145,437	197,794,495
Other Capital Gifts and Grants	66,873,578	24,316,821
Total Capital Gifts and Grants	235,019,015	222,111,316
Special Items	(1,200,947)	48,295
Total Revenues	$5,601,645,653	$5,199,207,383

Expenses (By Functional Classification)
For the Years Ended June 30, 2008 and June 30, 2007

	June 30, 2008	June 30, 2007
Operating Expenses		
Instruction	$1,428,225,880	$1,243,360,766
Research	835,214,351	716,786,462
Public Service	435,850,379	405,219,847
Academic Support	415,271,645	359,378,722
Student Services	216,284,840	187,227,234
Institutional Support	736,655,685	734,087,541
Plant Operations and Maintenance	455,072,435	385,913,708
Scholarships and Fellowships	159,317,945	146,093,867
Auxiliary Enterprises	497,977,552	430,608,320
Unallocated Expenses	0	76,439,730
Patient Care (MCG only)	209,799,195	186,353,028
Total Operating Expenses	5,389,669,907	4,871,469,225
Nonoperating Expenses		
Interest Expense (Capital Assets)	87,239,916	54,320,871
Total Expenses	$5,476,909,823	$4,925,790,096

Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2008 and 2007, Condensed

	June 30, 2008	June 30, 2007
Cash Provided (used) By:		
Operating Activities	($1,911,843,784)	($1,711,860,614)
Non-capital Financing Activities	2,314,808,836	2,091,570,178
Capital and Related Financing Activities	(398,439,117)	(304,343,901)
Investing Activities	34,913,342	56,701,786
Net Change in Cash	39,439,277	132,067,449
Cash, Beginning of Year	725,211,273	593,143,824
Cash, End of Year	$764,650,550	$725,211,273

Capital Assets

The University System of Georgia had many significant capital asset additions and renovations during fiscal 2008 including the following:

Georgia Institute of Technology: The Institute had two significant capital additions in fiscal year 2008. The Electrical Sub Station was completed this year, resulting in an addition of $39.7 million. Also, the Institute acquired a complex of buildings collectively called “North Avenue Apartments” from Georgia State University for $74.5 million, which includes an adjacent parking facility.

Georgia State University: The University’s capital additions during fiscal 2008 included a $161.3 million dormitory complex, University Commons, which was acquired by capital lease, and $12.1 million for the Citizens Trust Building.

University of Georgia: The University had a significant capital asset addition in fiscal year 2008 provided by the University of Georgia Athletic Association, Inc. The new Coliseum Practice Facility was completed and placed into service early in fiscal year 2008 at a value of $29.5 million. This 120,000 square foot facility will provide substantial expansion of facilities for the men's and women's basketball teams and the women’s gymnastics team. In addition,

$25.3 million in capital assets were added in the category of Construction Work in Progress for the Lamar Dodd School of Art facility.

Columbus State University: The University's capital additions during fiscal 2008 included a $12.2 million gift of the Corn Center for the Visual Arts. In addition, capital assets of $50.7 million for student housing, $9.2 million for a parking facility, and $5.9 million for office space were acquired through capital lease.

Fort Valley State University: The University added Wildcat Commons residential housing in fiscal 2008 at $43.3 million. This capital asset was acquired through capital lease.

Kennesaw State University: The University had $36.0 million in capital asset additions in fiscal year 2008, of which $7.5 million was funded by the Georgia State Financing and Investment Commission (GSFIC), primarily for completion of the Performance Hall. The University also entered into three new capital leases with the Foundation. The leases added $17.2 million to capital assets for KSU Center and additional space in Chastain Pointe and Town Point.

Savannah State University: The University entered into a capital lease for University Village housing in the amount of $29.2 million in fiscal 2008.

Abraham Baldwin Agricultural College: The College added $52.2 million in capital assets for ABAC Place and Lakeside student housing complexes acquired through capital lease in fiscal 2008.

Georgia Gwinnett College: The College added $13.7 million in capital assets in fiscal 2008 for a parking deck that was funded through a capital lease.

Middle Georgia College: The addition of the Georgia Aviation & Technical College provided an increase in net capital assets of $17.1 million. The College also added $14.9 million in capital leases for two dormitories.

South Georgia College: The College acquired two buildings totaling $16.3 million during fiscal 2008 through capital leases: Tiger Village, which is a residence hall, and Clower Center, which is a Student Activities center.

Long-Term Debt and Liabilities

The University System of Georgia had Long-Term Debt and Liabilities of $2,123,725,903, excluding related party liabilities and deferred revenue, of which $145,622,461 was reflected as current liability at June 30, 2008.

For additional information concerning Long-Term Debt, see notes 1, 8 and 10 in the Notes to the Financial Statements.

Retiree Health Benefit Fund

In fiscal 2008, the University System Office became custodian of the Board of Regents Retiree Health Benefit Fund. This fund was authorized pursuant to Official Code of Georgia Annotated Section 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits. As a result, two fiduciary fund statements are presented immediately after the consolidated statements that were described above: the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets.

For additional information concerning the Retiree Health Benefit Fund, see notes 1 and 14 in the Notes to the Financial Statements.

Component Units

In compliance with GASB Statement No. 39, the University System of Georgia has included the financial statements and notes for all required component units for fiscal 2008. System-wide, 58 component units are discretely reported in this consolidated Annual Financial Report, representing 33 of the colleges and universities. Fourteen of the component units were deemed significant for reporting purposes to the State of Georgia and are also reported in the State Comprehensive Annual Financial Report (CAFR) for fiscal 2008.

The 58 component units had combined total assets of $7.1 billion and total liabilities of $3.8 billion at June 30, 2008. The assets included $3.0 billion in investments and $1.3 billion in capital assets. The liabilities included $3.2 billion in long-term liabilities. Details are available in Note 1, Summary of Significant Accounting Policies and Note 16, Component Units.

Economic Outlook

The University System of Georgia has had significant increases in state appropriations during the last three years, owing to enrollment growth, the recent creation of Georgia Gwinnett College as the 35th institution in the system, and the initiative to expand physician education in Georgia. For Fiscal year 2009 the state appropriated $2.3 billion for the institutions and other organized activities of the University System of Georgia. This represented an increase of 7.7% over fiscal year 2008 state appropriations. Additionally, the University System of Georgia received $296 million in general obligation bond funding for capital facilities for the University System institutions and related activities. The recent growth in enrollment has strengthened tuition revenues as well.

Enrollment in the system continues to grow at rates higher than originally expected for the time period, with a higher than anticipated increase in FTE student enrollment. With a solid base of state funding support, and the recent growth in appropriations and non-state revenues, the University System of Georgia remains financially sound. However, the recent downturn in the economy has affected state revenues, and consequently, the funding for the University System has been reduced by 6% and is expected to increase to 8%. Institutions are making every effort to protect the core mission of teaching, research and service, make cuts strategically, and further the goal of creating a more educated Georgia.

Usha Ramachandran
Vice Chancellor for Fiscal Affairs
University System of Georgia

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	University System of Georgia (Primary Government)
ASSETS	
Current Assets	
Cash and Cash Equivalents	$755,603,168
Short-term Investments	125,963,370
Accounts Receivable, net (note 3)	
Receivables - Federal Financial Assistance	63,173,734
Margin Allocation Funds	7,231,443
Receivables - Other	148,451,748
Due from Component Units	119,315,672
Inventories (note 4)	22,961,093
Prepaid Items	92,179,039
Other Assets	54,544
Total Current Assets	1,334,933,811
Noncurrent Assets	
Noncurrent Cash	9,047,382
Short-Term Investments (noncurrent portion)	4,150,007
Due from Component Units	1,649,017
Investments (including real estate)	113,861,528
Notes Receivable, net	48,020,781
Capital Assets, net (note 6)	5,920,017,303
Total Noncurrent Assets	6,096,746,018
TOTAL ASSETS	7,431,679,829
LIABILITIES	
Current Liabilities	
Accounts Payable	113,107,046
Salaries Payable	20,433,945
Benefits Payable	24,368,874
Contracts Payable	14,403,231
Deposits	26,854,846
Deferred Revenue (note 7)	215,595,548
Other Liabilities	6,730,899
Deposits Held for Other Organizations	84,486,875
Lease Purchase Obligations (current portion)	51,234,831
Compensated Absences (current portion)	94,032,405
US DOE Settlement (current portion)	216,830
Due to Component Units	3,932,334
Notes and Loans Payable (current portion)	138,395
Total Current Liabilities	655,536,059
Noncurrent Liabilities (note 8)	
Due to Primary Government	
Lease Purchase Obligations (noncurrent)	1,743,470,557
Deferred Revenue (noncurrent) and Other Noncurrent Liabilities	7,747,202
Compensated Absences (noncurrent)	73,554,472
Net OPEB Obligation (noncurrent) (note 14)	158,241,008
US DOE Settlement (noncurrent)	529,296
Due to Component Units	1,955,898
Notes and Loans Payable (noncurrent)	2,308,109
Total Noncurrent Liabilities	1,987,806,542
TOTAL LIABILITIES	2,643,342,601
NET ASSETS	
Invested in Capital Assets, net of related debt	4,126,684,597
Restricted for	
Nonexpendable	125,317,526
Expendable	219,074,523
Capital Projects	74,083,927
Unrestricted	243,176,655
TOTAL NET ASSETS	$4,788,337,228

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Georgia Tech Foundation, Inc.	Georgia Tech Athletic Association	Georgia Tech Research Corporation
ASSETS			
Current Assets			
Cash and Cash Equivalents	$7,442,000	$6,216,725	$57,657,833
Accounts Receivable, net			
Receivables - Other	3,033,880	1,993,168	30,615,886
Net Investment in Capital Leases	4,030,989		
Pledges Receivable		5,467,185	
Contributions Receivable	21,898,288		
Due From Primary Government			
Prepaid Items		604,767	43,231
Notes and Mortgages Receivable	1,234,948		
Other Assets			41,340,568
Total Current Assets	37,640,105	14,281,845	129,657,518
Noncurrent Assets			
Due from Component Units		80,058,950	
Investments (including real estate)	1,334,683,679		331,674
Net Investment in Capital Leases	163,860,101		
Contributions Receivable	44,368,897		
Pledges Receivable		8,074,285	
Capital Assets, net	37,667,491	95,504,970	1,618,331
Other Assets	27,559,637	2,111,114	
Total Noncurrent Assets	1,608,139,805	185,749,319	1,950,005
TOTAL ASSETS	1,645,779,910	200,031,164	131,607,523
LIABILITIES			
Current Liabilities			
Accounts Payable	9,499,237	3,668,533	2,302,375
Deposits		7,780,000	
Deferred Revenue	2,417,845	405,861	36,584,010
Other Liabilities	663,197	1,080,357	
Due to Primary Government			44,567,685
Compensated Absences (current portion)	264,073		
Revenue/Mortgage Bonds payable (current)	4,825,000	2,025,000	
Liabilities under Split-Interest Agreements (current)	1,953,062		
Due to Component Units	437,000		
Notes and Loans Payable (current portion)	61,536,874	27,978	
Total Current Liabilities	81,596,288	14,987,729	83,454,070
Noncurrent Liabilities			
Deferred Revenue (noncurrent)	40,894,155		
Revenue/Mortgage Bonds payable (noncurrent)	202,569,624	101,955,849	
Liabilities under Split Interest Agreements	13,095,498		
Other Long-Term Liabilities	10,939,238	2,414,872	
Due to Component Units	89,143,950		
Notes and Loans Payable (noncurrent)		907,778	
Total Noncurrent Liabilities	356,642,465	105,278,499	0
TOTAL LIABILITIES	438,238,753	120,266,228	83,454,070
NET ASSETS			
Invested in Capital Assets, net of related debt	(245,733)	(6,129,775)	1,618,331
Restricted for			
Nonexpendable	385,631,562	24,098,941	
Expendable	418,704,165	64,886,682	
Capital Projects	12,605,024		
Unrestricted	390,846,139	(3,090,912)	46,535,122
TOTAL NET ASSETS	$1,207,541,157	$79,764,936	$48,153,453

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Georgia Advanced Technology Ventures, Inc.	Georgia Tech Alumni Association	Georgia Tech Facilities, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$1,573,271	$184,643	$3,120,000
Short-term Investments			6,792,000
Accounts Receivable, net			
Receivables - Other	526,993	302,380	31,000
Due from Component Units			437,000
Net Investment in Capital Leases			12,691,000
Pledges Receivable	50,000		
Inventories		7,948	
Prepaid Items	12,322	54,406	5,674,000
Total Current Assets	2,162,586	549,377	28,745,000
Noncurrent Assets			
Noncurrent Cash	370,933		35,722,000
Due from Component Units			9,085,000
Investments (including real estate)	957,061		
Net Investment in Capital Leases			248,061,000
Pledges Receivable	745,443		
Capital Assets, net	114,277,597	448,621	2,617,000
Other Assets			8,415,000
Total Noncurrent Assets	116,351,034	448,621	303,900,000
TOTAL ASSETS	118,513,620	997,998	332,645,000
LIABILITIES			
Current Liabilities			
Accounts Payable	649,840	183,995	4,269,000
Contracts Payable			669,000
Deposits	641,225		
Deferred Revenue	3,420,567	310,000	800,000
Other Liabilities			2,422,000
Due to Primary Government	217,773	25,584	28,011,000
Lease Purchase Obligations (current portion)			2,179,000
Compensated Absences (current portion)		207,461	
Revenue/Mortgage Bonds payable (current)			5,723,000
Notes and Loans Payable (current portion)	1,678,898		
Total Current Liabilities	6,608,303	727,040	44,073,000
Noncurrent Liabilities			
Lease Purchase Obligations (noncurrent)	90,371,687		5,215,000
Deferred Revenue (noncurrent)			559,000
Revenue/Mortgage Bonds payable (noncurrent)			289,084,000
Notes and Loans Payable (noncurrent)	8,716,241		
Total Noncurrent Liabilities	99,087,928	0	294,858,000
TOTAL LIABILITIES	105,696,231	727,040	338,931,000
NET ASSETS			
Invested in Capital Assets, net of related debt	15,110,771	448,621	5,305,000
Restricted for			
Expendable	2,222,998		9,522,000
Unrestricted	(4,516,380)	(177,663)	(21,113,000)
TOTAL NET ASSETS	$12,817,389	$270,958	($6,286,000)

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Georgia State University Foundation, Inc.	**Georgia State University Research Foundation, Inc.**	**MCG Health, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$707,639	$96,241,998	$59,207,286
Short-term Investments			28,515,148
Accounts Receivable, net			
Receivables - Other	228,251	4,362,101	66,839,323
Due from Component Units	8,667		77,991
Net Investment in Capital Leases	2,912,018		
Pledges Receivable	4,692,227		
Contributions Receivable	87,050		
Due From Primary Government		617,605	327,412
Inventories			8,100,474
Prepaid Items	94,861	5,933,858	2,132,578
Total Current Assets	8,730,713	107,155,562	165,200,212
Noncurrent Assets			
Noncurrent Cash	338,026	1,928,092	488,374
Short-Term Investments (noncurrent portion)	29,826,142		105,104,372
Investments (including real estate)	136,542,949	4,099,891	94,108,364
Net Investment in Capital Leases	164,731,097		
Pledges Receivable	2,134,797		
Capital Assets, net	60,769,373	9,072,492	85,541,577
Other Assets	7,264,119	1,189,033	2,102,540
Total Noncurrent Assets	401,606,503	16,289,508	287,345,227
TOTAL ASSETS	410,337,216	123,445,070	452,545,439
LIABILITIES			
Current Liabilities			
Accounts Payable	4,669,063	2,696,580	29,861,946
Salaries Payable			3,955,191
Deferred Revenue		5,933,858	167,868
Other Liabilities	4,533,379		2,248,015
Deposits Held for Other Organizations	735,724		
Due to Primary Government	945,374	4,623,769	15,841,149
Lease Purchase Obligations (current portion)	759,993		
Compensated Absences (current portion)			11,872,637
Revenue/Mortgage Bonds payable (current)	11,515,000		
Liabilities under Split-Interest Agreements (current)	37,769		
Due to Component Units		8,667	270,108
Total Current Liabilities	23,196,302	13,262,874	64,216,914
Noncurrent Liabilities			
Lease Purchase Obligations (noncurrent)	8,240,033		
Deferred Revenue (noncurrent)	957,767		
Compensated Absences (noncurrent)	37,738		
Revenue/Mortgage Bonds payable (noncurrent)	237,197,747	91,090,710	135,000,000
Liabilities under Split Interest Agreements	214,591		
Other Long-Term Liabilities			6,744,043
Total Noncurrent Liabilities	246,647,876	91,090,710	141,744,043
TOTAL LIABILITIES	269,844,178	104,353,584	205,960,957
NET ASSETS			
Invested in Capital Assets, net of related debt	6,293,093	8,585,212	55,366,882
Restricted for			
Nonexpendable	74,178,687	2,000,000	20,000
Expendable	45,185,029	890,010	468,374
Unrestricted	14,836,229	7,616,264	190,729,226
TOTAL NET ASSETS	$140,493,038	$19,091,486	$246,584,482

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Medical College of Georgia Foundation, Inc.	**Medical College of Georgia PPG Foundation**	**Medical College of Georgia Research Institute, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$14,999,787	$27,478,631	$6,341,506
Short-term Investments	1,107,082	24,908,399	
Accounts Receivable, net			
Receivables - Other		546,827	4,358,499
Due from Component Units		270,108	
Net Investment in Capital Leases		344,393	
Due From Primary Government		153,341	
Prepaid Items	4,779		
Notes and Mortgages Receivable	190,431		
Other Assets	19,864		
Total Current Assets	16,321,943	53,701,699	10,700,005
Noncurrent Assets			
Noncurrent Cash		452,539	
Investments (including real estate)	129,016,200	17,829,823	
Notes Receivable, net	122,724		
Net Investment in Capital Leases		26,597,213	
Capital Assets, net	1,624,036	5,943,517	10,993
Other Assets	362,838	1,253,712	
Total Noncurrent Assets	131,125,798	52,076,804	10,993
TOTAL ASSETS	147,447,741	105,778,503	10,710,998
LIABILITIES			
Current Liabilities			
Accounts Payable		1,999,546	
Deposits		1,198,900	
Deferred Revenue			7,500
Other Liabilities			14,263
Due to Primary Government		2,731,585	4,652,056
Due to Component Units		77,991	
Notes and Loans Payable (current portion)		685,000	
Total Current Liabilities	0	6,693,022	4,673,819
Noncurrent Liabilities			
Liabilities under Split Interest Agreements	2,268,972		
Other Long-Term Liabilities		452,539	
Notes and Loans Payable (noncurrent)		31,320,854	
Total Noncurrent Liabilities	2,268,972	31,773,393	0
TOTAL LIABILITIES	2,268,972	38,466,415	4,673,819
NET ASSETS			
Invested in Capital Assets, net of related debt	1,624,036	5,943,517	10,993
Restricted for			
Nonexpendable	114,174,486		
Expendable	17,513,255		106,278
Unrestricted	11,866,992	61,368,571	5,919,908
TOTAL NET ASSETS	$145,178,769	$67,312,088	$6,037,179

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Medical College of Georgia Dental Foundation	**University of Georgia Foundation**	**University of Georgia Athletic Association, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$141,298	$1,406,499	$86,132,121
Short-term Investments		39,664,777	
Accounts Receivable, net			
Receivables - Other	18,952	2,988,077	1,225,830
Due from Component Units			2,839,534
Contributions Receivable		7,206,817	
Due From Primary Government	957,138		
Prepaid Items	175,108	78,417	203,670
Total Current Assets	1,292,496	51,344,587	90,401,155
Noncurrent Assets			
Noncurrent Cash			3,114,876
Short-Term Investments (noncurrent portion)	503,569		
Investments (including real estate)	2,965,744	566,387,353	
Notes Receivable, net		57,115	
Contributions Receivable		12,970,206	
Capital Assets, net		13,999,293	185,280,206
Other Assets		1,688,239	1,265,215
Total Noncurrent Assets	3,469,313	595,102,206	189,660,297
TOTAL ASSETS	4,761,809	646,446,793	280,061,452
LIABILITIES			
Current Liabilities			
Accounts Payable	8,558	836,070	6,043,391
Deferred Revenue	458,040		18,513,850
Other Liabilities		686,085	
Deposits Held for Other Organizations		785,774	
Due to Primary Government	3,934,182	847,156	1,946,359
Revenue/Mortgage Bonds payable (current)			2,140,000
Due to Component Units		2,839,534	500,000
Notes and Loans Payable (current portion)		126,617	
Total Current Liabilities	4,400,780	6,121,236	29,143,600
Noncurrent Liabilities			
Due to Primary Government			1,649,017
Revenue/Mortgage Bonds payable (noncurrent)			93,330,000
Liabilities under Split Interest Agreements		12,341,775	
Other Long-Term Liabilities			1,265,215
Due to Component Units			470,588
Notes and Loans Payable (noncurrent)		6,996,749	
Total Noncurrent Liabilities	0	19,338,524	96,714,820
TOTAL LIABILITIES	4,400,780	25,459,760	125,858,420
NET ASSETS			
Invested in Capital Assets, net of related debt		6,875,927	90,922,049
Restricted for			
Nonexpendable		294,075,724	
Expendable	88,225	293,560,214	
Unrestricted	272,804	26,475,168	63,280,983
TOTAL NET ASSETS	$361,029	$620,987,033	$154,203,032

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Arch Foundation for the University of Georgia, Inc.	**University of Georgia Research Foundation, Inc.**	**Georgia Southern University Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$25,694,119	$22,371,760	$153,630
Short-term Investments			39,796,167
Accounts Receivable, net			
Receivables - Other	1,428,776	19,811,476	34,378
Due from Component Units	500,000		
Net Investment in Capital Leases		2,239,791	
Pledges Receivable	11,357,558		
Contributions Receivable			1,138,733
Due From Primary Government		554,694	
Prepaid Items		518,162	
Other Assets		12,377,600	
Total Current Assets	38,980,453	57,873,483	41,122,908
Noncurrent Assets			
Noncurrent Cash		46,127,862	
Due from Component Units	470,588		
Due from Primary Government		1,955,898	
Investments (including real estate)	30,296,001	52,301,523	1,314,719
Net Investment in Capital Leases		154,377,287	
Contributions Receivable			3,282,305
Pledges Receivable	11,057,819		
Capital Assets, net		52,636,173	418,082
Other Assets		5,995,912	117,821
Total Noncurrent Assets	41,824,408	313,394,655	5,132,927
TOTAL ASSETS	80,804,861	371,268,138	46,255,835
LIABILITIES			
Current Liabilities			
Accounts Payable	1,086,727	18,138,668	58,041
Contracts Payable		5,049,038	
Deposits		12,305,725	
Deferred Revenue	345,560	5,209,442	50,000
Deposits Held for Other Organizations			20,586
Due to Primary Government	333,666	17,517,774	
Compensated Absences (current portion)		28,264	
Revenue/Mortgage Bonds payable (current)		3,595,000	
Due to Component Units			418,368
Total Current Liabilities	1,765,953	61,843,911	546,995
Noncurrent Liabilities			
Deferred Revenue (noncurrent)		1,699,635	
Revenue/Mortgage Bonds payable (noncurrent)		224,582,541	
Liabilities under Split Interest Agreements			140,764
Notes and Loans Payable (noncurrent)		18,226,887	
Total Noncurrent Liabilities	0	244,509,063	140,764
TOTAL LIABILITIES	1,765,953	306,352,974	687,759
NET ASSETS			
Invested in Capital Assets, net of related debt		8,351,397	418,082
Restricted for			
Nonexpendable	31,108,337		28,944,692
Expendable	46,529,570	2,411,877	13,496,937
Unrestricted	1,401,001	54,151,890	2,708,365
TOTAL NET ASSETS	$79,038,908	$64,915,164	$45,568,076

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Georgia Southern University Housing Foundation, Inc.	**(Georgia Southern University) Southern Boosters, Inc.**	**Georgia Southern University Research and Service Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$2,256,088	$1,111,527	$1,645,699
Short-term Investments		509,836	
Accounts Receivable, net			
Receivables - Other	12,842	38,000	1,011,426
Due from Component Units	418,368		
Net Investment in Capital Leases	2,865,009		
Contributions Receivable		590,665	
Due From Primary Government			44,457
Prepaid Items	443,116		131,453
Total Current Assets	5,995,423	2,250,028	2,833,035
Noncurrent Assets			
Noncurrent Cash	66,397,407		
Net Investment in Capital Leases	99,973,406		
Receivables Other	100,000		
Contributions Receivable		431,070	
Capital Assets, net	17,917,378	1,649,282	
Other Assets	296,253		
Total Noncurrent Assets	184,684,444	2,080,352	0
TOTAL ASSETS	190,679,867	4,330,380	2,833,035
LIABILITIES			
Current Liabilities			
Accounts Payable	3,045,152	46,735	7,373
Contracts Payable	826,061		
Deferred Revenue	80,468	93,350	1,121,876
Deposits Held for Other Organizations			276,357
Due to Primary Government	42,120		957,741
Revenue/Mortgage Bonds payable (current)	2,800,000		
Notes and Loans Payable (current portion)		383,102	
Total Current Liabilities	6,793,801	523,187	2,363,347
Noncurrent Liabilities			
Deferred Revenue (noncurrent)	1,776,985		
Revenue/Mortgage Bonds payable (noncurrent)	176,896,654		
Notes and Loans Payable (noncurrent)		170,871	
Total Noncurrent Liabilities	178,673,639	170,871	0
TOTAL LIABILITIES	185,467,440	694,058	2,363,347
NET ASSETS			
Invested in Capital Assets, net of related debt	7,752,799	1,289,825	
Restricted for			
Expendable	5,820,075	2,098,094	
Unrestricted	(8,360,447)	248,403	469,688
TOTAL NET ASSETS	$5,212,427	$3,636,322	$469,688

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Valdosta State University Foundation, Inc.	**VSU Auxiliary Services Real Estate Foundation, Inc.**	**Albany State University Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$2,493,437	$0	$7,373
Short-term Investments	12,438		
Accounts Receivable, net			
Receivables - Other	366	166,286	21,676
Pledges Receivable	95,328		
Due From Primary Government	9,216		
Prepaid Items	24,859		
Total Current Assets	2,635,644	166,286	29,049
Noncurrent Assets			
Noncurrent Cash	14,000,186	74,894,200	639,398
Short-Term Investments (noncurrent portion)			5,158,082
Investments (including real estate)	21,132,309		2,330,691
Notes Receivable, net	124,923		
Capital Assets, net	34,084,765	9,607,301	35,408,443
Other Assets	1,185,332	1,848,556	1,114,075
Total Noncurrent Assets	70,527,515	86,350,057	44,650,689
TOTAL ASSETS	73,163,159	86,516,343	44,679,738
LIABILITIES			
Current Liabilities			
Accounts Payable	649,866	2,086,627	856,044
Other Liabilities	220,776		
Deposits Held for Other Organizations	111,565		
Due to Primary Government	104,848		
Lease Purchase Obligations (current portion)	5,472		
Revenue/Mortgage Bonds payable (current)	1,049,705		225,000
Notes and Loans Payable (current portion)	787,816		2,222,835
Total Current Liabilities	2,930,048	2,086,627	3,303,879
Noncurrent Liabilities			
Lease Purchase Obligations (noncurrent)	8,008		
Revenue/Mortgage Bonds payable (noncurrent)	42,485,736	84,429,716	34,706,747
Liabilities under Split Interest Agreements	389,011		
Other Long-Term Liabilities	6,891		435,025
Notes and Loans Payable (noncurrent)	82,485		
Total Noncurrent Liabilities	42,972,131	84,429,716	35,141,772
TOTAL LIABILITIES	45,902,179	86,516,343	38,445,651
NET ASSETS			
Invested in Capital Assets, net of related debt	5,531,367	1,920,341	(417,409)
Restricted for			
Nonexpendable	19,171,160		
Expendable	662,857		2,451,152
Capital Projects	1,842,993		
Unrestricted	52,603	(1,920,341)	4,200,344
TOTAL NET ASSETS	$27,260,980	$0	$6,234,087

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Armstrong Atlantic State University Foundation, Inc.	**AASU Educational Properties Foundation, Inc.**	**Augusta State University Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$1,130,892	$617,310	$2,036,618
Short-term Investments			987,332
Accounts Receivable, net			
Receivables - Other	17,288	37,077	154,647
Net Investment in Capital Leases			277,643
Pledges Receivable			2,077,276
Contributions Receivable	57,399		
Prepaid Items		3,032	
Notes and Mortgages Receivable			426,000
Total Current Assets	1,205,579	657,419	5,959,516
Noncurrent Assets			
Noncurrent Cash		5,210,909	4,849,252
Investments (including real estate)	6,581,648		16,059,124
Notes Receivable, net			1,118,695
Net Investment in Capital Leases			31,896,704
Pledges Receivable			1,228,622
Capital Assets, net		33,768,769	
Other Assets		1,433,588	840,722
Total Noncurrent Assets	6,581,648	40,413,266	55,993,119
TOTAL ASSETS	7,787,227	41,070,685	61,952,635
LIABILITIES			
Current Liabilities			
Accounts Payable	15,000	944,935	670,572
Deposits		15,278	
Deferred Revenue		328,906	3,485
Due to Primary Government			1,649
Revenue/Mortgage Bonds payable (current)		970,000	260,000
Notes and Loans Payable (current portion)		26,778	142,000
Total Current Liabilities	15,000	2,285,897	1,077,706
Noncurrent Liabilities			
Revenue/Mortgage Bonds payable (noncurrent)		40,894,177	30,237,677
Notes and Loans Payable (noncurrent)		564,364	1,117,883
Total Noncurrent Liabilities	0	41,458,541	31,355,560
TOTAL LIABILITIES	15,000	43,744,438	32,433,266
NET ASSETS			
Invested in Capital Assets, net of related debt		(2,118,040)	
Restricted for			
Nonexpendable	4,449,936		19,418,749
Expendable	3,086,659		6,723,453
Unrestricted	235,632	(555,713)	3,377,167
TOTAL NET ASSETS	$7,772,227	($2,673,753)	$29,519,369

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Augusta State University Athletic Association	**(Clayton State University) Walter & Emilie Spivey Foundation**	**Clayton State University Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$353,192	$117,729	$507,540
Short-term Investments			178,574
Accounts Receivable, net			
Receivables - Other	7,693		
Pledges Receivable			57,928
Prepaid Items	4,245		1,714
Total Current Assets	365,130	117,729	745,756
Noncurrent Assets			
Noncurrent Cash			14,337,790
Investments (including real estate)		7,596,971	4,548,572
Notes Receivable, net		15,405	
Capital Assets, net	1,791,647	144,497	27,638,585
Other Assets			2,221,453
Total Noncurrent Assets	1,791,647	7,756,873	48,746,400
TOTAL ASSETS	2,156,777	7,874,602	49,492,156
LIABILITIES			
Current Liabilities			
Accounts Payable	211,547		129,085
Salaries Payable	8,772		
Contracts Payable			1,521,940
Deferred Revenue	18,257		
Lease Purchase Obligations (current portion)	18,249		
Notes and Loans Payable (current portion)	435,918		
Total Current Liabilities	692,743	0	1,651,025
Noncurrent Liabilities			
Lease Purchase Obligations (noncurrent)	21,862		
Revenue/Mortgage Bonds payable (noncurrent)			42,650,230
Notes and Loans Payable (noncurrent)	1,121,187		
Total Noncurrent Liabilities	1,143,049	0	42,650,230
TOTAL LIABILITIES	1,835,792	0	44,301,255
NET ASSETS			
Invested in Capital Assets, net of related debt	194,431	144,497	1,527,889
Restricted for			
Nonexpendable			1,727,627
Expendable	50,799		3,404,990
Unrestricted	75,755	7,730,105	(1,469,605)
TOTAL NET ASSETS	$320,985	$7,874,602	$5,190,901

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Columbus State University Foundation, Inc.	(Columbus State University) Foundation Properties, Inc.	Columbus State University Athletic Fund, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$0	$734,833	$134,959
Accounts Receivable, net			
Receivables - Other	13,748	429,798	90,344
Due from Component Units	761,236	56,682	100
Pledges Receivable	5,285,805		23,867
Due From Primary Government			2,500
Inventories			2,130
Prepaid Items	41,571	303,250	3,350
Other Assets	150,931	2,119	
Total Current Assets	6,253,291	1,526,682	257,250
Noncurrent Assets			
Noncurrent Cash	7,570,603	1,667,691	314,344
Due from Component Units	288,849	4,065,602	
Investments (including real estate)	35,385,669	2,194,353	1,380,902
Pledges Receivable	9,484,025		22,327
Capital Assets, net		120,895,490	
Other Assets		1,793,421	
Total Noncurrent Assets	52,729,146	130,616,557	1,717,573
TOTAL ASSETS	58,982,437	132,143,239	1,974,823
LIABILITIES			
Current Liabilities			
Accounts Payable	485,644	1,883,148	60,206
Deposits		116,187	
Deferred Revenue	1,021		27,419
Other Liabilities	333,000	2,190,878	
Due to Primary Government	279,175	29,835,936	243,021
Revenue/Mortgage Bonds payable (current)		1,469,916	
Liabilities under Split-Interest Agreements (current)	116,317		
Due to Component Units	41,485	695,922	121,996
Notes and Loans Payable (current portion)		3,974,296	
Total Current Liabilities	1,256,642	40,166,283	452,642
Noncurrent Liabilities			
Revenue/Mortgage Bonds payable (noncurrent)		74,985,084	
Liabilities under Split Interest Agreements	1,239,023		
Other Long-Term Liabilities	303,099		
Due to Component Units	4,065,602		288,849
Notes and Loans Payable (noncurrent)		242,874	
Total Noncurrent Liabilities	5,607,724	75,227,958	288,849
TOTAL LIABILITIES	6,864,366	115,394,241	741,491
NET ASSETS			
Invested in Capital Assets, net of related debt		46,839,128	
Restricted for			
Nonexpendable	26,029,589		1,338,572
Expendable	22,317,198		394,094
Unrestricted	3,771,284	(30,090,130)	(499,334)
TOTAL NET ASSETS	$52,118,071	$16,748,998	$1,233,332

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Columbus State University Alumni Association, Inc.	**Fort Valley State University Foundation, Inc.**	**Georgia College & State University Alumni Association, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$45,475	$1,159,103	$282,185
Short-term Investments	8,484	892,193	
Accounts Receivable, net			
Receivables - Other	564		
Due from Component Units	41,385		
Net Investment in Capital Leases		1,825,855	
Pledges Receivable	595		50
Contributions Receivable		66,551	
Inventories			8,111
Prepaid Items			1,748
Notes and Mortgages Receivable		169,733	
Total Current Assets	96,503	4,113,435	292,094
Noncurrent Assets			
Noncurrent Cash	47,582	21,520,371	
Investments (including real estate)	132,219	4,670,143	5,554,822
Notes Receivable, net		388,375	
Net Investment in Capital Leases		34,241,535	
Contributions Receivable		168,979	
Capital Assets, net	2,484	3,299,063	82,013
Other Assets		2,048,243	4,500
Total Noncurrent Assets	182,285	66,336,709	5,641,335
TOTAL ASSETS	278,788	70,450,144	5,933,429
LIABILITIES			
Current Liabilities			
Accounts Payable	7,320	193,591	679
Contracts Payable		924,664	
Due to Primary Government	654	46,212	23,803
Revenue/Mortgage Bonds payable (current)		70,000	
Notes and Loans Payable (current portion)		181,876	
Total Current Liabilities	7,974	1,416,343	24,482
Noncurrent Liabilities			
Deferred Revenue (noncurrent)	4,940		
Revenue/Mortgage Bonds payable (noncurrent)		61,420,930	
Notes and Loans Payable (noncurrent)		1,360,374	
Total Noncurrent Liabilities	4,940	62,781,304	0
TOTAL LIABILITIES	12,914	64,197,647	24,482
NET ASSETS			
Invested in Capital Assets, net of related debt	2,484	1,269,043	82,013
Restricted for			
Nonexpendable	64,723	3,051,293	4,301,680
Expendable		2,503,744	1,496,038
Unrestricted	198,667	(571,583)	29,216
TOTAL NET ASSETS	$265,874	$6,252,497	$5,908,947

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Georgia College & State University Foundation, Inc.	Georgia Southwestern Foundation, Inc.	Kennesaw State University Foundation, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$1,640,970	$1,438,141	$2,612,444
Short-term Investments		2,045,953	
Accounts Receivable, net (note 3)			
Receivables - Other	23,950	3,795	661,227
Net Investment in Capital Leases	2,883,001		6,019,575
Pledges Receivable	277,968	338,380	777,528
Due From Primary Government	107,582		217,288
Prepaid Items	12,765		958,831
Other Assets			270,430
Total Current Assets	4,946,236	3,826,269	11,517,323
Noncurrent Assets			
Noncurrent Cash	14,680,313	2,547,016	51,218,068
Investments (including real estate)	14,799,068	22,577,517	25,506,264
Net Investment in Capital Leases	75,741,290		99,666,222
Pledges Receivable		253,658	1,437,637
Capital Assets, net (note 6)	6,095,260	21,579,342	153,939,088
Other Assets	2,349,799	737,764	8,953,066
Total Noncurrent Assets	113,665,730	47,695,297	340,720,345
TOTAL ASSETS	118,611,966	51,521,566	352,237,668
LIABILITIES			
Current Liabilities			
Accounts Payable	1,874,866	106,176	7,262,970
Contracts Payable		17,370	5,311,626
Deposits			62,686
Deferred Revenue (note 7)			4,838,910
Other Liabilities	6,615,540		548,548
Deposits Held for Other Organizations		13,967	
Due to Primary Government	10,808		1,094,179
Revenue/Mortgage Bonds payable (current)	455,000	65,000	4,400,000
Liabilities under Split-Interest Agreements (current)			20,012
Notes and Loans Payable (current portion)			561,294
Total Current Liabilities	8,956,214	202,513	24,100,225
Noncurrent Liabilities (note 8)			
Deferred Revenue (noncurrent)			41,821,741
Revenue/Mortgage Bonds payable (noncurrent)	108,731,177	26,914,894	265,999,213
Liabilities under Split Interest Agreements	40,910		183,860
Notes and Loans Payable (noncurrent)	2,666,282		
Total Noncurrent Liabilities	111,438,369	26,914,894	308,004,814
TOTAL LIABILITIES	120,394,583	27,117,407	332,105,039
NET ASSETS			
Invested in Capital Assets, net of related debt	(10,150,484)	(2,196,027)	2,886,803
Restricted for			
Nonexpendable	10,244,861	10,003,178	17,675,053
Expendable	2,671,542	4,420,620	6,041,295
Unrestricted	(4,548,536)	12,176,388	(6,470,522)
TOTAL NET ASSETS	($1,782,617)	$24,404,159	$20,132,629

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	North Georgia College & State University Foundation, Inc.	**Savannah State University Foundation, Inc.**	**Southern Polytechnic State University Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$80,328	$375,634	$628,725
Short-term Investments		157,567	
Accounts Receivable, net			
Receivables - Other	83,004	164,012	
Net Investment in Capital Leases	312,268	1,478,371	1,259,000
Pledges Receivable			92,633
Contributions Receivable		40,000	
Due From Primary Government	103,755		934,818
Prepaid Items	28,269	152,473	3,705
Total Current Assets	607,624	2,368,057	2,918,881
Noncurrent Assets			
Noncurrent Cash	16,430,389	8,103,823	
Short-Term Investments (noncurrent portion)			4,227,567
Investments (including real estate)	29,168,600		3,831,343
Net Investment in Capital Leases	17,456,356	27,677,084	28,621,786
Contributions Receivable		40,000	
Pledges Receivable	157,035		132,280
Capital Assets, net	20,894,497	16,672,472	
Other Assets	997,882	1,186,153	465,203
Total Noncurrent Assets	85,104,759	53,679,532	37,278,179
TOTAL ASSETS	85,712,383	56,047,589	40,197,060
LIABILITIES			
Current Liabilities			
Accounts Payable	3,804,130	1,658,494	479,673
Deferred Revenue	765,986		
Other Liabilities		3,853,970	
Due to Primary Government	567,064		
Revenue/Mortgage Bonds payable (current)	590,000	110,000	970,000
Notes and Loans Payable (current portion)	338,769		
Total Current Liabilities	6,065,949	5,622,464	1,449,673
Noncurrent Liabilities			
Deferred Revenue (noncurrent)	6,977,216		
Revenue/Mortgage Bonds payable (noncurrent)	45,995,003	49,110,000	32,463,128
Liabilities under Split Interest Agreements	25,212		
Other Long-Term Liabilities			542,110
Total Noncurrent Liabilities	52,997,431	49,110,000	33,005,238
TOTAL LIABILITIES	59,063,380	54,732,464	34,454,911
NET ASSETS			
Invested in Capital Assets, net of related debt	9,445,969	5,897,903	
Restricted for			
Nonexpendable	23,570,370		2,164,844
Expendable	4,627,000		1,813,524
Unrestricted	(10,994,336)	(4,582,778)	1,763,781
TOTAL NET ASSETS	$26,649,003	$1,315,125	$5,742,149

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	University of West Georgia Foundation, Inc.	**UWG Real Estate Foundation, Inc.**	**Abraham Baldwin Agricultural College Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$2,990,199	$4,093,756	$2,548,994
Short-term Investments	5,740,457		
Accounts Receivable, net			
Receivables - Other	75,340	12,819	147,713
Net Investment in Capital Leases	827,991	320,513	
Pledges Receivable	1,370,930		414,499
Due From Primary Government	14,078		857
Prepaid Items			3,271
Total Current Assets	11,018,995	4,427,088	3,115,334
Noncurrent Assets			
Noncurrent Cash			7,277,248
Investments (including real estate)	17,110,496		9,127,123
Net Investment in Capital Leases	31,406,687	29,785,575	
Pledges Receivable	1,333,836		426,803
Capital Assets, net	6,411,074	17,700	40,978,068
Other Assets	1,052,986	731,653	2,088,066
Total Noncurrent Assets	57,315,079	30,534,928	59,897,308
TOTAL ASSETS	68,334,074	34,962,016	63,012,642
LIABILITIES			
Current Liabilities			
Accounts Payable	509,549	584,432	817,834
Contracts Payable	220,908		
Deferred Revenue			6,135
Due to Primary Government			152,109
Revenue/Mortgage Bonds payable (current)	870,000	390,000	925,000
Notes and Loans Payable (current portion)	5,303,552		141,908
Total Current Liabilities	6,904,009	974,432	2,042,986
Noncurrent Liabilities			
Deferred Revenue (noncurrent)		2,119,134	
Revenue/Mortgage Bonds payable (noncurrent)	31,479,438	30,165,424	46,483,517
Liabilities under Split Interest Agreements	64,419		
Notes and Loans Payable (noncurrent)	1,180,031		1,032,081
Total Noncurrent Liabilities	32,723,888	32,284,558	47,515,598
TOTAL LIABILITIES	39,627,897	33,258,990	49,558,584
NET ASSETS			
Invested in Capital Assets, net of related debt	709,656	300,017	1,806,376
Restricted for			
Nonexpendable	10,350,061		7,511,572
Expendable	17,847,544		2,285,102
Unrestricted	(201,084)	1,403,009	1,851,008
TOTAL NET ASSETS	$28,706,177	$1,703,026	$13,454,058

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Dalton State College Foundation, Inc.	**Gainesville State College Foundation, Inc.**	**Gordon College Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$1,040,606	$0	$242,805
Accounts Receivable, net			
Receivables - Other	12,724	12,185	
Pledges Receivable	1,687,533	31,976	
Prepaid Items	196,141		
Total Current Assets	2,937,004	44,161	242,805
Noncurrent Assets			
Noncurrent Cash		1,138,598	13,816,183
Short-Term Investments (noncurrent portion)			5,505,394
Investments (including real estate)	14,556,340	11,488,191	2,753,609
Pledges Receivable	9,947,051	228,377	
Capital Assets, net	4,802,630	8,400	20,620,191
Other Assets	30,217		1,213,922
Total Noncurrent Assets	29,336,238	12,863,566	43,909,299
TOTAL ASSETS	32,273,242	12,907,727	44,152,104
LIABILITIES			
Current Liabilities			
Accounts Payable	60,423	86,440	319,355
Deposits	17,012		
Due to Primary Government	8,533		
Revenue/Mortgage Bonds payable (current)			415,000
Liabilities under Split-Interest Agreements (current)	17,190		7,987
Notes and Loans Payable (current portion)	50,833		193,642
Total Current Liabilities	153,991	86,440	935,984
Noncurrent Liabilities			
Revenue/Mortgage Bonds payable (noncurrent)			33,815,190
Liabilities under Split Interest Agreements	146,411		41,688
Notes and Loans Payable (noncurrent)	2,326,395		1,853,300
Total Noncurrent Liabilities	2,472,806	0	35,710,178
TOTAL LIABILITIES	2,626,797	86,440	36,646,162
NET ASSETS			
Invested in Capital Assets, net of related debt	2,425,402	8,400	(1,665,988)
Restricted for			
Nonexpendable	9,339,531	3,385,860	1,971,598
Expendable	2,194,325	7,720,098	204,398
Unrestricted	15,687,187	1,706,929	6,995,934
TOTAL NET ASSETS	$29,646,445	$12,821,287	$7,505,942

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Macon State College Foundation, Inc.	**Middle Georgia College Foundation, Inc.**	**Bainbridge College Foundation**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$496,453	$210,580	$123,671
Short-term Investments		300,000	109,733
Accounts Receivable, net			
Receivables - Other	2,159	16,150	
Pledges Receivable	106,198		
Total Current Assets	604,810	526,730	233,404
Noncurrent Assets			
Noncurrent Cash	285,734	32,337,408	
Investments (including real estate)	7,124,443	857,518	
Net Investment in Capital Leases		26,258,632	
Pledges Receivable	81,774		
Capital Assets, net		9,548,829	
Other Assets	32,054	1,829,318	
Total Noncurrent Assets	7,524,005	70,831,705	0
TOTAL ASSETS	8,128,815	71,358,435	233,404
LIABILITIES			
Current Liabilities			
Accounts Payable	121,097	3,381,700	
Due to Primary Government		20,420	44,231
Notes and Loans Payable (current portion)	226,061		
Total Current Liabilities	347,158	3,402,120	44,231
Noncurrent Liabilities			
Revenue/Mortgage Bonds payable (noncurrent)		63,190,000	
Total Noncurrent Liabilities	0	63,190,000	0
TOTAL LIABILITIES	347,158	66,592,120	44,231
NET ASSETS			
Invested in Capital Assets, net of related debt		6,784,187	
Restricted for			
Nonexpendable	6,294,127	799,955	109,733
Expendable	915,221	569,042	79,440
Unrestricted	572,309	(3,386,869)	
TOTAL NET ASSETS	$7,781,657	$4,766,315	$189,173

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units		
	Coastal Georgia Community College Foundation, Inc.	**Darton College Foundation, Inc.**	**East Georgia College Foundation, Inc.**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$1,295,625	$269,459	$129,725
Short-term Investments	7,487,181	250,031	
Accounts Receivable, net			
Receivables - Other		18,506	727
Pledges Receivable		168,579	28,150
Contributions Receivable	177,585		
Prepaid Items		491	
Total Current Assets	8,960,391	707,066	158,602
Noncurrent Assets			
Short-Term Investments (noncurrent portion)		136,982	
Investments (including real estate)		990,096	943,936
Pledges Receivable		61,988	
Capital Assets, net		796,010	175,965
Other Assets			123,957
Total Noncurrent Assets	0	1,985,076	1,243,858
TOTAL ASSETS	8,960,391	2,692,142	1,402,460
LIABILITIES			
Current Liabilities			
Due to Primary Government			1,688
Total Current Liabilities	0	0	1,688
Noncurrent Liabilities			
Total Noncurrent Liabilities	0	0	0
TOTAL LIABILITIES	0	0	1,688
NET ASSETS			
Invested in Capital Assets, net of related debt		796,010	175,965
Restricted for			
Nonexpendable	4,284,665	991,802	
Expendable	1,396,360	610,669	1,059,658
Capital Projects	894,819	230,667	
Unrestricted	2,384,547	62,994	165,149
TOTAL NET ASSETS	$8,960,391	$2,692,142	$1,400,772

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Component Units			
	Georgia Highlands College Foundation, Inc.	**Georgia Perimeter College Foundation, Inc.**	**South Georgia College Foundation, Inc.**	**Waycross College Foundation, Inc.**
ASSETS				
Current Assets				
Cash and Cash Equivalents	$651,614	$189,285	$75,072	$118,587
Accounts Receivable, net				
Receivables - Other		7,991	195,020	480
Net Investment in Capital Leases			328,577	
Pledges Receivable	5,155			498
Prepaid Items				210
Total Current Assets	656,769	197,276	598,669	119,775
Noncurrent Assets				
Noncurrent Cash		2,737,477	2,803,075	
Short-Term Investments (noncurrent portion)			30,500	14,000
Investments (including real estate)	606,661	1,318,647	2,577,068	1,389,047
Net Investment in Capital Leases			12,276,966	
Pledges Receivable	731,225			
Capital Assets, net		54,438,040		
Other Assets		1,913,714	221,945	
Total Noncurrent Assets	1,337,886	60,407,878	17,909,554	1,403,047
TOTAL ASSETS	1,994,655	60,605,154	18,508,223	1,522,822
LIABILITIES				
Current Liabilities				
Accounts Payable	35,911	3,512,921	169,215	2,100
Contracts Payable		1,539,980		
Due to Primary Government	242,742			210
Revenue/Mortgage Bonds payable		430,000	50,000	
Total Current Liabilities	278,653	5,482,901	219,215	2,310
Noncurrent Liabilities				
Revenue/Mortgage Bonds payable		47,825,000	15,737,708	
Total Noncurrent Liabilities	0	47,825,000	15,737,708	0
TOTAL LIABILITIES	278,653	53,307,901	15,956,923	2,310
NET ASSETS				
Invested in Capital Assets, net of related debt		10,830,231		
Restricted for				
Nonexpendable	1,017,358	6,194,182	2,240,852	1,273,635
Expendable	699,071	378,192	159,152	122,736
Unrestricted	(427)	(10,105,352)	151,296	124,141
TOTAL NET ASSETS	$1,716,002	$7,297,253	$2,551,300	$1,520,512

Statement of Revenues, Expenses and Changes in Net Assets

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	University System of Georgia (Primary Government)
REVENUES	
Operating Revenues	
Student Tuition and Fees (net of allowance for doubtful accounts)	$1,184,093,147
Less: Scholarship Allowances	(249,717,931)
Federal Appropriations	20,772,007
Grants and Contracts	
Federal	723,038,779
State	270,019,885
Other	375,688,869
Sales and Services	119,229,193
Rents and Royalties	3,410,767
Auxiliary Enterprises	
Residence Halls	196,006,172
Bookstore	79,362,172
Food Services	100,575,384
Parking/Transportation	52,479,349
Health Services	38,641,339
Intercollegiate Athletics	68,461,966
Other Organizations	25,542,780
Other Operating Revenues	42,337,749
Total Operating Revenues	3,049,941,627
EXPENSES	
Operating Expenses	
Salaries:	
Faculty	1,061,794,577
Staff	1,500,414,171
Employee Benefits	817,966,549
Other Personal Services	8,198,561
Travel	56,060,916
Scholarships and Fellowships	190,512,967
Utilities	178,290,183
Supplies and Other Services	1,299,490,392
Depreciation	276,941,591
Total Operating Expenses	5,389,669,907
Operating Income (loss)	(2,339,728,280)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	2,140,048,441
Grants and Contracts	
Federal	18,975,101
State	3,018,613
Other	44,532,235
Gifts	71,774,059
Investment Income (endowments, auxiliary and other)	41,187,570
Interest Expense (capital assets)	(87,239,916)
Other Nonoperating Revenues	(1,650,061)
Net Nonoperating Revenues	2,230,646,042
Income before Other Revenues, Expenses, Gains, Losses and Special Items	(109,082,238)
Capital Grants and Gifts	
State	168,145,437
Other	66,873,578
Special Items	(1,200,947)
Total Other Revenues, Expenses, Gains, Losses and Special Items	233,818,068
Increase in Net Assets	124,735,830
NET ASSETS	
Net Assets-Beginning of Year, as originally reported	4,654,688,781
Prior Year Adjustments	8,912,617
Net Assets-Beginning of Year, Restated	4,663,601,398
Net Assets-End of Year	$4,788,337,228

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Georgia Tech Foundation, Inc.	**Georgia Tech Athletic Association**	**Georgia Tech Research Corporation**
REVENUES			
Operating Revenues			
Gifts and Contributions	$59,881,465	$7,764,881	$0
Endowment Income (per spending plan)	4,879,994		
Federal			301,812,234
State			16,659,334
Other			62,748,887
Sales and Services	411,395	32,167,614	
Rents and Royalties	18,224,413	9,266,962	7,363,605
Other Operating Revenues			2,215
Total Operating Revenues	83,397,267	49,199,457	388,586,275
EXPENSES			
Operating Expenses			
Salaries:			
Staff	2,208,712	12,901,921	
Employee Benefits	395,506	3,004,969	
Other Personal Services	1,306,176		
Travel	80,206	3,602,578	138,262
Scholarships and Fellowships		7,008,363	
Utilities	32,832		
Supplies and Other Services	1,708,169	8,987,612	5,174,733
Depreciation	2,070,268	4,732,730	411,744
Payments to Other Component Units	7,050,366		
Payments to or on behalf of College/University	69,285,346	12,389,256	377,569,043
Total Operating Expenses	84,137,581	52,627,429	383,293,782
Operating Income (loss)	(740,314)	(3,427,972)	5,292,493
NONOPERATING REVENUES (EXPENSES)			
Gifts		1,339,275	
Investment Income (endowments, auxiliary and other)	(1,921,334)	498,856	1,723,482
Interest Expense (capital assets)	(14,540,537)	(5,754,551)	
Other Nonoperating Revenues	(10,939,238)		(17,066)
Net Nonoperating Revenues	(27,401,109)	(3,916,420)	1,706,416
Income before Other Revenues, Expenses, Gains, or Losses	(28,141,423)	(7,344,392)	6,998,909
Capital Grants and Gifts			
Other			80,000
Additions to permanent endowments	34,420,595	7,632,330	
Total Other Revenues, Expenses, Gains or Losses	34,420,595	7,632,330	80,000
Increase in Net Assets	6,279,172	287,938	7,078,909
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	1,201,261,985	79,476,998	41,074,544
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	1,201,261,985	79,476,998	41,074,544
Net Assets-End of Year	$1,207,541,157	$79,764,936	$48,153,453

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Georgia Advanced Technology Ventures, Inc.	**Georgia Tech Alumni Association**	**Georgia Tech Facilities, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$232,299	$4,333,393	$0
Grants and Contracts			
State	1,325,606		
Sales and Services	327,409	1,048,977	152,000
Rents and Royalties	12,057,297	814,904	11,368,000
Interest and Dividend Income		37,599	
Other Operating Revenues	33,940	315,893	1,000
Total Operating Revenues	13,976,551	6,550,766	11,521,000
EXPENSES			
Operating Expenses			
Salaries:			
Staff	66,792	3,274,435	
Employee Benefits	21,208	794,000	
Travel		360,239	
Scholarships and Fellowships		66,722	
Utilities	1,009,023		
Supplies and Other Services	6,524,638	1,442,920	1,544,000
Depreciation	2,967,203	126,852	60,000
Payments to Other Component Units	9,688		
Payments to or on behalf of College/University	295,569	735,099	6,227,000
Total Operating Expenses	10,894,121	6,800,267	7,831,000
Operating Income (loss)	3,082,430	(249,501)	3,690,000
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	58,774		2,162,000
Interest Expense (capital assets)	(7,365,001)		(15,323,000)
Net Nonoperating Revenues	(7,306,227)	0	(13,161,000)
Income before Other Revenues, Expenses, Gains, or Losses	(4,223,797)	(249,501)	(9,471,000)
Loss on Bond Retirement			(3,214,000)
Total Other Revenues, Expenses, Gains or Losses	0	0	(3,214,000)
Increase in Net Assets	(4,223,797)	(249,501)	(12,685,000)
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	17,041,186	520,459	6,399,000
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	17,041,186	520,459	6,399,000
Net Assets-End of Year	$12,817,389	$270,958	($6,286,000)

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Georgia State University Foundation, Inc.	**Georgia State University Research Foundation, Inc.**	**MCG Health, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$8,123,113	$0	$0
Endowment Income (per spending plan)	3,703,391		
Grants and Contracts			
Federal		36,183,144	
State		2,710,164	
Other		9,820,216	
Sales and Services			4,633,056
Rents and Royalties	18,919,692		453,495
Net Patient Service Revenue			358,643,151
Total Operating Revenues	30,746,196	48,713,524	363,729,702
EXPENSES			
Operating Expenses			
Salaries:			
Faculty			167,100,775
Staff	2,530,602		
Employee Benefits	576,878		47,536,457
Other Personal Services	1,385,903		35,828,053
Travel	550,483	1,865	667,092
Scholarships and Fellowships	2,405,733		
Utilities	69,361		4,485,713
Supplies and Other Services	9,567,410	1,256,720	117,743,225
Depreciation	2,461,587	171,763	18,063,013
Payments to Other Component Units		48,315	
Payments to or on behalf of College/University	509,754	46,847,040	
Total Operating Expenses	20,057,711	48,325,703	391,424,328
Operating Income (loss)	10,688,485	387,821	(27,694,626)
NONOPERATING REVENUES (EXPENSES)			
State Appropriations			33,181,112
Grants and Contracts			
Federal			1,075,966
State			7,396,007
Other			369,070
Gifts			940,780
Investment Income (endowments, auxiliary and other)	(6,359,645)	(29,628)	4,538,270
Interest Expense (capital assets)	(16,734,039)		(1,090,714)
Combined Margin Allocation			(7,231,443)
Other Nonoperating Revenues		489,998	(957,230)
Net Nonoperating Revenues	(23,093,684)	460,370	38,221,818
Income before Other Revenues, Expenses, Gains, or Losses	(12,405,199)	848,191	10,527,192
Additions to permanent endowments	1,532,421		20,000
Total Other Revenues, Expenses, Gains or Losses	1,532,421	0	20,000
Increase in Net Assets	(10,872,778)	848,191	10,547,192
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	151,487,789	18,243,295	236,037,290
Prior Year Adjustments	(121,973)	0	0
Net Assets-Beginning of Year, Restated	151,365,816	18,243,295	236,037,290
Net Assets-End of Year	$140,493,038	$19,091,486	$246,584,482

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Medical College of Georgia Foundation, Inc.	**Medical College of Georgia PPG Foundation**	**Medical College of Georgia Research Institute, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$4,398,340	$0	$0
Endowment Income (per spending plan)	4,527		
Grants and Contracts			
Federal			43,822,274
Other			12,368,513
Sales and Services	134,773		70,101
Rents and Royalties	455,540	2,023,836	394,674
Net Patient Service Revenue		92,958,031	
Realized/Unrealized Gains (Losses)	(5,351)		
Interest and Dividend Income	692,237		
Other Operating Revenues	140,789		
Total Operating Revenues	5,820,855	94,981,867	56,655,562
EXPENSES			
Operating Expenses			
Salaries:			
Staff	584,799	9,658,072	
Employee Benefits	182,934	11,794,636	
Travel		1,301,586	
Scholarships and Fellowships		214,760	
Utilities		55,856	
Supplies and Other Services	296,938	8,640,655	3,408,888
Depreciation	122,706	658,624	5,735
Payments to Other Component Units		3,564,981	
Payments to or on behalf of College/University	7,679,522	51,765,783	53,226,334
Total Operating Expenses	8,866,899	87,654,953	56,640,957
Operating Income (loss)	(3,046,044)	7,326,914	14,605
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	(3,776,349)	636,822	245,384
Interest Expense (capital assets)		(1,399,486)	
Other Nonoperating Revenues	187,154		
Net Nonoperating Revenues	(3,589,195)	(762,664)	245,384
Income before Other Revenues, Expenses, Gains, or Losses	(6,635,239)	6,564,250	259,989
Additions to permanent endowments	1,865,948		
Total Other Revenues, Expenses, Gains or Losses	1,865,948	0	0
Increase in Net Assets	(4,769,291)	6,564,250	259,989
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	149,948,060	60,747,838	5,777,190
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	149,948,060	60,747,838	5,777,190
Net Assets-End of Year	$145,178,769	$67,312,088	$6,037,179

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Medical College of Georgia Dental Foundation	**University of Georgia Foundation**	**University of Georgia Athletic Association, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$0	$11,842,554	$0
Endowment Income (per spending plan)		9,945,379	
Grants and Contracts			
Other	246,732		
Sales and Services		3,511,796	
Rents and Royalties		1,326,840	
Auxiliary Enterprises			
Intercollegiate Athletics			81,059,333
Clinical and Patient Fees	7,284,461		
Total Operating Revenues	7,531,193	26,626,569	81,059,333
EXPENSES			
Operating Expenses			
Salaries:			
Staff	1,381,170	262,890	6,111,168
Employee Benefits	87,208	13,850	256,995
Other Personal Services	7,450	506,617	610,910
Travel	38,551		6,378,721
Utilities		82,233	
Supplies and Other Services	3,959,137	2,661,802	13,822,929
Depreciation		371,372	5,570,426
Payments to Other Component Units		1,529,051	1,784,216
Payments to or on behalf of College/University	1,909,672	22,252,188	29,766,110
Total Operating Expenses	7,383,188	27,680,003	64,301,475
Operating Income (loss)	148,005	(1,053,434)	16,757,858
NONOPERATING REVENUES (EXPENSES)			
Gifts			124,777
Investment Income (endowments, auxiliary and other)	22,645	(37,424,044)	1,518,393
Interest Expense (capital assets)		(1,144,009)	(3,581,552)
Other Nonoperating Revenues		(389,132)	(25,614)
Net Nonoperating Revenues	22,645	(38,957,185)	(1,963,996)
Income before Other Revenues, Expenses, Gains, or Losses	170,650	(40,010,619)	14,793,862
Additions to permanent endowments		9,329,003	
Special Item Transfers		(6,638,835)	
Total Other Revenues, Expenses, Gains or Losses	0	2,690,168	0
Increase in Net Assets	170,650	(37,320,451)	14,793,862
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	190,379	658,307,484	139,409,170
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	190,379	658,307,484	139,409,170
Net Assets-End of Year	$361,029	$620,987,033	$154,203,032

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Arch Foundation for the University of Georgia, Inc.	**University of Georgia Research Foundation, Inc.**	**Georgia Southern University Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$9,313,811	$0	$3,562,759
Endowment Income (per spending plan)	1,276,531		1,368,571
Grants and Contracts			
Federal			
State			
Other		115,294,840	
Sales and Services	2,306,201	29,853	225,783
Rents and Royalties		38,357,221	210,688
Other Operating Revenues		383,240	147,941
Total Operating Revenues	12,896,543	154,065,154	5,515,742
EXPENSES			
Operating Expenses			
Salaries:			
Staff		223,167	
Employee Benefits		52,710	
Travel			138,338
Supplies and Other Services	1,734,004	17,359,927	1,910,717
Depreciation		169,481	1,667
Payments to or on behalf of College/University	7,353,573	117,799,198	2,544,332
Total Operating Expenses	9,087,577	135,604,483	4,595,054
Operating Income (loss)	3,808,966	18,460,671	920,688
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	(1,516,223)	2,167,253	(3,347,804)
Interest Expense (capital assets)		(8,344,937)	
Other Nonoperating Revenues		(3,357,891)	
Net Nonoperating Revenues	(1,516,223)	(9,535,575)	(3,347,804)
Income before Other Revenues, Expenses, Gains, or Losses	2,292,743	8,925,096	(2,427,116)
Additions to permanent endowments	5,223,429		1,788,418
Special Item Transfers		6,638,835	
Total Other Revenues, Expenses, Gains or Losses	5,223,429	6,638,835	1,788,418
Increase in Net Assets	7,516,172	15,563,931	(638,698)
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	71,522,736	37,576,329	46,206,774
Prior Year Adjustments	0	11,774,904	0
Net Assets-Beginning of Year, Restated	71,522,736	49,351,233	46,206,774
Net Assets-End of Year	$79,038,908	$64,915,164	$45,568,076

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Georgia Southern University Housing Foundation, Inc.	**(Georgia Southern University) Southern Boosters, Inc.**	**Georgia Southern University Research and Service Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$0	$1,744,776	$0
Grants and Contracts			
Federal			4,012,695
State			566,846
Other			377,014
Sales and Services		43,025	
Rents and Royalties	5,697,312	176,400	
Other Operating Revenues	60,000	303,962	
Total Operating Revenues	5,757,312	2,268,163	4,956,555
EXPENSES			
Operating Expenses			
Other Personal Services	38,915		
Supplies and Other Services	505,513	1,077,402	121,129
Depreciation		20,079	
Payments to or on behalf of College/University		909,111	4,854,603
Total Operating Expenses	544,428	2,006,592	4,975,732
Operating Income (loss)	5,212,884	261,571	(19,177)
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	553,638	69,607	57,336
Interest Expense (capital assets)	(5,103,067)	(38,949)	
Other Nonoperating Revenues	80,468		
Net Nonoperating Revenues	(4,468,961)	30,658	57,336
Income before Other Revenues, Expenses, Gains, or Losses	743,923	292,229	38,159
Total Other Revenues, Expenses, Gains or Losses	0	0	0
Increase in Net Assets	743,923	292,229	38,159
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	4,468,504	3,344,093	382,329
Prior Year Adjustments	0	0	49,200
Net Assets-Beginning of Year, Restated	4,468,504	3,344,093	431,529
Net Assets-End of Year	$5,212,427	$3,636,322	$469,688

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Valdosta State University Foundation, Inc.	**VSU Auxiliary Services Real Estate Foundation, Inc.**	**Albany State University Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$1,386,487	$0	$381,400
Sales and Services	460,696		
Rents and Royalties	3,443,243		2,171,848
Other Operating Revenues	410,055		
Total Operating Revenues	5,700,481	0	2,553,248
EXPENSES			
Operating Expenses			
Travel	7,818		
Scholarships and Fellowships	110,875		302,470
Utilities	141		
Supplies and Other Services	1,112,144		359,240
Depreciation	1,064,941		978,380
Other Operating Expense	9,042		
Payments to or on behalf of College/University	1,575,933		
Total Operating Expenses	3,880,894	0	1,640,090
Operating Income (loss)	1,819,587	0	913,158
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	1,715,709		441,132
Interest Expense (capital assets)	(2,180,010)		(1,822,786)
Other Nonoperating Revenues	(57,994)		32,292
Net Nonoperating Revenues	(522,295)	0	(1,349,362)
Income before Other Revenues, Expenses, Gains, or Losses	1,297,292	0	(436,204)
Additions to permanent endowments	137,882		
Total Other Revenues, Expenses, Gains or Losses	137,882	0	0
Increase in Net Assets	1,435,174	0	(436,204)
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	25,825,806	0	7,239,040
Prior Year Adjustments	0	0	(568,749)
Net Assets-Beginning of Year, Restated	25,825,806	0	6,670,291
Net Assets-End of Year	$27,260,980	$0	$6,234,087

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Armstrong Atlantic State University Foundation, Inc.	**AASU Educational Properties Foundation, Inc.**	**Augusta State University Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$1,401,062	$0	$869,942
Endowment Income (per spending plan)	437,270		661,071
Rents and Royalties		4,519,532	1,709,197
Realized/Unrealized Gains (Losses)			(2,440,645)
Interest and Dividend Income			413,298
Other Operating Revenues		23	6,399
Total Operating Revenues	1,838,332	4,519,555	1,219,262
EXPENSES			
Operating Expenses			
Salaries:			
Staff	351,049	123,047	
Travel		138	
Supplies and Other Services	688,261	920,733	902,538
Depreciation		1,732,892	
Other Operating Expense		153,271	
Payments to or on behalf of College/University	501,087		767,507
Total Operating Expenses	1,540,397	2,930,081	1,670,045
Operating Income (loss)	297,935	1,589,474	(450,783)
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	107,337	231,533	246,410
Interest Expense (capital assets)		(1,872,158)	(1,572,790)
Net Nonoperating Revenues	107,337	(1,640,625)	(1,326,380)
Income before Other Revenues, Expenses, Gains, or Losses	405,272	(51,151)	(1,777,163)
Additions to permanent endowments	410,189		3,425,215
Total Other Revenues, Expenses, Gains or Losses	410,189	0	3,425,215
Increase in Net Assets	815,461	(51,151)	1,648,052
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	6,956,766	(2,622,602)	27,871,317
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	6,956,766	(2,622,602)	27,871,317
Net Assets-End of Year	$7,772,227	($2,673,753)	$29,519,369

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Augusta State University Athletic Association	**(Clayton State University) Walter & Emilie Spivey Foundation**	**Clayton State University Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$25,000	$0	$895,778
Endowment Income (per spending plan)			89,240
Sales and Services	928,460		
Rents and Royalties	13,691		
Other Operating Revenues	50,000		
Total Operating Revenues	1,017,151	0	985,018
EXPENSES			
Operating Expenses			
Salaries:			
Staff	400,417	22,215	
Scholarships and Fellowships			284,418
Utilities	64,503		
Supplies and Other Services	359,873		214,904
Depreciation	147,735		
Payments to or on behalf of College/University	20,041	425,941	458,366
Total Operating Expenses	992,569	448,156	957,688
Operating Income (loss)	24,582	(448,156)	27,330
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	8,704	504,378	(230,812)
Interest Expense (capital assets)	(80,507)		
Net Nonoperating Revenues	(71,803)	504,378	(230,812)
Income before Other Revenues, Expenses, Gains, or Losses	(47,221)	56,222	(203,482)
Additions to permanent endowments			259,819
Total Other Revenues, Expenses, Gains or Losses	0	0	259,819
Increase in Net Assets	(47,221)	56,222	56,337
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	368,206	7,818,380	5,134,564
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	368,206	7,818,380	5,134,564
Net Assets-End of Year	$320,985	$7,874,602	$5,190,901

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Columbus State University Foundation, Inc.	**(Columbus State University) Foundation Properties, Inc.**	**Columbus State University Athletic Fund, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$4,321,112	$1,341,505	$147,983
Endowment Income (per spending plan)	2,278,073		
Sales and Services			237,283
Rents and Royalties	244,193	6,218,952	10,800
Other Operating Revenues	15,154	344,390	208
Total Operating Revenues	6,858,532	7,904,847	396,274
EXPENSES			
Operating Expenses			
Salaries:			
Staff	974,805	414,861	
Employee Benefits	116,050	54,839	
Scholarships and Fellowships	376,475		
Utilities		331,884	
Supplies and Other Services	5,653,497	1,908,963	217,133
Depreciation		2,327,808	
Payments to Other Component Units	281,590	199,137	910,845
Payments to or on behalf of College/University	983,187	482,076	343,944
Total Operating Expenses	8,385,604	5,719,568	1,471,922
Operating Income (loss)	(1,527,072)	2,185,279	(1,075,648)
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	1,139,414	462,105	207,051
Interest Expense (capital assets)		(3,278,762)	
Net Nonoperating Revenues	1,139,414	(2,816,657)	207,051
Income before Other Revenues, Expenses, Gains, or Losses	(387,658)	(631,378)	(868,597)
Additions to permanent endowments	516,830		3,200
Total Other Revenues, Expenses, Gains or Losses	516,830	0	3,200
Increase in Net Assets	129,172	(631,378)	(865,397)
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	51,988,899	17,380,376	2,098,729
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	51,988,899	17,380,376	2,098,729
Net Assets-End of Year	$52,118,071	$16,748,998	$1,233,332

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Columbus State University Alumni Association, Inc.	**Fort Valley State University Foundation, Inc.**	**Georgia College & State University Alumni Association, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$88,412	$726,882	$2,917
Endowment Income (per spending plan)			246,006
Sales and Services	47,503		
Rents and Royalties		997,642	
Realized/Unrealized Gains (Losses)		(344,224)	
Other Operating Revenues	1,569		121,717
Total Operating Revenues	137,484	1,380,300	370,640
EXPENSES			
Operating Expenses			
Salaries:			
Staff	33,566		
Employee Benefits	3,714		
Travel			12,169
Utilities			6,551
Supplies and Other Services	41,216	534,403	116,911
Depreciation	660	26,607	4,851
Other Operating Expense		31,804	31,456
Payments to Other Component Units	16,875		
Payments to or on behalf of College/University	11,659	896,245	199,379
Total Operating Expenses	107,690	1,489,059	371,317
Operating Income (loss)	29,794	(108,759)	(677)
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	14,311	783,616	(359,591)
Interest Expense (capital assets)		(1,855,821)	
Net Nonoperating Revenues	14,311	(1,072,205)	(359,591)
Income before Other Revenues, Expenses, Gains, or Losses	44,105	(1,180,964)	(360,268)
Capital Grants and Gifts			
Federal		118,451	
Additions to permanent endowments		478,458	93,313
Total Other Revenues, Expenses, Gains or Losses	0	596,909	93,313
Increase in Net Assets	44,105	(584,055)	(266,955)
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	221,769	6,836,552	6,175,902
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	221,769	6,836,552	6,175,902
Net Assets-End of Year	$265,874	$6,252,497	$5,908,947

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Georgia College & State University Foundation, Inc.	**Georgia Southwestern Foundation, Inc.**	**Kennesaw State University Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$2,306,569	$563,700	$3,538,262
Endowment Income (per spending plan)	474,632		125,902
Sales and Services	358,593		97,000
Rents and Royalties	3,273,169	1,221,333	19,647,185
Other Operating Revenues	1,014,801	(283,264)	
Total Operating Revenues	7,427,764	1,501,769	23,408,349
EXPENSES			
Operating Expenses			
Salaries:			
Staff	163,977	143,353	1,962,795
Employee Benefits		34,789	
Other Personal Services	363,403		57,384
Travel	323,725	16,029	
Scholarships and Fellowships	473,697		
Utilities	89,333		1,737,093
Supplies and Other Services	1,122,874		4,756,855
Depreciation	92,044	912,269	3,171,627
Other Operating Expense		185,038	
Payments to or on behalf of College/University	217,464	1,653,246	4,662,283
Total Operating Expenses	2,846,517	2,944,724	16,348,037
Operating Income (loss)	4,581,247	(1,442,955)	7,060,312
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	(457,390)	(837,958)	
Interest Expense (capital assets)	(11,285,175)	(1,279,254)	(8,604,837)
Other Nonoperating Revenues		(1,372,980)	
Net Nonoperating Revenues	(11,742,565)	(3,490,192)	(8,604,837)
Income before Other Revenues, Expenses, Gains, or Losses	(7,161,318)	(4,933,147)	(1,544,525)
Additions to permanent endowments	1,333,260	1,345,679	3,052,369
Total Other Revenues, Expenses, Gains or Losses	1,333,260	1,345,679	3,052,369
Increase in Net Assets	(5,828,058)	(3,587,468)	1,507,844
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	5,871,742	27,991,627	18,624,785
Prior Year Adjustments	(1,826,301)	0	0
Net Assets-Beginning of Year, Restated	4,045,441	27,991,627	18,624,785
Net Assets-End of Year	($1,782,617)	$24,404,159	$20,132,629

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	North Georgia College & State University Foundation, Inc.	**Savannah State University Foundation, Inc.**	**Southern Polytechnic State University Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$1,269,644	$9,497	$2,416,028
Endowment Income (per spending plan)			82,176
Sales and Services	30,037		
Rents and Royalties	2,238,172	1,040,139	2,837,478
Interest and Dividend Income	1,376		
Other Operating Revenues	229,452	24,134	
Total Operating Revenues	3,768,681	1,073,770	5,335,682
EXPENSES			
Operating Expenses			
Salaries:			
Staff	65,200		311,850
Other Personal Services	103,872		
Travel	76,537		53,645
Scholarships and Fellowships		19,260	176,754
Utilities	1,873		
Supplies and Other Services	914,403	1,161,759	1,690,722
Depreciation	27,000	124,662	
Other Operating Expense		23,588	210,072
Payments to or on behalf of College/University	1,414,745		1,088,250
Total Operating Expenses	2,603,630	1,329,269	3,531,293
Operating Income (loss)	1,165,051	(255,499)	1,804,389
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	(1,435,612)	41,940	128,742
Interest Expense (capital assets)	(1,593,366)	(4,866,536)	(1,608,244)
Other Nonoperating Revenues		6,112,593	
Net Nonoperating Revenues	(3,028,978)	1,287,997	(1,479,502)
Income before Other Revenues, Expenses, Gains, or Losses	(1,863,927)	1,032,498	324,887
Additions to permanent endowments	1,420,570		99,294
Total Other Revenues, Expenses, Gains or Losses	1,420,570	0	99,294
Increase in Net Assets	(443,357)	1,032,498	424,181
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	27,092,360	282,627	5,317,968
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	27,092,360	282,627	5,317,968
Net Assets-End of Year	$26,649,003	$1,315,125	$5,742,149

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	University of West Georgia Foundation, Inc.	**UWG Real Estate Foundation, Inc.**	**Abraham Baldwin Agricultural College Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$3,554,729	$0	$1,795,479
Endowment Income (per spending plan)	810,951		
Rents and Royalties	523,522	90,000	5,570,187
Interest and Dividend Income	1,702,410	1,536,510	
Other Operating Revenues	475,091		
Total Operating Revenues	7,066,703	1,626,510	7,365,666
EXPENSES			
Operating Expenses			
Salaries:			
Staff	508,572		78,778
Employee Benefits	131,396		
Other Personal Services			20,875
Travel	5,129		
Supplies and Other Services	844,755	133,328	2,586,214
Depreciation	94,653		1,999,461
Other Operating Expense		71,000	
Payments to or on behalf of College/University	1,727,291		384,327
Total Operating Expenses	3,311,796	204,328	5,069,655
Operating Income (loss)	3,754,907	1,422,182	2,296,011
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	457,931	30,963	434,123
Interest Expense (capital assets)	(1,791,389)	(1,416,336)	(1,945,156)
Net Nonoperating Revenues	(1,333,458)	(1,385,373)	(1,511,033)
Income before Other Revenues, Expenses, Gains, or Losses	2,421,449	36,809	784,978
Additions to permanent endowments	198,726		311,805
Total Other Revenues, Expenses, Gains or Losses	198,726	0	311,805
Increase in Net Assets	2,620,175	36,809	1,096,783
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	26,086,002	1,666,217	12,357,275
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	26,086,002	1,666,217	12,357,275
Net Assets-End of Year	$28,706,177	$1,703,026	$13,454,058

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Dalton State College Foundation, Inc.	**Gainesville State College Foundation, Inc.**	**Gordon College Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$3,810,468	$707,599	$117,371
Endowment Income (per spending plan)	124,629	344,624	
Rents and Royalties	759,484		1,068,468
Other Operating Revenues		105,744	
Total Operating Revenues	4,694,581	1,157,967	1,185,839
EXPENSES			
Operating Expenses			
Salaries:			
Staff	133,486		
Employee Benefits	13,896		
Other Personal Services	73,332		
Travel	130		5,995
Utilities	72,947		
Supplies and Other Services	379,630	241,200	47,257
Depreciation	82,100		374,499
Other Operating Expense	5,218		58,263
Payments to or on behalf of College/University	663,627	777,645	37,409
Total Operating Expenses	1,424,366	1,018,845	523,423
Operating Income (loss)	3,270,215	139,122	662,416
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	(504,958)	369,371	1,122,675
Interest Expense (capital assets)	(135,378)		(733,346)
Net Nonoperating Revenues	(640,336)	369,371	389,329
Income before Other Revenues, Expenses, Gains, or Losses	2,629,879	508,493	1,051,745
Additions to permanent endowments	1,788,685	136,641	119,329
Total Other Revenues, Expenses, Gains or Losses	1,788,685	136,641	119,329
Increase in Net Assets	4,418,564	645,134	1,171,074
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	25,227,881	12,176,153	6,334,868
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	25,227,881	12,176,153	6,334,868
Net Assets-End of Year	$29,646,445	$12,821,287	$7,505,942

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Macon State College Foundation, Inc.	**Middle Georgia College Foundation, Inc.**	**Bainbridge College Foundation**
REVENUES			
Operating Revenues			
Gifts and Contributions	$498,331	$117,772	$20,229
Endowment Income (per spending plan)		62,100	
Grants and Contracts			
Other		13,057	
Sales and Services	1,750		
Rents and Royalties		1,385,548	
Total Operating Revenues	500,081	1,578,477	20,229
EXPENSES			
Operating Expenses			
Supplies and Other Services	86,151	138,068	7,147
Depreciation		51,975	
Payments to or on behalf of College/University	567,728	45,909	12,180
Total Operating Expenses	653,879	235,952	19,327
Operating Income (loss)	(153,798)	1,342,525	902
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	(537,834)	(20,430)	1,086
Interest Expense (capital assets)	(3,177)	(1,289,548)	
Other Nonoperating Revenues		3,357,132	
Net Nonoperating Revenues	(541,011)	2,047,154	1,086
Income before Other Revenues, Expenses, Gains, or Losses	(694,809)	3,389,679	1,988
Additions to permanent endowments	68,736	1,907	40,000
Special Item Transfers		1,012,369	
Total Other Revenues, Expenses, Gains or Losses	68,736	1,014,276	40,000
Increase in Net Assets	(626,073)	4,403,955	41,988
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	8,407,730	362,360	147,185
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	8,407,730	362,360	147,185
Net Assets-End of Year	$7,781,657	$4,766,315	$189,173

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units		
	Coastal Georgia Community College Foundation, Inc.	**Darton College Foundation, Inc.**	**East Georgia College Foundation, Inc.**
REVENUES			
Operating Revenues			
Gifts and Contributions	$701,628	$314,577	$252,896
Endowment Income (per spending plan)	287,988		
Sales and Services			10,720
Rents and Royalties		28,600	
Total Operating Revenues	989,616	343,177	263,616
EXPENSES			
Operating Expenses			
Other Personal Services	19,247		
Scholarships and Fellowships		222,338	200
Supplies and Other Services	47,801		96,943
Depreciation		3,757	
Other Operating Expense	18,139		
Payments to or on behalf of College/University	733,315	152,430	40,969
Total Operating Expenses	818,502	378,525	138,112
Operating Income (loss)	171,114	(35,348)	125,504
NONOPERATING REVENUES (EXPENSES)			
Investment Income (endowments, auxiliary and other)	169,341	(42,728)	(71,162)
Net Nonoperating Revenues	169,341	(42,728)	(71,162)
Income before Other Revenues, Expenses, Gains, or Losses	340,455	(78,076)	54,342
Total Other Revenues, Expenses, Gains or Losses	0	0	0
Increase in Net Assets	340,455	(78,076)	54,342
NET ASSETS			
Net Assets-Beginning of Year, as originally reported	8,619,936	2,770,218	1,346,430
Prior Year Adjustments	0	0	0
Net Assets-Beginning of Year, Restated	8,619,936	2,770,218	1,346,430
Net Assets-End of Year	$8,960,391	$2,692,142	$1,400,772

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2008

	Component Units			
	Georgia Highlands College Foundation, Inc.	**Georgia Perimeter College Foundation, Inc.**	**South Georgia College Foundation, Inc.**	**Waycross College Foundation, Inc.**
REVENUES				
Operating Revenues				
Gifts and Contributions	$469,460	$950,405	$105,430	$34,924
Sales and Services	30,800			
Rents and Royalties			330,746	
Interest and Dividend Income				30,320
Other Operating Revenues			89,182	
Total Operating Revenues	500,260	950,405	525,358	65,244
EXPENSES				
Operating Expenses				
Salaries:				
Staff	265,775			
Travel	5,100			
Scholarships and Fellowships	174,748			41,630
Supplies and Other Services	9,100	517,420	44,222	6,144
Depreciation		377,607		
Other Operating Expense	125,525	49,782		
Payments to or on behalf of College/University		247,093	189,067	18,629
Total Operating Expenses	580,248	1,191,902	233,289	66,403
Operating Income (loss)	(79,988)	(241,497)	292,069	(1,159)
NONOPERATING REVENUES (EXPENSES)				
Investment Income (endowments, auxiliary and other)	(55,238)	400,199	(87,257)	(132,689)
Interest Expense (capital assets)		(520,959)	(669,740)	
Net Nonoperating Revenues	(55,238)	(120,760)	(756,997)	(132,689)
Income before Other Revenues, Expenses, Gains/(Losses)	(135,226)	(362,257)	(464,928)	(133,848)
Additions to permanent endowments	546,314	36,983	9,874	10,529
Total Other Revenues, Expenses, Gains or Losses	546,314	36,983	9,874	10,529
Increase in Net Assets	411,088	(325,274)	(455,054)	(123,319)
NET ASSETS				
Net Assets-Beginning of Year, as originally reported	1,304,914	4,941,202	3,006,354	1,643,831
Prior Year Adjustments	0	2,681,325	0	0
Net Assets-Beginning of Year, Restated	1,304,914	7,622,527	3,006,354	1,643,831
Net Assets-End of Year	$1,716,002	$7,297,253	$2,551,300	$1,520,512

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

	June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$943,666,366
Federal Appropriations	19,503,243
Grants and Contracts (Exchange)	1,368,749,830
Sales and Services of Educational Departments	119,424,623
Payments to Suppliers	(2,171,659,388)
Payments to Employees	(2,556,995,520)
Payments for Scholarships and Fellowships	(192,103,139)
Loans Issued to Students and Employees	(16,758,478)
Collection of Loans to Students and Employees	14,874,390
Auxiliary Enterprise Charges:	
Residence Halls	198,636,541
Bookstore	79,499,030
Food Services	102,203,935
Parking/Transportation	53,523,865
Health Services	38,653,775
Intercollegiate Athletics	69,025,274
Other Organizations	25,655,194
Other Receipts (payments)	(7,743,325)
Net Cash Provided (used) by Operating Activities	(1,911,843,784)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	2,140,048,441
Agency Funds Transactions	24,265,628
Gifts and Grants Received for Other Than Capital Purposes	142,368,295
Principal Paid on Installment Debt	(414,435)
Interest Paid on Installment Debt	(197,915)
Other Nonoperating Receipts	8,314,053
Special Item	424,769
Net Cash Flows Provided by Non-capital Financing Activities	2,314,808,836
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants and Gifts Received	149,128,804
Proceeds from Capital Debt	217,000
Proceeds from sale of Capital Assets	6,303,432
Purchases of Capital Assets	(418,433,108)
Principal Paid on Capital Debt and Leases	(53,535,370)
Interest Paid on Capital Debt and Leases	(82,119,875)
Net Cash used by Capital and Related Financing Activities	(398,439,117)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	24,304,020
Interest on Investments	49,968,281
Purchase of Investments	(39,358,959)
Net Cash Provided (used) by Investing Activities	34,913,342
Net Increase/Decrease in Cash	39,439,277
Cash and Cash Equivalents - Beginning of year	725,211,273
Cash and Cash Equivalents - End of Year	$764,650,550

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

	June 30, 2008
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (loss)	($2,339,728,280)
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operating Activities	
Depreciation	276,941,591
Change in Assets and Liabilities:	
Receivables, net	(53,796,299)
Inventories	(2,501,611)
Other Assets	520,002
Prepaid Items	(472,539)
Notes Receivable, Net	(2,038,882)
Accounts Payable	21,231,721
Deferred Revenue	27,387,025
Other Liabilities	(6,439,994)
Compensated Absences	8,812,474
Net OPEB Obligation	158,241,008
Net Cash Provided (used) by Operating Activities	($1,911,843,784)

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

Fixed assets acquired by incurring capital lease obligations	$557,381,720
Non-capital items acquired by incurring capital lease obligations	$899,497
Change in fair value of investments recognized as a component of interest income	($8,780,710)
Special Items	($1,625,716)
Change in accrued interest payable affecting interest paid	($4,203,416)
Interest on capital debt paid by State Agency on behalf of University	$320,865
Gift reducing proceeds of Gifts and Grants received for other than capital purposes	($101,317)
Gift of capital assets reducing proceeds of capital grants and gifts	($76,597,948)
Loss on disposal of buildings not fully depreciated	$3,968,154
Cancellation of capital lease obligation	($157,093)

Statement of Fiduciary Net Assets

STATEMENT OF FIDUCIARY NET ASSETS
BOARD OF REGENTS RETIREE HEALTH BENEFIT FUND
June 30, 2008

	June 30, 2008
ASSETS	
Cash and Cash Equivalents	$4,374,041
Receivables	
Employer	2,618,873
Total Receivables	2,618,873
Investments, at fair value	0
TOTAL ASSETS	6,992,914
LIABILITIES	
Benefits payable	6,702,660
TOTAL LIABILITIES	6,702,660
NET ASSETS	
Net assets held in trust for other postemployment benefits	290,254
TOTAL NET ASSETS	$290,254

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
BOARD OF REGENTS RETIREE HEALTH BENEFIT FUND
for the Year Ended June 30, 2008

	June 30, 2008
ADDITIONS	
Contributions	
Employer	$66,717,298
Plan member	21,091,336
Total Contributions	87,808,634
Investment Income	
Interest/dividends	19,245
	19,245
Less: Investment expense	0
Net Investment Income	19,245
Total Additions	87,827,879
DEDUCTIONS	
Benefits	79,995,991
Life Insurance Premium Expense	4,096,012
Administrative expense	3,445,622
Total Deductions	87,537,625
NET INCREASE/(DECREASE)	290,254
NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS	
Beginning of year	0
End of year	$290,254

UNIVERSITY SYSTEM OF GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008

Note 1. Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

The University System of Georgia is comprised of thirty-five (35) State supported member institutions of higher education in Georgia, the Skidaway Institute of Oceanography and the University System Office. The University System Office also is the custodian of a newly created Fiduciary Fund for retiree health and life insurance benefits. The accompanying financial statements reflect the operations of the University System Office as a separate reporting entity and as custodian of the Board of Regents Retiree Health Benefit Fund.

The Board of Regents has constitutional authority to govern, control and manage the University System of Georgia. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, the authority to control institutions' budgets, the power to determine allotments of State funds to member institutions and the authority to prescribe accounting systems and administrative policies for member institutions. The University System of Georgia does not have authority to retain unexpended State appropriations (surplus) for any given fiscal year. Accordingly, all 35 institutions, the Skidaway Institute of Oceanography and the University System Office are considered organizational units of the Board of Regents of the University System of Georgia reporting entity for financial reporting purposes because of the significance of their legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The Board of Regents of the University System of Georgia implemented GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units - an amendment of Statement No. 14,* in fiscal year 2004. This statement requires the inclusion of the financial statements for foundations and affiliated organizations that qualify as component units in the Annual Financial Report. These statements (Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets) are discretely presented for the 58 component units of the University System of Georgia.

See Note 16, Component Units, for Foundation notes.

Financial Statement Presentation

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

As a result of creating the Board of Regents Retiree Health Benefit Fund, the Board of Regents implemented the provisions of GASB Statement Nos. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in fiscal 2008. The financial statements for the plan are presented directly after the University System of Georgia Enterprise Fund financial statements and include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. See Note 14 - Post Employment Benefits Other Than Pension Benefits for additional information regarding this fund.

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

Basis of Accounting

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

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

Cash and Cash Equivalents

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

Short-Term Investments

Short-Term Investments consist of investments of 90 days – 13 months. This would 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
The University System accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. 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 Assets. The Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, the Board of Regents Total Return Fund, the Board of Regents Diversified Fund, and the Georgia Extended Asset Pool are included under Investments.

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

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

Noncurrent Cash and Investments
Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as noncurrent assets in the Statement of Net Assets.

Capital Assets
Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University System's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed $100,000 and 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 is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

Effective July 1, 2001, the GSFIC retains construction in progress on their books throughout the construction period on projects managed by them and transfers the entire project to the

University System of Georgia when complete. For the year ended June 30, 2008, GSFIC transferred capital additions valued at approximately $18,600,000 to the University System of Georgia. This includes projects completed during fiscal 2008 and additional expenditures for projects completed in prior years. This resulted in a cumulative total of capital additions transferred by GSFIC to the University System of approximately $2,454,900,000 as of June 30, 2008.

Deposits

Deposits represent good faith deposits from students to reserve housing assignments in a University System residence hall.

Deferred Revenues

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

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets. The University System of Georgia had accrued liability for compensated absences in the amount of $158,694,786 as of July 1, 2006. For fiscal 2008, $113,791,374 was earned in compensated absences and employees were paid $104,899,283 for a net increase of $8,892,091. The ending balance as of June 30, 2008 in accrued liability for compensated absences was $167,586,877.

Noncurrent Liabilities

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

Net Assets

The University System's net assets are classified as follows:

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

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

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

Expendable Restricted Net Assets include the following:

	June 30, 2008
Restricted - E&G and Other Organized Activities	$126,618,553
Federal Loans	44,588,433
Institutional Loans	22,027,604
Term Endowments	4,909,828
Quasi-Endowments	20,930,105
Total Restricted Expendable	$219,074,523

Restricted net assets – expendable – Capital Projects: This represents resources for which the University System is legally or contractually obligated to spend resources for capital projects in accordance with restrictions imposed by external third parties.

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

Unrestricted Net Assets include the following items which are quasi-restricted by management:

	June 30, 2008
R & R Reserve	$94,811,999
Reserve for Encumbrances	227,534,708
Reserve for Inventory	3,227,067
Other Unrestricted	(82,397,119)
Total Unrestricted Net Assets	$243,176,655

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

Income Taxes

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

Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of sponsored and unsponsored scholarships, (2) sales and services of auxiliary enterprises, net of sponsored and unsponsored scholarships, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

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

Scholarship Allowances

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

Auxiliary Enterprise revenue reported in the Statement of Revenues, Expenses and Changes in Net Assets is reported net of $4,030,220 allowances.

Special Items

Special Items reported in fiscal 2008:

Special Items:	
Georgia Institute of Technology - Capital Asset Transfer	$7,916,649
Georgia State University - Capital Asset Transfer	(7,916,649)
Georgia State University - Bond Defeasance	(24,710,494)
Georgia Middle College - Georgia Aviation Technical College Transfer	17,399,426
Bainbridge College - Capital Asset Transfer	3,396,716
University System Office - Note Receivable Transfer	2,288,636
University System Office - Authority Dissolution	424,769
Total	($1,200,947)

Georgia Institute of Technology

Georgia State University, a University System of Georgia institution, transferred its University Village Student Housing Complex to Georgia Institute of Technology effective July 1, 2007. The complex contains approximately 2,000 student housing beds, 790 parking spaces, and site amenities and was renamed the North Avenue Apartments by the Institute.

Georgia Institute of Technology provided consideration for the complex totaling $45,455,494. The net book value of the capital asset transfer to Georgia Institute of Technology at July 1, 2007 was $53,372,143. The difference of $7,916,649 is reported as a Special Item on the Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows.

Georgia State University

Georgia State University transferred its University Village Student Housing Complex to Georgia Institute of Technology, a University System of Georgia institution, effective July 1, 2007. The complex contained approximately 2,000 student housing beds, 790 parking spaces, and site amenities.

Georgia Institute of Technology provided consideration for the complex totaling $45,455,494. The net book value of the capital asset transfer to Georgia Institute of Technology at July 1, 2007 was $53,372,143. The difference of ($7,916,649) is reported as a Special Item on the Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows.

As a result of the capital asset transfer, Georgia State University was required to defease the associated bonds that were issued by GSFIC to construct the housing complex. To accomplish this requirement, a portion of the consideration reflected above was paid directly to GSFIC at the time of the asset transfer in the amount of $24,710,494. The bond defeasance is reported as a Special Item on the Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows.

Georgia Middle College

As of July 1, 2007, Georgia Aviation Technical College (GAVTC) merged with Middle Georgia College. It is now the Georgia Aviation campus of Middle Georgia College. As a result of this merger, GAVTC assets and liabilities as of July 1, 2007 transferred to Middle Georgia College. The net transfer of $17,399,426 is reported as a Special Item on the Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows.

Bainbridge College

Bainbridge College absorbed the Early County Site of the Albany Technical College during fiscal year 2007. Per the transfer agreement, the Equipment assets for the Early County Campus were transferred in fiscal 2007 and the Land and Building assets were transferred to Bainbridge College as of July 1, 2007. The Land was transferred at its historical cost of $351,362 and the Building was transferred at its historical cost of $3,704,000 with an accumulated depreciation balance of $658,646 as of July 1, 2007. The net transfer to Bainbridge College was $3,396,716 in fiscal 2008. This amount is reported as a Special Item on the Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows.

University System Office

Georgia Education Authority (University), (GEA(U)), an entity outside of the Board of Regents of the University System of Georgia reporting entity, is authorized to acquire, construct and operate housing accommodations for students of any institution under the control of the Board of Regents.

In July 2007, GEA(U) met and resolved to no longer conduct business as a state authority and dispose of all its assets and liabilities. As a result of that decision, a Note Receivable that is payable from Georgia Southern University was transferred by Resolution from GEA(U) to the University System Office (USO) in the amount of $2,288,636. This amount is reported as a Note Receivable in the Statement of Net Assets and as a Special Item on the Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows. Payments on the note receivable will be made by Georgia Southern University to the USO according to the original amortization schedule, which matures in 2025.

After funding a start-up amount to the Georgia Higher Education Facilities Authority, the balance of GEA(U)'s remaining assets were transferred to the USO in the form of a payment of $424,769. This amount is reported as Cash and Cash Equivalents in the Statement of Net Assets and as a Special Item on the Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows.

Restatement of Prior Year Balances

The following institutions had restatements of prior year balances in fiscal 2008:

Prior Year Adjustments:	Effect on Beginning Net Assets
Georgia Institute of Technology	$8,552,401
Georgia State University	(3,394,948)
Armstrong Atlantic State University	(2,155,734)
Georgia College & State University	1,826,301
Georgia Highlands College	2,922,516
South Georgia College	1,162,081
Total	$8,912,617

Georgia Institute of Technology

Georgia Institute of Technology has a restatement of prior year net assets increasing beginning net assets by $8,552,401. During fiscal year 2008, the Institute conducted a comprehensive review of building and infrastructure historical costs and the associated depreciation and accumulated depreciation for these assets. As a result of this review, it was determined that depreciation expense had been overstated in prior years by a net amount of $8,552,401, with buildings being overburdened by $9,540,330 and infrastructure being under burdened by $987,929.

Georgia State University

Georgia State University has a restatement of prior year net assets decreasing beginning net assets by ($3,394,948). In fiscal 2008, the University determined that the University Lofts rental agreement with the Georgia State University Foundation met the criteria for capital lease treatment. This agreement commenced in fiscal 2005 and was accounted for as an operating lease through fiscal 2007. The lease treatment correction resulted in an increase to Capital Assets, net of $36,353,918, an increase to Lease Purchase Obligations liability of $39,748,866, resulting in a net decrease to Net Assets of ($3,394,948) as of July 1, 2007.

Armstrong Atlantic State University

Armstrong Atlantic State University has a restatement of prior year net assets decreasing beginning net assets by ($2,155,734). This is due to the reclassification of five leases from operating to capital lease treatment, ($1,861,397); an adjustment in Accumulated Depreciation for Library Collections, ($291,440); a correction to reflect capital improvements and amortization of a Food Service contract, ($8,197) and the cancellation of outstanding checks that were related to prior years, $5,300.

Georgia College & State University

Georgia College and State University has a restatement of prior year net assets, increasing beginning net assets by $1,826,301. This is due to endowments funds that were transferred from the Georgia College & State University Foundation, Inc. to Georgia College & State University.

Georgia Highlands College
Georgia Highlands College has a restatement of prior year net assets, increasing beginning net assets by $2,922,516. This restatement was the result of a comprehensive review of capital asset useful lives and represents a depreciation expense correction on several assets.

South Georgia College
South Georgia College has a restatement of prior year net assets, increasing beginning net assets by $1,162,081. This is due to an overstatement of depreciation expense in prior years.

Note 2. Deposits and Investments

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

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

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

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

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

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

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

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

At June 30, 2008, the carrying values of deposits were $341,444,805 and the bank balances were $417,669,831. Of the University System's deposits, $413,544,508 were uninsured. Of these uninsured deposits, $101,204,024 were collateralized with securities held by the financial institution's trust department or agent in the University System's name, $250,444,476 were collateralized with securities held by the financial institution, by its trust department or agency, but not in the University System's name and $61,896,008 were uncollateralized.

B. Investments

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

The University System's investments as of June 30, 2008 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

		Investment Maturity			
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Investment type					
Debt Securities					
U.S. Treasuries	$12,322,286	$300,843	$7,661,253	$4,179,346	$180,844
U.S. Agencies - Explicitly Guaranteed	3,133,389	1,259,471	1,861,705	2,953	9,260
U.S. Agencies - Implicitly Guaranteed	186,322,111	75,064,268	109,581,922	1,040,051	635,870
Corporate Debt	7,285,688	171,777	1,279,026	830,210	5,004,675
General Obligation Bonds	1,053,147		149,112	613,059	290,976
Municipal Obligation	5,000	5,000			
Mutual Bond Fund	39,454,085		36,885,616	2,568,469	
	249,575,706	$76,801,359	$157,418,634	$9,234,088	$6,121,625
Other Investments					
Bond/Fixed Income Mutual Funds	16,944,365				
Equity Mutual Funds	73,373,195				
Equity Securities - Domestic	17,734,274				
Real Estate Held for Investment Purposes	241,927				
Real Estate Investment Fund	4,419,271				
Cash Surrender Value	8,927				
Investment Pools					
Office of Treasury and Fiscal Services					
Georgia Fund 1	296,846,696				
Georgia Extended Asset Pool	6,382,663				
	$665,527,024				

Investment Pools

The Georgia Fund 1 Investment Pool, managed by the Office of Treasury and Fiscal Services, is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is valued at the pool's share price, $1.00 per share. The Georgia Fund 1 Investment Pool is an AAAm rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 40 days at June 30, 2008.

The Georgia Extended Asset Pool, managed by the Office of Treasury and Fiscal Services, is not registered with the Securities and Exchange Commission as an investment company. Net Asset Value (NAV) is calculated daily to determine current share price, which was $2.02 at June 30, 2008. The Georgia Extended Asset Pool is an AAA rated investment pool by Standard and Poor's. The effective duration of the fund for the month of June, 2008 was .81 years.

The University System Office serves as fiscal agent for various units of the University System of Georgia and cooperative organizations. The University System Office pools the monies of these organizations with the University System Office's monies for investment purposes. The University System Office cannot allocate pool investments between the internal (University System) and external (cooperative organizations) investment pool portions. The investment pool is not registered with the SEC as an investment company. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns.

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

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

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

Short Term Fund

The Short Term fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. The investment maturities of the fund will range between daily and two years.

Legal Fund

The Legal fund provides an opportunity for greater income and modest principal growth to the extent possible with the securities allowed under Georgia Code 50-17-59 and 50-17-63. The average maturity of this fund will typically range between five and ten years, with a maximum of thirty years for any individual investment. The overall character of the portfolio should be one of treasury and agency quality, possessing virtually no degree of financial risk.

Balanced Income Fund

The Balanced Income fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This fund is comprised of fixed income, equity and cash equivalent instruments.

The equity allocation range shall be between 30% and 40%, with a target of 35% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 60% and 70%, with a target of 65% of the total portfolio. Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality, short term instruments.

Total Return Fund

The Total Return fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers the greatest percentage of overall equity exposure, with well over half of the funds typically invested in equities.

The equity allocation range shall be between 60% and 70%, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 30% and 40%, with a target of 35% of the total portfolio. Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality, short term instruments.

Diversified Fund

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

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

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

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

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

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

Condensed financial information for the investment pool follows:

Regents Investment Pool
Statement of Net Assets
June 30, 2008

Assets		
Investments	$	198,521,222
Accrued Interest/Receivables		399,525
Net Assets	$	198,920,747
Distribution of Net Assets		
External Participant Account Balance	$	29,373,637
Internal Participant Account Balance		169,547,110
	$	198,920,747

Regents Investment Pool
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

Additions		
Pool Participant Deposits	$	89,029,662
Investment Income		
Interest		5,749,548
Fair Value Decreases		(8,396,833)
Less: Investment Expense		(377,394)
Total Additions	$	86,004,983
Deductions		
Pool Participant Withdrawals	$	(17,191,992)
Net Increase	$	68,812,991
Net Assets		
July 1, 2007	$	130,107,756
June 30, 2008	$	198,920,747

Investment Risks:

Interest rate risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Board of Regents policy for managing interest rate risk is contained in the investment policy guidelines for the various pooled funds:

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

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

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

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

Custodial Credit Risk

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

1. The University System has appointed a federally regulated banking institution as custodian. The custodian performs its duties to the standards of a professional custodian and is liable to the University System of Georgia for claims, losses, liabilities and expenses arising from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.

2. All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.

3. Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

At June 30, 2008, $206,778,512 of the University System of Georgia's applicable investments were uninsured and held by the investment's counterparty in the University System's name, and $15,347,415 were uninsured and held by the investment's counterparty's trust department or agent, but not in the University System's name.

Credit Quality Risk

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

1. In all pooled funds except the Diversified Fund, all debt issues must be eligible investments under Georgia Code 50-17-63. Portfolios of debt security funds also must meet the eligible investment criteria under the same code section.

2. The Diversified Fund is permitted to invest in non-investment grade debt issues up to a limit of 15% of the entire portfolio.

3. The portfolio shall be well diversified as to issuer and maturity.

The University System investments subject to credit quality risk follow:

	Fair Value	AAA	AA	A	BAA	Unrated
Related Debt Investments						
U. S. Agencies	$186,322,111	$4,839,755	$29,934			$181,452,422
Corporate Debt	7,285,688	5,367,939	672,645	$884,552	$344,494	16,058
General Obligation Bonds	1,053,147	1,053,147				
Municipal Obligation	5,000	5,000				
Mutual Bond Fund	39,454,085					39,454,085
	$234,120,031	$11,265,841	$702,579	$884,552	$344,494	$220,922,565

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University System of Georgia's policy for managing concentration of credit risk is to diversify investments to the extent that any single issuer shall be limited to 5% of the market value in a particular investment fund. The following U.S. Agency investments exceeded 5% of the total reported investment amount as of June 30, 2008:

Investment:	Amount:	% of Total:
Federal National Mortgage Association	$127,578,612	19%
Federal Home Loan Mortgage Corporation	$ 45,712,964	7%

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University System's policy for managing exposure to foreign currency credit risk is:

1. The Diversified Fund is the only pooled investment fund authorized to hold foreign investments. The current approved asset allocation target for international equity is 0 – 10% and for global fixed income is 0 – 10%.

2. The Diversified Fund is subject to exchange rate risk on these investments, which does ultimately impact performance.

3. The market value of all international investments is reported in United States Dollars.

4. Direct currency hedging is not permissible under the current investment policy guidelines.

At June 30, 2008, $5,074,371, or less than 1% of total investments, was invested in international equity mutual funds.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2008:

	June 30, 2008
Student Tuition and Fees	$29,772,482
Auxiliary Enterprises and Other Operating Activities	27,830,037
Federal Financial Assistance	63,173,734
Georgia State Financing and Investment Commission	11,916,046
Margin Allocation Funds	7,231,443
Due from Component Units	119,315,672
Other	95,167,960
Sub Total	354,407,374
Less Allowance for Doubtful Accounts	16,234,777
Net Accounts Receivable	$338,172,597

Note 4. Inventories

Inventories consisted of the following at June 30, 2008:

	June 30, 2008
Bookstore	$15,467,494
Food Services	1,726,511
Physical Plant	3,130,064
Other	2,637,024
Total	$22,961,093

Note 5. Notes/Loans Receivable

Notes/Loans receivable primarily consist of student loans made through the Federal Perkins Loan Program (the Program) and comprise substantially all of the loans receivable at June 30, 2008. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University System for amounts cancelled under these provisions. As the University System determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University System has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2008 the allowance for uncollectible loans was approximately $2,500,000.

Note 6. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2008:

	Restated Beg. Bal. July 1, 2007	Special Item Transfer	Additions	Reductions	End. Bal. June 30, 2008
Capital Assets, Not Being Depreciated:					
Land	$191,399,383	$377,356	$5,191,251	$3,142	$196,964,848
Capitalized Collections	31,091,438		3,178,152	727,903	33,541,687
Construction Work-in-Progress	189,573,073		222,865,347	110,178,776	302,259,644
Total Capital Assets Not Being Depreciated	412,063,894	377,356	231,234,750	110,909,821	532,766,179
Capital Assets, Being Depreciated:					
Infrastructure	170,003,510	279,920	53,081,858	20,581	223,344,707
Building and Building Improvements	4,918,050,624	21,440,331	366,456,457	37,243,651	5,268,703,761
Facilities and Other Improvements	235,436,706		10,038,823	1,014,101	244,461,428
Equipment	1,012,534,062	4,507,279	117,894,588	58,586,194	1,076,349,735
Capital Leases	666,844,895		264,221,282	2,807,845	928,258,332
Library Collections	628,258,644		33,917,384	1,932,408	660,243,620
Capitalized Collections	1,357,776		110,000		1,467,776
Total Assets Being Depreciated	7,632,486,217	26,227,530	845,720,392	101,604,780	8,402,829,359
Less: Accumulated Depreciation					
Infrastructure	54,622,895	279,920	5,628,053	315,994	60,214,874
Buildings	1,419,336,500	2,810,371	124,026,315	15,303,578	1,530,869,608
Facilities and Other improvements	80,187,508		6,858,543	698,986	86,347,065
Equipment	719,161,687	3,008,084	77,587,009	48,199,556	751,557,224
Capital Leases	54,645,966		35,660,924	681,549	89,625,341
Library Collections	471,235,836		27,150,430	1,896,683	496,489,583
Capitalized Collections	444,223		30,317		474,540
Total Accumulated Depreciation	2,799,634,615	6,098,375	276,941,591	67,096,346	3,015,578,235
Total Capital Assets, Being Depreciated, Net	4,832,851,602	20,129,155	568,778,801	34,508,434	5,387,251,124
Capital Assets, net	$5,244,915,496	$20,506,511	$800,013,551	$145,418,255	$5,920,017,303

Note 7. Deferred Revenue

Deferred revenue (current) consisted of the following at June 30, 2008:

	June 30, 2008
Prepaid Tuition and Fees	$128,987,131
Research	39,086,356
Other Deferred Revenue	47,522,061
Totals	$215,595,548

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	Restated Beg. Bal. July 1, 2007	Additions	Reductions	End. Bal. June 30, 2008	Current Portion
Leases					
Lease Obligations	$1,287,965,243	$560,398,599	$53,658,454	$1,794,705,388	$51,234,831
Other Liabilities					
Compensated Absences	158,694,786	113,791,374	104,899,283	167,586,877	94,032,405
Net OPEB Obligation	0	158,241,008		158,241,008	
US DOE Settlement	952,403		206,277	746,126	216,830
Notes & Loans	2,579,034		132,530	2,446,504	138,395
Total	162,226,223	272,032,382	105,238,090	329,020,515	94,387,630
Total Long Term Obligations	$1,450,191,466	$832,430,981	$158,896,544	$2,123,725,903	$145,622,461

Note 9. Significant Commitments

The University System of Georgia had significant unearned, outstanding, construction or renovation contracts executed in the amount of approximately $96,800,000 as of June 30, 2008.

In addition, Clayton State University, North Georgia College & State University, Savannah State University, Georgia Gwinnett College, Gordon College, and Middle Georgia College executed rental agreements for student housing and/or other facilities during fiscal 2008; however, these agreements will not commence until fiscal 2009 or later. The rental agreements are long-term in nature, with annually renewable lease terms. The present value of the minimum lease payments over the life of the rental agreements is approximately $142,800,000.

These amounts are not reflected in the accompanying basic financial statements.

Note 10. Lease Obligations

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

CAPITAL LEASES

The University System of Georgia is obligated under approximately $1,794,700,000 in capital lease liability as of June 30, 2008. Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between fiscal 2009 and 2039. Expenditures for fiscal year 2008 were approximately $140,900,000 of which $87,200,000 represented interest. Total principal paid on capital leases was approximately $53,700,000 for the fiscal year ended June 30, 2008. Of the $87,200,000 in interest expenditures, approximately $4,200,000 was added to outstanding principal during fiscal 2008. Interest rates range from 1.64 percent to 15.4 percent. The following is a summary of the carrying values of assets held under capital lease at June 30, 2008:

Land	$14,460,922
Infrastructure	47,145,853
Buildings	1,699,344,019
Facilities	399,790
Equipment	47,779,098
Total Assets Held Under Capital Lease	$1,809,129,682

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.

Details for each capital lease are included with the individual institution financial reports. Major capital lease additions during fiscal 2008 are listed below:

Georgia Institute of Technology

In July 2007, Georgia Institute of Technology entered into a capital lease of $74,455,494 with Georgia Tech Facilities, Inc., an affiliated organization, for a complex of buildings collectively named “North Avenue Apartments”, including an adjoining parking deck. The lease term is for 25 years and expires in June, 2032. At June 30, 2008 the remaining long-term debt obligation under the lease was $76,720,452.

In January 2008, Georgia Institute of Technology entered into a capital lease of $39,705,000 with Georgia Tech Facilities, Inc., an affiliated organization, for an Electrical Sub Station. The lease term is for 30 years and expires in December 2037. At June 30, 2008 the remaining long-term debt obligation under the lease was $39,485,146.

Georgia State University

In August 2007, Georgia State University entered into a capital lease valued at $161,330,000 for a new dormitory complex with an effective interest rate of 5.50% with the Georgia State

University Foundation. The University leases the University Commons for a 30 year period. The outstanding principal liability at June 30, 2008 was $158,596,107.

Columbus State University
During fiscal 2008, Columbus State University entered into a capital lease of $50,706,749 whereby the University leases student housing for one year with the option to renew on a year-to-year basis for twenty-five consecutive one-year periods expiring on June 30, 2031. At the expiration of the lease, ownership transfers to the University. The outstanding liability at June 30, 2008 on this capital lease was $49,233,849.

Fort Valley State University
In August 2007, Fort Valley State University entered into a capital lease of $43,334,897 at 4.544 percent with the Fort Valley State University Foundation Properties, LLC whereby the University leases a building for a thirty year period that began August 2007 and expires July 2037. The outstanding liability at June 30, 2008 on this capital lease was $44,075,713.

Savannah State University
In February 2008, Savannah State University entered into a capital lease of $29,229,205 at 4.486 percent with the LLC, which is included in the discrete presentation of Savannah State University Foundation, Inc. The University leases a 660-bed housing facility, University Village, for a twenty-five year period that began February 2008 and expires June 2032. The outstanding liability at June 30, 2008 on this capital lease was $29,155,455.

Abraham Baldwin Agricultural College
In July 2007, Abraham Baldwin Agricultural College recorded a capital lease of $33,247,420 at 4.459 percent with First ABAC, LLC, which is included in the discrete presentation of Abraham Baldwin Agricultural College Foundation, Inc., whereby the College leases a building for a twenty-three year period that expires August 2029. In August 2007, the College entered into a capital lease of $18,935,452 at 4.641 percent with Second ABAC, LLC, which is included in the discrete presentation of Abraham Baldwin Agricultural College Foundation, Inc., whereby the College leases a building for a thirty-year period that expires July 2037. The outstanding liability at June 30, 2008 on these capital leases was $32,300,945 and $19,249,229, respectively.

OPERATING LEASES

The University System of Georgia's noncancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2009 through 2033. 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 2008 was approximately $29,500,000. System-wide future operating lease commitments total approximately $107,900,000.

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2008, are as follows:

		Total Capital Leases	Total Operating Leases
Year Ending June 30:	Year		
2009	1	$142,645,254	$29,433,286
2010	2	142,603,769	11,295,837
2011	3	139,570,172	10,091,554
2012	4	134,390,772	8,706,747
2013	5	133,716,445	7,892,989
2014 through 2018	6-10	672,721,495	13,902,648
2019 through 2023	11-15	673,720,701	12,303,868
2024 through 2028	16-20	630,477,989	10,683,585
2029 through 2033	21-25	474,056,962	3,627,313
2034 through 2038	26-30	163,517,691	
2039 through 2043	31-35	12,785,396	
Total minimum lease payments		3,320,206,646	$107,937,827
Less: Interest		1,471,490,574	
Less: Executory costs		54,010,684	
Principal Outstanding		$1,794,705,388	

Note 11. Retirement Plans

Teachers Retirement System of Georgia

Plan Description

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

Funding Policy

Employees of the University System of Georgia who are covered by TRS are required by State statute to contribute 5% of their gross earnings to TRS. The University System of Georgia makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2008, the employer contribution rate was 9.28% for covered employees. Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2008	100%	$122,832,156
2007	100%	$115,443,652
2006	100%	$109,977,005

Employees' Retirement System of Georgia

Plan Description

The University System of Georgia participates in the Employees' Retirement System of Georgia (ERS), a cost-sharing multiple-employer defined benefit pension plan established by the General Assembly of Georgia for the purpose of providing retirement allowances for employees of the State of Georgia.

The benefit structure of ERS is defined by State statute and was significantly modified on July 1, 1982. Unless elected otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. All other members are "new plan" members subject to the modified plan provisions.

Under both the old plan and new plan, members become vested after 10 years of creditable service. A member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60. Additionally, there are certain provisions allowing for retirement after 25 years of service regardless of age.

Retirement benefits paid to members are based upon a formula which considers the monthly average of the member's highest twenty-four consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Postretirement cost-of-living adjustments are also made to member's benefits. 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.

In addition, the ERS Board of Trustees created the Supplemental Retirement Benefit Plan (SRBP) effective January 1, 1998. The SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC 415.

The ERS issues a financial report each fiscal year, which may be obtained through ERS.

Funding Policy

As established by State statute, all full-time employees of the State of Georgia and its political subdivisions, who are not members of other state retirement systems, are eligible to participate in the ERS. Both employer and employee contributions are established by State statute. The University System of Georgia's payroll for the year ended June 30, 2008 for employees covered by ERS was $5,732,353. The University System of Georgia's total payroll for all employees was $2,562,208,748.

For the year ended June 30, 2008 under the old plan, member contributions consist of 6.5% of annual compensation minus $7.00. Of these member contributions, the employee pays the first 1.5% and the University System of Georgia pays the remainder on behalf of the employee.

Under the new plan, member contributions consist solely of 1.5% of annual compensation paid by employee. The University System of Georgia also is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation for both old and new plans. For the year ended June 30, 2008, the ERS employer contribution rate for the University System of Georgia amounted to 10.41% of covered payroll and included the amounts contributed on behalf of the employees under the old plan referred to above. Employer contributions are also made on amounts paid for accumulated leave to retiring employees.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2008	100%	$602,995
2007	100%	$485,973
2006	100%	$365,620

Actuarial and Trend Information
Actuarial and historical trend information is presented in the ERS June 30, 2008 financial report, which may be obtained through ERS.

Regents Retirement Plan

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

Funding Policy
The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State Statute and as advised by their independent actuary. For fiscal

year 2008, the employer contribution was 8.13% for the first six months and 8.15% for the last six months of the participating employee's earnable compensation. Employees contribute 5% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University System of Georgia and the covered employees made the required contributions of $66,494,066 (8.13% or 8.15%) and $40,760,869 (5%), respectively.

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

Georgia Defined Contribution Plan

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

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

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

Total contributions made by employees during fiscal year 2008 amounted to $7,125,252 which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

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

Note 12. Risk Management

The University System of Georgia offers its employees and retirees access to two different self-insured healthcare plan options – a PPO/PPO Consumer healthcare plan, and an indemnity healthcare plan. The University System of Georgia and participating employees and retirees pay premiums to either of the self-insured healthcare plan options to access benefits coverage. All units of the University System of Georgia share the risk of loss for claims associated with these plans. The reserves for these two plans are considered to be a self-sustaining risk fund. Both self-insured healthcare plan options provide a maximum lifetime benefit of $2,000,000 per person.

The Board of Regents has contracted with Blue Cross Blue Shield of Georgia, a wholly owned subsidiary of WellPoint, to serve as the claims administrator for the two self-insured healthcare plan products. All claims submitted by program participants are remitted directly to Blue Cross – Blue Shield from various organizational units for verification of coverage, processing and payment through a bank account maintained for this purpose by Blue Cross – Blue Shield. Blue Cross – Blue Shield maintains an eligibility file based on information furnished by the various organizational units of the University System of Georgia. In addition to the two different self-insured healthcare plan options offered to the employees of the University System of Georgia, a fully insured HSA/High Deductible PPO healthcare plan and two fully insured HMO healthcare plan options are also offered to System employees.

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

A reconciliation of total estimated claims liabilities for employees and retirees for the fiscal years ended June 30, 2008 and June 30, 2007 is shown below:

	June 30, 2008	June 30, 2007
Employees:		
Unpaid Claims and Claim Adjustments (Prior Year IBNR)	$ 27,147,291	$ 27,983,473
Incurred Claims and Claim Adjustments Expenses - Provisions for Insured Events of the Current Year	204,892,976	264,356,511
Payments - Claims and Claim Adjustments Attributable To Insured Events of the Current Year and Prior Years	207,991,411	265,192,693
Unpaid Claims and Claim Adjustments (Current Year IBNR)	$ 24,048,856	$ 27,147,291
Retirees:		
Unpaid Claims and Claim Adjustments (Prior Year IBNR)	$ 0	$ 0
Incurred Claims and Claim Adjustments Expenses - Provisions for Insured Events of the Current Year	90,144,273	0
Payments - Claims and Claim Adjustments Attributable To Insured Events of the Current Year and Prior Years	83,441,613	0
Unpaid Claims and Claim Adjustments (Current Year IBNR)	$ 6,702,660	$ 0

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. The University System of Georgia is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

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

Note 13. Contingencies

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

Litigation, claims and assessments filed against the University System of Georgia, if any, 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, 2008.

Note 14. Post-Employment Benefits Other Than Pension Benefits

Plan Description

The Board of Regents Retiree Health Benefit Fund (the “Plan”) is a single-employer, defined benefit, healthcare plan administered by the University System Office. The plan was authorized pursuant to Official Code of Georgia Annotated 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 Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits.

Membership of the plan consisted of the following at June 30, 2008:

	June 30, 2008
Retirees and beneficiaries receiving benefits	18,909
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	33,794
Total	52,703

Summary of Significant Accounting Policies

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

Funding Policy

The contribution requirements of plan members and the University System of Georgia, as employer, are established and may be amended by the Board of Regents. 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 Board of Regents 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 of Regents for the upcoming plan year. For the 2008 plan year, the employer rate was approximately 75% of the total health insurance cost for eligible retirees and the retiree rate was approximately 25%. 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 2008, the University System of Georgia contributed $66,717,298 to the plan, including $66,446,289 for current premiums or claims and an additional $271,009 to pre-fund benefits. Plan members receiving benefits contributed $21,091,336 for current premiums or claims.

Annual OPEB Cost and Net OPEB Obligation

The University System of Georgia's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), 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 thirty years.

The following table shows the components of the University System's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University System's net OPEB obligation to the Retiree Health Benefit Fund (dollar amounts in millions):

Annual required contribution	$224.9
Interest on net OPEB obligation	0.0
Adjustment to annual required contribution	0.0
Annual OPEB cost (expense)	224.9
Less: Contributions made	(66.7)
Increase in net OPEB obligation	158.2
Net OPEB obligation - beginning of year	0.0
Net OPEB obligation - end of year	$158.2

The University System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, which is the transition year for the Retiree Health Benefit Plan, were as follows (dollar amounts in millions):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	$224.9	29.7%	$158.2

Funded Status and 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)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	$0	$1,985,200,000	$1,985,200,000	0.0%	$2,201,804,465	90.2%

Note: The allocation and transfer of assets to the plan took place subsequent to the actuarial valuation date.

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 trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is 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 (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2007
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Closed, 30-year
Asset Valuation method	Market Value of Assets
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return*	6.00%
Healthcare cost trend rate*	8.50%
Ultimate trend rate	5.50%
Year of Ultimate trend rate	2012

*Includes an inflation assumption of 2.5%

Note 15. Natural Classifications with Functional Classifications

The University System's operating expenses by functional classification for fiscal 2008 are shown below:

Functional Classification
FY2008

Natural Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Faculty	$730,626,574	$244,049,824	$63,695,048	$16,339,188	$1,152,903	$2,303,225
Staff	256,842,845	233,893,114	133,425,447	196,690,781	116,763,072	247,152,259
Benefits	290,201,517	124,086,079	63,414,961	69,684,686	37,212,951	124,083,485
Personal Services	426,300	45,207	444,472	97,999	128,876	6,591,706
Travel	15,442,733	18,963,823	6,334,695	5,480,793	2,809,005	4,312,922
Scholarships and Fellowships	9,397,345	2,896,190	903,075	167,347	2,728,427	481,903
Utilities	7,910,331	3,285,453	21,389,548	3,567,130	1,822,078	8,789,816
Supplies and Other Services	68,373,974	163,584,408	141,041,340	84,764,416	49,121,064	314,365,853
Depreciation	49,004,261	44,410,253	5,201,793	38,479,305	4,546,464	28,574,516
Total Expenses	$1,428,225,880	$835,214,351	$435,850,379	$415,271,645	$216,284,840	$736,655,685

Functional Classification
FY2008

Natural Classification	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Unallocated Expenses	MCG only Patient Care	Total Expenses
Faculty	$295,148	$2,912	$1,072,826	$0	$2,256,929	$1,061,794,577
Staff	125,495,429	44,842	116,992,130		73,114,252	1,500,414,171
Benefits	48,332,153	72,942	36,012,453		24,865,322	817,966,549
Personal Services	(9,147,041)	326,803	9,284,239			8,198,561
Travel	450,208		1,940,860		325,877	56,060,916
Scholarships and Fellowships		158,744,833	15,193,847			190,512,967
Utilities	104,960,360		26,238,044		327,423	178,290,183
Supplies and Other Services	129,294,769	125,613	240,274,283	(364,720)	108,909,392	1,299,490,392
Depreciation	55,391,409		50,968,870	364,720		276,941,591
Total Expenses	$455,072,435	$159,317,945	$497,977,552	$0	$209,799,195	$5,389,669,907

Note 16. Component Units

Georgia Institute of Technology

Georgia Tech Foundation, Inc.

Georgia Tech Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the Institute in support of its programs. The Foundation board of trustees is self-perpetuating and consists of forty-five (45) elected trustees, who are alumni of the Institute and five (5) ex-officio trustees. Although the Institute does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted for support of the Institute. Because the resources held by the Foundation are used by, or for the benefit of, the Institute, the Foundation is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

The foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 foundation’s fiscal year is July 1 through June 30.

During fiscal year 2008, the Foundation distributed approximately $69.3 million to the Institute for restricted and unrestricted purposes. Note 10 of this financial report provides information on related party leases between the Foundation and the Institute. Complete financial statements for the Foundation can be requested at the following address: Georgia Tech Foundation, Inc., Controller's Office, 760 Spring Street N.W., Suite 400, Atlanta, GA 30308.

Investments for Component Units:

The Georgia Tech Foundation, Inc. holds investments totaling $1.335 billion as of June 30, 2008, of which $376.96 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 Foundation's spending policy. The Foundation 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 2008, the Foundation allocated 5% of that average.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Cash held by investment organization	$47,287,914	$47,287,914
Government and Agency Securities	18,657,446	18,802,404
Corporate Bonds	29,808,809	27,639,374
Equity Securities	349,557,663	472,381,398
Mutual Funds	58,430,310	59,020,515
Venture Capital	222,785,550	298,147,904
Real Estate	47,451,789	50,417,484
Diversifying Strategies	317,668,284	360,986,686
Total Investments	$1,091,647,765	$1,334,683,679

Capital Assets for Component Units:

Georgia Tech Foundation, Inc. holds the following Capital Assets at June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$2,553,000
Total Capital Assets not being Depreciated	2,553,000
Capital Assets being Depreciated:	
Buildings and Improvements	38,051,000
Machinery and Equipment	7,530,000
Total Capital Assets being Depreciated	45,581,000
Less Total Accumulated Depreciation	10,466,509
Total Capital Assets being Depreciated, Net	35,114,491
Capital Assets, Net	$37,667,491

Long-term Liabilities for Component Units:

Changes in long-term liabilities for Georgia Tech Foundation, Inc. for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance June 30, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Compensated Absences	$245,178	$197,272	$178,377	$264,073	$264,073
Liabilities under split interest agreement	10,474,837	6,391,975	1,818,252	15,048,560	1,953,062
Notes and Loans Payable	63,725,993	52,202,000	54,391,119	61,536,874	61,536,874
Revenue/Mortgage Bonds Payable	211,935,000		4,540,376	207,394,624	4,825,000
Other Long Term Liabilities	0	10,939,238		10,939,238	
Total Long Term Liabilities	$286,381,008	$69,730,485	$60,928,124	$295,183,369	$68,579,009

Notes and Loans Payable:
The Foundation has two $30 million revolving lines of credit. At June 30, 2008, $45.955 million was the total aggregate outstanding on the lines of credit. Interest is calculated using the 30-day LIBOR rate plus 0.25%, which was 2.73% at June 30, 2008. Both lines of credit expire on June 30, 2009. The Foundation expects to renew both lines of credit upon expiration.

The Foundation also has a $20 million line of credit for the purpose of funding the construction of the Nanotechnology Research Center Building on the Institute's campus. As of June 30, 2008, $15.582 million was outstanding on the line of credit. Interest is calculated using the 30-day LIBOR rate plus 0.25%, which was 2.73% at June 30, 2008. The line of credit expires on June 30, 2009.

The Foundation also has available one other line of credit in the amount of $20 million. As of June 30, 2008, no amounts have been drawn on this credit facility. This line of credit expires on June 30, 2009.

Annual estimated debt service requirements to maturity for Notes and Loans Payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year Ending June 30:	Year			
2009	1	$61,536,874	$1,680,000	$63,216,874

Revenue Bonds Payable:
Series 2001 Bond Issuance
During May 2001, the Foundation borrowed $44.98 million in Series 2001A Bonds. These bonds were issued to provide funds to finance the costs of construction of the CRC, a facility that has been constructed on the Institute's campus. These bonds are general unsecured obligations of the Foundation. The interest rates on the outstanding bond principal range from 4.30% to 5.75% until maturity in November 2030. The outstanding principal on the bonds was $40.845 million at June 30, 2008.

Series 2002 Bond Issuance
During January 2002, the Foundation borrowed $111.09 million in Series 2002A (tax exempt) Bonds and $73.19 million Series 2002B (taxable) Bonds. These bonds were issued to provide funds to finance the costs of the acquisition, construction and installation of an addition to the Institute's campus known as Technology Square. The Foundation leased the hotel and conference center portion of Technology Square to a third party in July, 2003. The other components of Technology Square were leased to the Board of Regents, on behalf of the Institute, under a capital lease effective July, 2004. The bonds are general unsecured obligations of the Foundation. The interest rates on the outstanding bond principal range from 4.0% to 6.60% through maturity in November 2031. The outstanding principal on the bonds was $168.04 million at June 30, 2008.

Annual debt service requirements to maturity for Georgia Tech Foundation's revenue bonds payable are as follows:

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:	Year			
2009	1	$4,825,000	$11,437,491	$16,262,491
2010	2	5,060,000	11,203,637	16,263,637
2011	3	5,310,000	10,945,586	16,255,586
2012	4	5,600,000	10,653,001	16,253,001
2013	5	5,915,000	10,339,689	16,254,689
2014 through 2018	6-10	35,170,000	46,097,954	81,267,954
2019 through 2023	11-15	45,085,000	34,575,148	79,660,148
2024 through 2028	16-20	51,900,000	21,345,317	73,245,317
2029 through 2033	21-25	50,020,000	5,509,682	55,529,682
		208,885,000	162,107,505	370,992,505
Bond Discount, net		(1,490,376)		(1,490,376)
		$207,394,624	$162,107,505	$369,502,129

Georgia Tech Athletic Association

Georgia Tech Athletic Association (the Athletic Association) is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). The Athletic Association administers the Institute's intercollegiate athletics program, including fund-raising to support scholarships. The 14 member association board of trustees is appointed predominantly by the President of the Georgia Institute of Technology, and consists of faculty, alumni, students, and friends of the Institute. Although the Institute does not control the timing or amount of receipts and disbursements from the Athletic Association, all of the resources are restricted to support the intercollegiate athletic program for Georgia Tech. Because these resources are used for the benefit of the Institute, the Athletic Association is considered a component unit of the Institute and is discretely presented in the Institute’s financial statements.

The Athletic Association is a private nonprofit organization that reports in accordance with the accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are prepared in accordance with Statements of Governmental Accounting Standards (SGAS) No. 35, *Basic Financial Statements-and Management’s Discussion and Analysis for Public Colleges and Universities, as amended by SGAS No. 37, Basic Financial Statements-and Management’s Discussion and Analysis-State and Local Governments: Omnibus-an Amendment of GASB Statements No. 21 and No. 34*, and SGAS No. 38, *Certain Financial Statement Note Disclosures*. The Athletic Association’s fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Athletic Association distributed approximately $12.4 million to the Institute for athletic scholarship support and other payments that were either expense reimbursements or support for Institute programs. Complete financial statements for the Athletic Association can be obtained from the Georgia Tech Athletic Association, Attention: Mollie Simmons Mayfield, Assistant Director of Athletics, 150 Bobby Dodd Way, NW, Atlanta, GA 30332-0455.

Deposits and Investments for Component Units:

Deposits:
The Athletic Association does not have a policy that addresses custodial credit risk. As of June 30, 2008, $6,135,596 of the Athletic Association's bank balance of $6,235,596 was uncollateralized and exposed to custodial credit risk.

Investments:
The Athletic Association's investments are held and reported by Georgia Tech Foundation, Inc. and are represented by an $80,058,950 Due from Component Unit balance on the Statement of Net Assets.

Capital Assets for Component Units:

Georgia Tech Athletic Association had the following Capital Asset activity for the year ended June 30, 2008:

	Beginning Balances 7/1/2007	Additions	Reductions	Ending Balance 6/30/2008
Capital Assets, Not Being Depreciated:				
Land (and other assets)	$49,946	$0	$42,946	$7,000
Construction Work-in-Progress	208,675		208,675	0
Total Capital Assets Not Being Depreciated	258,621	0	251,621	7,000
Capital Assets, Being Depreciated:				
Building and Building Improvements	126,095,186	1,272,979		127,368,165
Facilities and Other Improvements	453,078	542,928		996,006
Equipment	5,708,799	188,466		5,897,265
Total Assets Being Depreciated	132,257,063	2,004,373	0	134,261,436
Less: Accumulated Depreciation				
Buildings	30,598,005	4,044,705		34,642,710
Facilities and Other improvements	347,594	83,705		431,299
Equipment	3,085,137	604,320		3,689,457
Total Accumulated Depreciation	34,030,736	4,732,730	0	38,763,466
Total Capital Assets, Being Depreciated, Net	98,226,327	(2,728,357)	0	95,497,970
Capital Assets, net	$98,484,948	($2,728,357)	$251,621	$95,504,970

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the Athletic Association for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Compensated Absences	$1,044,814	$0	$1,044,814	$0	$0
Notes and Loans Payable	963,311		27,555	935,756	27,978
Revenue/Mortgage Bonds Payable	106,018,678		2,037,829	103,980,849	2,025,000
Other Long Term Liabilities	0	3,495,229		3,495,229	1,080,357
Total Long Term Liabilities	$108,026,803	$3,495,229	$3,110,198	$108,411,834	$3,133,335

Notes and Loans Payable:
Notes Payable at June 30, 2008 represents the Athletic Association's obligation to Georgia Tech Foundation, Inc. with respect to the William C. Wardlaw Center. The effective interest rate at June 30, 2008 is 4.92%.

Annual debt service requirements to maturity for the Athletic Association's note payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$27,978	$46,376	$74,354
2010	2	29,476	44,998	74,474
2011	3	30,975	43,510	74,485
2012	4	32,474	41,917	74,391
2013	5	33,973	40,249	74,222
2014 through 2018	6-10	198,343	173,091	371,434
2019 through 2023	11-15	255,297	116,455	371,752
2024 through 2028	16-20	327,240	43,516	370,756
		$935,756	$550,112	$1,485,868

Revenue Bonds Payable:
In December, 2001, the Development Authority of Fulton County issued the Georgia Tech Athletic Association Revenue Bonds, Series 2001 ("Series 2001 Bonds") with a par value of $112,080,000 to finance the construction of a new baseball stadium, demolish a portion of the Georgia Tech Football stadium, the construction of certain improvements thereto, other miscellaneous capital improvements, and to refinance the outstanding principal on the Series 1995 Bonds and other borrowings. The interest rates on the bonds range from 4% to 5.5% and the bonds mature in October, 2032.

On March 16, 2004, the Athletic Association entered into a master swap agreement with UBS AG, Stamford Branch ("UBS"), an investment bank, and simultaneously sold UBS, an Interest Rate Swaption ("swaption"). The swaption represents an option to enter into an interest rate swap. The swaption premium generated by this contract was an upfront payment to the Athletic Association of $2,367,000. In exchange for the swaption premium, UBS gains the right (but not the obligation) to enter into a specified swap agreement with the Athletic Association beginning on April 1, 2012. If the swaption is exercised, the Athletic Association and UBS will swap interest rate payments. The Athletic Association will pay interest to UBS based on the stated rates in the swap agreement. UBS would then pay the Athletic Association a floating rate based on the Bond Market Association Municipal Swap Index plus 21 basis points (0.21%), which approximates the expected interest cost on the variable rate refunding bonds. At June 30, 2008, the swaption had a fair value (representing a liability) of $8,442,390, as calculated by UBS. The swaption premium is recorded as a component of bonds payable in the statement of net assets and is being amortized on a straight-line basis over the remaining life of the bonds as a component of interest expense in the statement of revenues, expenses, and changes in net assets.

Annual debt service requirements to maturity for the Athletic Association's revenue bonds payable are as follows:

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$2,025,000	$5,233,586	$7,258,586
2010	2	2,120,000	5,137,911	7,257,911
2011	3	2,210,000	5,045,346	7,255,346
2012	4	2,315,000	4,939,956	7,254,956
2013	5	2,445,000	4,814,844	7,259,844
2014 through 2018	6-10	14,445,000	21,839,294	36,284,294
2019 through 2023	11-15	18,775,000	17,503,303	36,278,303
2024 through 2028	16-20	24,240,000	12,042,725	36,282,725
2029 through 2033	21-25	34,380,000	4,639,150	39,019,150
		102,955,000	81,196,115	184,151,115
Bond Discount/Swaption Premium		1,025,849		1,025,849
		$103,980,849	$81,196,115	$185,176,964

Georgia Tech Research Corporation

Georgia Tech Research Corporation and its subsidiary Georgia Tech Applied Research Corporation (referred to in the singular as GTRC in this document), are legally separate, tax-exempt component units of the Georgia Institute of Technology (Institute). GTRC functions as the prime contractor for most sponsored research conducted at Georgia Tech and subcontracts with the Institute for faculty and staff services. GTRC's 12-member board of trustees is self-perpetuating and consists of senior Institute administrators, alumni, and supporters of Georgia Tech. GTRC's income and resources are restricted to support research mission objectives of the Institute. Because the resources held by GTRC are restricted for use in support of the Institute, GTRC is considered a component unit of Georgia Tech and is discretely presented in the Institute's financial statements.

The Georgia Tech Research Corporation is a private nonprofit organization that reports under GASB standards, in accordance with Statements of Governmental Accounting Standards ("SGAS") No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities, as amended by SGAS No. 37, Basic Financial Statements-and Management's Discussion and Analysis-State and Local Governments: Omnibus-an Amendment of GASB Statements No. 21 and No. 34, and SGAS No. 38, Certain Financial Statement Note Disclosures. The financial statement presentation required by these statements provide a comprehensive, entity-wide perspective of GTRC's assets, liabilities, net assets, revenues, expenses, and changes in net assets. The Georgia Tech Research Corporation's fiscal year is July 1 through June 30.

During fiscal year 2008, GTRC distributed approximately $377.6 million to the Institute for restricted and unrestricted purposes. Complete financial statements for GTRC can be requested at the following address: Georgia Tech Research Corporation, Director of Accounting and Reports, 505 Tenth Street, Atlanta, GA 30332-0415.

Deposits and Investments for Component Units:

Deposits:
At June 30, 2008, the carrying value of deposits was $10,057,833 and the bank balance was $10,424,177. Of Georgia Tech Research Corporation's deposits, $10,224,177 were uninsured and collateralized with securities held by the Office of Treasury and Fiscal Services, but not in GTRC's name.

Investments:
Georgia Tech Research Corporation's investments at June 30, 2008 were as follows:

	Fair Value
Commercial Paper	$47,600,000
Equity Securities	331,674
Total Investments	$47,931,674

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

The investment in Commercial Paper matures in less than one year.

Custodial Credit Risk
Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, GTRC will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. GTRC does not have a formal policy for managing custodial credit risk.

At June 30, 2008, $47,600,000 of GTRC's applicable investments were held by the investment's counterparty in GTRC'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. GTRC does not have a formal policy for managing credit quality risk.

The Commercial Paper investment is rated A-1+ by Standard and Poor's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GTRC does not have a formal policy for managing concentration of credit risk.

Of GTRC's total investments of $47,931,674, $47,600,000, or 99%, are invested in Federal Home Loan Bank discount notes.

Capital Assets for Component Units:

Georgia Tech Research Corporation had the following Capital Asset activity for the year ended June 30, 2008:

	Beginning Balances 7/1/2007	Additions	Reductions	Ending Balance 6/30/2008
Capital Assets, Not Being Depreciated:				
Capitalized Collections	$240,735	$0	$0	$240,735
Construction Work-in-Progress	0	32,098		32,098
Total Capital Assets Not Being Depreciated	240,735	32,098	0	272,833
Capital Assets, Being Depreciated:				
Building and Building Improvements	21,133	74,100		95,233
Equipment	3,498,102	270,957	206,762	3,562,297
Total Assets Being Depreciated	3,519,235	345,057	206,762	3,657,530
Less: Accumulated Depreciation				
Buildings	3,056	3,348		6,404
Equipment	2,086,929	408,396	189,697	2,305,628
Total Accumulated Depreciation	2,089,985	411,744	189,697	2,312,032
Total Capital Assets, Being Depreciated, Net	1,429,250	(66,687)	17,065	1,345,498
Capital Assets, net	$1,669,985	($34,589)	$17,065	$1,618,331

Georgia Advanced Technology Ventures, Inc.

Georgia Advanced Technology Ventures, Inc. (GATV) is a Georgia non-profit organization formed to support Georgia Institute of Technology's technology transfer and economic development mission and its Advanced Technology Development Center (ATDC) incubator program. GATV provides capital and operating support for technology transfer and economic activities including ATDC incubator facilities and services to ATDC affiliated companies.

GATV is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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. Georgia Advanced Technology Ventures fiscal year is July 1 through June 30.

During the year ended June 30, 2008, Georgia Advanced Technology Ventures, Inc. distributed $295,569 to the Institute for operating expenses. Complete financial statements for GATV can be requested at the following address: Georgia Advanced Technology Ventures, Inc., Treasurer's Office - Attention: Joel Hercik, Lyman Hall, Room 315, Atlanta, GA 30332-0257.

Investments for Component Units:

Georgia Advanced Technology Ventures, Inc. holds investments in the amount of $957,061. These funds are invested in Georgia Venture Partners, LLC.

Capital Assets for Component Units:

Georgia Advanced Technology Ventures, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$11,428,530
Total Capital Assets not being Depreciated	11,428,530
Capital Assets being Depreciated:	
Buildings and Improvements	107,659,415
Infrastructure	3,411,274
Machinery and Equipment	1,047,396
Total Capital Assets being Depreciated	112,118,085
Less Total Accumulated Depreciation	9,269,018
Total Capital Assets being Depreciated, Net	102,849,067
Capital Assets, Net	$114,277,597

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the GATV for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Capital Lease Obligations	$85,145,694	$6,371,037	$1,145,044	$90,371,687	$0
Notes and Loans Payable	8,047,352	3,883,669	1,535,882	10,395,139	1,678,898
Total Long Term Liabilities	$93,193,046	$10,254,706	$2,680,926	$100,766,826	$1,678,898

Capital Lease Obligations:
Georgia Advanced Technology Ventures, Inc. has three long-term capital leases. The leases are for Centergy One Building, Floors 1-3 with an interest rate of 6.25%, Centergy One Building, Floors 4-5 with an interest rate of 7.75%, and Technology Enterprise Park with an interest rate of 8.224%. The balances for these leases total $90,371,687 at June 30, 2008, which includes $1,593,351 in capitalized interest payable.

Future minimum lease payments under the capital leases and the net present value of future minimum lease payments are as follows at June 30, 2008:

		Capital Leases
Year ending June 30:		
2009	1	$6,811,817
2010	2	6,958,532
2011	3	7,103,045
2012	4	7,251,074
2013	5	7,398,582
2014 through 2018	6-10	38,467,746
2019 through 2023	11-15	38,153,078
2024 through 2028	16-20	42,220,348
2029 through 2033	21-25	46,924,028
2034 through 2038	26-30	19,254,482
Total minimum lease payments		220,542,732
Less: Interest		130,171,045
Principal Outstanding		$90,371,687

Notes and Loans Payable:
Georgia Advanced Technology Ventures, Inc. has four notes payable and a line of credit arrangement with The University Financing Foundation, Inc. (TUFF). Three of the notes payable are secured by Technology Enterprise Park land and the fourth is unsecured. Interest rates on the notes payable range from 6.00% to 7.53%. The notes payable balances at June 30, 2008 total $8,795,139, which includes $91,795 in capitalized interest payable. The credit arrangement with TUFF includes advances at June 30, 2008 of $1,600,000, out of a total credit limit of $1,900,000. Principal is payable within 30 days of demand by TUFF. Interest on the credit line is prime plus 2%.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$1,678,898	$434,381	$2,113,279
2010	2	229,092	440,374	669,466
2011	3	270,110	446,538	716,648
2012	4	299,086	452,894	751,980
2013	5	330,531	459,465	789,996
2014 through 2018	6-10	2,009,506	2,416,843	4,426,349
2019 through 2023	11-15	1,299,453	2,724,484	4,023,937
2024 through 2028	16-20	2,001,348	3,084,971	5,086,319
2029 through 2033	21-25	2,053,070	2,481,836	4,534,906
2034 through 2038	26-30	224,045	193,469	417,514
		$10,395,139	$13,135,255	$23,530,394

Georgia Tech Alumni Association

Georgia Tech Alumni Association (Alumni Association) is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). The Alumni Association acts primarily as a point of contact with the Institute's alumni, prospective students, and friends for outreach and development. The forty-three member Alumni Association board of trustees is self-perpetuating and consists of alumni and friends of the Institute. Although the Institute does not control the timing or amount of receipts from the Alumni Association, the majority of resources or income thereon that the Alumni Association holds and invests is restricted to support the Alumni Association's mission of serving and promoting the alumni of the Institute. Because resources held by the Alumni Association are used by, or for the benefit of, the Institute, the Alumni Association is considered a component unit of the Institute and is discretely presented in the Institute’s financial statements.

The Alumni Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Alumni Association’s fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Alumni Association distributed $735,099 to the Institute primarily for employee salary and insurance costs. Complete financial statements for the Alumni Association can be obtained from the Georgia Tech Alumni Association, Attention: Controller, 190 North Avenue, Atlanta, GA 30313.

Capital Assets for Component Units:

Georgia Tech Alumni Association holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets being Depreciated:	
Buildings and Improvements	$718,980
Machinery and Equipment	788,253
Total Capital Assets being Depreciated	1,507,233
Less Total Accumulated Depreciation	1,058,612
Total Capital Assets being Depreciated, Net	448,621
Capital Assets, Net	$448,621

Georgia Tech Facilities, Inc.

Georgia Tech Facilities, Inc. (Facilities) is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). Facilities constructs research and auxiliary buildings and other structures for use by the Institute and then leases the completed buildings/structures to the Institute. The eight-member Facilities board is appointed by the President of the Georgia Institute of Technology and consists of alumni and friends of Georgia Tech. Although the Institute does not control the timing or amount of receipts and disbursements for Facilities, its resources and income are restricted to support the construction activities of the Institute. Because these restricted resources held by Facilities can only be used by, or for the benefit of, the Institute, Facilities is considered a component unit of Georgia Tech and is discretely presented in the Institute's financial statements.

Georgia Tech Facilities, Inc. is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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. Facilities fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $6,227,000 to the University for both restricted and unrestricted purposes. Complete financial statements for Facilities can be obtained from the following address: Georgia Tech Facilities, Inc., Treasurer's Office, Lyman Hall, Room 315, Atlanta, GA 30332-0257, Attention: Joel Hercik.

Investments for Component Units:

Georgia Tech Facilities, Inc.'s investments at June 30, 2008 were as follows:

	Cost	Fair Value
Government and Agency Securities	$4,500,000	$4,346,880
Corporate Bonds	2,500,000	2,445,120
Total Investments	$7,000,000	$6,792,000

Capital Assets for Component Units:

Georgia Tech Facilities, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$598,000
Construction in Progress	1,419,000
Total Capital Assets not being Depreciated	2,017,000
Capital Assets being Depreciated:	
Buildings and Improvements	1,200,000
Total Capital Assets being Depreciated	1,200,000
Less Total Accumulated Depreciation	600,000
Total Capital Assets being Depreciated, Net	600,000
Capital Assets, Net	$2,617,000

Long-term Liabilities for Component Units:

Changes in long-term liabilities for Facilities for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Capital Lease Obligations	$9,492,000	$0	$2,098,000	$7,394,000	$2,179,000
Revenue/Mortgage Bonds Payable	210,125,000	199,990,000	115,308,000	294,807,000	5,723,000
Total Long Term Liabilities	$219,617,000	$199,990,000	$117,406,000	$302,201,000	$7,902,000

Capital Lease Obligations:

Effective April 15, 2007, Facilities entered into an installment sale agreement with the Institute for telecommunications equipment and installation. The agreement commences on the date the equipment was accepted and is renewable at the option of the Institute annually on July 1 for five successive one-year terms. The total extended term of the agreement will be approximately 63 months, to July 15, 2011.

To finance the equipment, Georgia Tech Facilities, Inc entered into a Master Lease and Sublease Agreement with SunTrust Leasing Corporation (as Lessor) and the Development Authority of Fulton County (as lessee) in the amount of $9,734,000. The outstanding principal balance of the obligation as of June 30, 2008 is $7,394,000.

Annual debt service requirements to maturity for capital lease obligations are as follows:

		Capital Leases
Year ending June 30:		
2009	1	$2,430,000
2010	2	2,430,000
2011	3	2,430,000
2012	4	607,000
Total minimum lease payments		7,897,000
Less: Interest		503,000
Principal Outstanding		$7,394,000

Revenue Bonds Payable:
Georgia Tech Facilities, Inc. has nine bond issues outstanding with balances totaling $285,405,000. The proceeds from the bond issues were used to acquire or construct (for the benefit of Georgia Institute of Technology) the Habersham Building, which houses the Ivan Allen College, Bioengineering and Biosciences Building, Family Housing Complex, Klaus Parking Deck, the Molecular Science and Engineering Building, the Electrical Substation, and the North Avenue Apartments. Interest rates on the bonds range from 2.625% to 5.25%. Facilities also has some variable rate demand bonds. For 2008A and 2008C Bonds, Facilities has interest rate swap agreements. Facilities retains an independent entity to provide periodic valuations of the interest rate swaps. At June 30, 2008, the value of the swaps total is ($2,422,000) and is reported as an Other Liability (current) on the Statement of Net Assets.

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

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$5,723,000	$12,217,660	$17,940,660
2010	2	6,880,000	12,484,332	19,364,332
2011	3	7,217,000	12,218,336	19,435,336
2012	4	7,536,000	11,921,126	19,457,126
2013	5	7,880,000	11,587,541	19,467,541
2014 through 2018	6-10	45,174,000	52,349,919	97,523,919
2019 through 2023	11-15	58,568,000	40,808,158	99,376,158
2024 through 2028	16-20	69,295,000	26,329,350	95,624,350
2029 through 2033	21-25	54,913,040	11,541,969	66,455,009
2034 through 2038	26-30	22,218,960	2,154,425	24,373,385
		285,405,000	193,612,816	479,017,816
Bond/Swaption Premiums		9,402,000		9,402,000
		$294,807,000	$193,612,816	$488,419,816

Georgia State University

Georgia State University Foundation, Inc.
Georgia State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The 37 member board of the Foundation, of which 6 members are ex-

officio, is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $509,754 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation's Office at One Park Place South, Suite 533, Atlanta, GA 30303 or from the Foundation's website at www.gsu.edu.

Prior Period Adjustment:

During the year ended June 30, 2008 the Foundation determined that it had incorrectly classified two properties leased to the University as property and equipment instead of as direct financing leases. The 2007 consolidated financial statements have therefore been restated to properly present these assets as Net Investments in Capital Leases. The effect of the restatement was a decrease in unrestricted net assets as of June 30, 2007 of $121,973, a decrease in property and equipment of $35,697,615, and an increase in net investment in capital leases of $35,575,642.

Investments for Component Units:

Georgia State University Foundation, Inc. holds endowment and other investments in the amount of $166.4 million. The Foundation determines the spendable amounts for endowment funds using a total return formula and makes no spending allocations to restricted funds from the operating portfolio. Income from the operating portfolio is used to fund the Foundation's administrative activities pursuant to an unrestricted spending policy. The Trustees of the Foundation adopted an endowment spending policy that provides for the allocation of endowment funds at the rate of 70% of the previous year's allocation plus 30% of the current year's market values at a spending rate of 4.5% of the market value of the endowment funds. A 1% management fee is used to fund the Foundation's administrative activities. The balance of the return is applied to the value of the endowment funds.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Money Market Accounts	$53,537,924	$53,537,924
Equity Securities	64,349,345	70,825,752
Mutual Funds	37,191,485	36,644,994
Real Estate	3,744,498	5,360,421
Total Investments	$158,823,252	$166,369,091

Capital Assets for Component Units:

Georgia State University Foundation, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$7,227,900
Total Capital Assets not being Depreciated	7,227,900
Capital Assets being Depreciated:	
Buildings and Improvements	71,321,399
Machinery and Equipment	981,351
Total Capital Assets being Depreciated	72,302,750
Less Total Accumulated Depreciation	18,761,277
Total Capital Assets being Depreciated, Net	53,541,473
Capital Assets, Net	$60,769,373

Long-term Liabilities for Component Units:

Changes in long-term liabilities for Georgia State University Foundation, Inc. for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Compensated Absences	$33,520	$4,218	$0	$37,738	$0
Liabilities under split interest agreement	260,992		8,632	252,360	37,769
Capital Lease Obligations	9,722,456		722,430	9,000,026	759,993
Revenue/Mortgage Bonds Payable	250,674,710		1,961,963	248,712,747	11,515,000
Other Long Term Liabilities	5,812,394		5,812,394	0	
Total Long Term Liabilities	$266,504,072	$4,218	$8,505,419	$258,002,871	$12,312,762

Capital Lease Obligations:

Alpharetta Campus Facilities Capital Lease

On September 23, 1998, $10,600,000 of revenue bonds were issued by the Development Authority of Alpharetta, Georgia, (the "Development Authority") for the purpose of financing the costs of acquiring, constructing and installing educational facilities which are located in the City of Alpharetta and are to be leased by the Foundation. The bonds are special limited obligation bonds payable by the Development Authority from lease payments made to it by the Foundation. The lease obligates the Foundation, on a limited recourse basis, to make lease payments sufficient to pay 83.5% of principal and interest on the bonds with the balance to be paid by the Development Authority. The Foundation in turn subleased the facilities to the Board of Regents of the University System of Georgia (the “Board of Regents”) for the use of the University. The liability of the Foundation is limited to the interest of the Foundation in the project and the rents, profits, issues, products and proceeds thereof. The City of Alpharetta is obligated to make 100% of the principal and interest payments on the bonds to the extent rental payments derived from the project are insufficient for such purposes. The Foundation has entered into a lease with the University on this property. As the lease is classified as a capital lease by the University, the Foundation has recorded the asset as a net investment in capital leases on the Statement of Net Assets.

Rialto Center Facilities Capital Lease

During 1994, the Foundation purchased and has since renovated facilities currently occupied by the University's School of Music. The project included the purchase and renovation of two existing office buildings. The Foundation also entered into a long term land lease for the renovation and use of an existing performing arts theater, the Rialto Theater. The project was financed through contributions to the Foundation and through bonds issued by the Downtown Development Authority of the City of Atlanta (the "Authority"), the proceeds of which were loaned to The University Financing Foundation (“TUFF”). The Foundation has entered into long term lease commitments with TUFF to provide for the debt service payments on the bonds and other bond financing related expenses. The Foundation then leases the facilities to the University through a series of one year renewable lease agreements. At the end of the lease period or the retirement of the bonds, whichever occurs first, the title to the two office buildings will pass to the Foundation. Therefore, the Foundation has classified this lease as a capital lease and has recorded it as an asset under property and equipment in the consolidated statements of financial position. During 2004, the 1994 bonds issued by the Authority were refunded to obtain savings in debt service and to obtain funds for improvements to the Rialto Theater. Accordingly, the Authority entered into a new loan agreement with TUFF and a new agreement with the Foundation as the guarantor of the bonds. The guarantee is expressly limited to the unrestricted income and unrestricted assets of the Foundation. The terms of the long-term lease commitment between TUFF and the Foundation were modified to reflect the new interest rate of the bonds, the additional proceeds available for capital improvements, the additional bond financing related expenses and the extension of the term of the lease through November 1, 2015.

Annual debt service requirements to maturity for capital lease obligations are as follows:

		Capital Leases
Year ending June 30:		
2009	1	$1,214,618
2010	2	1,212,585
2011	3	1,209,232
2012	4	1,208,651
2013	5	1,210,863
2014 through 2018	6-10	4,700,743
2019 through 2023	11-15	691,415
Total minimum lease payments		11,448,107
Less: Interest		2,448,081
Principal Outstanding		$9,000,026

Interest expense related to the capital lease obligation for Alpharetta for the year ending June 30, 2008 totaled $281,064.

Interest expense related to the TUFF lease obligation for Rialto for the year ending June 30, 2008 totaled $212,029.

Rialto Ground Lease

Pursuant to the lease agreement between the Foundation and TUFF, the lease payments include the cost of an underlying ground lease on the Rialto Theater property. At the end of the lease term, TUFF will transfer all interests in the ground lease to the Foundation. The Foundation has the option to renew the ground lease with the owner through December 31, 2045, once the Authority bond obligations are satisfied.

Future minimum lease payments under the ground lease as of June 30, 2008 are as follows:

		Ground Lease
Year ending June 30:		
2009	1	$69,410
2010	2	69,410
2011	3	69,410
2012	4	69,410
2013	5	69,410
2014 through 2016	6-8	167,741
Total		$514,791

Revenue Bonds Payable:

Student Recreation Center Bonds

On October 15, 1998, $33,430,000 of revenue bonds were issued by the Atlanta Development Authority ("ADA") with the proceeds loaned to the Foundation for the purpose of financing the acquisition, construction, improvement and equipping of a student recreation center for the benefit of the University. The bonds are special limited obligation bonds of the ADA, payable from funds received from the Foundation pursuant to a promissory note between the ADA and the Foundation. The Foundation leases the facilities to the Board of Regents for the use of the University. The Foundation's liability on the note is limited to its interest in the project and the rents and revenues from the project, including amounts received pursuant to the rental agreement with the Board of Regents. Payment of principal and interest on the bonds are insured by AMBAC Assurance Corporation. Principal payments are to be made annually until October 1, 2018. Interest is paid semi-annually through 2018 at a rate specified in the revenue bonds ranging from 3.60% to 4.60%. Interest expense for the year ended June 30, 2008 totaled $1,085,059.

Piedmont Ellis Bonds

On September 8, 2005, a total of $161,330,000 revenue bonds (tax-exempt $158,410,000 and taxable $2,920,000) were issued by the ADA on behalf of the Foundation with the proceeds used for the purpose of financing the acquisition, construction and equipping of certain land, buildings and personal property to be used as a student housing project. The project has 1,994 beds, including community activity facilities, site amenities and parking for 786 vehicles. There was a 22 month construction schedule for the project which was completed and opened for occupancy for the fall semester of 2007. The real property upon which the project is located is owned by the Board of Regents and leased to the Foundation pursuant to a Ground Lease. After construction was completed, the Foundation leased the facility to the Board of Regents on an annually renewable basis for a term of 33 years for the use and benefit of the University. Moody's Investors Services Inc. has assigned the series 2005 Bonds the rating of "Aaa" based upon the issuance of the policy by the Bond Insurer. Principal payments are to be made annually starting September 1, 2009 and ending September 1, 2036. Interest is paid semi-annually through 2036 at a rate specified in the revenue bonds ranging from 3.875% to 5.0%. Interest expense for the year ended June 30, 2008 totaled $7,762,468.

Panther Place Bonds

On May 31, 2007, $58,385,000 of revenue bonds (tax-exempt $49,175,000 and taxable $9,210,000) were issued by the ADA on behalf of the Foundation with the proceeds used to finance the costs of acquiring land, buildings, improvements, machinery, fixtures, furnishings, equipment and other real and personal property to be used for office space. SunTrust Banks, Inc. as the seller and the current tenant may remain in the building for up to five years. Upon expiration of the lease or early termination by SunTrust Banks, Inc. the Foundation will lease the property to the Board of Regents on an annually renewable basis. The Foundation began making semi-annual interest payments on January 1, 2008 at a rate of 4.289% on tax-exempt bonds and 5.409% on taxable bonds. Interest expense for the year ended June 30, 2008 totaled $3,186,562.

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

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$11,515,000	$11,385,338	$22,900,338
2010	2	13,045,000	11,253,067	24,298,067
2011	3	13,375,000	11,092,477	24,467,477
2012	4	13,805,000	10,878,877	24,683,877
2013	5	22,865,000	10,252,053	33,117,053
2014 through 2018	6-10	28,585,000	47,235,109	75,820,109
2019 through 2023	11-15	27,515,000	39,310,737	66,825,737
2024 through 2028	16-20	31,680,000	30,526,309	62,206,309
2029 through 2033	21-25	40,440,000	19,285,184	59,725,184
2034 through 2038	26-30	40,250,000	5,331,090	45,581,090
		243,075,000	196,550,241	439,625,241
Bond Premium/(Discount)		5,637,747		5,637,747
		$248,712,747	$196,550,241	$445,262,988

Interest Rate Swap Agreement:
On May 29, 2007, the Foundation entered into an interest rate swap agreement related to the Panther Place revenue bond issue utilized to purchase the SunTrust building. The Foundation has accounted for the interest rate swap agreement in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. By using a derivative financial instrument to hedge exposure to a change in interest rates, the financing is exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the additional funds, which creates repayment risk for the financing. The financing policy also requires that all derivative contracts be governed by an International Swaps and Derivatives Association Master Agreement. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The bond financing was constructed with an interest rate swap contract to convert the variable rate bonds into a synthetic fixed rate debt at the time the debt was offered, with the intent to reduce borrowing costs. Interest rate swaps used with the issuance of tax-exempt debt must be recorded as assets or liabilities in the statements of financial position, depending on whether the swap is in a gain or a loss position, at fair value. Unrealized gains or losses for a given period must be reflected in the earnings for that period. In volatile environments, this can result in large differences from one period to the next.

The swap provider, Ambac Financial Services, calculated the fair value in accordance with generally accepted accounting principles in the United States of America using a proprietary valuation model, which they developed and had tested by external auditors. The model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value. All rates used in valuation are mid-market levels (mid-way between bid and ask) or are model based mid-market levels when mid-market levels are not available. The fair value provided takes certain factors into consideration, including the liquidity of the swap market and the uniqueness of the deal structure. The fair value of the interest rate swap agreement is recognized in the accompanying Statement of Net Assets at $4,533,379 and is reported as "Other Liabilities" at June 30, 2008 and as "Interest Expense" in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2008.

Georgia State University Research Foundation, Inc.
Georgia State University Research Foundation, Inc. (Research Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University) and was established to contribute to the scientific, literary, educational, and charitable functions of the University in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments or other units of the University. Most of the research grants awarded to the Research Foundation are subcontracted to the University, which is responsible for the fiscal administration of the grants.

The Research Foundation's results for fiscal 2008 include Science Park, LLC (the "Company"), a component unit of the Research Foundation, which was organized as a not-for-profit limited liability company on August 9, 2006 with its sole member the Research Foundation. The Company was created to develop a 248,806 square foot science research facility (the "Project"). Upon completion of the Project, the Company will lease the facility to the Board of Regents of the University System of Georgia for the use and benefit of Georgia State University. No financial activity occurred prior to July 1, 2007.

The ten member board of the Research Foundation is self-perpetuating and consists of faculty and administrators of the University. Because the resources held by the Research Foundation can only be used by or for the benefit of the University, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is considered a special-purpose government entity engaged only in business-type activities and is required to follow all applicable GASB pronouncements. The Research Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Research Foundation paid to the University $45,828,253 in grant revenue and $1,018,787 for support of research activities. Complete financial statements for the Research Foundation can be obtained from the office of the Georgia State University Research Foundation, Inc., Alumni Hall, 30 Courtland Street, Suite 219, Atlanta, GA 30303.

Deposits and Investments for Component Units:

Deposits:

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Research Foundation's deposits may not be recovered. 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.

At June 30, 2008, the Research Foundation's carrying amount of deposits was $7,566,660, and the bank balance was $7,952,968. Of the bank balance, $100,000 was covered by FDIC insurance at June 30, 2008, and $5,920,793 was collateralized by the State of Georgia pledging pool which thereby guarantees collateralization of any uninsured bank deposit balances. The remaining uncollateralized balance of $1,932,175 consists of cash equivalents held by investment custodians.

Investments:
The Research Foundation's investments at June 30, 2008 are presented below. All investments are presented by investment type.

		Investment Maturity
	Fair Value	1-5 Years
Investment type		
Debt Securities		
Mutual Bond Fund	$907,151	$907,151
	$907,151	$907,151
Other Investments		
Bond/Fixed Income Mutual Funds	535,162	
Equity Securities - Domestic	1,495,167	
Equity Securities - International	934,011	
Real Estate Investment Fund	228,400	
Investment Pools		
Office of Treasury and Fiscal Services		
Georgia Fund 1	90,603,430	
	$94,703,321	

The above investments are included in the Statement of Net Assets as follows:

Cash and Cash Equivalents	$90,603,430
Investments – unrestricted	3,484,293
Investments – restricted – expendable	615,598
Total investments	$94,703,321

All investments with the exception of equity securities of $28,665 and investment pools of $90,603,430 at June 30, 2008, are held by the Georgia State University Foundation on behalf of the Research Foundation and are held by outside investment managers.

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 Research Foundation's policy for managing interest rate risk is divided between short-term and long-term investments. Short-term investments will have a maximum maturity of eighteen months to five years depending on the type of investment. Long-term investments are managed using a planning timeline of five years or more and overall risk measurements rather than specific maturity limits.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Research Foundation's investment policies are consistent with the investment policies of Georgia State University Foundation. The Research Foundation does not have a formal policy related to credit quality risk of investments.

The Research Foundation's investments as of June 30, 2008 are presented below. All investments are presented by investment type and fixed income securities are presented by credit quality ratings.

	Fair Value	AAA	AA	A	BBB	BB	B	Unrated
Related Debt Investments								
Mutual Bond Fund	$907,151	$541,160	$35,712	$57,760	$61,152	$64,332	$146,670	$365
	$907,151	$541,160	$35,712	$57,760	$61,152	$64,332	$146,670	$365

The Georgia Fund 1 investment is rated AAAm by Standard & Poor's.

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 Research Foundation will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Research Foundation does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2008, $4,099,891 of the Research Foundation's applicable investments were uninsured and held by the Research Foundation's counterparty in the Research Foundation's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Research Foundation's policy for managing concentration of credit risk is divided amongst investment types as follows for the year ended June 30, 2008:

Domestic equities	44%
Alternative investments	22%
Bonds	16%
Real estate	11%
International equities	7%

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Research Foundation's investments are not exposed to foreign currency risk as securities denominated in currencies other than the U.S. dollar are not permissible by the Research Foundation's investment policy.

Capital Assets for Component Units:

Georgia State University Research Foundation, Inc. had the following Capital Asset activity for the year ended June 30, 2008:

	Beginning Balances 7/1/2007	**Additions**	**Reductions**	**Ending Balance 6/30/2008**
Capital Assets, Not Being Depreciated:				
Land (and other assets)	$1,643,990	$0	$0	$1,643,990
Construction Work-in-Progress		1,592,461		1,592,461
Total Capital Assets Not Being Depreciated	1,643,990	1,592,461	0	3,236,451
Capital Assets, Being Depreciated:				
Building and Building Improvements	3,947,210	2,626,988		6,574,198
Facilities and Other Improvements	307,186			307,186
Total Assets Being Depreciated	4,254,396	2,626,988	0	6,881,384
Less: Accumulated Depreciation				
Buildings	595,713	170,386		766,099
Facilities and Other improvements	277,867	1,377		279,244
Total Accumulated Depreciation	873,580	171,763	0	1,045,343
Total Capital Assets, Being Depreciated, Net	3,380,816	2,455,225	0	5,836,041
Capital Assets, net	$5,024,806	$4,047,686	$0	$9,072,492

Long-term Liabilities for Component Units:

Changes in long-term liabilities for Georgia State University Research Foundation, Inc. for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$0	$91,090,710	$0	$91,090,710	$0
Total Long Term Liabilities	$0	$91,090,710	$0	$91,090,710	$0

$90,205,000 Bond Issue — The Series 2007 Bonds are being issued pursuant to a Trust Indenture and Security Agreement dated as of December 1, 2007 (the "Indenture"), between the Atlanta Development Authority (the "Authority") and Branch Banking and Trust Company, Wilson, North Carolina as trustee (the "Trustee"). The Authority will loan proceeds of the sale of the Series 2007 Bonds to the Company, pursuant to the terms and provisions of a Loan Agreement dated as of December 1, 2007 (the "Loan Agreement"), between the Authority and the Company. The Company's obligations under the Loan Agreement will be evidenced by a Promissory Note dated as of December 1, 2007 (the "Promissory Note").

The Company will use proceeds of the Series 2007 Bonds to (i) finance or refinance, in whole or in part, the cost of the acquisition, construction and equipping of approximately 248,806 square foot research facility (the "Project") to be located in a new Georgia State University Science Park on the campus of the University; (ii) fund a debt service reserve fund for the Series 2007 Bonds; (iii) fund capitalized interest for the Series 2007 Bonds; and (iv) pay costs of issuance of the Series 2007 Bonds.

Term bonds under the Loan Agreement bear interest payable semiannually on January 1 and July 1 at fixed rates ranging from 4.75% to 5.25% depending on the schedule of bond maturities. Serial bonds under the loan agreement bear interest payable semi-annually on January 1 and July at the rate of 4.50% until July 1, 2014 when the interest rates increases to 5.00%. Principal payments are due on July 1 beginning in 2011 and continuing until 2039.

The following is a summary as of June 30, 2008, of principal and interest payments due under all borrowings during each of the next five years ending June 30 and five-year increments thereafter:

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$0	$4,482,350	$4,482,350
2010	2	0	4,482,350	4,482,350
2011	3	1,470,000	4,482,350	5,952,350
2012	4	1,535,000	4,416,200	5,951,200
2013	5	1,605,000	4,347,125	5,952,125
2014 through 2018	6-10	9,270,000	20,492,500	29,762,500
2019 through 2023	11-15	11,830,000	17,931,500	29,761,500
2024 through 2028	16-20	15,075,000	14,685,562	29,760,562
2029 through 2033	21-25	19,210,000	10,533,125	29,743,125
2034 through 2038	26-30	24,540,000	5,218,250	29,758,250
2039	31	5,670,000	283,500	5,953,500
		90,205,000	91,354,812	181,559,812
Premium/(Discount)		885,710		885,710
		$91,090,710	$91,354,812	$182,445,522

Medical College of Georgia

MCG Health, Inc.

MCG Health, Inc. (Company) is a legally, separate tax-exempt component unit of Medical College of Georgia (College). The Company is organized to further the health sciences, patient care, research, and education mission of the Medical College of Georgia Hospital and Clinics (Hospital). The Hospital, which is owned by the Board of Regents of the University System of Georgia (Regents), consists of 632 licensed bed acute care hospital and related outpatient care facilities principally located in Augusta, Georgia. Because of the special relationship with the College, the Company is considered a component unit and is discretely presented in the College's financial statements.

The Company utilized the accrual basis of accounting using the economic resources measurement focus. Pursuant to, and as permitted by GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Company has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Company's fiscal year is July 1 through June 30.

Complete financial statements for the Company can be obtained from the Administrative Office at 1120 15th Street, Augusta, Georgia 20912.

Deposits and Investments

Deposits:
At June 30, 2008, $63,631,153 of MCG Health, Inc.'s deposits were uninsured, uncollateralized, or collateralized by securities held by the pledging institution or by its trust department or agent in other than the Company's name.

Investments:
At June 30, 2008, MCG Health, Inc. maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility each institution has to the citizens of Georgia and which conforms 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 Maturity			
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Investment type					
Debt Securities					
U.S. Treasuries	$15,799,141	$0	$15,799,141	$0	$0
U.S. Agencies					
Explicitly Guaranteed	308,415				308,415
Implicitly Guaranteed	62,257,572	6,481,177	51,744,862	251,084	3,780,449
Corporate Debt	23,508,290	3,456,527	20,051,763		
Mortgage Backed Securities (Commercial)	19,213,833	719,589	6,372,495	1,159,759	10,961,990
Municipal Obligation	3,058,662		1,770,332		1,288,330
	$124,145,913	$10,657,293	$95,738,593	$1,410,843	$16,339,184
Other Investments					
Money Market Funds	79,659,511				
Equity Securities - Domestic	22,703,501				
Equity Securities - International	355,464				
Joint Venture	863,495				
	$227,727,884				

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. MCG Health, Inc. does not have a formal policy for managing interest rate risk.

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 Company will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Company does not have a formal policy for managing custodial credit risk for investments.

As of June 30, 2008, $147.2 million of the Company's applicable investments are held by the investment managers in the Company'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 Company's policy for managing credit quality risk is as follows: The Company's assets may be invested only in investment grade bonds rated AA (or equivalent) or better. The Company's assets may be invested only in commercial paper rated A1 (or equivalent) or better. Fixed income maturity restrictions are as follows: Maximum maturity for any single security is five years, and weighted average portfolio maturity may not exceed 3 years. Securities comprising money market funds must be rated investment grade by Standard and Poor's and/or Moody's.

The investments subject to credit quality risk at June 30, 2008 are rated as follows:

	Fair Value	AAA	AA	A	BAA
Related Debt Investments					
U. S. Agencies - Implicitly Guaranteed	$62,257,572	$62,257,572	$0	$0	$0
Corporate Debt	23,508,290	2,304,173	9,128,334	11,353,162	722,621
Mortgage Backed Securities (Commercial)	19,213,833	18,165,282	675,346	373,205	
Municipal Obligation	3,058,662	631,242	2,427,420		
	$108,038,357	$83,358,269	$12,231,100	$11,726,367	$722,621

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. Except for U.S. Government and agency obligations, each fixed income investment manager's portfolio should contain no more than 5% of any single issue, at cost. Individual U.S. Treasury securities may represent up to 30% of the total investment portfolio, while the total allocation of U.S. Treasury notes and bonds may represent up to 100% of the Company's aggregate bond position.

As of June 30, 2008, the following MCG Health, Inc.'s applicable investments exceed 5% of its total investment balance: Federal Home Loan Bank 14.8%, Federal National Mortgage Association 6.2%, and Federal Home Loan Mortgage Corporation 5.5%.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Company does not have a policy for managing exposure to foreign currency risk.

MCG Health, Inc. holds investments totaling $355,464 or 0.2% in International equity securities. Foreign currency risk is considered negligible related to this holding in comparison to total investments.

Capital Assets for Component Units:

MCG Health, Inc.'s capital asset activity for the year ending June 30, 2008 was as follows:

	Beginning Balances 7/1/2007	Additions	Reductions	Ending Balance 6/30/2008
Capital Assets, Not Being Depreciated:				
Land (and other assets)	$7,138,554	$581,676	$0	$7,720,230
Construction Work-in-Progress	10,692,641	24,415,032	18,579,924	16,527,749
Total Capital Assets Not Being Depreciated	17,831,195	24,996,708	18,579,924	24,247,979
Capital Assets, Being Depreciated:				
Building and Building Improvements	3,936,122	279,541		4,215,663
Facilities and Other Improvements	21,147,609	6,055,847		27,203,456
Equipment	124,090,086	34,409,205	3,917,908	154,581,383
Capital Leases	17,930,364		17,930,364	0
Total Assets Being Depreciated	167,104,181	40,744,593	21,848,272	186,000,502
Less: Accumulated Depreciation				
Buildings	393,352	178,480		571,832
Facilities and Other improvements	7,752,867	3,309,006		11,061,873
Equipment	96,248,220	10,677,017	(6,147,962)	113,073,199
Capital Leases	6,030,191	3,898,510	9,928,701	0
Total Accumulated Depreciation	110,424,630	18,063,013	3,780,739	124,706,904
Total Capital Assets, Being Depreciated, Net	56,679,551	22,681,580	18,067,533	61,293,598
Capital Assets, net	$74,510,746	$47,678,288	$36,647,457	$85,541,577

Long-term Liabilities for Component Units:

On April 1, 2008, the Company issued a total of $135,000,000 of Development Authority of Richmond County Revenue Bonds, Series 2008A and 2008B (the Bonds). Proceeds from the Bonds are to be used to fund certain construction and renovation projects and to purchase new and replacement equipment. The proceeds were also used to refund outstanding capital lease obligations and to pay certain costs associated with the issuance of the Bonds.

Prior to the issuance of the Bonds on April 1, 2008, the Company's long-term debt consisted primarily of capital lease obligations. Other Long-Term Liabilities represents the self-insured portion of professional liability risks. Accrued professional liability costs are determined actuarially.

Changes in long-term liabilities for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Compensated Absences	$11,190,803	$2,775,205	$2,093,371	$11,872,637	$11,872,637
Capital Lease Obligations	11,672,954	3,954,764	15,627,718	0	
Revenue/Mortgage Bonds Payable	0	135,000,000		135,000,000	
Other Long Term Liabilities	9,298,000	68,699	374,641	8,992,058	2,248,015
Total Long Term Liabilities	$32,161,757	$141,798,668	$18,095,730	$155,864,695	$14,120,652

The Bonds initially bear interest at weekly rates determined by the remarketing agent as the lowest rate of interest which, in the judgment of the remarketing agent, would cause the Bonds to have a market value as of the date of determination equal to the principal amount thereof, taking into account prevailing market conditions. In the event that the remarketing agent fails to determine an applicable interest rate, the interest rate to be used shall equal 100% of the S&P Weekly Index plus twenty-five basis points or 100% of the One Month London Interbank Offered Rate (LIBOR) plus twenty-five basis points, depending on the income tax treatment of the resulting interest in the gross income of the beneficial owner of the Bonds. In no event, the interest rate on the Bonds will exceed the lesser of 15% per annum and the maximum rate permitted by law. The Company may, under certain conditions, elect to convert all of the Bonds of a Series from a weekly rate to a daily rate or other variable rate described in the Bond indenture. For the period from April 1, 2008 to June 30, 2008, the annual effective variable interest rate incurred on the Bonds was 1.872%.

Each Bond Series is secured by irrevocable letters of credit. All principal and interest payments are drawn from the letter of credit and are reimbursed by the Company under the terms of separate reimbursement agreements with the issuers of the letters of credit. Each letter of credit is currently set to expire on March 31, 2011, unless extended.

The bond indenture and letter of credit reimbursement agreements contain certain terms and restrictive covenants typical of such agreements, including maintenance of certain debt service levels, limitations on indebtedness, maintenance of certain days' cash on hand, and maintenance of a certain ratio of debt service coverage.

With respect to the 2008 capital lease refunding, funds were deposited in an irrevocable trust to provide for the debt service of the lease payable, and, therefore, all related amounts have been removed from the Company's balance sheet. The deposits into the trust have been or will be used to pay all scheduled principal and interest payments on the leases through 2013. The refunding transaction resulted in an accounting loss totaling approximately $849,000 which is reported as a nonoperating item in the accompanying statement of revenues, expenses, and changes in net assets.

Concurrent with the issuance of the Bonds, the Company entered into a variable-to-fixed interest rate swap (the Swap). The intention of the Swap is to effectively convert the Company's variable interest rate on the Bonds into a synthetic fixed rate of 3.302%.

The Bonds and the Swap mature on July 1, 2037. The initial notional amount of the Swap is $135,000,000. The notional value of the Swap declines in conjunction with payments of Bond principal such that the outstanding balance of the Series 2008A and 2008B Bonds and the notional amount of the Swap remain equal at all times. Under the Swap, the Company pays the counterparty interest at a fixed rate of 3.302% and receives interest payments at a variable rate computed at 68% of LIBOR.

As of June 30, 2008, the Swap had a fair value of $81,085 (favorable to the Company), as computed using the zero-coupon method.

As of June 30, 2008, the Company was exposed to credit risk in the amount of the fair value of the Swap. The Swap counterparty was rated AA by Fitch Ratings and Standard & Poor's and Aaa by Moody's Investors Service as of June 30, 2008. 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 position due to the Company at a level above certain thresholds specified in the Swap agreement. Collateral would be posted with a third party custodian. The Swap exposes the Company to basis risk should the relationship between LIBOR and prevailing market rates change significantly, changing the synthetic rate on the Bonds from the intended synthetic rate of 3.302%. As of June 30, 2008, the prevailing market rate was an aggregate 1.706%, whereas 68% of LIBOR was 1.688%.

The Company 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 Company), the Company would be liable to the counterparty for a payment equal to the Swap's fair value.

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

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$0	$4,481,362	$4,481,362
2010	2	0	4,481,400	4,481,400
2011	3	3,225,000	4,401,019	7,626,019
2012	4	3,335,000	4,291,266	7,626,266
2013	5	3,450,000	4,177,625	7,627,625
2014 through 2018	6-10	19,050,000	19,047,976	38,097,976
2019 through 2023	11-15	22,475,000	15,580,617	38,055,617
2024 through 2028	16-20	26,510,000	11,491,328	38,001,328
2029 through 2033	21-25	31,270,000	6,666,955	37,936,955
2034 through 2038	26-30	25,685,000	1,367,146	27,052,146
		$135,000,000	$75,986,694	$210,986,694

Medical College of Georgia Foundation, Inc.

Medical College of Georgia Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of Medical College of Georgia (College). The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation functions as an independent corporation governed by its articles of incorporation, by-laws, and its Board of Directors. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources and income that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenue and the related assets are recognized when collected rather than when earned and expenses are generally recognized when paid rather than when incurred. Consequently, contributions receivable from donors, investment income receivables, accounts payable to vendors and accrued expenses are not included in the consolidated financial statements. The modified cash basis reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $7.7 million to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 919 15th Street, FI-1036, Augusta, Georgia 30912 or from the Foundation's website at www.mcgfoundation.org.

Investments for Component Units:

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Cash held by investment organization	$601,027	$601,027
Certificates of Deposit	1,107,082	1,107,082
Fixed Income	21,968,337	21,417,184
Equity Securities	53,006,141	62,669,078
Real Estate	6,052,808	6,683,254
Alternative Strategies	24,881,753	37,645,657
Total Investments	$107,617,148	$130,123,282

Capital Assets for Component Units:

Medical College of Georgia Foundation, Inc. held the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$1,510,594
Total Capital Assets not being Depreciated	1,510,594
Capital Assets being Depreciated:	
Machinery and Equipment	271,318
Total Capital Assets being Depreciated	271,318
Less Total Accumulated Depreciation	157,876
Total Capital Assets being Depreciated, Net	113,442
Capital Assets, Net	$1,624,036

Long-term Liabilities for Component Units:

At June 30, 2008, Medical College of Georgia Foundation's long-term liabilities consisted of a $2,268,972 liability due under a split-interest agreement.

The Medical College of Georgia Physicians Practice Group Foundation

The Medical College of Georgia Physicians Practice Group Foundation (PPG) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). PPG acts primarily as a non-profit organization for the purpose of enhancing the clinical, research, and educational missions of the College and billing and collecting for medical services provided to patients. Revenues are obtained primarily from physician fees charged to patients at Medical College of Georgia Hospital and Clinics, which is operated by Medical College of Georgia Health, Inc. PPG Properties, LLC is a limited liability company formed in 2001 by PPG to manage real estate rental properties. PPG Alternative Collections, LLC is a limited liability company formed in 2003 by PPG to bill and collect for anesthesia services provided to patients. Georgia Esoteric and Molecular Labs, LLC was formed in 2004 by PPG to operate a specialized pathology laboratory with genetic or molecular testing capabilities. MCG-PPG Cancer Research Center, LLC was formed in 2004 by PPG to construct, own, and operate a portion of a building to house a cancer research center on the campus of the College. PPG is the sole partner and has sole voting control of each LLC. Because PPG's purpose is to support the clinical, research, and educational missions of the College, it is considered a component unit of the College and is discretely presented in the College's financial statements.

PPG is a private non-profit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations with the exceptions as noted below. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. PPG's consolidated financial statements have been prepared substantially on the basis of cash receipts and cash disbursements with the exception of the following: interest earned on investments, salary supplements due to the College, incentive compensation, and retirement plan contribution expense are accounted for using the accrual method of accounting. Additionally, four-year scholarships funded for College students are expensed in the year awarded, and property and equipment are capitalized and depreciated.

Other adjustments required under accounting principles generally accepted in the United States of America for the accrual basis of accounting have not been reflected in the accompanying financial statements, including the equity method of accounting for PPG's investments in a joint venture. The equity method of accounting requires that the carrying value of investments meeting certain criteria be adjusted to reflect the investor's share of the investee's income and losses with the income or losses included in the statement of activities.

The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The PPG's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, PPG distributed $51.8 million to the College for salaries and departmental support. Complete financial statements for the PPG can be obtained from the Administrative Office at 1499 Walton Way, Suite 1400, Augusta, Georgia 30901.

Investments for Component Units:

PPG invests in mutual funds, equity securities, and debt securities which are measured at fair value. For investments other than common stock and mutual funds, classification between current and non-current is determined based upon individual investment maturity dates. Investments in common stock and mutual funds are actively traded and are classified as current. Investment income or loss (including realized gains and losses, interest, and dividends) is included in the nonoperating revenue section of the accompanying Statement of Revenues, Expenses, and Changes in Net Assets.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Government and Agency Securities	$8,925,480	$8,966,200
Corporate Bonds	10,455,931	10,131,452
Equity Securities	13,676,616	15,529,745
Mutual Funds	7,882,842	7,525,825
Joint Ventures/Partnerships	585,000	585,000
Total Investments	$41,525,869	$42,738,222

Capital Assets for Component Units:

PPG held the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$3,269,355
Total Capital Assets not being Depreciated	3,269,355
Capital Assets being Depreciated:	
Buildings and Improvements	2,422,416
Machinery and Equipment	6,249,455
Total Capital Assets being Depreciated	8,671,871
Less Total Accumulated Depreciation	5,997,709
Total Capital Assets being Depreciated, Net	2,674,162
Capital Assets, Net	$5,943,517

Long-Term Liabilities for Component Units:

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Notes and Loans Payable	32,689,063		683,209	32,005,854	685,000
Other Long Term Liabilities	558,885		106,346	452,539	
Total Long Term Liabilities	$33,247,948	$0	$789,555	$32,458,393	$685,000

Notes and Loans Payable:

During 2004, the MCG-PPG Cancer Research Center, LLC (CRC) entered into a loan agreement with the Development Authority of Richmond County (the Authority), whereby the Authority issued bonds in the aggregate amount of $32,870,000 plus a premium of $498,784 and lent the proceeds thereof to CRC for the purpose of providing funds to finance the cost of construction of a portion of a cancer research center building on the campus of MCG. The premium is amortized semi-annually over the term of the loan. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5 percent to 5.0 percent. Principal payments are due annually beginning December 2006 and continuing through December 2034. The outstanding principal balance of the loan payable as of June 30, 2008 was $31,550,000. The loan is secured by certain personal property constituting a portion of the building recorded as net investment in capital lease in the Statement of Net Assets.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$685,000	$1,384,150	$2,069,150
2010	2	705,000	1,365,798	2,070,798
2011	3	725,000	1,344,953	2,069,953
2012	4	745,000	1,321,829	2,066,829
2013	5	765,000	1,296,600	2,061,600
2014 through 2018	6-10	4,240,000	6,029,418	10,269,418
2019 through 2023	11-15	5,125,000	5,064,346	10,189,346
2024 through 2028	16-20	6,465,000	3,723,904	10,188,904
2029 through 2033	21-25	8,210,000	1,969,857	10,179,857
2034 through 2038	26-30	3,885,000	190,267	4,075,267
		31,550,000	23,691,122	55,241,122
Premium/(Discount)		455,854		455,854
		$32,005,854	$23,691,122	$55,696,976

PPG administers a deferred compensation plan for various current and former MCG faculty members. Deferred compensation is reported in Other Long Term Liabilities in the Statement of Net Assets and represents the accounts held on behalf of these members in the amount of $452,539 at June 30, 2008.

Medical College of Georgia Research Institute, Inc.

Medical College of Georgia Research Institute, Inc. (Institute) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). The Institute was established in 1980 to contribute to the education, research, and service functions of the College in obtaining contracts from individuals, industrial or other private organizations, government or other public agencies for the performance of sponsored research, development or other programs by the various departments or other units of the College. All research contracts awarded to the Institute are sub-contracted to the College, which is responsible for the fiscal administration of the research projects. Although the College does not control the timing or amount of activity, all grant awards are sub-contracted and managed by the College. Because of this special relationship, the Institute is considered a component unit of the College and is discretely presented in the College's financial statements.

The Institute's financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"), in order to be consistent with the accounting principles followed by its primary government, Medical College of Georgia. The Institute's fiscal year is July 1 through June 30.

During the year ended June 2008, the Institute sub-contracted approximately $53.2 million of research projects to the College. Complete financial statements for the Institute can be obtained from the Medical College of Georgia's Division of Sponsored Program Administration at Medical College of Georgia, Augusta, Georgia 30912.

Deposits and Investments

Deposits:
As of June 30, 2008, $7,033,741 of the Institute's bank balance was exposed to custodial credit risk. Of that amount, $200,000 was insured by Federal depository insurance and $6,833,741 was uncollateralized.

The Institute had no investments as of June 30, 2008.

Capital Assets for Component Units:

The Institute's Capital Asset activity for the year ending June 30, 2008 was as follows:

	Beginning Balances 7/1/2007	Additions	Reductions	Ending Balance 6/30/2008
Capital Assets, Being Depreciated:				
Equipment	$28,676	$0	$0	$28,676
Total Assets Being Depreciated	28,676	0	0	28,676
Less: Accumulated Depreciation				
Equipment	11,948	5,735		17,683
Total Accumulated Depreciation	11,948	5,735	0	17,683
Total Capital Assets, Being Depreciated, Net	16,728	(5,735)	0	10,993
Capital Assets, net	$16,728	($5,735)	$0	$10,993

Medical College of Georgia Dental Foundation
Medical College of Georgia Dental Foundation (Foundation) is a legally separate, tax-exempt component unit of the Medical College of Georgia (College). The objectives and purposes of the Dental Foundation are to acquire and administer funds and property which are derived from fees charged for services rendered in the practice of dentistry at the School of Dentistry at the Medical College of Georgia by members of the faculty, residents, and hygienists of the School of Dentistry. Dental Foundation funds are used to maintain and improve the high standard of instruction at the Medical College of Georgia Dental School for advanced study by members of the School's student body and faculty and for research in the dental health field. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income is used in direct support of Medical College of Georgia. Because of this, the Foundation is considered to be a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is March 1, 2007 through February 29, 2008. Because the Foundation's fiscal year differs from that of the College, amounts due to or due from the two entities are not consistent in this report.

During the year ended February 29, 2008, the Foundation distributed $1.9 million to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office of Medical College of Georgia, School of Dentistry, AD 1104, Augusta, Georgia 30912.

Investments for Component Units:

Investments are stated at fair value and are comprised of the following amounts at February 29, 2008:

	Cost	Fair Value
Certificates of Deposit	$1,069,000	$1,081,292
Unit Investment Trust	130,869	128,970
Government Bonds	57,030	53,265
Preferred Stocks	24,979	23,830
Domestic Equities	2,219,826	2,181,956
Total Investments	$3,501,704	$3,469,313

University of Georgia

The University of Georgia Foundation

The University of Georgia Foundation (Foundation) is a legally separate, tax-exempt component unit of the University of Georgia (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $22,252,188 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 394 South Milledge Avenue, Athens, GA 30602 or from the Foundation's website at www.ugafoundation.org.

Special Item Transfer:

In 2006, the Board of Trustees of the Foundation agreed to transfer its sole membership of the UGA Real Estate Foundation (Real Estate Foundation) to the University of Georgia Research Foundation, Inc. The transfer was contingent upon a private letter ruling from the Internal Revenue Service accepting the transfer with no negative impact on the tax-exempt status of the Real Estate Foundation's outstanding bond debt. In 2007, the private letter ruling favorable to the transfer was received, and the transfer of sole membership became effective July 1, 2007. The transfer of the Real Estate Foundation's Assets and Liabilities as of July 1, 2007 resulted in a Net Asset transfer of ($6,638,835), which is reported as a Special Item Transfer on the Statement of Revenues, Expenses and Changes in Net Assets.

Investments for Component Units:

The University of Georgia Foundation holds investments in the amount of $606 million at June 30, 2008. Investments consist of the following:

	Cost	Fair Value
Cash held by investment organization	$39,793,183	$39,793,183
Government and Agency Securities	231,943	234,316
Corporate Bonds	304,827	301,002
Equity Securities	2,668,042	2,693,996
Mutual Funds	1,920,332	1,828,504
Split Interest Investments	15,232,070	16,727,272
Real Estate	16,155,937	16,155,937
Diversifying Strategies	599,994	613,950
Investment Pools	392,105,046	527,703,970
Total Investments	$469,011,374	$606,052,130

Capital Assets for Component Units:

The University of Georgia Foundation holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$4,810,092
Construction in Progress	44,187
Total Capital Assets not being Depreciated	4,854,279
Capital Assets being Depreciated:	
Buildings and Improvements	9,414,449
Machinery and Equipment	1,071,428
Total Capital Assets being Depreciated	10,485,877
Less Total Accumulated Depreciation	1,340,863
Total Capital Assets being Depreciated, Net	9,145,014
Capital Assets, Net	$13,999,293

Long-Term Liabilities for Component Units:

Changes in long-term liabilities for the University of Georgia Foundation for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Transfer of Real Estate Foundation	Adjusted Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Compensated Absences	$29,495	($29,495)	$0	$0	$0	$0	$0
Liabilities under split interest agreement	11,686,162		11,686,162	655,613		12,341,775	
Notes and Loans Payable	20,691,533	(10,499,210)	10,192,323	5,014,961	8,083,918	7,123,366	126,617
Revenue/Mortgage Bonds Payable	175,667,798	(175,667,798)	0			0	
Other Long Term Liabilities	0		0	686,085		686,085	686,085
Total Long Term Liabilities	$208,074,988	($186,196,503)	$21,878,485	$6,356,659	$8,083,918	$20,151,226	$812,702

Notes and Loans Payable:

During 2002, the Foundation signed an $880,000 promissory loan agreement with a bank, which was amended during 2005 to increase the borrowed amount to $1,117,865. This agreement expires on May 1, 2012. As of June 30, 2008, $974,091 was outstanding under this agreement. Interest is charged at the bank's 30-day LIBOR rate plus 45 basis points (or 0.45%), or 2.91% at June 30, 2008. Principal and interest are payable monthly.

During 2007, the Foundation signed a $6,200,000 promissory loan agreement with a bank, which expires on November 1, 2017. As of June 30, 2008, $6,149,275 was outstanding under this agreement. Interest is charged at the bank's 30-day LIBOR rate plus 32.5 basis points (or 0.325%), or 2.78% at June 30, 2008. Principal and interest are payable monthly.

Interest Rate Caps:

The Foundation has two outstanding interest rate cap agreements effectively limiting the interest rate exposure on the $1,117,865 note payable to a 5.75% fixed rate over the term of the note payable and limiting the interest rate exposure on the $6,200,000 note payable from variable to a 5.95% fixed rate over the term of the note payable. As of June 30, 2008, the fair value of these interest rate caps was a liability of $686,085 and is reported in the Other Liabilities (current) line on the Statement of Net Assets. The Foundation recorded a charge of $691,109 in fiscal 2008 as a result of these caps as an adjustment to interest expense.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$126,617	$418,741	$545,358
2010	2	134,261	411,110	545,371
2011	3	142,367	403,018	545,385
2012	4	921,202	390,742	1,311,944
2013	5	101,376	342,301	443,677
2014 through 2018	6-10	5,697,543	1,406,626	7,104,169
		$7,123,366	$3,372,538	$10,495,904

The University of Georgia Athletic Association, Inc.
The University of Georgia Athletic Association, Inc. (the Association) is a legally separate, tax-exempt component unit of the University of Georgia (the "University"). The Association was organized in 1938 as a not-for-profit corporation to promote intercollegiate athletic sports representing the University. The twenty-member board of directors consists of faculty, staff, students, and alumni of the University. Although the University does not control the timing or amount of receipts from the Association, the majority of resources or income thereon that the Association holds and invests are restricted to the athletic activities of the University. Because these restricted resources held by the Association can only be used by or for the benefit of the University and their management role is significant to the accomplishment of the University's mission, the Association is considered a component unit of the University and is discretely presented in the University's financial statements.

For financial reporting purposes, the Association is considered a special purpose government agency engaged only in business type activities, as defined by GASB Statement 34. The Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Association made payments to the University for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. These payments totaled $29,766,110 and were recognized as expenses of the Association.

Capital assets net of accumulated depreciation of $185 million are included in the financial statements of the Association. These capital assets, excluding moveable equipment and construction work in progress, are also included in the University's report. Complete financial statements for the Association can be obtained from the Treasurer's office at 456 East Broad Street, Athens, GA 30602.

Deposits for Component Units:

Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary Authority 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. Insurance of accounts provided by the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation.

As authorized in the Official Code of Georgia Annotated Section 50-17-53, the State Depository Board has adopted policies which allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

At June 30, 2008, the book-carrying amount of the Athletic Association's deposits, including noncurrent cash and cash equivalents, was $89,246,997 and the bank balance was $92,433,058. The Athletic Association's bank balance is classified as follows at June 30, 2008:

Amount insured by the FDIC and FSLIC	$ 333,000
Collateralized with securities held in the Athletic Association's name	80,613,869
Uncollateralized	11,486,189
	$92,433,058

Capital Assets for Component Units:

The University of Georgia Athletic Association, Inc. had the following Capital Assets activity for the year ended June 30, 2008:

	Beginning Balances 7/1/2007	Additions	Reductions	Ending Balance 6/30/2008
Capital Assets, Not Being Depreciated:				
Construction Work-in-Progress	$29,493,360	$466,936	$29,354,321	$605,975
Total Capital Assets Not Being Depreciated	29,493,360	466,936	29,354,321	605,975
Capital Assets, Being Depreciated:				
Building and Building Improvements	176,834,763	31,971,945		208,806,708
Facilities and Other Improvements	19,476,061	145,581		19,621,642
Equipment	6,879,287	622,646	173,528	7,328,405
Total Assets Being Depreciated	203,190,111	32,740,172	173,528	235,756,755
Less: Accumulated Depreciation				
Buildings	35,018,890	3,549,328		38,568,218
Facilities and Other improvements	6,374,570	842,110		7,216,680
Equipment	4,264,753	1,178,988	146,115	5,297,626
Total Accumulated Depreciation	45,658,213	5,570,426	146,115	51,082,524
Total Capital Assets, Being Depreciated, Net	157,531,898	27,169,746	27,413	184,674,231
Capital Assets, net	$187,025,258	$27,636,682	$29,381,734	$185,280,206

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the Athletic Association for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Notes and Loans Payable-Primary Government	$2,336,428	$0	$333,395	$2,003,033	$354,016
Notes and Loans Payable	87,113		87,113	0	
Revenue/Mortgage Bonds Payable	97,560,000		2,090,000	95,470,000	2,140,000
Other Long Term Liabilities	2,754,277		518,474	2,235,803	500,000
Total Long Term Liabilities	$102,737,818	$0	$3,028,982	$99,708,836	$2,994,016

Notes Payable-Due to Primary Government:

Under an agreement with the University of Georgia, the Athletic Association assumed the responsibility for a portion of the funding for the construction of the Ramsey Student Center for Physical Activities. In fiscal 1996, the Athletic Association recorded as property approximately $7,800,000, representing the Athletic Association's share of the Ramsey Center based on estimated usage as defined in the agreement. The Athletic Association paid cash of $2,858,928, and subsequently recorded a liability of $4,941,072 at June 30, 1996, representing the remaining principal balance of the obligation. The note has an outstanding principal balance at June 30, 2008 of $2,003,033. The principal balance due within one year, $354,016, is reflected within the Due to Primary Government - Current Liabilities balance on the Statement of Net Assets. The Association made payments of principal and interest of $477,917 during the year ended June 30, 2008, and will make an equal payment in each succeeding year through 2013. The interest rate associated with this liability is 6.19%.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$354,016	$123,901	$477,917
2010	2	375,915	102,002	477,917
2011	3	399,167	78,750	477,917
2012	4	423,858	54,059	477,917
2013	5	450,077	27,840	477,917
Total		$2,003,033	$386,552	$2,389,585

Revenue Bonds Payable:

On September 27, 2001, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued $34 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2001 (the Bonds) and entered into an agreement (the Loan Agreement) to loan $34 million to the Association. The Bonds are secured by a letter of credit issued by SunTrust Bank in favor of the Authority that must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (2.50% on June 30, 2008). The loan matures in 2031, subject to certain early repayment provisions. At June 30, 2008, the balance of this obligation was $33,100,000.

On August 28, 2003, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued $36 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2003 (the Bonds) and entered into an agreement (the Loan Agreement) to loan $36 million to the Association. The Bonds are secured by a letter of credit issued by Bank of America, NA in favor of the Authority that must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (2.50% on June 30, 2008). The loan matures in 2033, subject to certain early repayment provisions. On March 7, 2005, the Association redeemed $16 million of these bonds. The remaining obligation at June 30, 2008 was $18,195,000.

On January 27, 2005, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued $17.47 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2005 (the Bonds) and entered into an agreement (the Loan Agreement) to loan $17.47 million to the Association. The Bonds are secured by a letter of credit issued by Bank of America, NA in favor of the Authority that must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (2.10% on June 30, 2008). The loan matures in 2021 and requires yearly principal reductions. At June 30, 2008, the balance of this obligation was $15,280,000.

On August 25, 2005, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued $30 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2005B (the Bonds) and entered into an agreement (the Loan Agreement) to loan $30 million to the Association. The Bonds are secured by a letter of credit issued by Bank of America, NA in favor of the Authority that must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (2.50% on June 30, 2008). The loan matures in 2035, subject to certain early repayment provisions. The June 30, 2008 remaining obligation for these revenue bonds was $28,895,000.

Interest Rate Swap Agreements:
The Association is a party to interest rate swap agreements that are not recorded in the financial statements. Following are disclosure of key aspects of the agreements.

Objective and Terms - As a means of interest rate management, the Association entered into three separate interest rate swap transactions with Bank of America, N.A. (the "Counterparty") relating to its variable rate tax-exempt Series 2001 Bonds, tax-exempt Series 2003 Bonds, taxable Series 2005 Bonds and tax-exempt Series 2005B Bonds. Pursuant to an ISDA Master Agreement and Schedule to ISDA Master Agreement each dated as of January 27, 2005 between the Association and the Counterparty and three Confirmations, the Association has agreed to pay to the Counterparty a fixed rate of interest in an amount equal to: (1) 3.49% per annum multiplied by a notional amount which is equal to the principal amount of the Series 2001 Bonds until September 2021; (2) 3.38% per annum multiplied by a notional amount which is equal to the principal amount of the Series 2003 Bonds until August 2033; (3) 5.05% per annum multiplied by a notional amount which is equal to the principal amount of the Series 2005 Bonds until July 2021; and (4) 3.483% per annum multiplied by the notional amount which is equal to the principal amount of the Series 2005B Bonds until August 2033.

In return, the Counterparty has agreed to pay to the Association a floating rate of interest in an amount equal to: (1) 67% of LIBOR multiplied by a notional amount which is equal to the principal amount of the Series 2001 Bonds until September 2021; (2) 67% of LIBOR multiplied by a notional amount which is equal to the principal amount of the Series 2003 Bonds until August 2033; (3) LIBOR multiplied by a notional amount which is equal to the principal amount of the Series 2005 Bonds until July 2021; and (4) 67% of LIBOR multiplied by the notional amount which is equal to the principal amount of the Series 2005B Bonds until July 2035.

Fair Value – The Association will be exposed to variable rates if the counterparty to a swap defaults or if a swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment

As of June 30, 2008, the fair value of the interest rate swap agreement on the 2001 Series Bonds was ($1,224,921), indicating the amount that the Association would be required to pay the counterparty to terminate the swap agreement.

As of June 30, 2008, the fair value of the interest rate swap agreement on the 2003 Series Bonds was ($439,283), indicating the amount that the Association counterparty would be required to pay the counterparty to terminate the swap agreement.

As of June 30, 2008, the fair value of the interest rate swap agreement on the 2005A Series Bonds was ($585,624), indicating the amount that the Association would be required to pay the counterparty to terminate the swap agreement.

As of June 30, 2008, the fair value of the interest rate swap agreement on the 2005B series Bonds was ($998,313), indicating the amount that the Association would be required to pay the counterparty to terminate the swap agreement.

Swap Payments and Associated Debt – As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending	Variable Rate Bonds Principal	Interest	Interest Rate Swaps, Net	Total
2009	$2,140,000	$2,275,870	$1,182,926	$5,598,796
2010	2,195,000	2,224,835	1,143,088	5,562,923
2011	2,245,000	2,172,630	1,102,376	5,520,006
2012	2,295,000	2,119,275	1,060,686	5,474,961
2013	2,355,000	2,064,500	1,018,030	5,437,530
2014-2018	12,685,000	9,451,250	4,412,533	26,548,783
2019-2023	13,050,000	7,888,970	3,217,542	24,156,512
2024-2028	9,330,000	6,626,000	2,582,177	18,538,177
2029-2033	43,760,000	3,844,917	1,505,379	49,110,296
2034-2036	5,415,000	118,865	46,525	5,580,390
Total	$ 95,470,000	$ 38,787,112	$ 17,271,262	$ 151,528,374

Credit Risk – As of June 30, 2008, the fair value of the swaps represents the Association's credit exposure to the Counterparty. Should the Counterparty fail to perform in accordance with the terms of the swap agreements, the Association could see a possible gain equivalent of $17.3 million less the cumulative fair value of $3.2 million. As of June 30, 2008, the Counterparty was rated Aaa by Moody’s and AA+ by S&P.

Basis Risk – The swaps expose the Association to basis risk. The interest rate on the Series 2001 Bonds, the Series 2003 Bond and the Series 2005B Bonds is a tax-exempt interest rate while the LIBOR basis on the variable rate receipt on the interest rate swap agreements is taxable. Tax-exempt interest rates can change without a corresponding change in the 30 day LIBOR rate due to factors affecting the tax-exempt market which do not have a similar effect on the taxable market. The Association will be exposed to basis risk under the swaps to the extent that the interest rates on the tax-exempt bonds trades at greater than 67% of LIBOR for extended periods of time. The Association would also be exposed to tax risk stemming from changes in the marginal income tax rates or those caused by a reduction or elimination in the benefits of tax exemption for municipal bonds.

Termination Risk – The interest rate swap agreement uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Association or the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetically fixed interest rate. Also, if at the time of termination, the swap has a negative fair value, then the Association would be liable to the Counterparty for a payment equal to the swap's fair value.

The Arch Foundation for the University of Georgia, Inc.

The Arch Foundation for the University of Georgia, Inc. (the "Foundation") is a not-for-profit foundation that was chartered in 2005 to receive and administer contributions for the support of the University of Georgia (the "University"). The University is governed by the Board of Regents of the University System of Georgia (the "Board of Regents"). The mission and purpose of the Foundation is to provide support to the teaching, research, public service and outreach programs of the University by means of volunteer leadership and assistance in development and fundraising activities, fiduciary care for the assets of the Foundation for the long-term benefit and enhancement of the University, and the provision of broad advice, consultation and support to the President of the University. The Foundation operates as a Cooperative Organization in accordance with policies of the Board of Regents.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $7,353,573 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the External Affairs Office of Financial Services at 394 S. Milledge Avenue, Athens, GA 30602 or from the Foundation's website at www.uga.edu/archfoundation.

Investments for Component Units:

The Arch Foundation for the University of Georgia, Inc. holds investments in the amount of $30.3 million. Investments consist of marketable securities, bonds, real property, and an investment in a limited partnership as follows:

	Cost	Fair Value
Equity Securities	$39,025	$39,025
Split Interest Investments	28,077	28,077
Joint Ventures/Partnerships	630,000	630,000
Real Estate	2,624,000	2,624,000
Investment Pools	27,190,416	26,974,899
Total Investments	$30,511,518	$30,296,001

University of Georgia Research Foundation, Inc.

The University of Georgia Research Foundation, Inc. (the Research Foundation) is a legally separate, tax-exempt component unit of the University of Georgia (University). The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs are managed by the Research Foundation. The twenty member board of the Foundation consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. Although the University does not control the timing or amount of receipts from the Research Foundation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the University. Consequently, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is considered a special-purpose government entity engaged only in business-type activities and is required to follow all applicable GASB pronouncements. The Research Foundation's fiscal year is July 1 through June 30.

The Research Foundation financial statements include two blended component units: the UGA Real Estate Foundation, Inc. and UGARF Media Holdings, LLC.

During fiscal year 2008, the Research Foundation transferred approximately $118 million in sponsored research and other support funds to the University and shows a net payable to the University at June 30 related to this activity. Complete financial statements for the Research Foundation can be obtained from the Treasurer's office at 456 East Broad Street, Athens, GA 30602.

Special Item Transfer:

Effective July 1, 2007, the Research Foundation became the sole member of the UGA Real Estate Foundation, Inc. (Real Estate Foundation). The Real Estate Foundation had previously been the sole member of the University of Georgia Foundation. The transfer at July 1, 2007 of the assets and liabilities of the Real Estate Foundation to the Research Foundation resulted in a Net Asset addition of $6,638,835. This transfer is reported as a Special Item Transfer in the Statement of Revenues, Expenses and Changes in Net Assets.

Prior Period Adjustment:

The UGA Real Estate Foundation, as the lessor of several leases wherein the ownership of the leased property is converted to the Board of Regents at the end of the lease term, changed its method of accounting for these leases from operating leases to capital lease treatment. The amount recognized as a prior period increase to net assets as of June 30, 2007 is $11,774,904. This increase in net assets is due to the difference between the previously recorded net of rental income less depreciation and the amount that would be recorded as net income using capital lease interest amortization.

Capital Assets as of June 30, 2007 were restated as a result of the change in lease treatment, from $165,199,306 to $18,271,896 and were replaced by Net Investment in Capital Leases of $158,702,315 on the Statement of Net Assets.

Deposits and Investments for Component Units:

Deposits:
The custodial credit risk for deposits is the risk that in the event of a bank failure, the Research Foundation’s deposits may not be recovered. The Research Foundation does not have a deposit policy for custodial credit risk.

At June 30, 2008, the book value of the Research Foundation’s deposits was $68,499,622. The bank and investment account balances at June 30, 2008 were $68,810,956 of which $67,769,750 was uninsured. Of these uninsured deposits, $11,281,000 were collateralized with securities held by the financial institution, by its trust department or agency, but not in the Research Foundation’s name and $56,488,750 were uncollateralized.

Investments:

The University of Georgia Research Foundation, Inc. maintains both short-term and long-term investment policies. Both establish primary and secondary objectives, specify allowable investments, set target investment mix, and provide investment guidelines.

The Research Foundation's investments as of June 30, 2008 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

		Investment Maturity			
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Investment type					
Debt Securities					
U.S. Treasuries	$3,480,885	$2,156,323	$396,311	$564,416	$363,835
U.S. Agencies					
Explicitly Guaranteed	1,557,910				1,557,910
Implicitly Guaranteed	10,060,298	660,058	6,209,089	2,891,818	299,333
Corporate Debt	21,147,955	18,305,443	2,206,599	635,913	
Municipal Obligation	50,967				50,967
	$36,298,015	$21,121,824	$8,811,999	$4,092,147	$2,272,045
Other Investments					
Equity Mutual Funds	5,443,301				
Equity Securities - Domestic	3,827,681				
Equity Securities - International	2,228,145				
Managed Futures/Hedge Funds	4,504,381				
	$52,301,523				

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 Research Foundation's policy for managing interest rate risk is divided between short-term and long-term investments. Short-term investments will have a maximum maturity of eighteen months to five years depending on type of investment. Long-term investments are managed using a planning timeline of five years or more and overall risk measurements rather than specific maturity limits.

The Real Estate Foundation's policy for managing interest rate risk is to invest only in short-term United State treasury obligations with a maximum maturity of one year.

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 Research Foundation will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The Research Foundation does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2008, $40,197,518 of the Research Foundation's applicable investments were uninsured and held by the investment counterparty's trust department or agent in the Research Foundation's name and $2,156,323 of the Real Estate Foundation's applicable investments were uninsured and held by the investment counterparty's trust department or agent, but not in the Research Foundation'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 Research Foundation's investment policies specify that fixed income securities be of investment grade. The short-term investment policy specifies that corporate bonds be rated BBB (Standard & Poor's) or Baa (Moody's) or higher; the long-term policy requires a BBB (Standard & Poor's) or Baa3 (Moody's) rating or higher. The investment policy also requires that securities that drop below investment grade should be sold at the manager's discretion; in the event that a rating falls below investment grade, the manager will contact the financial advisor and advise them of the proposed strategy for disposition of the security.

The Research Foundation's investments as of June 30, 2008 are presented below. All investments are presented by investment type, and fixed income securities are presented by credit quality ratings.

	Fair Value	Aaa	Aa	A	Baa	Ba	Unrated
Related Debt Investments							
U. S. Agencies - Implicitly Guaranteed	$10,060,298	$1,033,795	$0	$0	$0	$0	$9,026,503
Corporate Debt	21,147,955	81,815	2,953,906	4,563,349	13,138,163	410,722	
Municipal Obligation	50,967		50,967				
	$31,259,220	$1,115,610	$3,004,873	$4,563,349	$13,138,163	$410,722	$9,026,503

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Research Foundation's policy for managing concentration of credit risk is divided between short-term and long-term investments. For short-term investments, maximum percentages are set for cash and cash equivalents at 15%, asset backed securities at 50% and corporate bonds at 90%, while U.S. Treasuries, U.S. Agencies debt, and certificates of deposit may comprise 100% for the short-term investments. For long-term investment, equities comprise 40-80%, bonds 20-60% and alternative investments can range 0-20%.

As of June 30, 2008, investments in a single issuer where those investments exceed 5% of total investments were as follows:

Federal National Mortgage Association	10%
Federal Home Loan Mortgage Corporation	9%

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Research Foundation's investments are not exposed to foreign currency risk as securities denominated in currencies other than the U.S. dollar are not permissible by the Research Foundation's investment policy.

The Real Estate Foundation's investments increased by $64,010 due to foreign currency fluctuations between the Euro and the dollar on cash balances held in banks. Amounts held in foreign currency denominations are valued at $267,788 as of June 30, 2008.

Capital Assets for Component Units:

The University of Georgia Research Foundation, Inc. had Capital Assets activity as follows for the year ended June 30, 2008:

	Beginning Balance 7/1/2007	Restated Real Estate Fdn Transfer	Adjusted Beg. Balance 7/1/2007	Additions	Reductions	Ending Balance 6/30/2008
Capital Assets, Not Being Depreciated:						
Land (and other assets)	$110,000	$15,722,163	$15,832,163	$4,702,061	$0	$20,534,224
Construction Work-in-Progress	0	224,900	224,900	34,149,651	5,110,857	29,263,694
Total Capital Assets Not Being Depreciated	110,000	15,947,063	16,057,063	38,851,712	5,110,857	49,797,918
Capital Assets, Being Depreciated:						
Building and Building Improvements	1,142,307	2,535,466	3,677,773	5,385,599	5,110,857	3,952,515
Equipment	0	184,134	184,134	3,167		187,301
Total Assets Being Depreciated	1,142,307	2,719,600	3,861,907	5,388,766	5,110,857	4,139,816
Less: Accumulated Depreciation						
Buildings	737,313	260,539	997,852	143,008		1,140,860
Equipment		134,228	134,228	26,473		160,701
Total Accumulated Depreciation	737,313	394,767	1,132,080	169,481	0	1,301,561
Total Capital Assets, Being Depreciated, Net	404,994	2,324,833	2,729,827	5,219,285	5,110,857	2,838,255
Capital Assets, net	$514,994	$18,271,896	$18,786,890	$44,070,997	$10,221,714	$52,636,173

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the Research Foundation for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Transfer of Real Estate Foundation	Adjusted Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Compensated Absences	$0	$29,495	$29,495	$0	$1,231	$28,264	$28,264
Notes and Loans Payable	0	10,499,210	10,499,210	20,688,117	12,960,440	18,226,887	
Revenue/Mortgage Bonds Payable	0	175,667,798	175,667,798	56,359,497	3,849,754	228,177,541	3,595,000
Total Long Term Liabilities	$0	$186,196,503	$186,196,503	$77,047,614	$16,811,425	$246,432,692	$3,623,264

Notes and Loans Payable:

During 2008, the Real Estate Foundation renewed a $50 million revolving credit agreement with a bank. The agreement expires on November 30, 2010. The revolving credit agreement provides for borrowings or letters of credit at the Real Estate Foundation's option. Credit available under the revolving credit agreement is reduced by outstanding borrowings and outstanding letters of credit. At June 30, 2008, amounts outstanding or issued under this agreement included borrowings of $18,226,887 and unused letters of credit and bank reserves of $8,159,715, resulting in $23,613,398 available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day London InterBank Offered Rate ("LIBOR") plus 32.5 basis points (or 0.325%). At June 30, 2008, the rate applicable to the borrowings was 2.79563%.

All borrowings under this revolving credit agreement are subject to a guarantee requirement except for those borrowings for projects supported by a rental or license agreement with the Board of Regents or the University. As of June 30, 2008, the borrowings subject to this guarantee requirement were $7,797,561. Effective July 1, 2007, the Real Estate Foundation's $50 million revolving credit agreement was amended and a new guarantee was executed to reflect the Research Foundation as guarantor.

During 2006, the Real Estate Foundation entered into an interest rate cap agreement effectively limiting the interest rate on the revolving credit agreement to a 6% fixed rate until December 1, 2010. The Real Estate Foundation paid a premium of $122,000 in connection with this agreement. The fair value of the interest rate cap as of June 30, 2008 is $25,665 and has been recorded as an asset in accordance with SFAS No. 133. The Real Estate Foundation recorded a loss of $17,316 on the fair value of the derivative for the year ended June 30, 2008 as an adjustment to interest expense.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$0	$509,556	$509,556
2010	2	0	509,556	509,556
2011	3	18,226,887	212,315	18,439,202
		$18,226,887	$1,231,427	$19,458,314

Revenue Bonds Payable:

$25,620,000 Bond Issue: In 2001, the Development Authority of the Unified Government of Athens — Clarke County, Georgia (the "Development Authority") issued Revenue Bonds (UGA Real Estate Foundation, Inc. Project), Series 2001 (the "2001 Bonds") and entered into an agreement (the "2001 Loan Agreement") to loan $25,620,000 to the Real Estate Foundation. The 2001 Bonds are secured by a letter of credit issued on behalf of the Real Estate Foundation in favor of the Development Authority under the Real Estate Foundation's $50 million credit agreement discussed above. During 2002, the Real Estate Foundation used the proceeds of this loan to fund purchases and improvements of certain properties.

Borrowings under the 2001 Loan Agreement bear interest payable monthly at a formula rate adjusted each week (1.53% at June 30, 2008). The loan matures in 2031, subject to certain early repayment provisions. During the year ended June 30, 2008, principal payments of $410,000 were made. At June 30, 2008, the balance of this obligation was $8,015,000.

During 2005, the Real Estate Foundation entered into an interest rate cap agreement effectively limiting the interest rate on the 2001 Loan Agreement to a 3.5% fixed rate until November 30, 2007. The Real Estate Foundation paid a premium of $91,000 in connection with this agreement. The Real Estate Foundation recorded a loss of $15,495 on the fair value of the derivative for the year ended June 30, 2008.

During 2008, the Real Estate Foundation entered into an interest rate cap agreement effectively limiting the interest rate on a portion of the 2001 Loan Agreement to a 4.0% fixed rate until

December 3, 2012. The Real Estate Foundation paid a premium of $75,000 in connection with this agreement. The fair value of the interest rate cap as of June 30, 2008 was $74,033 and has been recorded as an asset in accordance with SFAS No. 133. The Real Estate Foundation recorded a loss of $967 on the fair value of this derivative for the year ended June 30, 2008.

$39,155,000 Bond Issue: In 2002, the Development Authority issued Educational Facilities Revenue Bonds (UGAREF CCRC Building, LLC Project), Series 2002 (the "CCRC Bonds") and entered into an agreement (the "CCRC Loan Agreement") to loan $39,155,000 to UGAREF CCRC Building, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "CCRC Entity"). Payment of principal and interest under the CCRC Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facility and by the CCRC Entity's interest in certain rents and leases derived from the facility. The CCRC Entity used the proceeds of this loan to fund construction of the facility which was completed in October 2003.

Borrowings under the CCRC Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.5% to 5% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2004 and continuing through 2032. During the year ended June 30, 2008, principal payments of $800,000 were made. At June 30, 2008, the balance of this obligation was $36,075,000.

$99,860,000 Bond Issue: In 2002, the Housing Authority of the City of Athens, Georgia, issued Student Housing Lease Revenue Bonds (UGAREF East Campus Housing, LLC Project), Series 2002 (the "Bonds") and entered into an agreement (the "Loan Agreement") to loan $99,860,000 to the Real Estate Foundation. Payment of principal and interest under the Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facilities and by the Real Estate Foundation's interest in certain rents and leases derived from the facilities. The Real Estate Foundation used the proceeds of this loan to fund construction of certain real estate projects which were completed in July 2004.

Borrowings under the Loan Agreement bear interest payable semiannually at fixed rates ranging from 3% to 5.25% depending on the schedule of bond maturities. Principal payments are due on December 1 starting in 2005 and continuing through 2033. During the year ended June 30, 2008, principal payments of $1,935,000 were made. At June 30, 2008, the balance of this obligation was $94,100,000.

$8,215,000 Bond Issue: In 2003, the Oconee County Industrial Development Authority issued Revenue Bonds (UGAREF Gainesville Campus, LLC Project), Series 2003 (the "Gainesville Campus Bonds") and entered into an agreement (the "Gainesville Campus Loan Agreement") to loan $8,215,000 to UGAREF Gainesville Campus, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "Gainesville Campus Entity"). Payment of principal and interest under the Gainesville Campus Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the land and educational facility and by the Gainesville Campus Entity's interest in certain rents and leases derived from the land and educational facility. During 2003, the Gainesville Campus Entity used the proceeds of this loan to fund the acquisition of the land and educational facility.

Borrowings under the Gainesville Campus Loan Agreement bear interest payable semiannually at fixed rates ranging from 2.2% to 4.375% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2003 and continuing through 2027. During the year ended June 30, 2008, principal payments of $250,000 were made. At June 30, 2008, the balance of this obligation was $7,155,000.

$25,970,000 Bond Issue: In 2004, the Development Authority issued $25,545,000 of Educational Facilities Revenue Bonds (UGAREF Coverdell Building, LLC Project), Series 2004A, and $425,000 of Educational Facilities Taxable Revenue Bonds (UGAREF Coverdell Building, LLC Project), Series 2004B (collectively, the "Coverdell Bonds"). The Development Authority entered into an agreement (the "Coverdell Loan Agreement") to loan $25,970,000 to UGAREF Coverdell Building, LLC (a single member limited liability company owned by the Real Estate Foundation) (the "Coverdell Entity"). Payment of principal and interest under the Coverdell Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting a portion of the facility and by the Coverdell Entity's interest in certain rents and leases derived from a portion of the facility. The Coverdell Entity used the proceeds of this loan to fund construction of a portion of the facility, which was completed in 2007.

Borrowings under the Coverdell Loan Agreement bear interest payable semiannually at fixed rates ranging from 2.5% to 5% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2006 and continuing through 2034. During the year ended June 30, 2008, a principal payment of $500,000 was made on the outstanding Series 2004A bonds. At June 30, 2008, the balance of this obligation was $25,010,000.

$62,475,000 Bond Issue: In 2008, the Development Authority issued $35,055,000 of Educational Facilities Current Interest Revenue Bonds (UGAREF Central Precinct, LLC Project), and $27,420,000 of Educational Facilities Convertible Revenue Bonds (UGAREF Central Precinct, LLC Project) (collectively, the "Central Precinct Bonds"). The Development Authority entered into an agreement (the "Central Precinct Loan Agreement") to loan $62,475,000 to UGAREF Central Precinct, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "Central Precinct Entity"). Payment of principal and interest under the Central Precinct Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting a parking deck and building addition, and by the Central Precinct Entity's interest in certain rents and leases derived from these facilities. The Central Precinct Entity is using the proceeds of this loan to fund construction of the facilities. The building addition is reported as construction in progress at June 30, 2008. Subsequent to the issuance of these financial statements, the parking deck was placed in service on August 6, 2008.

Borrowings under the Central Precinct Loan Agreement bear interest payable semiannually at fixed rates ranging from 2% to 5% depending on the schedule of bond maturities. Principal payments are due on June 15 starting in 2010 and continuing through 2038. The total balance of the obligation at June 30, 2008 is $62,475,000.

During 2007, the Real Estate Foundation entered into an interest rate hedge agreement at no cost to lock in the then current interest rate on this future borrowing. This forward swap agreement expired during the year ended June 30, 2008 and the Real Estate Foundation paid a termination fee in the amount of $1,277,320. The Real Estate Foundation recorded a loss of $3,324,113 on the fair value of the derivative for the year ended June 30, 2008.

Annual debt service requirements to maturity for Bonds Payable are as follows:

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$3,595,000	$9,368,150	$12,963,150
2010	2	4,080,000	9,248,435	13,328,435
2011	3	4,225,000	9,097,922	13,322,922
2012	4	4,385,000	8,937,625	13,322,625
2013	5	4,540,000	8,767,050	13,307,050
2014 through 2018	6-10	31,280,000	47,025,033	78,305,033
2019 through 2023	11-15	39,435,000	38,466,504	77,901,504
2024 through 2028	16-20	49,690,000	27,572,570	77,262,570
2029 through 2033	21-25	66,780,000	13,862,117	80,642,117
2034 through 2038	26-30	24,820,000	2,467,476	27,287,476
		232,830,000	174,812,882	407,642,882
Bond Premium/(Discount)		(4,652,459)		(4,652,459)
		$228,177,541	$174,812,882	$402,990,423

Georgia Southern University

Georgia Southern University Foundation, Inc.

Georgia Southern University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $2,544,332 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at P.O. Box 8040, Statesboro, GA 30460.

Investments for Component Units:

Georgia Southern University Foundation, Inc. holds endowment and other investments of approximately $41 million. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by donors. Georgia Southern

University Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 5% of the three year moving average of the endowment fair market value may be used for academic scholarships. The remaining earnings are set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Money Market Accounts	$235,552	$235,552
Mutual Funds	39,219,701	39,560,615
Real Estate	1,314,719	1,314,719
Total Investments	$40,769,972	$41,110,886

Capital Assets for Component Units:

Georgia Southern University Foundation, Inc. had the following Capital Assets at June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$395,860
Total Capital Assets not being Depreciated	395,860
Capital Assets being Depreciated:	
Buildings and Improvements	50,000
Total Capital Assets being Depreciated	50,000
Less Total Accumulated Depreciation	27,778
Total Capital Assets being Depreciated, Net	22,222
Capital Assets, Net	$418,082

Long-Term Liabilities for Component Units

Georgia Southern Foundation, Inc. had $140,764 in Liabilities Under Split-interest Agreements as of June 30, 2008.

Georgia Southern University Housing Foundation, Inc.
Georgia Southern University Housing Foundation, Inc. and Subsidiaries (GSUHF) is a legally separate, tax-exempt component unit of Georgia Southern University (University). GSUHF acts primarily as an organization to issue bonds where the funds are utilized to construct student housing and other university facilities that are available to the University in support of its programs. The board of the GSUHF is self-perpetuating and consists of employees and friends of the University. Because this organization's purpose is for the benefit of the University, GSUHF is considered a component unit of the University and is discretely presented in the University's financial statements.

GSUHF is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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. GSUHF's fiscal year is July 1 through June 30.

Complete financial statements for GSUHF can be obtained from Dabbs, Hickman, Hill and Cannon, LLP, P.O. Box 727, Statesboro, GA 30459.

Capital Assets for Component Units

Georgia Southern University Housing Foundation, Inc. had $ 17,917,378 in Construction Work in Progress at June 30, 2008.

Long-Term Liabilities for Component Units

Changes in long-term liabilities for the Housing Foundation for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$112,450,827	$69,000,000	$1,754,173	$179,696,654	$2,800,000
Total Long Term Liabilities	$112,450,827	$69,000,000	$1,754,173	$179,696,654	$2,800,000

Georgia Southern University Housing Foundation One, LLC has a bond obligation to Wachovia Bank for the construction of the student housing facilities, funded by the proceeds of the bond issuance. The Development Authority of Bulloch County issued $38,180,000 of Student Housing Lease Revenue Bonds, Series 2002. The bonds were issued in $5,000 denominations, and consist of $22,930,000 Serial Bonds, maturing annually through 2022; $5,000,000 Term I Bonds, due August 1, 2028; and $10,250,000 Term II Bonds, due August 1, 2028. Pursuant to the loan agreement, the Foundation grants a pledge and assignment of and grants a lien upon and security interest in the loan agreement, the deed, and the development agreement in favor of Wachovia Bank, as security for the payment of the bonds. Principal payments are due every July 25th, commencing in 2004. Interest payments are due every January and July 25th, commencing in 2003. Interest rates vary from 3% to 5% over the obligation term. The balance of the bond obligation was $35,035,000 as of June 30, 2008.

Georgia Southern University Housing Foundation Two, LLC has a bond obligation to BB&T for the construction of the student housing facilities, funded by the proceeds of the bond issuance. The Development Authority of Bulloch County issued $35,900,000 of Student Housing Lease Revenue Bonds, Series 2004. The bonds were issued in $5,000 denominations, and consist of $19,375,000 Serial Bonds, maturing annually through 2024; $4,035,000 Term I Bonds, due August 1, 2019; $5,885,000 Term II Bonds, due August 1, 2027; and $6,605,000 Term III Bonds, due August 1, 2030. Pursuant to the loan agreement, the Foundation grants a pledge and assignment of and grants a lien upon and security interest in the loan agreement, the deed, and the development agreement in favor of BB&T, as security for the payment of the bonds. Principal payments are due every August 1st, commencing in 2005. Interest payments are due every February and August 1st commencing on August 1, 2004. Interest rates vary from 2.75% to 5.25% over the obligation term. The balance of the bond obligation was $34,170,000 as of June 30, 2008.

Georgia Southern University Housing Foundation Three, LLC has a bond obligation to BB&T for the construction of the recreation facilities, funded by the proceeds of the bond issuance. The Development Authority of Bulloch County issued $40,540,000 of Student Housing Lease Revenue Bonds, Series 2005A (tax-exempt) and 2005B (non-exempt). The bonds were issued in $5,000 denominations, and consist of $13,235,000 Serial 2005A Bonds, maturing annually through 2021; $9,800,000 Term I 2005A Bonds, due August 1, 2026; $7,135,000 Term II 2005A Bonds, due August 1, 2029; $5,360,000 Term III 2005A Bonds, due August 1, 2031; and $5,010,000 Serial 2005B Bonds, maturing annually through 2012. Pursuant to the loan agreement, the Foundation grants a pledge and assignment of and grants a lien upon and security interest in the loan agreement, the deed, and the development agreement in favor of BB&T, as security for the payment of the bonds Principal payments are due every August 1st, commencing in 2008. Interest payments are due every February and August 1st, commencing on August 1, 2005. Interest rates vary from 3.5% to 5.25% over the obligation term. The balance of the bond obligation was $40,540,000 as of June 30, 2008.

Georgia Southern University Housing Foundation Four, LLC has a bond obligation to BB&T for the acquisition and renovation of 472 beds of student housing, and the construction of four new buildings which will house 1,000 new beds of student housing. This project also includes the design, development and construction of approximately 8,700 square feet of retail space. The student housing and the retail space will be funded by the proceeds of the bond issuance. The Development Authority of Bulloch County issued $69,000,000 of Student Housing Revenue Bonds, Series 2008. The bonds were issued in $5,000 denominations, and consist of $69,000,000 Serial Bonds, maturing annually through 2039. Pursuant to the loan agreement, the Foundation grants a pledge and assignment of and grants a lien upon and security interest in the loan agreement, the deed, and the development agreement in favor of BB&T, as security for the payment of the bonds. Principal payments are due every July 1st, commencing in 2009. Interest payments are due every January and July 1st, commencing on July 1, 2008. Interest rates vary from 3% to 5% over the obligation term. The balance of the bond obligation was $69,000,000 as of June 30, 2008.

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

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$2,800,000	$6,249,103	$9,049,103
2010	2	3,850,000	8,559,264	12,409,264
2011	3	3,915,000	8,444,236	12,359,236
2012	4	4,255,000	8,289,020	12,544,020
2013	5	4,395,000	8,125,201	12,520,201
2014 through 2018	6-10	25,650,000	37,770,723	63,420,723
2019 through 2023	11-15	32,710,000	31,080,775	63,790,775
2024 through 2028	16-20	41,480,000	22,007,349	63,487,349
2029 through 2033	21-25	36,615,000	9,742,000	46,357,000
2034 through 2038	26-30	19,125,000	6,143,919	25,268,919
2039 through 2043	31-35	3,950,000	1,308,275	5,258,275
		178,745,000	147,719,865	326,464,865
Bond Premium/(Discount)		951,654		951,654
		$179,696,654	$147,719,865	$327,416,519

Southern Boosters, Inc.

Southern Boosters, Inc. is a legally separate, tax-exempt component unit of Georgia Southern University (University). The fifty-two member board of Southern Boosters is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Southern Boosters, the majority of resources or income thereon that Southern Boosters holds and invests is restricted to the athletic activities of the University by the donors. Because these restricted resources held by Southern Boosters can only be used by, or for the benefit of, the University and their management role is significant to the accomplishment of the University's mission, Southern Boosters is considered a component unit of the University and is discretely presented in the University's financial statements.

Southern Boosters, Inc. is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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. Southern Booster's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, Southern Boosters, Inc. distributed $550,000 to the University for athletic scholarship support and approximately $359,111 for the support of other University programs.

Complete financial statements for Southern Boosters, Inc. can be obtained from the Administrative Office at P.O. Box 811501, Statesboro, GA 30460.

Investments for Component Units:

Southern Boosters, Inc. holds the following investments as of June 30, 2008:

	Cost	Fair Value
Certificates of Deposit	$509,836	$509,836
Total Investments	$509,836	$509,836

Capital Assets for Component Units:

Southern Boosters, Inc. has the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$80,301
Total Capital Assets not being Depreciated	80,301
Capital Assets being Depreciated:	
Buildings and Improvements	1,614,828
Machinery and Equipment	95,585
Total Capital Assets being Depreciated	1,710,413
Less Total Accumulated Depreciation	141,432
Total Capital Assets being Depreciated, Net	1,568,981
Capital Assets, Net	$1,649,282

Long-Term Liabilities for Component Units:

Southern Boosters, Inc. has a Note Payable to Sea Island Bank, payable in annual installments of $35,220 including interest at a variable rate (5.0% at June 30, 2008), through September 14, 2013, unsecured. The original note amount was $279,000 and the principal balance outstanding on the note at June 30, 2008 was $194,516.

Southern Boosters, Inc. obtained new financing in 2006 with a Note Payable to Park Avenue Bank. Interest is payable in quarterly installments at a variable rate (5.0% at June 30, 2008) and the note matures on January 15, 2009. This debt is secured by the Golf Practice facility. The outstanding principal balance was $359,457 at June 30, 2008.

Changes in long-term liabilities for Southern Boosters, Inc. for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Notes and Loans Payable	$578,802	$0	$24,829	$553,973	$383,102
Total Long Term Liabilities	$578,802	$0	$24,829	$553,973	$383,102

Annual requirements to maturity for notes payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	383,102	$29,548	$412,650
2010	2	24,968	10,252	35,220
2011	3	26,466	8,754	35,220
2012	4	28,054	7,166	35,220
2013	5	29,737	5,483	35,220
2014 through 2018	6-10	61,646	3,082	64,728
		$553,973	$64,285	$618,258

Georgia Southern University Research and Service Foundation, Inc.

Georgia Southern University Research and Service Foundation, Inc. (the Research Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs are managed by the Research Foundation. The six member board of the Foundation consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. Although the University does not control the timing or amount of receipts from the Research Foundation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the University. Consequently, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Research Foundation's fiscal year is July 1 through June 30.

During fiscal year 2008, the Research Foundation transferred $4,854,603 in sponsored research to the University. Complete financial statements for the Research Foundation can be obtained from the Administrative Office at P.O. Box 8005, Statesboro, GA 30460.

Restatement of Prior Year Net Assets:

During the year ended June 30, 2008, a correction was made to prior year grants receivable. The effect of the error increased Beginning Net Assets by $49,200.

Valdosta State University

Valdosta State University Foundation, Inc.

Valdosta State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Valdosta State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-one member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is January 1 through December 31. Because the University's fiscal year end is June 30, the amounts reported as due to or due from the related entities do not agree.

During the year ended December 31, 2007, the Foundation distributed $1,575,933 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 102 Georgia Avenue, Valdosta, GA 31698.

Investments for Component Units:

Valdosta State University Foundation, Inc. holds endowment and other investments in the amount of $21.1 million. The $19.2 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Valdosta State University Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 3% of the earnings may be used per the donor's stipulation. The remainder of the earnings are set aside as a reserve. Investments are comprised of the following amounts at December 31, 2007:

	Cost	Fair Value
Money Market Accounts	$188,254	$188,254
Equity Securities	3,184,589	3,271,607
Mutual Funds	12,996,017	16,892,840
Split Interest Investments	765,801	792,046
Total Investments	$17,134,661	$21,144,747

Capital Assets for Component Units:

Valdosta State University Foundation, Inc. had the following capital assets as of December 31, 2007:

	December 31, 2007
Capital Assets not being Depreciated:	
Land and other Assets	$2,928,106
Construction in Progress	516,913
Total Capital Assets not being Depreciated	3,445,019
Capital Assets being Depreciated:	
Buildings and Improvements	34,342,521
Machinery and Equipment	52,966
Total Capital Assets being Depreciated	34,395,487
Less Total Accumulated Depreciation	3,755,741
Total Capital Assets being Depreciated, Net	30,639,746
Capital Assets, Net	$34,084,765

Long-term Liabilities for Component Units:

Changes in long-term debt for Valdosta State Foundation, Inc. for the fiscal year ended December 31, 2007 are shown below:

	Beginning Balance January 1, 2007	Additions	Reductions	Ending Balance December 31, 2007	Amounts due within One Year
Liabilities under split interest agreement	$394,948	$0	$5,937	$389,011	$0
Capital Lease Obligations	21,175		7,695	13,480	5,472
Notes and Loans Payable	1,343,920		473,619	870,301	787,816
Revenue/Mortgage Bonds Payable	38,120,736	5,800,000	385,295	43,535,441	1,049,705
Other Long Term Liabilities	596	227,667	596	227,667	220,776
Total Long Term Liabilities	$39,881,375	$6,027,667	$873,142	$45,035,900	$2,063,769

Capital Lease Obligations:

The Foundation leased a vehicle from Ford Credit under a capital lease through April 11, 2010. The balance of this obligation as of December 31, 2007 is $13,480.

Annual debt service requirements to maturity for capital lease obligations are as follows:

		Capital Leases
Year ending December 31:		
2008	1	$5,472
2009	2	6,597
2010	3	2,753
Total minimum lease payments		14,822
Less: Interest		1,342
Principal Outstanding		$13,480

Notes and Loans Payable:
The Foundation incurred a note payable to a local financial institution to assist with updating University Athletic facilities. The Foundation has reported this transaction as a receivable from the University and as a liability. Since the University retains ownership of the facility, the University has recorded a capital asset and liability. The balance of this obligation was $124,922 as of December 31, 2007.

The Foundation has two lines of credit and a short-term note payable with a total outstanding principal balance of $745,379 as of December 31, 2007.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending December 31:				
2008	1	$787,816	$39,300	$827,116
2009	2	44,276	2,650	46,926
2010	3	38,209	746	38,955
		$870,301	$42,696	$912,997

Revenue Bonds Payable:
Valdosta State University Foundation, Inc. issued Bonds to finance the acquisition of facilities for Valdosta State University. The bonds mature serially and are collateralized by real estate. The interest rates for the bonds are a floating tax-exempt rate, currently 4.89%, and an associated collar with a floor of 3.25% and a ceiling of 5.75%. These Bonds are represented as Property and Equipment and a Bond Payable on the Foundation's financial statement. Since the University leases the property from the Foundation, the University has accounted for this transaction as a capital lease and related Lease Obligation. The balance of this obligation was $1,879,550 as of December 31, 2007.

In June 2004, The Valdosta Housing Authority issued Series 2004 Student Housing Revenue Bonds and loaned the proceeds to VSU Foundation Real Estate I, LLC (a subsidiary). The bonds, serial and term, are secured by pledges of gross receipts from student housing at Valdosta State University. The bonds bear interest at rates ranging from 3.25% to 5.25%. Interest is due semiannually and principal is due annually. The balance of the obligation at December 31, 2007 is $35,855,891.

In November 2007, The Development Authority of Lowndes County issued $5,800,000 of Series 2007 First Mortgage Revenue Bond. The Authority then loaned the proceeds to VSU Foundation, Inc. The bonds are secured by a lien upon certain leasehold deeds to secure debt and certain pledged revenues and assignment of rents and leases. The bonds bear interest at a variable rate equal to the sum of (i) 61.1% of LIBOR plus (ii) 115 basis points. Interest is due monthly on December 31, 2007, and principal is due monthly beginning November 1, 2008. The balance of the obligation at December 31, 2007 is $5,800,000.

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

			Bonds Payable	
		Principal	Interest	Total
Year ending December 31:				
2008	1	$1,049,705	$2,055,495	$3,105,200
2009	2	1,278,009	2,011,264	3,289,273
2010	3	1,351,556	1,958,675	3,310,231
2011	4	1,315,093	1,909,321	3,224,414
2012	5	1,448,733	1,852,630	3,301,363
2013 through 2017	6-11	7,740,827	8,299,349	16,040,176
2018 through 2022	12-15	9,446,230	6,395,659	15,841,889
2023 through 2027	16-20	11,986,281	3,746,063	15,732,344
2028 through 2030	21-25	7,653,116	765,563	8,418,679
		43,269,550	28,994,019	72,263,569
Bond Premium		265,891		265,891
		$43,535,441	$28,994,019	$72,529,460

VSU Auxiliary Services Real Estate Foundation, Inc.

VSU Auxiliary Services Real Estate Foundation (Real Estate Foundation) is a legally separate, tax-exempt component unit of Valdosta State University (University). The Real Estate Foundation constructs auxiliary buildings and facilities for use by the University and then leases the completed buildings to the institution. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Real Estate Foundation, the majority of resources or income thereon that the Real Estate Foundation holds and invests is restricted to the real estate activities of the University. Because these restricted resources held by the Real Estate Foundation can only be used by, or for the benefit of, the University, the Real Estate Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is January 1 through December 31. Because the University's fiscal year end is June 30, the amounts reported as due to or due from the related entities do not agree.

Complete financial statements for the Foundation can be obtained from the Administrative Office at 102 Georgia Avenue, Valdosta, GA 31698.

Capital Assets for Component Units:

VSU Auxiliary Services Real Estate Foundation, Inc. had $9,607,301 in Construction Work in Progress as of December 31, 2007.

Long-term Liabilities for Component Units:

Changes in long-term debt for VSU Auxiliary Services Real Estate Foundation, Inc. for the fiscal year ended December 31, 2007 are shown below:

	Beginning Balance January 1, 2007	Additions	Reductions	Ending Balance December 31, 2007	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$0	$84,429,716	$0	$84,429,716	$0

Revenue Bonds were issued on October 18, 2007 by the Valdosta Housing Authority. The Authority loaned the proceeds to the VSU Auxiliary Services Real Estate Foundation to finance the construction of student housing on university property. The bonds are secured by 1) the trust estate, 2) the Debt Service Reserve Fund, 3) the loan agreement, 4) project real estate and personal property set forth in the deeds and documents relating to construction and management of the project, and 5) any and all rents and leases for use of the project property. The interest rate ranges from 4% to 5%.

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

		Principal	Bonds Payable Interest	Total
Year ending December 31:				
2008	1	$0	$660,659	$660,659
2009	2	0	3,906,839	3,906,839
2010	3	0	3,906,840	3,906,840
2011	4	645,000	3,893,940	4,538,940
2012	5	750,000	3,866,041	4,616,041
2013 through 2017	6-10	5,275,000	18,793,990	24,068,990
2018 through 2022	11-15	8,790,000	17,308,240	26,098,240
2023 through 2027	16-20	13,325,000	14,748,716	28,073,716
2028 through 2032	21-25	18,480,000	11,189,950	29,669,950
2033 through 2037	26-30	25,615,000	6,145,165	31,760,165
2038 through 2042	31-35	12,680,000	600,628	13,280,628
		85,560,000	85,021,008	170,581,008
Bond Discount		(1,130,284)		(1,130,284)
		$84,429,716	$85,021,008	$169,450,724

Albany State University

Albany State University Foundation, Inc.

Albany State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Albany State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation follows GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,* GASB Statement 35, *Basic Financial Statements-Management's Discussion and Analysis-for Public Colleges and Universities*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus-an amendment of GASB Statements No.21 and No.34*, and GASB No.38, *Certain Financial Statement Note Disclosures*. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $0 to the University. Complete financial statements for the Foundation can be obtained from the Administrative Office at 300 College Drive, Albany, GA 30000.

Prior Period Adjustment:

A prior period adjustment in the amount of ($568,749) was made to restate the prior year's Agency Funds payable. The adjustment had the effect of reducing Beginning Net Assets for the fiscal year that ended June 30, 2008.

Deposits and Investments for Component Units:

Deposits:

As of June 30, 2008, the carrying amount of the Foundation's bank deposits was $1,938,159 and the respective bank balances totaled $2,075,933. Of the total bank balance, $211,346 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining $1,864,587 was collateralized with pooled securities held by the financial institutions' trust departments, but not in the Foundation's name.

Investments:

Investments as of June 30, 2008 are summarized as follows:

		Investment Maturity	
	Fair Value	Less Than 1 Year	1-5 Years
Investment type			
Certificates of Deposit	$1,030,577		$1,030,577
General Obligation Bonds	781,177	781,177	
Money Market Mutual Fund	518,937	518,937	
Repurchase Agreements	5,158,082	5,158,082	
	$7,488,773	$6,458,196	$1,030,577

Capital Assets for Component Units:

Albany State University Foundation Inc. had the following Capital Asset activity for the year ended June 30, 2008:

	Beginning Balances 7/1/2007	**Additions**	**Reductions**	**Ending Balance 6/30/2008**
Capital Assets, Being Depreciated:				
Facilities and Other Improvements	$37,078,604	$41,344	$0	$37,119,948
Equipment	24,340	63,474		87,814
Total Assets Being Depreciated	37,102,944	104,818	0	37,207,762
Less: Accumulated Depreciation				
Facilities and Other improvements	812,196	968,535		1,780,731
Equipment	8,743	9,845		18,588
Total Accumulated Depreciation	820,939	978,380	0	1,799,319
Total Capital Assets, Being Depreciated, Net	36,282,005	(873,562)	0	35,408,443
Capital Assets, net	$36,282,005	($873,562)	$0	$35,408,443

Long-term Liabilities for Component Units:

The Foundation had the following activity in long-term liabilities for the year ended June 30, 2008:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Notes and Loans Payable	$2,310,077	$0	$87,242	$2,222,835	$2,222,835
Revenue/Mortgage Bonds Payable	34,955,276	0	23,529	34,931,747	225,000
Total Long Term Liabilities	$37,265,353	$0	$110,771	$37,154,582	$2,447,835

Notes and Loans Payable:

On May 2004, Albany State University Foundation, Inc. entered into a loan agreement with SunTrust Bank for the purpose of completing the Albany Municipal Coliseum construction project. The multi-advance loan is in the amount of $2,181,889. The accrued interest is payable on the 1st day of each August beginning August 1, 2005, at a rate equal to the LIBOR Index plus 2.5% per annum. The outstanding loan balance as of June 30, 2008 is $2,181,889.

On October 29, 2003, Albany State University Foundation, Inc. entered into a loan agreement with SunTrust Bank for the purpose of purchasing a scoreboard for the Albany Municipal Coliseum. The original term loan was for $332,092, with interest payments at a rate of 4.130% per annum with the final payment due on November 1, 2008. The outstanding loan balance as of June 30, 2008 is $40,946.

Annual debt service requirements to maturity for Albany Municipal Coliseum installment loans with SunTrust Bank are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$2,222,835	$162,097	$2,384,932

Revenue Bonds Payable:

On July 1, 2005, the Foundation issued $33,110,000 Albany-Dougherty Inner City Authority Revenue Bonds, Series 2005A and $1,210,000 Albany-Dougherty City Authority Taxable Revenue Bonds, Series 2005B. The Bonds were issued for the purpose of financing and refinancing in whole or in part, the cost of the acquisition, construction and equipping of certain land, buildings and personal property, known as Albany State University Student Housing Project. These bonds are carried as liabilities of Albany State Real Estate Foundation, LLC, a single member limited liability company.

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$225,000	$1,576,737	$1,801,737
2010	2	230,000	1,567,175	1,797,175
2011	3	240,000	1,557,400	1,797,400
2012	4	250,000	1,516,898	1,766,898
2013 through 2017	5-9	3,025,000	7,456,523	10,481,523
2018 through 2022	10-14	5,335,000	6,692,925	12,027,925
2023 through 2027	15-19	7,815,000	5,277,905	13,092,905
2028 through 2032	20-24	9,975,000	3,190,144	13,165,144
2033 through 2034	27-29	7,225,000	820,931	8,045,931
		34,320,000	29,656,638	63,976,638
Bond Premium		611,747		611,747
		$34,931,747	$29,656,638	$64,588,385

Armstrong Atlantic State University

Armstrong Atlantic State University Foundation, Inc.

Armstrong Atlantic State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Armstrong Atlantic State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2007, the Foundation distributed $501,087 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Armstrong Atlantic State University, 11935 Abercorn Street, Savannah, GA 31419.

Investments for Component Units:

Armstrong Atlantic State University Foundation, Inc. holds endowment investments in the amount of $6.6 million. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Armstrong Atlantic State University Foundation holds no investments in real property.

Investments are comprised of the following amounts at December 31, 2007:

	Cost	Fair Value
Money Market Accounts	$922,724	$922,724
Government and Agency Securities	$1,525,733	$1,561,235
Corporate Bonds	383,971	385,261
Equity Securities	2,344,517	3,698,581
Mutual Funds	14,922	13,847
Total Investments	$5,191,867	$6,581,648

Armstrong Atlantic State University Educational Properties Foundation, Inc.
Armstrong Atlantic State University Educational Properties Foundation, Inc. (Educational Properties) is a legally separate, tax-exempt component unit of Armstrong Atlantic State University (University). Educational Properties purchases buildings and leases them to the University for housing, recreation, etc. The five-member board of Educational Properties is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from Educational Properties, the majority of resources or income thereon that Educational Properties holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by Educational Properties can only be used by, or for the benefit of the University, Educational Properties is considered a component unit of the University and is discretely presented in the University's financial statements.

Educational Properties is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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. Educational Properties' fiscal year is January 1 through December 31.

Educational Properties holds real estate assets, the purchase and improvement of which have been financed through bond issuance. The corresponding capital leases and associated long-term debt are included in the University's report. Complete financial statements for Educational Properties may be obtained from the Administrative Office at Armstrong Atlantic State University, 11935 Abercorn Street, Savannah, GA 31419.

Capital Assets for Component Units:

Educational Properties held the following Capital Assets as of December 31, 2007:

Capital Assets not being Depreciated:	
Land and other Assets	$475,561
Construction in Progress	87,372
Total Capital Assets not being Depreciated	562,933
Capital Assets being Depreciated:	
Buildings and Improvements	36,534,387
Machinery and Equipment	2,730,336
Total Capital Assets being Depreciated	39,264,723
Less Total Accumulated Depreciation	6,058,887
Total Capital Assets being Depreciated, Net	33,205,836
Capital Assets, Net	$33,768,769

Long-term Liabilities for Component Units:

Changes in long-term liabilities for Educational Properties for the fiscal year ended December 31, 2007 are shown below:

	Beginning Balance January 1, 2007	Additions	Reductions	Ending Balance December 31, 2007	Amounts due within One Year
Notes and Loans Payable	$618,000	$0	$26,858	$591,142	$26,778
Revenue/Mortgage Bonds Payable	42,821,797		957,620	41,864,177	970,000
Total Long Term Liabilities	$43,439,797	$0	$984,478	$42,455,319	$996,778

Notes and Loans Payable:
On November 15, 2006, the AASU Women's Field House, LLC obtained a promissory note payable with Wachovia Bank, N.A. to provide financing for the construction of the field house in the amount of $618,000. Interest is payable monthly from the date of the note until and including February 1, 2007, at the rate of 7.20%. As of March 1, 2007, the note is payable in equal monthly installments of principal and interest in an amount necessary to amortize the principal amount outstanding over a 173 month term, with all unpaid principal and accrued interest due on June 1, 2021. The note is collateralized by a deed to secure debt and an assignment of rents. In addition, the note is guaranteed by Armstrong Atlantic State University Foundation, Inc. The balance outstanding at December 31, 2007 was $591,142.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending December 31:				
2008	1	$26,778	$42,663	$69,441
2009	2	28,924	40,517	69,441
2010	3	31,107	38,333	69,440
2011	4	33,456	35,985	69,441
2012	5	35,882	33,559	69,441
Thereafter	6-14	434,995	151,467	586,462
		$591,142	$342,524	$933,666

Revenue Bonds Payable:
Student Housing Bonds are issued by the AASU Educational Properties Foundation to finance student housing on University property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Armstrong Atlantic State University. The interest rates are between 3.00% and 5.00%.

Resident Instruction Bonds are issued by the AASU Educational Properties Foundation to finance professional, continuing education and recreational facilities at Armstrong Atlantic State University. The bonds, serial and term, are secured by pledges of gross receipts from rents and leases. The interest rates are between 3.25% and 5.00%.

Debt Service Obligations:

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

		Bonds Payable		
		Principal	Interest	Total
Year ending December 31:				
2008	1	$970,000	$1,824,214	$2,794,214
2009	2	980,000	1,788,914	2,768,914
2010	3	1,015,000	1,757,065	2,772,065
2011	4	1,050,000	1,720,802	2,770,802
2012	5	1,090,000	1,682,089	2,772,089
2013 through 2017	6-10	6,065,000	7,761,445	13,826,445
2018 through 2022	11-15	7,365,000	6,438,939	13,803,939
2023 through 2027	16-20	9,125,000	4,616,790	13,741,790
2028 through 2032	21-25	10,770,000	2,079,689	12,849,689
2034 through 2038	26-30	2,775,000	235,750	3,010,750
		41,205,000	29,905,697	71,110,697
Bond Premium/(Discount)		659,177		659,177
		$41,864,177	$29,905,697	$71,769,874

<u>Augusta State University</u>

Augusta State University Foundation, Inc.

Augusta State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Augusta State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation is the single member of the following three limited liability companies: 1) ASU Jaguar Student Housing I, LLC which is a limited liability company organized for the purpose of constructing and holding an apartment complex for the benefit of students attending Augusta State University; 2) ASU Jaguar Student Center, LLC which is a limited liability company organized for the purpose of constructing and holding the student center property located on the campus of the University for the benefit of its students; and 3) ASU Jaguar Ventures, LLC which is a limited liability company organized for the purpose of constructing a golf course clubhouse.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $767,507 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 2500 Walton Way, Augusta, GA 30904.

Investments for Component Units:

Augusta State University Foundation holds endowment and other investments in the amount of $17 million. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Certificates of Deposit	$889,012	$889,012
Government and Agency Securities	1,269,530	1,299,465
Corporate Bonds	1,597,984	1,579,577
Equity Securities	10,901,585	10,485,676
Mutual Funds	2,346,606	1,805,394
Investment Pools	1,084,050	987,332
Total Investments	$18,088,767	$17,046,456

Long-term Liabilities for Component Units:

Changes in long-term liabilities for Augusta State University Foundation, Inc. for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Notes and Loans Payable	$1,401,883	$0	$142,000	$1,259,883	$142,000
Revenue/Mortgage Bonds Payable	30,767,518		269,841	30,497,677	260,000
Total Long Term Liabilities	$32,169,401	$0	$411,841	$31,757,560	$402,000

Notes and Loans Payable:

On April 23, 2003, the Foundation entered into a construction loan in the amount of $1,250,000 and increased the loan to $1,600,000 on November 10, 2003. The loan had principal outstanding in the amount of $1,259,883 at June 30, 2008. The loan was for real estate improvements at the Forest Hills Golf Club for the benefit of the Augusta State University Athletic Association. This note carries a variable interest rate of LIBOR plus 1.20% but not less than 4.41% (4.41% at June 30, 2008). Interest payments are due monthly. In August 2006, the loan converted to a term loan with quarterly payments of principal and interest. This loan will mature May 24, 2011. The loan is secured by the Foundation’s investment account with Georgia Bank & Trust which had a fair market value of $4,335,779 at June 30, 2008.

Annual debt service requirements to maturity for the construction loan are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$142,000	$53,248	$195,248
2010	2	142,000	46,986	188,986
2011	3	975,883	40,724	1,016,607
		$1,259,883	$140,958	$1,400,841

Revenue Bonds Payable:

ASU Jaguar Student Housing I, LLC had the following revenue bonds payable at June 30, 2008:

$19,515,000 ASU Jaguar Student Housing I, LLC, Revenue Bonds, Series 2004, dated August 1, 2004, due in annual installments of $90,000 to $1,445,000, due through February 1, 2035, interest at 4.375% to 5.375%. Interest expense on the bonds totaled $988,260 during the year ending June 30, 2008. The bonds are secured by a deed on the University Village Apartments and repayment responsibility of the bonds lies solely with the ASU Jaguar Student Housing I, LLC. The outstanding principal amount of the bonds as of June 30, 2008 is $19,345,000.

ASU Jaguar Student Center, LLC had the following revenue bonds payable at June 30, 2008:

$11,145,000 ASU Jaguar Student Center, LLC, Educational Facilities Revenue Bonds, Series 2005, dated February 1, 2005, due in annual installments of $170,000 to $705,000, due through July 1, 2034, interest at 3.25% to 5%. Interest incurred during the year ending June 30, 2008 totaled $497,148. Amortization of the bond premium began July 1, 2007 using the effective interest method which reduced interest expense for the year ended July 30, 2008 by $14,841. The bonds are secured by a deed on the Student Center and repayment responsibility of the bonds lies solely with the ASU Jaguar Student Center, LLC. The outstanding principal amount of the bonds as of June 30, 2008, including unamortized bond premium is $11,152,677.

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

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$260,000	$1,500,987	$1,760,987
2010	2	330,000	1,489,487	1,819,487
2011	3	395,000	1,476,049	1,871,049
2012	4	465,000	1,459,549	1,924,549
2013	5	515,000	1,441,174	1,956,174
2014 through 2018	6-10	3,375,000	6,820,088	10,195,088
2019 through 2023	11-15	5,050,000	5,840,599	10,890,599
2024 through 2028	16-20	6,905,000	4,460,548	11,365,548
2029 through 2033	21-25	8,825,000	2,498,575	11,323,575
2034 through 2038	26-30	4,200,000	328,163	4,528,163
		30,320,000	27,315,219	57,635,219
Bond Premium/(Discount)		177,677		177,677
		$30,497,677	$27,315,219	$57,812,896

Augusta State University Athletic Association

Augusta State University Athletic Association (the Athletic Association) is a legally separate, tax-exempt component unit of Augusta State University (University). The Athletic Association is a nonprofit organization that promotes the educational, athletic, and physical education programs of the University. The Athletic Association leases Forest Hills Golf Club (the Club), an 18-hole golf course, from the Board of Regents of the University System of Georgia for a nominal fee. The Association in turn has entered into a management agreement with the Augusta Golf Association, Inc. (the AGA) to manage, operate and maintain Forest Hills Golf Club. The income of the Association is solely derived from the revenues of the Golf Club and interest income. Because these restricted resources held by the Athletic Association can only be used by, or for the benefit of, the University and their management role is significant to the accomplishment of the University's mission, the Athletic Association is considered a component unit of the University and is discretely presented in the University's financial statements.

The Athletic Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Athletic Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Athletic Association distributed $20,041 for the support of other University programs.

Complete financial statements for the Athletic Association can be obtained from the Administrative Office at 2500 Walton Way, Augusta, GA 30904-2200.

Capital Assets for Component Units:

Augusta State University Athletic Association held the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets being Depreciated:	
Buildings and Improvements	$3,432,988
Machinery and Equipment	943,926
Total Capital Assets being Depreciated	4,376,914
Less Total Accumulated Depreciation	2,585,267
Total Capital Assets being Depreciated, Net	1,791,647
Capital Assets, Net	$1,791,647

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the Athletic Association for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Capital Lease Obligations	$47,753	$13,122	$20,764	$40,111	$18,249
Notes and Loans Payable	1,566,267		9,162	1,557,105	435,918
Total Long Term Liabilities	$1,614,020	$13,122	$29,926	$1,597,216	$454,167

Capital Lease Obligations:
The Athletic Association leases course equipment under capital leases that expire in February 2010, April 2010, and June 2010. The terms of the leases require monthly payments totaling $2,011.

Future minimum lease payments are:

		Capital Leases
Year ending June 30:		
2009	1	$24,128
2010	2	19,921
Total minimum lease payments		44,049
Less: Interest		3,938
Principal Outstanding		$40,111

Notes and Loans Payable:
The Athletic Association holds a note payable to First Bank dated September 22, 2005 in the original amount of $35,961, with an interest rate of 8%. The note is payable in monthly installments of $879 through September 20, 2009 and is secured by equipment. The outstanding principal balance of the note is $12,410 as of June 30, 2008.

The Athletic Association holds a note payable to Augusta State University Foundation, Inc., a related party, dated May 24, 2005 in the original amount of $1,544,695, secured by first priority security interest. The note is payable in quarterly installments of interest only through May 2006, then in consecutive quarterly payments equal to $35,500, plus accrued interest at the LIBOR rate plus 1.2%, commencing on August 24, 2006, and continuing on the same day each third month thereafter, with the total remaining balance due May 24, 2011. The outstanding principal balance of the note is $1,544,695 as of June 30, 2008.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$435,918	$54,883	$490,801
2010	2	144,492	47,019	191,511
2011	3	976,695	41,000	1,017,695
		$1,557,105	$142,902	$1,700,007

Clayton State University

The Walter & Emilie Spivey Foundation

The Walter & Emily Spivey Foundation (Foundation) is a legally separate, tax-exempt component unit of Clayton State University (University). The Foundation provides music scholarships and sponsors programming in Spivey Hall, the University's world class music performance hall. The six-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2007, the Foundation distributed $425,941 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Clayton State University, 2000 Clayton State Blvd, Morrow, Georgia, 30260.

Investments for Component Units:

The Walter and Emilie Spivey Foundation holds investments in the amount of $7.6 million. Investments consist of marketable securities and real property.

Investments are comprised of the following amounts at December 31, 2007:

	Cost	Fair Value
Real Estate	$137,518	$137,518
Investment Pools		
Suntrust Investment Pool	7,459,453	7,459,453
Total Investments	$7,596,971	$7,596,971

Capital Assets for Component Units:

The Walter & Emilie Spivey Foundation held the following Capital Assets as of December 31, 2007:

	December 31, 2007
Capital Assets not being Depreciated:	
Land and other Assets	$139,882
Total Capital Assets not being Depreciated	139,882
Capital Assets being Depreciated:	
Machinery and Equipment	15,384
Total Capital Assets being Depreciated	15,384
Less Total Accumulated Depreciation	10,769
Total Capital Assets being Depreciated, Net	4,615
Capital Assets, Net	$144,497

Clayton State University Foundation, Inc.

Clayton State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Clayton State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $458,366 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Clayton State University Foundation, Inc., Alumni Affairs Office, Student Center Building, 2000 Clayton State Blvd, Morrow, Georgia, 30260.

Investments for Component Units:

Clayton State University Foundation holds endowment and other investments in the amount of $4.7 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Certificates of Deposit	$202,252	$202,252
Real Estate	1,836,464	1,836,464
Investment Pools		
BOR Short Term Fund	177,290	178,574
Total Return Fund	2,723,315	2,509,856
Total Investments	$4,939,321	$4,727,146

Capital Assets for Component Units:

Clayton State University Foundation, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Construction in Progress	$27,638,585
Capital Assets, Net	$27,638,585

Long-term Debt for Component Units:

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$0	$42,650,230	$0	$42,650,230	$0
Total Long Term Liabilities	$0	$42,650,230	$0	$42,650,230	$0

Revenue Bonds Payable:

On August 15, 2007, the Foundation through its subsidiary CSU Foundation Real Estate I LLC the “Company” issued Series 2007 revenue bonds in the face value amount of $42,450,000. The proceeds of the Series 2007 Bonds will be applied to (a) finance or refinance the costs of the acquisition, construction and equipping of student housing comprised of approximately 451 beds and related amenities and a student activity center (collectively, the “Project”) located on the campus of Clayton State University (“CSU”); (ii) fund capitalized interest on the Series 2007 Bonds, (iii) pay the premium for a debt service reserve surety bond to be issued by XL Capital Assurance Inc. (the “Bond Insurer”); and (iv) pay costs of issuance of the Series 2007 Bonds, including a municipal bond insurance policy to be issued by the Bond Insurer.

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

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$0	$1,852,874	$1,852,874
2010	2	600,000	2,021,318	2,621,318
2011	3	85,000	1,997,318	2,082,318
2012	4	135,000	1,993,918	2,128,918
2013	5	175,000	1,988,518	2,163,518
2014 through 2018	6-10	1,745,000	9,776,952	11,521,952
2019 through 2023	11-15	3,730,000	9,232,108	12,962,108
2024 through 2028	16-20	6,440,000	8,193,815	14,633,815
2029 through 2033	21-25	10,200,000	6,371,715	16,571,715
2034 through 2038	26-30	15,465,000	3,372,439	18,837,439
2039 through 2043	31-35	3,875,000	193,750	4,068,750
		42,450,000	46,994,725	89,444,725
Bond Premium/(Discount)		200,230		200,230
		$42,650,230	$46,994,725	$89,644,955

Columbus State University

Columbus State University Foundation, Inc.

Columbus State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Columbus State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The fifty-seven member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 fiscal year of the Foundation is August 1 through July 31. This financial statement represents activity for the year ended July 31, 2007. The amount due to Columbus State University, $279,175 is not reflected as a receivable on the University's Statement of Net Assets. This amount was received by the University before its year end of June 30, 2008.

During the year ended July 31, 2007, the Foundation distributed $983,187 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Columbus State University Foundation, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Subsequent Event:

Columbia State University Foundation, Inc. holds equity securities in the amount of $3,000,000 in Bill Heard Enterprises stock. During 2008, Bill Heard Enterprises ceased business operations and filed for chapter 11 bankruptcy.

Investments for Component Units:

Columbus State University Foundation, Inc. holds endowment and other investments in the amount of $35,385,669. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Columbus State University Foundation, Inc., in conjunction with the donors, has established a spending plan of 5% of a trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current year calculations for the purpose of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process.

Investments are comprised of the following amounts at July 31, 2007:

	Cost	Fair Value
Certificates of Deposit	$27,006	$27,631
Government and Agency Securities	2,844,006	2,818,479
Corporate Bonds	1,654,062	1,641,802
Equity Securities	25,968,257	28,271,024
Mutual Funds	776,945	778,545
Split Interest Investments	1,848,188	1,848,188
Total Investments	$33,118,464	$35,385,669

Long-term Liabilities for Component Units:

Changes in long-term liabilities for component units for the fiscal year ended July 31, 2007 are shown below:

	Beginning Balance August 1, 2006	Additions	Reductions	Ending Balance July 31, 2007	Amounts due within One Year
Liabilities under split interest agreement	$1,292,153	$185,115	$121,928	$1,355,340	$116,317
Other Long Term Liabilities		636,099		636,099	333,000
Total Long Term Liabilities	$1,292,153	$821,214	$121,928	$1,991,439	$449,317

Foundation Properties, Inc.

Foundation Properties, Inc. is a legally separate, tax-exempt component unit of Columbus State University (University). Foundation Properties, Inc. constructs auxiliary buildings and facilities for use by the University and then leases the completed buildings to the Board of Regents of the University System of Georgia. The eleven member board of Foundation Properties, Inc. is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from Foundation Properties, Inc., the majority of resources or income thereon that Foundation Properties, Inc. holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by Foundation Properties, Inc. can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Foundation Properties, Inc. is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 fiscal year of Foundation Properties, Inc. is August 1 through July 31. This financial statement represents activity for the year ended July 31, 2007. The amount due to Columbus State University, $29,835,936, results primarily from funds that have been transferred from the Foundation which are designated for payments on the construction of the RiverPark Campus. It is the intent of Foundation Properties that the facility be transferred to the University upon completion. There is no corresponding due from amount on the University's Statement of Net Assets.

During the year ended July 31, 2007, Foundation Properties, Inc. distributed $482,076 to the University. Complete financial statements for Foundation Properties, Inc. can be obtained from Foundation Properties, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Investments for Component Units:

Foundation Properties, Inc. holds investments in the amount of $2,194,353 as of July 31, 2007. Investments consist of marketable securities and bonds as follows:

	Cost	Fair Value
Government and Agency Securities	$202,338	$200,196
Corporate Bonds	138,870	135,870
Equity Securities	1,654,637	1,858,287
Total Investments	$1,995,845	$2,194,353

Capital Assets for Component Units:

Foundation Properties, Inc. held the following Capital Assets as of July 31, 2007:

Capital Assets not being Depreciated:	
Land and other Assets	$12,052,473
Construction in Progress	41,938,633
Total Capital Assets not being Depreciated	53,991,106
Capital Assets being Depreciated:	
Buildings and Improvements	73,895,156
Machinery and Equipment	1,656,816
Total Capital Assets being Depreciated	75,551,972
Less Total Accumulated Depreciation	8,647,588
Total Capital Assets being Depreciated, Net	66,904,384
Capital Assets, Net	$120,895,490

Long-term Liabilities for Component Units:

Notes and Loans Payable include an unsecured line of credit with a local bank with a maximum availability of $4,200,000. The line of credit bears interest at the prime rate, payable monthly, and expires on October 13, 2007, at which time it is expected to be renewed on substantially similar terms. The amount outstanding under the line of credit totaled $3,960,000 at July 31, 2007. There is also a note payable in the amount of $257,170 that is payable to a bank in monthly installments of $2,915, including interest at the prime rate, through November 2009. This loan is collateralized by property with a cost of $478,792.

Student Housing Bonds are issued by the Foundation Properties, Inc. to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Columbus State University.

Educational Programming Bonds are issued by Foundation Properties, Inc. to finance the purchase of the One Arsenal Property to be incorporated with the future development of the RiverPark Campus, as well as the construction of the Cunningham Conference Center.

Parking Facility Revenue Bonds are issued by Foundation Properties, Inc. to finance parking facilities on university property. The bonds, serial and term, are secured by pledges of gross receipts from parking deck fees at Columbus State University.

Changes in long-term liabilities for Foundation Properties, Inc. for the fiscal year ended July 31, 2007 are shown below:

	Beginning Balance Augsut 1, 2006	Additions	Reductions	Ending Balance July 31, 2007	Amounts due within One Year
Notes and Loans Payable	$0	$3,960,000	($257,170)	$4,217,170	$3,974,296
Revenue/Mortgage Bonds Payable	70,771,806	6,700,000	1,016,806	76,455,000	1,469,916
Total Long Term Liabilities	$70,771,806	$10,660,000	$759,636	$80,672,170	$5,444,212

Debt Service Obligations:

Annual requirements to maturity for Notes Payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending July 31:				
2008	1	$3,974,296	$88,684	$4,062,980
2009	2	15,521	19,459	34,980
2010	3	227,353	6,196	233,549
		$4,217,170	$114,339	$4,331,509

Annual debt service requirements to maturity for Student Housing, Educational Programming and Parking Facility revenue bonds payable are as follows:

		Bonds Payable		
		Principal	Interest	Total
Year ending July 31:				
2008	1	$1,469,916	$2,522,342	$3,992,258
2009	2	12,849,909	2,472,772	15,322,681
2010	3	1,420,175	2,422,197	3,842,372
2011	4	36,171,000	2,368,584	38,539,584
2012	5	16,549,000	896,249	17,445,249
2013 through 2017	6-10	7,995,000	331,709	8,326,709
		76,455,000	11,013,853	87,468,853

Columbus State University Athletic Fund, Inc.

Columbus State University Athletic Fund, Inc. (Athletic Fund) is a legally separate, tax-exempt component unit of Columbus State University (University). The Athletic Fund supports athletic endeavors of the institution. These endeavors include but are not limited to student services and student financial aid. The thirty-three member board of the Athletic Fund is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Athletic Fund, the majority of resources or income thereon that the Athletic Fund holds and invests are restricted to the athletic activities of the University by the donors. Because these restricted resources held by the Athletic Fund can only be used by, or for the benefit of, the University and their management role is significant to the accomplishment of the University's mission, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Athletic Fund is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 fiscal year of the Athletic Fund is August 1 through July 31. This financial statement represents activity for the month ended July 31, 2007.

Due to the difference in fiscal year ending dates between Columbus State University and the Athletic Fund, the amount due to Columbus State University of $243,021 and due from Columbus State University of $2,500 are not reflected on the University's Statement of Net Assets.

During the year ended July 31, 2007 the Athletic Fund distributed $343,944 to the University for both restricted and unrestricted purposes. Complete financial statements for the Athletic Fund can be obtained from Columbus State University Athletic Fund, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Investments for Component Units:

Columbus State University Athletic Fund, Inc. holds endowment and other investments in the amount of $1,380,902. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at July 31, 2007:

	Cost	Fair Value
Equity Securities	$1,182,841	$1,380,902
Total Investments	$1,182,841	$1,380,902

Columbus State University Alumni Association, Inc.

Columbus State University Alumni Association, Inc. (Association) is a legally separate, tax-exempt component unit of Columbus State University (University). The Association seeks to promote the mission of the University through mutually beneficial relations between the University and its alumni. The twenty-member board of the Association is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Association, the majority of resources or income thereon that the Association holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Association can only be used by or for the benefit of the University and their management role is significant to the accomplishment of the University's mission, the Association is considered a component unit of the University and is discretely presented in the University’s financial statements.

The Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Association's fiscal year is August 1 through July 31. This financial statement represents activity for the month ended July 31, 2007.

Due to the difference in fiscal year ending dates between Columbus State University and the Association, the amount due to Columbus State University of $654 is not reflected on the University's Statement of Net Assets.

During the year ended July 31, 2007, the Association distributed $11,659 to the University for both restricted and unrestricted purposes. Complete financial statements for the Association can be obtained from Columbus State University Alumni Association, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Investments for Component Units:

Columbus State University Alumni Association, Inc. holds endowment and other investments in the amount of $140,703. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at July 31, 2007:

	Cost	Fair Value
Certificates of Deposit	$85,993	$85,993
Equity Mutual Funds	70,813	54,710
Total Investments	$156,806	$140,703

Capital Assets for Component Units:

Columbus State University Alumni Association, Inc. held Capital Assets as of July 31, 2007 as follows:

	July 31, 2007
Capital Assets being Depreciated:	
Buildings and Improvements	$9,900
Machinery and Equipment	400
Total Capital Assets being Depreciated	10,300
Less Total Accumulated Depreciation	7,816
Total Capital Assets being Depreciated, Net	2,484
Capital Assets, Net	$2,484

Fort Valley State University

Fort Valley State University Foundation, Inc.

Fort Valley State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Fort Valley State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $896,245 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 1005 State University Drive, Fort Valley, GA 31030 or from the Foundation's website at www.fvsu.edu.

Investments for Component Units:

Fort Valley State University Foundation, Inc. holds endowment and other investments in the amount of $5.6 million, excluding investments limited to use (bond proceeds). The $3.1 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Money Market Accounts	$923,540	$923,540
Certificates of Deposit	892,193	892,193
Government and Agency Securities	203,473	202,529
Corporate Bonds	160,602	157,107
Equity Securities	683,340	644,207
Mutual Funds	2,767,193	2,650,760
Real Estate	92,000	92,000
Total Investments	$5,722,341	$5,562,336

Capital Assets for Component Units:

Fort Valley State University Foundation, Inc. holds the following capital asset amounts at June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$298,607
Construction in Progress	1,931,926
Total Capital Assets not being Depreciated	2,230,533
Capital Assets being Depreciated:	
Buildings and Improvements	1,280,326
Machinery and Equipment	52,600
Total Capital Assets being Depreciated	1,332,926
Less Total Accumulated Depreciation	264,396
Total Capital Assets being Depreciated, Net	1,068,530
Capital Assets, Net	$3,299,063

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Notes and Loans Payable	$1,477,315	$131,653	$66,718	$1,542,250	$181,876
Revenue/Mortgage Bonds Payable	43,254,894	18,236,036		61,490,930	70,000
Total Long Term Liabilities	$44,732,209	$18,367,689	$66,718	$63,033,180	$251,876

Notes and Loans Payable:

The Foundation has two notes payable to the Department of Agriculture, Rural Business Cooperative Services through 2031 which bear interest at 1%. The notes are collateralized by real and personal property including mortgage loans. The notes payable balances at June 30, 2008 were $1,160,702.

The Foundation has two banks loans due in 2009 at 5% which were for the purchase of a building and for Foundation operations. The loan balances at June 30, 2008 were $381,548.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$181,876	$27,660	$209,536
2010	2	300,622	23,156	323,778
2011	3	51,237	10,647	61,884
2012	4	51,752	10,131	61,883
2013	5	52,272	9,612	61,884
2014 through 2018	6-10	269,344	40,074	309,418
2019 through 2023	11-15	283,149	26,272	309,421
2024 through 2028	16-20	297,958	11,336	309,294
2029 through 2033	21-25	54,040	1,025	55,065
		$1,542,250	$159,913	$1,702,163

Revenue Bonds Payable:
In June 2006, the Development Authority of Peach County (the Authority) issued $44 million in Revenue Bonds Series 2006 (the Bonds) and entered into an agreement to loan $44 million to the Foundation for Student Housing construction. The bonds are payable solely from the Trust Estate, as defined in the Indenture. Interest rates vary from 4.0% - 5.0%. The bond liability at June 30, 2008 was $43,289,857, net of bond discount of $770,143.

In June 2008, the Authority issued $18 million in Revenue Bonds Series 2008 (the Bonds) and entered into an agreement to loan $18 million to the Foundation for additional Student Housing construction. The bonds are secured by a letter of credit issued by Wachovia Bank in favor of the Authority. The letter of credit must be renewed annually. Effective July 1, 2008, the Foundation entered into an interest rate Swap Agreement to mitigate the risk of future rate fluctuations of the variable rates on the Series 2008 Bonds. Pursuant to the Swap Agreement, the Foundation will pay a fixed rate of 4.75% to the Swap Provider in exchange for the Swap Provider's payment of a floating rate. The Swap Agreement is in the notional amount of $18,265,000. The bond liability at June 30, 2008 was $18,201,073, net of bond discount of $63,927.

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

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$70,000	$2,811,113	$2,881,113
2010	2	130,000	2,870,447	3,000,447
2011	3	195,000	2,865,247	3,060,247
2012	4	290,000	2,859,071	3,149,071
2013	5	345,000	2,843,970	3,188,970
2014 through 2018	6-10	3,175,000	13,938,661	17,113,661
2019 through 2023	11-15	6,590,000	12,971,466	19,561,466
2024 through 2028	16-20	9,485,000	11,112,236	20,597,236
2029 through 2033	21-25	15,935,000	8,094,179	24,029,179
2034 through 2038	26-30	26,110,000	3,328,711	29,438,711
		62,325,000	63,695,101	126,020,101
Bond Premium/(Discount)		(834,070)		(834,070)
		$61,490,930	$63,695,101	$125,186,031

Georgia College & State University

Georgia College & State University Alumni Association, Inc.
Georgia College & State University Alumni Association, Inc. (Alumni Association) is a legally separate, tax-exempt component unit of Georgia College & State University (University). The Alumni Association acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-eight member board of the Alumni Association is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Alumni Association, the majority of resources or income thereon that the Alumni Association holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Alumni Association can only be used by, or for the benefit of the University, the Alumni Association is considered a component unit of the University and is discretely presented in the University's financial statements.

The Alumni Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Alumni Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Alumni Association distributed $199,379 to the University for both restricted and unrestricted purposes. Complete financial statements for the Alumni Association can be obtained from the Administrative Office at Campus Box 96, 100 E. Greene Street, Suite 200, Milledgeville, GA 31061.

Investments for Component Units:

Georgia College & State University Alumni Association, Inc. investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Money Market Accounts	$255,758	$255,758
Corporate Bonds	1,342,565	1,363,987
Equity Securities	3,007,282	3,333,208
Mutual Funds	554,998	598,369
Real Estate	3,500	3,500
Total Investments	$5,164,103	$5,554,822

Capital Assets for Component Units:

Georgia College & State University Alumni Association, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$24,000
Total Capital Assets not being Depreciated	24,000
Capital Assets being Depreciated:	
Buildings and Improvements	227,692
Machinery and Equipment	110,600
Total Capital Assets being Depreciated	338,292
Less Total Accumulated Depreciation	280,279
Total Capital Assets being Depreciated, Net	58,013
Capital Assets, Net	$82,013

Georgia College & State University Foundation, Inc.

Georgia College & State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia College & State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-five member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $217,464 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Campus Box 96, 100 E. Greene Street, Suite 200, Milledgeville, GA 31061.

Prior Period Adjustment:

Effective January 1, 2007, the University transferred ownership of certain endowment assets to the Foundation. During the year ended June 30, 2008, it was determined by the Board of Regents that ownership of these assets should not have transferred; rather the Foundation should hold the assets and invest them with the other endowment assets of the Foundation. The effect on Net Assets from transferring the endowment investments back to the University is a decrease in Beginning Net Assets of ($1,826,301).

Investments for Component Units:

Georgia College & State University Foundation, Inc. holds endowment and other investments in the amount of $14.8 million. The $10.2 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Georgia College & State University Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 5% of the calendar year-end market value of the investment based on a rolling 3 year average may be spent. 95% is to be spent based on donor intent and 5% is to be spent as an administrative fee.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Money Market Accounts	$3,663,279	$3,663,279
Corporate Bonds	2,598,662	2,647,560
Equity Securities	6,748,149	7,003,133
Mutual Funds	1,025,000	1,105,096
Real Estate	380,000	380,000
Total Investments	$14,415,090	$14,799,068

Capital Assets for Component Units:

Georgia College & State University Foundation, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$372,188
Construction in Progress	$1,889,906
Total Capital Assets not being Depreciated	2,262,094
Capital Assets being Depreciated:	
Buildings and Improvements	3,892,722
Machinery and Equipment	49,139
Total Capital Assets being Depreciated	3,941,861
Less Total Accumulated Depreciation	108,695
Total Capital Assets being Depreciated, Net	3,833,166
Capital Assets, Net	$6,095,260

Long-term Liabilities for Component Units:

Changes in long-term liabilities for Georgia College & State University Foundation, Inc. for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Liabilities under split interest agreement	$46,652	$0	$5,742	$40,910	$0
Notes and Loans Payable	2,670,957	161,992	166,667	2,666,282	
Revenue/Mortgage Bonds Payable	109,448,601		262,424	109,186,177	455,000
Total Long Term Liabilities	$112,166,210	$161,992	$434,833	$111,893,369	$455,000

Notes and Loans Payable:
During the year ending June 30, 2007, the Foundation purchased space in an office building in Macon, Georgia to house the Macon Campus of the University. A line of credit to a financial institution was taken out for the purchase and related renovation. The line requires monthly interest payments at LIBOR + 1.88% (4.3375% at June 30, 2008). The line is due October 2009 and is collateralized by certain real property and an assignment of certain rents. The balance on the line of credit at June 30, 2008 was $2,666,282.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$0	$115,650	$115,650
2010	2	2,666,282	33,731	2,700,013
		$2,666,282	$149,381	$2,815,663

Bonds Payable:
On December 1, 2003, Property II, LLC entered into a loan agreement with the Development Authority of the City of Milledgeville and Baldwin County whereby the Authority would issue certain bonds totaling $7,840,000 and loan the entire proceeds to Property II, LLC. As part of the loan agreement, Property II, LLC agreed to use the proceeds to construct and equip a student center and a parking lot located on the campus of the University, to establish a debt service reserve, to establish certain amounts for capitalized interest and to pay the cost of issuance of the bonds. The principal and interest are payable solely from and secured by a lien upon certain interest in real property and certain assignments of rental income originating from rental agreements between Property II, LLC and the Board of Regents. The rental agreements are annual arrangements and commence following the issuance of a certificate of occupancy. The bonds are subject to certain optional and extraordinary mandatory redemption provisions. The serial bonds have various maturities with the final payment scheduled for September 1, 2022. The balance of the bonds at June 30, 2008 was $7,034,916, net of unamortized premium of $9,916.

On June 15, 2007, Property V, LLC entered into a loan agreement with the Development Authority of the City of Milledgeville and Baldwin County whereby the Authority would issue certain bonds totaling $102,470,000 and loan the entire proceeds to Property V, LLC. As part of the loan agreement, Property V, LLC agreed to use the proceeds to refund and redeem $89,000,000 in outstanding principal of Property III, LLC, to perform capital renovations, improvements and acquisitions, to establish a debt service reserve, to establish certain amounts for capitalized interest and to pay the cost of issuance of the bonds. The principal and interest are payable solely from and secured by a lien upon certain leasehold deeds to secure debt and certain pledged revenues and assignments of rents and leases. The bonds are subject to certain optional and extraordinary mandatory redemption provisions. The serial bonds have various maturities with the final payment scheduled for October 1, 2033. The balance of the bonds at June 30, 2008 was $102,151,261, net of unamortized discount of $318,739.

In connection with the 2007 series bonds, the Foundation entered into an interest rate swap transaction to convert its variable rate bond obligation to fixed rates. The resulting cost of funds is lower than it would have been had fixed rate borrowings been issued directly. The level of fixed rate debt resulting from the effective interest rate swap is 100% of the total bond debt of the 2007 series. Interest expense and an increase in liability from interest rate swap transactions of $5,970,968 have been recorded as of June 30, 2008. The amount was recorded based on calculated mathematical approximations of market values using certain assumptions regarding past, present, and future market conditions.

Annual debt service requirements to maturity for Bonds Payable are as follows:

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$455,000	$5,099,056	$5,554,056
2010	2	590,000	5,075,961	5,665,961
2011	3	760,000	5,045,008	5,805,008
2012	4	945,000	5,006,253	5,951,253
2013	5	1,140,000	4,957,346	6,097,346
2014 through 2018	6-10	9,200,000	23,699,463	32,899,463
2019 through 2023	11-15	16,675,000	20,684,888	37,359,888
2024 through 2028	16-20	25,840,000	15,585,686	41,425,686
2029 through 2033	21-25	37,655,000	8,122,261	45,777,261
2034 through 2038	26-30	16,235,000	195,040	16,430,040
		109,495,000	93,470,962	202,965,962
Bond Premium/(Discount)		(308,823)		(308,823)
		$109,186,177	$93,470,962	$202,657,139

Georgia Southwestern State University

Georgia Southwestern Foundation, Inc.

The Georgia Southwestern Foundation, Inc (Foundation) is a legally separate, tax-exempt component unit of Georgia Southwestern State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the University, and members of the local community. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $1,653,246 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Georgia Southwestern State University Business Office, 800 Georgia Southwestern State University Drive, Americus, GA 31709.

Investments for Component Units:

Georgia Southwestern Foundation holds endowment and other investments in the amount of $24.6 million. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

	Cost	Fair Value
Money Market Accounts	$1,066,144	$1,066,144
Certificates of Deposit	2,045,953	2,045,953
Corporate Bonds & Fixed Income Funds	2,023,991	2,010,197
Equity Securities & Funds	18,636,412	19,501,176
Total Investments	$23,772,500	$24,623,470

Capital Assets for Component Units:

Georgia Southwestern Foundation, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$131,199
Construction in Progress	224,384
Total Capital Assets not being Depreciated	355,583
Capital Assets being Depreciated:	
Buildings and Improvements	21,766,967
Machinery and Equipment	987,111
Total Capital Assets being Depreciated	22,754,078
Less Total Accumulated Depreciation	1,530,319
Total Capital Assets being Depreciated, Net	21,223,759
Capital Assets, Net	$21,579,342

Long-term Liabilities for Component Units:

The Americus-Sumter Payroll Department Authority ("PDA") issued $27,365,000 of its Revenue Bonds (GSW Foundation Housing, LLC Student Housing Project), Series 2005 ("the Bonds"). The proceeds of the sale of the Bonds have been loaned to the GSW Foundation Housing, LLC pursuant to the terms and provision of a Loan Agreement and Assignment of Gross Revenues and Certain Agreements and Accounts, dated November 1, 2005, between the PDA and the Company. The proceeds are being used to construct 2 student housing buildings and parking facilities for use by the University.

The bonds mature in the year 2037 and have interest rates ranging from 4% to 5.125%. Long-term liability activity for the year ended June 30, 2008 is as follows:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$27,233,914	$0	$254,020	$26,979,894	$65,000

Debt Service Obligations:

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

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$65,000	$1,274,108	$1,339,108
2010	2	105,000	1,271,508	1,376,508
2011	3	145,000	1,267,308	1,412,308
2012	4	190,000	1,261,507	1,451,507
2013	5	235,000	1,253,907	1,488,907
2014 through 2018	6-10	2,010,000	6,073,617	8,083,617
2019 through 2023	11-15	3,760,000	5,492,738	9,252,738
2024 through 2028	16-20	5,220,000	4,495,212	9,715,212
2029 through 2033	21-25	6,570,000	3,151,881	9,721,881
2034 through 2038	26-30	8,815,000	1,232,050	10,047,050
		27,115,000	26,773,836	53,888,836
Bond Premium/(Discount)		(135,106)		(135,106)
		$26,979,894	$26,773,836	$53,753,730

Kennesaw State University

Kennesaw State University Foundation, Inc.

The Kennesaw State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Kennesaw State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Foundation also constructs buildings and facilities for use by the

University and then leases the completed buildings to the institution. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $4,662,283 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 1000 Chastain Road, Mailbox 910, Kennesaw, GA 30144, or from the Foundation's website at www.kennesaw.edu/foundation.

Investments for Component Units:

Kennesaw State University Foundation, Inc. holds endowment and other investments in the amount of $25.5 million. The $14.1 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Kennesaw State University Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 4% of the scholarship balance, in excess of $400, may be used for academic scholarships. The remaining 96% of the balance is set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Money Market Accounts	$1,037,701	$1,037,701
Government and Agency Securities	5,993,073	5,373,354
Corporate Bonds	2,546,066	2,537,368
Equity Securities	15,892,885	13,682,852
Mutual Funds	2,735,816	2,863,007
Joint Ventures/Partnerships	20,304	11,982
Total Investments	$28,225,845	$25,506,264

Capital Assets for Component Units:

Kennesaw State University Foundation, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$6,006,139
Construction in Progress	68,492,095
Total Capital Assets not being Depreciated	74,498,234
Capital Assets being Depreciated:	
Buildings and Improvements	90,546,722
Machinery and Equipment	3,654,007
Total Capital Assets being Depreciated	94,200,729
Less Total Accumulated Depreciation	14,759,875
Total Capital Assets being Depreciated, Net	79,440,854
Capital Assets, Net	$153,939,088

Long-term Debt for Component Units:

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Liabilities under split interest agreement	$223,884	$0	$20,012	$203,872	$20,012
Notes and Loans Payable	2,220,615	561,294	2,220,615	561,294	561,294
Revenue/Mortgage Bonds Payable	181,790,167	93,123,701	4,514,655	270,399,213	4,400,000
Other Long Term Liabilities	0	548,548		548,548	548,548
Total Long Term Liabilities	$184,234,666	$94,233,543	$6,755,282	$271,712,927	$5,529,854

Notes and Loans Payable:

During the year ending June 30, 2008, the Foundation entered into an unsecured line of credit of $5,000,000 with a financial institution to provide interim financing for new dining hall construction. The line of credit bears interest at the 30 day LIBOR plus 1.5% (3.96% at June 30, 2008) and matures April 2009. The line of credit balance was $561,294 at June 30, 2008.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$561,294	$18,000	$579,294
		$561,294	$18,000	$579,294

Revenue Bonds Payable:

During the year ending June 30, 2004, the Foundation assumed Educational Facilities Revenue Bonds, Series 1998, issued by the Development Authority of Cobb County. The Series 1998 bonds were issued to finance the acquisition of an existing facility. The Foundation assumed the bonds in conjunction with acquiring the property that the bonds originally financed. The obligations of the Foundation under the bond documents are nonrecourse obligations. The bonds were issued in the aggregate amount of $15,990,000 and will mature in August 2031, subject to mandatory and optional redemption provisions. The bonds bear interest payable on the first business day of each month at a variable interest rate determined weekly. Interest accrues at the weekly rate until converted to another variable rate or the fixed rate in accordance with the terms of the Indenture. The outstanding principal obligation on the Series 1998 bond issue was $10,865,000 at June 30, 2008.

When the Foundation assumed the 1998 Series bonds, they also assumed an interest-rate swap transaction that was entered into originally to convert a portion of its variable-rate bond obligations to fixed rates. A liability from interest-rate swap transactions of $548,548 has been recorded as of June 30, 2008 and is reported in Other Liabilities on the Statement of Net Assets.

When the Foundation assumed the 1998 Series bonds, they also assumed a forward purchase agreement that was entered into originally to produce a guaranteed yield to the trustee. A receivable from forward purchase agreement transactions of $270,430 has been recorded as of June 30, 2008 and is reported in Other Assets on the Statement of Net Assets.

During the year ended June 30, 2005, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Foundation. The Series 2004 bonds were issued in the aggregate principal amount of $155,060,000. The bonds consist of six series and were issued to finance the cost of construction of 132 beds of new student housing, purchase and renovate the property known as “Chastain Pointe”, refund the 2003A and 2003B bond series, including payment of swap termination fees, and finance or refinance certain parking facilities. The bonds bear interest payable semiannually at a fixed interest rate set at issuance. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The outstanding principal obligations on the Series 2004 bond issues were $148,065,000 at June 30, 2008.

During the year ended June 30, 2007, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Foundation. The Series 2006A and B bonds were issued to repay an interim loan incurred to finance the acquisition of an office building on approximately 6.3 acres, Town Point, the acquisition of approximately 7.2 acres of unimproved land for future development, to pay the cost of issuance of the 2006 bonds and to pay a portion of the premium for a surety bond. The bonds were issued in the aggregate principal amount of $15,055,000. The Series 2006A bonds will mature in July 2031, subject to mandatory and optional redemption provisions. The Series 2006B bonds will mature in July 2013, subject to mandatory and optional redemption provisions. The bonds bear interest payable semiannually at a fixed interest rate set at issuance. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. At June 30, 2008, the applicable interest rates range from 4% to 5.34%. The outstanding principal obligations on the Series 2006 bond issues were $14,685,000 at June 30, 2008.

During the year ended June 30, 2008, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Foundation. The Series 2007 bonds were issued to finance the costs of acquisition, construction and equipping of a parking deck containing approximately 2,500 parking spaces on land leased by KSU Central Parking Deck Real Estate

Foundation, LLC, and to fund capitalized interest, debt service reserve, and pay a portion of the costs of issuance of the Series 2007 Parking Facilities Bonds. The bonds were issued in the aggregate amount of $38,550,000 and will mature in July 2038, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually, at a fixed interest rate set at issuance. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. At June 30, 2008, the applicable interest rates ranged from 4% to 4.75%. The outstanding principal obligation on the Series 2007 bond issue was $38,550,000 at June 30, 2008.

During the year ended June 30, 2008, the Development Authority of Cobb County issued student housing revenue bonds and loaned the proceeds to the Foundation. The Series 2007A, B and C bonds were issued in the aggregate principal amount of $53,320,000 to finance the acquisition, construction, renovation, furnishing and equipping of student housing to be located on the campus of Kennesaw State University on land leased by Village II Real Estate Foundation, LLC, fund a debt service reserve, fund capitalized interest on the Series 2007 bonds, and pay all or a portion of the costs of issuing the Series 2007 bonds. The Series 2007 bonds will mature in July 2038, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually, at a fixed interest rate set at issuance. Interest accrues at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. At June 30, 2008 the applicable interest rates ranged from 3.5% to 5.25%. The outstanding principal obligations on the Series 2007A, B and C bond issues were $53,320,000 at June 30, 2008.

Annual debt service requirements to maturity for the bond issues detailed above are as follows:

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$4,400,000	$12,097,845	$16,497,845
2010	2	6,105,000	11,918,914	18,023,914
2011	3	6,340,000	11,712,508	18,052,508
2012	4	6,585,000	11,506,406	18,091,406
2013	5	6,830,000	11,284,434	18,114,434
2014 through 2018	6-10	38,380,000	52,474,361	90,854,361
2019 through 2023	11-15	42,575,000	43,682,816	86,257,816
2024 through 2028	16-20	50,505,000	32,177,650	82,682,650
2029 through 2033	21-25	48,755,000	18,405,094	67,160,094
2034 through 2038	26-30	49,365,000	8,496,495	57,861,495
2039 through 2043	31-35	5,645,000	141,131	5,786,131
		265,485,000	213,897,654	479,382,654
Bond Premium/(Discount)		4,914,213		4,914,213
		$270,399,213	$213,897,654	$484,296,867

North Georgia College & State University

North Georgia College & State University Foundation, Inc.

North Georgia College & State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of North Georgia College & State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year ends on June 30th each year.

During the year ended June 30, 2008, the Foundation distributed $1,414,745 to or for the benefit of the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation may be obtained from their Office at 70 Alumni Drive, Dahlonega, GA 30533 or from the University's website at www.ngcsu.edu and click on "Alumni & Friends" to go to the Foundation's page.

Investments for Component Units:

North Georgia College & State University Foundation, Inc. holds endowment and other investments in the amount of $29.2 million. The $23.6 million corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. North Georgia College & State University Foundation, in conjunction with the donors, has established a spending plan whereby 50% of the earnings may be used for academic scholarships. The remaining 50% of the earnings are set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Money Market Accounts	$743,208	$743,208
Government and Agency Securities	200,000	201,938
Equity Securities	1,004,030	717,180
Mutual Funds	25,267,777	25,857,597
Real Estate	1,648,677	1,648,677
Total Investments	$28,863,692	$29,168,600

Capital Assets for Component Units:

North Georgia College & State University Foundation, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$39,005
Construction in Progress	20,280,552
Total Capital Assets not being Depreciated	20,319,557
Capital Assets being Depreciated:	
Buildings and Improvements	585,065
Machinery and Equipment	16,875
Total Capital Assets being Depreciated	601,940
Less Total Accumulated Depreciation	27,000
Total Capital Assets being Depreciated, Net	574,940
Capital Assets, Net	$20,894,497

Long-Term Liabilities for Component Units:

Changes in long-term liabilities for the year ended June 30, 2008 are as follows:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Liabilities under split interest agreement	$22,665	$2,547	$0	$25,212	$0
Notes and Loans Payable	300,873	37,896		338,769	338,769
Revenue/Mortgage Bonds Payable	46,979,761		394,758	46,585,003	590,000
Total Long Term Liabilities	$47,303,299	$40,443	$394,758	$46,948,984	$928,769

Notes and Loans Payable:
The $338,769 Notes and Loans Payable balance at June 30, 2008 represents the outstanding borrowings under a $1,200,000 line of credit with a financial institution to purchase real estate. The interest rate charge is the financial institution's prime rate less .50% (4.5% at June 30, 2008). Payments of quarterly interest only are required through January 5, 2009, at which time the line of credit matures.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$338,769	$8,000	$346,769

Revenue Bonds Payable:
In August 2001, the Downtown Development Authority of the City of Dahlonega (the Authority) issued $10.8 million in Revenue Bonds Series 2001 (the Bonds) and entered into an agreement to loan $10.8 million to the Foundation for Student Housing construction. The bonds were secured by a letter of credit issued by a financial institution in favor of the Authority. The letter of credit must be renewed annually. Borrowings under the agreement were subject to an annual fee of .25% of the letter of credit amount. The loan was paid off in February, 2007 with proceeds of the Series 2007 Bond Issue.

In February 2007, the Student Housing financed the retirement of the Series 2001A Bonds and debt associated with the purchase of real estate held for investment with the Downtown Development Authority of the City of Dahlonega 2007 Series C Revenue Bonds (the C Bonds) totaling $16,215,000. The C Bonds carried interest ranging from 3.63% to 5.00%, payable semi-annually on January 1 and July 1 of each year beginning July 1, 2007.

In February 2007,the Park & Recreation Center financed the acquisition and renovation of an existing office building and the construction of a Recreation Center and Parking Deck for the North Georgia College & State University with the Downtown Development Authority of the City of Dahlonega 2007 Series A & B Revenue Bonds (the A & B Bonds) totaling $30,270,000. The Series A & B Bonds carry interest ranging from 3.63% to 5.00%, payable semi-annually on January 1 and July 1 of each year beginning July 1, 2007.

Annual debt service obligations to maturity for the revenue bonds payable are as follows:

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$590,000	$2,090,515	$2,680,515
2010	2	525,000	2,069,015	2,594,015
2011	3	585,000	2,047,455	2,632,455
2012	4	670,000	2,023,410	2,693,410
2013	5	835,000	1,993,052	2,828,052
2014 through 2018	6-10	4,905,000	9,293,069	14,198,069
2019 through 2023	11-15	7,530,000	7,887,385	15,417,385
2024 through 2028	16-20	11,340,000	5,693,688	17,033,688
2029 through 2033	21-25	8,430,000	2,981,675	11,411,675
2034 through 2038	26-30	10,695,000	940,319	11,635,319
		46,105,000	37,019,583	83,124,583
Bond Premium/(Discount)		480,003		480,003
		$46,585,003	$37,019,583	$83,604,586

Savannah State University

Savannah State University Foundation, Inc.
Savannah State University Foundation, Inc., a Georgia non-profit corporation (the "Foundation") adopted resolutions authorizing the organization of SSU Foundation Real Estate Ventures, LLC (the "LLC"), a Georgia limited liability company of which the Foundation is the sole member, for the purpose of acquiring, renovating, equipping and leasing to the Board of Regents for the

benefit of the University. Although the University does not control transactions of the Foundation, all activity of the Foundation is restricted for the benefit of the University. As such, the Foundation (including the LLC) is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation (including the LLC) is a private, nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $0 to the University. Complete financial statements for the Foundation can be obtained from Savannah State University, Office of Fiscal Affairs, Colston Administration Building, P. O. Box 20419, Savannah, Georgia, 31404.

Investments for Components Units:

Savannah State University Foundation, Inc. held the following investments at June 30, 2008:

	Fair Value
Money Market Accounts	$7,549
Equity Securities	11,296
Mutual Funds	138,722
Total Investments	$157,567

Capital Assets for Component Units:

Savannah State University Foundation, Inc. held the following capital assets at June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$1,712,590
Construction in Progress	5,641,394
Total Capital Assets not being Depreciated	7,353,984
Capital Assets being Depreciated:	
Buildings and Improvements	9,443,150
Total Capital Assets being Depreciated	9,443,150
Less Total Accumulated Depreciation	124,662
Total Capital Assets being Depreciated, Net	9,318,488
Capital Assets, Net	$16,672,472

Long-term Liabilities for Component Units:

Changes in long-term debt for Savannah State University Foundation, Inc. for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$0	$49,220,000	$0	$49,220,000	$110,000
Total Long Term Liabilities	$0	$49,220,000	$0	$49,220,000	$110,000

The Savannah Economic Development Authority offered Series 2008 bonds in February 2008 in the form of two issues for $26,245,000 (2008A) and $22,975,000 (2008B). The proceeds of the bond issues were used to construct and equip a dining/recreational facility, acquire and enhance an existing apartment complex and convert it to a student housing facility, fund capitalized interest on the bonds, and pay the costs of issuance of the bonds.

In order to mitigate interest rate risk associated with the Series 2008A and 2008B bonds, the Foundation entered into two interest rate swap agreements with Wachovia Bank, N.A. Pursuant to the agreements, the Foundation pays a fixed rate of 4.3862% on the Series 2008A bonds and a fixed rate of 4.5550% on the Series 2008B bonds based on the outstanding principal of the respective bond issues. At June 30, 2008, the Foundation recorded an unrealized loss on the fair value of the interest rate swap agreements of $3,853,970. This loss is reported as Other Liabilities (current) on the Statement of Net Assets and as a component of Interest Expense on the Statement of Revenues, Expenses and Changes in Net Assets.

Annual debt service requirements to maturity for Bonds Payable are as follows:

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$110,000	$2,197,267	$2,307,267
2010	2	245,000	2,191,938	2,436,938
2011	3	335,000	2,180,713	2,515,713
2012	4	435,000	2,165,436	2,600,436
2013	5	545,000	2,145,660	2,690,660
2014 through 2018	6-10	4,655,000	10,246,997	14,901,997
2019 through 2023	11-15	8,785,000	8,850,311	17,635,311
2024 through 2028	16-20	14,520,000	6,389,782	20,909,782
2029 through 2033	21-25	19,590,000	2,474,963	22,064,963
		$49,220,000	$38,843,067	$88,063,067

Southern Polytechnic State University

Southern Polytechnic State University Foundation, Inc.

Southern Polytechnic State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Southern Polytechnic State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $1,088,250 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Advancement Office at 1100 S. Marietta Parkway, Marietta GA 30060 or from the Foundation's website at www.spsu.edu.

Investments for Component Units:

Southern Polytechnic State University Foundation, Inc. holds endowment and other investments in the amount of $8.1 million. The $1.8 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Southern Polytechnic State University Foundation, in conjunction with the donors, has established a spending plan whereby 5% of the average of the past 3 years earnings may be used for the endowments designated purpose.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Corporate Bonds	$5,268,640	$3,687,291
Equity Securities	2,285,126	2,342,465
Mutual Funds	2,029,254	2,029,154
Total Investments	$9,583,020	$8,058,910

Long-Term Liabilities for Component Units:

During the year ended June 30, 2004, SPSU Student Housing I, LLC, a subsidiary of the Foundation, arranged for the sale of $35,690,000 Development Authority of the City of Marietta Georgia (the Issuer) Tax-Exempt Adjustment Mode Revenue Bonds (Student Housing Facilities Revenue Bonds) Series 2003 (the Bonds). The proceeds were loaned to SPSU Student Housing I, LLC to finance the development, purchase and construction of dormitory and apartment facilities and to pay certain costs of issuance of the bonds. The Issuer entered into a loan agreement with the SPSU Student Housing I, LLC dated December 1, 2003. The Bonds are secured by all property of the borrower. The Bonds interest ranges from 2.5 to 5.25 percent

Changes in long-term debt for the year ended June 30, 2008 are as follows:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$34,357,823	$0	$924,695	$33,433,128	$970,000
Other Long Term Liabilities	551,896		9,786	542,110	
Total Long Term Liabilities	$34,909,719	$0	$934,481	$33,975,238	$970,000

Debt Service Obligations:

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

		Principal	Bonds Payable Interest	Total
Year ending June 30:				
2009	1	$970,000	1,576,020	$2,546,020
2010	2	1,000,000	1,546,920	2,546,920
2011	3	1,030,000	1,515,920	2,545,920
2012	4	1,065,000	1,481,415	2,546,415
2013	5	1,100,000	1,443,075	2,543,075
2014 through 2018	6-10	6,250,000	6,478,912	12,728,912
2019 through 2023	11-15	8,010,000	4,715,988	12,725,988
2024 through 2028	16-20	10,275,000	2,451,569	12,726,569
2029 through 2033	21-25	3,430,000	259,250	3,689,250
		33,130,000	21,469,069	54,599,069
Bond Premium/(Discount)		303,128		303,128
		$33,433,128	$21,469,069	$54,902,197

<u>University of West Georgia</u>

University of West Georgia Foundation, Inc.

University of West Georgia Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of University of West Georgia (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Foundation board consists of approximately forty members and is made up of alumni and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is January 1, 2007 through December 31, 2007. The due from amount on the Foundation's Statement of Net Assets does not agree with the University's statement due to the difference in fiscal year ends.

Investments carried as Net Investment in Capital Leases and valued at $32.2 million and the associated bond debt of $32.3 million are included in the financial statements of the Foundation. The corresponding buildings and associated capital leases are included in the University's report. Note 10 of this financial report provides information on related party leases.

During the year ended December 31, 2007, the Foundation distributed $1,727,291 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of Development and Alumni Services at 1901 Maple Street, Carrollton Georgia 30118.

Investments for Component Units:

University of West Georgia Foundation, Inc. holds endowment investments in the amount of $22.9 million. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. University of West Georgia Foundation, Inc. in conjunction with the donors, has established a spending plan whereby up to 5% of the adjusted corpus balance at year end may be used for academic scholarships. The remaining amount is retained in each endowment accounts.

The University of West Georgia Foundation, Inc. investments was comprised of the following amounts at December 31, 2007:

	Cost	Fair Value
Cash held by investment organization	$4,828,077	$4,828,077
Certificates of Deposit	1,325,581	1,325,581
Government and Agency Securities	4,489,325	4,590,574
Equity Securities and Options	10,597,237	11,818,517
Mutual Funds	286,490	288,204
Total Investments	$21,526,710	$22,850,953

Capital Assets for Component Units:

The University of West Georgia Foundation, Inc. holds the following Capital Assets as of December 31, 2007:

	Dec. 31, 2007
Capital Assets not being Depreciated:	
Land and other Assets	$2,320,036
Construction in Progress	604,639
Total Capital Assets not being Depreciated	2,924,675
Capital Assets being Depreciated:	
Buildings and Improvements	3,786,134
Total Capital Assets being Depreciated	3,786,134
Less Total Accumulated Depreciation	299,735
Total Capital Assets being Depreciated, Net	3,486,399
Capital Assets, Net	$6,411,074

Long-term Liabilities for Component Units:

Long-term liability activity for the Foundation for the year ended December 31, 2007 was as follows:

	Beginning Balance Jan. 1, 2007	Additions	Reductions	Ending Balance Dec. 31, 2007	Amounts due within One Year
Liabilities under split interest agreement	$56,377	$17,976	$9,934	$64,419	$0
Notes and Loans Payable	6,095,000	1,488,583	1,100,000	6,483,583	5,303,552
Revenue/Mortgage Bonds Payable	33,189,181		839,743	32,349,438	870,000
Total Long Term Liabilities	$39,340,558	$1,506,559	$1,949,677	$38,897,440	$6,173,552

Notes and Loans Payable:

During 2007, the Foundation renewed its mortgage collateralized by an apartment complex purchased by the Foundation after making a principal payment of $1,100,000. The principal amount of the loan was $4,600,000.

The mortgage note payable is payable in monthly installments of interest computed at the London Interbank Rate (LIBOR) plus 1.20% per annum adjusted monthly as of the first business day of each month. At December 31, 2007 the rate was 6.42%. Principal is due at September 29, 2008.

In October 2007, The Foundation obtained a mortgage collateralized by real estate in order to construct a parking lot. The principal balance at December 31, 2007 was $1,488,583.

The mortgage note payable is payable in six monthly installments of interest and fifty four payments of principal and interest based upon a twenty year amortization schedule. The final payment shall include all principal and interest due. Interest is computed at the rate of London

Interbank rate (LIBOR) plus 1.00% per annum adjusted monthly as of the first business day of each month. At December 31, 2007 the rate was 6.22%. Principal is due October 19, 2012. The debt payment schedule below reflects an accelerated payment schedule by the Foundation.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending December 31:				
2008	1	$5,303,552	$288,816	$5,592,368
2009	2	482,975	52,115	535,090
2010	3	509,833	25,258	535,091
2011	4	187,223	2,245	189,468
		$6,483,583	$368,434	$6,852,017

Revenue Bonds Payable:
Student Housing Bonds are issued by the University of West Georgia Foundation, Inc. to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at University of West Georgia.

Series 2004A bonds were issued on October 1, 2004 in the amount of $19,175,000 to fund the Construction of Phase II. The bonds bear interest rates ranging from 3.0% to 5.0%. The balance of the obligation as of 12/31/2007 is $18,900,000.

Series 2004B bonds were issued on October 1, 2004 in the amount of $180,000 to fund the Construction of Phase II. The bonds bear interest rate of 3.4%. The balance of the obligation as of 12/31/2007 is $0.

Series 2005 bonds were issued on March 1, 2005 in the amount of $13,860,000 as a result of refunding the Series 2003 bonds. These bonds funded the construction of Phase I, University Suites. The bonds bear interest rates ranging from 3.375 to 5.0%. The balance of the obligation as of 12/31/2007 is $13,130,000.

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

		Bonds Payable		
		Principal	Interest	Total
Year ending December 31:				
2008	1	$870,000	$1,391,369	$2,261,369
2009	2	910,000	1,363,344	2,273,344
2010	3	1,000,000	1,328,819	2,328,819
2011	4	1,040,000	1,294,569	2,334,569
2012	5	1,075,000	1,253,494	2,328,494
2013 through 2017	6-10	6,025,000	5,598,937	11,623,937
2018 through 2022	11-15	7,430,000	4,232,731	11,662,731
2023 through 2027	16-20	9,320,000	2,342,683	11,662,683
2028 through 2032	21-25	4,360,000	303,107	4,663,107
		32,030,000	19,109,050	51,139,050
Bond Premium/(Discount)		319,438		319,438
		$32,349,438	$19,109,050	$51,458,488

UWG Real Estate Foundation, Inc.
UWG Real Estate Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of University of West Georgia (University). The Foundation constructs research and auxiliary buildings and facilities for use by the University and then leases the completed buildings to the institution. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

Investments carried as Net Investment in Capital Leases and valued at $30.1 million and the associated long-term bond debt of $30.6 million are included in the financial statements of the Foundation. The corresponding buildings and associated capital leases are included in the University's report. Note 10 of this financial report provides information on related party leases. Complete financial statements for the Foundation can be obtained from the Treasurer, Office of Business and Finance, 1601 Maple Street, Carrollton, Georgia 30118.

Capital Assets for Component Units:

The UWG Real Estate Foundation, Inc. holds $17,700 in Construction in Progress as of June 30, 2008.

Long-term Liabilities for Component Units:

Resident Instruction Bonds are issued by the UWG Real Estate Foundation, Inc. to finance Student Center facilities at University of West Georgia. The bonds mature serially and are serviced by a pledge of a portion of student fee and appropriations formerly used for square footage support.

Series 2004 bonds were issued on December 20, 2004 in the amount of $30,720,000 to fund the construction of Campus Center. The bonds bear interest rates ranging from 3.0% to 5.25%. The balance of the obligation as of 06/30/2008 is $30,360,000.

Changes in long-term liabilities for UWG Real Estate Foundation, Inc. for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$30,922,900	$0	$367,476	$30,555,424	$390,000
Total Long Term Liabilities	$30,922,900	$0	$367,476	$30,555,424	$390,000

Debt Service Obligations:

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

		Principal	Bonds Payable Interest	Total
Year ending June 30:				
2009	1	$390,000	$1,410,383	$1,800,383
2010	2	425,000	1,395,545	1,820,545
2011	3	465,000	1,378,326	1,843,326
2012	4	505,000	1,360,770	1,865,770
2013	5	545,000	1,342,395	1,887,395
2014 through 2018	6-10	3,425,000	6,360,389	9,785,389
2019 through 2023	11-15	4,955,000	5,493,388	10,448,388
2024 through 2028	16-20	7,210,000	3,954,888	11,164,888
2029 through 2033	21-25	8,765,000	1,928,620	10,693,620
2034 through 2038	26-30	3,675,000	174,207	3,849,207
		30,360,000	24,798,911	55,158,911
Bond Premium/(Discount)		195,424		195,424
		$30,555,424	$24,798,911	$55,354,335

Abraham Baldwin Agricultural College

Abraham Baldwin Agricultural College Foundation, Inc.

Abraham Baldwin Agricultural College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Abraham Baldwin Agricultural College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $384,327 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2802 Moore Highway - ABAC 13, Tifton, GA 31793.

Investments for Component Units:

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Government and Agency Securities	$2,058,184	$2,079,878
Corporate Bonds	373,354	364,589
Equity Securities	4,613,670	4,530,894
Mutual Funds	2,122,807	2,151,762
Total Investments	$9,168,015	$9,127,123

Capital Assets for Component Units:

Abraham Baldwin Agricultural College Foundation, Inc. held the following capital assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$2,816,569
Total Capital Assets not being Depreciated	2,816,569
Capital Assets being Depreciated:	
Buildings and Improvements	41,176,195
Machinery and Equipment	2,469,278
Total Capital Assets being Depreciated	43,645,473
Less Total Accumulated Depreciation	5,483,974
Total Capital Assets being Depreciated, Net	38,161,499
Capital Assets, Net	$40,978,068

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Notes and Loans Payable	$785,075	$474,370	$85,456	$1,173,989	$141,908
Revenue/Mortgage Bonds Payable	48,235,847		827,330	47,408,517	925,000
Total Long Term Liabilities	$49,020,922	$474,370	$912,786	$48,582,506	$1,066,908

Notes and Loans Payable:
On April 20, 2006 the Development Authority of Tift County issued a $1,000,250 note payable in nine equal and consecutive annual installments of $100,000 each and a final installment of unpaid principal and accrued interest on November 1, 2015. The interest rate is a variable rate at 65 percent of the Wall Street Journal Prime Rate (the "Index"). This Note is a general obligation of the Foundation and is partially secured by a Joint Resolution of the Tift County Hospital Authority, Abraham Baldwin Agricultural College Foundation, Inc. and the Tift County Development Authority, later ratified and adopted by the Development Authority of Tift County. The principal balance of the note totaled $654,119 at June 30, 2008.

The Foundation has a note payable to First Community Bank of Tifton dated October 15, 2007 for $474,370 payable in nine equal and consecutive annual installments of $70,265 each and a final installment of unpaid principal and accrued interest on October 15, 2017. The interest rate is a variable rate at 0% above the Wall Street Journal Prime Rate. Security for the note is real estate. The note balance at June 30, 2008 is $474,370.

The Foundation has a credit line of $75,000 with South Georgia Banking Company which matures on January 9, 2009 and is renewable at maturity. The interest rate is variable based on the Wall Street Journal Prime Rate. Interest is payable at maturity. This credit line has an outstanding balance of $45,500 at June 30, 2008.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$141,908	$75,057	$216,965
2010	2	102,401	67,864	170,265
2011	3	108,780	61,485	170,265
2012	4	115,948	54,317	170,265
2013	5	124,815	45,450	170,265
2014 through 2018	6-10	580,137	88,729	668,866
		$1,173,989	$392,902	$1,566,891

Revenue Bonds Payable:
First ABAC, LLC has issued, through the Tift County Development Authority, $31,615,000 in revenue bonds to finance student housing at the College. The bonds carry an interest rate ranging from 1.75% to 4.25%. The bonds are secured by pledges of gross revenues from the housing project and are covered by a financial guaranty insurance policy issued by AMBAC Assurance

Corporation. The principal balance of these bonds at June 30, 2008 totals $29,420,000. The bonds were issued at a premium of $1,049,632, which is being amortized over the life of the bonds. The accumulated amortization to date is $200,566.

Second ABAC, LLC has issued, through the Tift County Development Authority, $17,075,000 in revenue bonds to finance student housing at the College. The bonds carry an interest rate ranging from 4.0% to 5.0%. The bonds are secured by pledges of gross revenues from the housing project and are covered by a financial guaranty insurance policy issued by CIFG Assurance North America, Inc. The principal balance of these bonds at June 30, 2008 totals $17,075,000. The bonds were issued at a premium of $67,960, which is being amortized over the life of the bonds. The accumulated amortization to date is $3,509.

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$925,000	$2,035,993	$2,960,993
2010	2	980,000	2,010,043	2,990,043
2011	3	990,000	1,982,081	2,972,081
2012	4	1,040,000	1,947,293	2,987,293
2013	5	1,110,000	1,907,387	3,017,387
2014 through 2018	6-10	6,530,000	8,915,534	15,445,534
2019 through 2023	11-15	8,865,000	7,230,840	16,095,840
2024 through 2028	16-20	12,035,000	4,708,728	16,743,728
2029 through 2033	21-25	8,425,000	2,096,713	10,521,713
2034 through 2038	26-30	5,595,000	727,625	6,322,625
		46,495,000	33,562,237	80,057,237
Bond Premium		913,517		913,517
		$47,408,517	$33,562,237	$80,970,754

Dalton State College

Dalton State College Foundation, Inc.

The Dalton State College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Dalton State College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The forty member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is April 1 through March 31. Amounts reported due to or due from the College do not agree because of the different fiscal year ends.

During the year ended March 31, 2008, the Foundation distributed $663,627 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Fiscal Affairs Office at 650 College Drive, Dalton, GA 30720.

Investments for Component Units:

Dalton State College Foundation, Inc. holds endowment and other investments in the amount of $14.6 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at March 31, 2008:

	Cost	Fair Value
Cash held by investment organization	$274,991	$274,991
Certificates of Deposit	418,771	418,771
Corporate Bonds	2,730,921	2,653,877
Equity Securities	11,610,022	11,208,701
Total Investments	$15,034,704	$14,556,340

Capital Assets for Component Units:

Capital Assets at March 31, 2008 were as follows:

	March 31, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$2,037,963
Total Capital Assets not being Depreciated	2,037,963
Capital Assets being Depreciated:	
Buildings and Improvements	2,950,796
Machinery and Equipment	5,527
Total Capital Assets being Depreciated	2,956,323
Less Total Accumulated Depreciation	191,656
Total Capital Assets being Depreciated, Net	2,764,667
Capital Assets, Net	$4,802,630

Long-term Liabilities for Component Units:

Long-term liability activity for the year ended March 31, 2008 was as follows:

	Beginning Balance April 1, 2007	Additions	Reductions	Ending Balance March 31, 2008	Amounts due within One Year
Liabilities under split interest agreement	$0	$163,601	$0	$163,601	$17,190
Notes and Loans Payable	2,424,945		47,717	2,377,228	50,833
Total Long Term Liabilities	$2,424,945	$163,601	$47,717	$2,540,829	$68,023

In September 2006 Dalton State College Foundation, Inc. assumed an outstanding note payable dated February 2, 2005 related to the purchase of the Wood Valley Apartment complex. The principal balance of the note at the time of assumption was $2,475,000 and accrues interest at an annual rate of 5.54%. Interest only was payable for the first twelve months and beginning in March 2006, principle and interest became payable in monthly installments of $15,258. The note matures in March 2015 with a final payment due at that time of $1,969,256.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending March 31:				
2009	1	$50,833	$132,263	$183,096
2010	2	53,763	129,333	183,096
2011	3	56,862	126,234	183,096
2012	4	59,807	123,289	183,096
2013	5	63,586	119,510	183,096
2014 through 2015	6-7	2,092,377	243,070	2,335,447
		$2,377,228	$873,699	$3,250,927

The Liabilities under Split Interest Agreement represents a charitable remainder annuity trust that was established during the fiscal year by a local family naming the Foundation as trustee and ultimate beneficiary of the trust. Under the terms of the trust, the grantor is paid an annuity amount equal to nine percent (9%) of the net fair market value of the assets of the trust as of the date of the Trust in equal quarterly installments from trust income and, to the extent income is not sufficient, from principal for the lifetime of the last surviving grantor.

Gainesville State College

Gainesville State College Foundation, Inc.

Gainesville State College Foundation, Inc. is a legally separate, tax-exempt component unit of Gainesville State College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is January 1 to December 31.

During the year ended December 31, 2007, the Foundation distributed $777,645 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 3820 Mundy Mill Road, Oakwood, GA.

Investments for Component Units:

Gainesville State College Foundation, Inc. holds endowment and other investments in the amount of $11.5 million. Gainesville State College Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 50% of the earnings may be used for academic scholarships. The remaining 50% of the earnings are set aside as a reserve.

Investments are comprised of the following amounts at December 31, 2007:

	Cost	Fair Value
Cash held by investment organization	$944,800	$1,577,112
Money Market Accounts	339,458	339,458
Certificates of Deposit	564,000	564,000
Equity Securities	1,372,742	1,631,085
Mutual Funds	7,041,811	7,376,536
Total Investments	$10,262,811	$11,488,191

Capital Assets for Component Units:

Gainesville State College Foundation, Inc. holds the following Capital Assets as of December 31, 2007:

Capital Assets not being Depreciated:	
Land and other Assets	$8,400
Total Capital Assets not being Depreciated	8,400
Capital Assets, Net	$8,400

Gordon College

Gordon College Foundation, Inc.

Gordon College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Gordon College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The forty-four member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2007, the Foundation distributed $37,409 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 419 College Drive, Barnesville, GA 30204.

Investments for Component Units:

Gordon College Foundation, Inc. holds non-real estate investments in the amount of $5.5 million. The Foundation also holds investments in real property valued at $2.8 million.

Investments are comprised of the following amounts at December 31, 2007:

	Cost	Fair Value
Mutual Funds	$2,917,893	$5,505,264
Venture Capital	130	130
Real Estate	2,753,609	2,753,609
Total Investments	$5,671,632	$8,259,003

Capital Assets for Component Units:

The following represents Gordon College Foundation, Inc.'s Capital Assets as of December 31, 2007:

	December 31, 2007
Capital Assets not being Depreciated:	
Construction in Progress	$8,286,475
Total Capital Assets not being Depreciated	8,286,475
Capital Assets being Depreciated:	
Buildings and Improvements	12,649,270
Machinery and Equipment	582,676
Total Capital Assets being Depreciated	13,231,946
Less Total Accumulated Depreciation	898,230
Total Capital Assets being Depreciated, Net	12,333,716
Capital Assets, Net	$20,620,191

Long-term Liabilities for Component Units:

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Beginning Balance January 1, 2007	Additions	Reductions	Ending Balance December 31, 2007	Amounts due within One Year
Liabilities under split interest agreement	$57,249	$0	$7,574	$49,675	$7,987
Notes and Loans Payable	0	2,046,942		2,046,942	193,642
Revenue/Mortgage Bonds Payable	15,099,554	18,890,190	(240,446)	34,230,190	415,000
Total Long Term Liabilities	$15,156,803	$20,937,132	($232,872)	$36,326,807	$616,629

Notes and Loans Payable:

In July 2007, Gordon College Properties Foundation, LLC purchased real estate located on Georgia Avenue in Barnesville Georgia. Two properties were purchased and each was financed with a one-year note payable to First National Bank of Barnesville with interest due at maturity at 8.25%. The notes in the amount of $142,592 and $51,050 are due on June 30, 2008.

In October 2007, Gordon College Properties Foundation, LLC acquired 70 acres of vacant land on Collier Road in Barnesville, Georgia. To purchase the land, the LLC received proceeds from a note payable in the amount of $1,853,300 from United Bank. Interest of 6.88% is due annually with the total principal due in October 2009.

These real estate purchases were made with the intent that Gordon College would purchase the properties from the Foundation at such time that funds are available. The associated real estate is reported as Investments on the Statement of Net Assets.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending December 31				
2008	1	$193,642	$143,482	$337,124
2009	2	1,853,300	127,507	1,980,807
		$2,046,942	$270,989	$2,317,931

Bonds Payable:

Series 2004 Bonds

On August 1, 2004, the Barnesville-Lamar County Industrial Development Authority issued certain bonds totaling $16,135,000. Proceeds of the sale of the Bonds were loaned to Gordon College Properties Foundation, LLC (Properties, LLC) whose sole member is Gordon College Foundation, Inc. Proceeds of the Series 2004 Bonds were used by Properties, LLC to finance or reimburse, in whole or in part, the cost of the construction and equipping of a new student housing complex containing approximately 459 beds, including related parking for approximately 597 vehicles and road and pedestrian walkway improvements (the Project) located on the campus of Gordon College; fund capitalized interest on the Series 2004 Bonds; fund a debt service reserve fund for the Series 2004 Bonds; and pay costs of issuance of the Series 2004 Bonds. The real property upon which the Project is located is owned by the Board of Regents of the University System of Georgia and is leased by the Board of Regents to the Properties, LLC pursuant to a Ground Lease. Pursuant to a Rental Agreement, the Properties, LLC rents the project, on an annually-renewable basis, to the Board of Regents for use by the College. The Board of Regents makes monthly fixed rental payments for the use and occupancy of the Project, in amounts that the Properties, LLC estimates will be sufficient to pay, among other things, debt service on the Series 2004 Bonds. Interest rates on the Series 2004 bonds range from 3% to 5%. The balance owed on the bonds at December 31, 2007 was $15,340,000.

Series 2006 Bonds

On December 14, 2006, the Barnesville-Lamar County Industrial Development Authority issued certain bonds totaling $19,285,000. Proceeds of the sale of the Bonds were loaned to Gordon College Properties Foundation II, LLC (Properties II, LLC) whose sole member is Gordon College Foundation, Inc. Proceeds of the Series 2006 Bonds were used by Properties II, LLC to finance or reimburse, in whole or in part, the cost of the construction and equipping of a new student housing complex containing approximately 405 beds and related amenities (the Project) located on the campus of Gordon College; fund capitalized interest on the Series 2006 Bonds; pay the premium for a debt reserve surety bond and pay costs of issuance of the Series 2006 Bonds. The real property upon which the Project is located is owned by the Board of Regents of the University System of Georgia and is leased by the Board of Regents to the Properties II, LLC pursuant to a Ground Lease. Pursuant to a Rental Agreement, the Properties II, LLC will rent the project, on an annually-renewable basis, to the Board of Regents for use by the College. The Board of Regents will make monthly fixed rental payments for the use and occupancy of the Project, in amounts that the Properties II, LLC estimates will be sufficient to pay, among other things, debt service on the Series 2006 Bonds. Interest rates on the Series 2006 bonds range from 3.5% to 4.5%. The balance owed on the bonds at December 31, 2007 was $18,890,190, which is net of ($394,810) bond discount.

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

		Bonds Payable		
		Principal	Interest	Total
Year ending December 31				
2008	1	$415,000	$1,522,163	$1,937,163
2009	2	430,000	1,509,713	1,939,713
2010	3	460,000	1,495,388	1,955,388
2011	4	490,000	1,480,125	1,970,125
2012	5	530,000	1,462,538	1,992,538
2013 through 2017	6-10	3,435,000	6,950,240	10,385,240
2018 through 2022	11-15	4,940,000	6,069,865	11,009,865
2023 through 2027	16-20	7,150,000	4,706,734	11,856,734
2028 through 2032	21-25	7,805,000	2,790,501	10,595,501
2033 through 2037	26-30	7,180,000	1,207,267	8,387,267
2038 through 2042	31-35	1,790,000	38,615	1,828,615
		34,625,000	29,233,149	63,858,149
Bond Premium/(Discount)		(394,810)		(394,810)
		$34,230,190	$29,233,149	$63,463,339

<u>Macon State College</u>

Macon State College Foundation, Inc.

Macon State College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Macon State College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The twenty-four member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $567,728 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Development & Alumni Affairs Office at 100 College Station Drive, Macon, GA 31206.

Investments for Component Units:

Macon State College Foundation, Inc. holds endowment and other investments in the amount of $7,124,443. The endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Macon State College Foundation, in conjunction with the donors, has established a spending plan whereby 4-6% of the three-year rolling average may be expended. The remaining percentage stays intact.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Equity Securities	$6	$6
Real Estate	304,554	304,554
SunTrust Pooled Investments	7,156,585	6,819,883
Total Investments	$7,461,145	$7,124,443

Long-term Debt for Component Units:

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Notes and Loans Payable	$0	$226,061	$0	$226,061	$226,061
Total Long Term Liabilities	$0	$226,061	$0	$226,061	$226,061

Notes and Loans Payable:

The Foundation has a note payable with BB&T in the amount of $226,061 as of June 30, 2008. This note has a variable interest rate at .375% less than prime and is payable in consecutive monthly installments of principal and interest of $25,705 with the final payment due during the year ending June 30, 2009. This note is secured by real estate.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

		Notes and Loans Payable		
		Principal	Interest	Total
Year ending June 30:				
2009	1	$226,061	$7,363	$233,424
Total Notes and Loans Payable		$226,061	$7,363	$233,424

<u>Middle Georgia College</u>

Middle Georgia College Foundation, Inc.

Middle Georgia College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Middle Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The sixty-two member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $ 45,909 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Middle Georgia College Foundation, Inc. at 1100 Second St., SE, Cochran, GA 31014.

Special Item Transfer:

Georgia Aviation and Technical College Foundation, Inc. merged with and into Middle Georgia College Foundation, Inc. with an effective date of December 19, 2007. Middle Georgia College Foundation, Inc. is the surviving Corporation of the merger. All the assets and liabilities of Georgia Aviation and Technical College Foundation became those of Middle Georgia College Foundation, Inc. and resulted in a Net Asset transfer of $1,012,369. This transfer is reported as a Special Item in the Statement of Revenues, Expenses and Changes in Net Assets.

Investments for Component Units:

Middle Georgia College Foundation, Inc. holds endowment and other investments in the amount of $1,157,518. The $799,955 corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Middle Georgia College Foundation, Inc. has established a spending plan whereby 100% of the realized earnings may be used for current and future expenditures except where restricted by donors.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Money Market Accounts	$100,039	$100,039
Certificates of Deposit	300,000	300,000
Government and Agency Securities	5,053	5,039
Corporate Bonds	30,000	29,151
Equity Securities	562,357	480,039
Mutual Funds	278,118	243,250
Total Investments	$1,275,567	$1,157,518

Capital Assets for Component Units:

Middle Georgia College Foundation, Inc. holds Capital Assets as of June 30, 2008 as follows:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$79,482
Construction in Progress	8,699,823
Total Capital Assets not being Depreciated	8,779,305
Capital Assets being Depreciated:	
Machinery and Equipment	820,500
Total Capital Assets being Depreciated	820,500
Less Total Accumulated Depreciation	50,976
Total Capital Assets being Depreciated, Net	769,524
Capital Assets, Net	$9,548,829

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2008 are shown below:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$26,850,000	$36,340,000	$0	$63,190,000	$0
Total Long Term Liabilities	$26,850,000	$36,340,000	$0	$63,190,000	$0

On November 1, 2005, the Bleckley-Cochran Development Authority issued certain bonds totaling $26,850,000. Proceeds of the sale of the bond were loaned to MGC Real Estate Foundation, LLC. The proceeds of the Series 2005 Bonds are being used to (i) finance or reimburse, in whole or in part, the cost of construction and equipping of three residence halls containing approximately 704 beds including related parking located on the campus of Middle Georgia College, a unit of the University System of Georgia; (ii) fund capitalized interest on the Series 2005 Bonds; (iii) fund a debt service reserve fund for the Series 2005 Bonds; and (iv) pay costs of issuance of the Series 2005 Bonds. The Series 2005 bonds have interest rates ranging from 3.5% to 5.25% and the final maturity is July 1, 2036.

On July 1, 2007, the Joint Development Authority of Bleckley County and Dodge County issued certain bonds totaling $36,340,000. Proceeds of the sale of the bonds were loaned to MGC Real Estate Foundation II, LLC. The proceeds of the Series 2008 Bonds are being used to (i) finance or refinance the costs of acquisition, construction, and equipping of student housing containing approximately 699 beds and related amenities located on two campuses of Middle Georgia College, a unit of the University System of Georgia; (ii) fund capitalized interest on the Series 2008 Bonds; (iii) fund a debt service reserve fund and (iv) pay costs of issuance of the Series 2008 Bonds. The project consists of one residence hall with approximately 143 beds and related amenities on the Eastman campus and two residences halls with approximately 278 beds each on the Cochran campus. The Series 2008 bonds have interest rates ranging from 3% to 5.25% and the final maturity is July 1, 2038.

The outstanding balance of these obligations at June 30, 2008 is $63,190,000.

Debt Service Obligations:

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

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$0	$1,953,234	$1,953,234
2010	2	40,000	3,108,326	3,148,326
2011	3	80,000	3,106,226	3,186,226
2012	4	175,000	3,103,426	3,278,426
2013	5	275,000	3,097,396	3,372,396
2014 through 2018	6-10	2,860,000	15,127,749	17,987,749
2019 through 2023	11-15	6,215,000	14,091,255	20,306,255
2024 through 2028	16-20	10,985,000	11,912,175	22,897,175
2029 through 2033	21-25	16,650,000	8,417,538	25,067,538
2034 through 2038	26-30	20,890,000	3,131,900	24,021,900
2039 through 2043	31-35	5,020,000	263,550	5,283,550
		$63,190,000	$67,312,775	$130,502,775

Bainbridge College

Bainbridge College Foundation

Bainbridge College Foundation is a legally separate, tax-exempt component unit of Bainbridge College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The seven member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is November 1 through October 31. Amounts reported due to or due from the College do not necessarily agree because of the different fiscal year ends.

During the year ended October 31, 2007, the Foundation distributed $12,180 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 2500 E. Shotwell Street, Bainbridge, GA 39819.

Investments for Component Units:

Bainbridge College Foundation holds endowments and other investments in the amount of $109,733. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Bainbridge College Foundation, in conjunction with the donors, has established a spending plan whereby 50% of the earnings may be used for academic scholarships. The remaining 50% of the earnings are set aside as a reserve.

Investments are comprised of the following amounts at October 31, 2007:

	Cost	Fair Value
Certificates of Deposit	$109,733	$109,733
Total Investments	$109,733	$109,733

Coastal Georgia Community College

Coastal Georgia Community College Foundation, Inc.

Coastal Georgia Community College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Coastal Georgia Community College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The seven member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2007, the Foundation distributed $733,315 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Business Affairs Office at 3700 Altama Avenue, Brunswick, GA 31520.

Investments for Component Units:

Coastal Georgia Community College Foundation, Inc. holds endowments and other investments in the amount of $7.5 million. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Coastal Georgia Community College Foundation, Inc. investments are comprised of the following amounts at December 31, 2007:

	Cost	Fair Value
Certificates of Deposit	$2,144,962	$2,152,756
Government and Agency Securities	1,421,167	1,427,782
Corporate Bonds	201,005	216,205
Equity Securities	7,840	5,875
Mutual Funds	3,542,866	3,684,563
Total Investments	$7,317,840	$7,487,181

Darton College

Darton College Foundation, Inc.

Darton College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Darton College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The board of trustees of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $152,430 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Treasurer at 2400 Gillionville Road, Albany, GA 31707.

Investments for Component Units:

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Cash held by investment organization	$12,111	$12,111
Certificates of Deposit	374,902	374,902
Corporate Bonds	608,063	590,964
Equity Securities	424,023	399,132
Total Investments	$1,419,099	$1,377,109

Capital Assets for Component Units:

Darton College Foundation, Inc. holds the following Capital Assets as of June 30, 2008:

	June 30, 2008
Capital Assets not being Depreciated:	
Land and other Assets	$308,826
Construction in Progress	374,818
Total Capital Assets not being Depreciated	683,644
Capital Assets being Depreciated:	
Buildings and Improvements	123,324
Total Capital Assets being Depreciated	123,324
Less Total Accumulated Depreciation	10,958
Total Capital Assets being Depreciated, Net	112,366
Capital Assets, Net	$796,010

East Georgia College

East Georgia College Foundation, Inc.

East Georgia College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of East Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The forty-four member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $40,969 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of the Vice President for Fiscal Affairs at 131 College Circle, Swainsboro, GA 30401.

Investments for Component Units:

East Georgia College Foundation, Inc. holds investments in the amount of $943,936 and those investments are classified as either temporarily restricted or unrestricted. Typically, the net assets of the restricted funds are not expended and earnings on the investments may be expended as restricted by the donors. Some of the restricted net assets are defined as fully expendable by the donor for the purpose specified by the donor.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Cash held by investment organization	$6,904	$6,904
Equity Securities	23,653	23,653
Investment Pools:		
BOR Short Term Fund	41,398	41,236
BOR Balanced Income Fund	238,787	198,056
SunTrust Diversified Fund	732,462	674,087
Total Investments	$1,043,204	$943,936

Capital Assets for Component Units:

East Georgia College Foundation, Inc. has capital assets of $175,965 at June 30, 2008 in the form of Land.

<u>Georgia Highlands College</u>

Georgia Highlands College Foundation, Inc.

Georgia Highlands College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia Highlands College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The twenty-five member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $0 to the University. Complete financial statements for the Foundation can be obtained from the Administrative Office at 3175 Cedartown Hwy Rome, GA 30161.

Investments for Component Units:

Georgia Highlands College Foundation, Inc. holds endowment and other investments in the amount of $606,661. Georgia Highlands College Foundation, in conjunction with the donors, has established a spending plan whereby 100% of the earnings may be used for academic scholarships.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Government and Agency Securities	$143,954	$157,789
Equity Securities	281,263	307,852
Mutual Funds	128,451	141,020
Total Investments	$553,668	$606,661

Georgia Perimeter College

Georgia Perimeter College Foundation, Inc.

Georgia Perimeter College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia Perimeter College (College). The Foundation is a nonprofit entity comprised of a volunteer group entrusted with the oversight for private fund raising to benefit Georgia Perimeter College. The Foundation provides volunteer leadership to the college's development and fund raising programs. In addition, the board monitors the administration of the assets of the Foundation, resulting in a broadening of opportunities for learning by students and a continued investment in faculty and staff. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2007, the Foundation distributed $247,093 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 3251 Panthersville Rd, Decatur, GA 30034.

Prior Period Adjustment:

In the year ending December 31, 2006, the Foundation received the proceeds of a bond issuance and reported the proceeds and bond liability in its financial statements. It was subsequently discovered that Newton County was obligated for the debt and therefore, a gift to the Foundation of $2,550,000 should have been recognized instead of the bond liability. This error correction in 2007 includes bond principal and accrued interest for 2006. The beginning net assets of the Foundation were increased by $2,681,325 as a result of the correction.

Investments for Component Units:

Georgia Perimeter College Foundation, Inc. holds endowment and other investments in the amount of $1,318,647. Investments are comprised of the following amounts at December 31, 2007:

	Cost	Fair Value
Money Market Accounts	$154,209	$154,209
Certificates of Deposit	721,000	725,184
Government and Agency Securities	15,000	15,000
Corporate Bonds	75,000	75,000
Equity Securities	395,166	349,254
Total Investments	$1,360,375	$1,318,647

Capital Assets for Component Units:

Georgia Perimeter College Foundation, Inc. holds the following Capital Assets as of December 31, 2007:

	December 31, 2007
Capital Assets not being Depreciated:	
Land and other Assets	$3,000,000
Construction in Progress	26,689,930
Total Capital Assets not being Depreciated	29,689,930
Capital Assets being Depreciated:	
Buildings and Improvements	24,192,829
Machinery and Equipment	932,888
Total Capital Assets being Depreciated	25,125,717
Less Total Accumulated Depreciation	377,607
Total Capital Assets being Depreciated, Net	24,748,110
Capital Assets, Net	$54,438,040

Long-term Liabilities for Component Units:

Changes in long-term liabilities for component units for the fiscal year ended December 31, 2007 are shown below:

	Beginning Balance January 1, 2007	Prior Year Adjustment	Adjusted Beginning Bal. January 1, 2007	Additions	Reductions	Ending Balance December 31, 2007	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$25,245,000	(2,550,000)	22,695,000	$25,560,000	$0	$48,255,000	$430,000
Total Long Term Liabilities	$25,245,000	($2,550,000)	$22,695,000	$25,560,000	$0	$48,255,000	$430,000

On December 29, 2005, the Newton County Industrial Revenue Authority effected a revenue bond issue "Series 2005" in the amount of $22,695,000. These proceeds will fund a building project. Rental payments from the Board of Regents of the University System of Georgia will be used to amortize this bonded indebtedness. The repayment of this debt is due in annual installments ranging from $430,000 to $1,400,000 through 2035 at 4.6% per annum. The outstanding principal obligation on the Series 2005 bonds was $22,695,000 at December 31, 2007.

In addition, two additional bond issuances were effected during 2007 that are accounted for on the Foundation's books.

Georgia Gwinnett College Real Estate Parking I, LLC Project Incremental Draw Revenue Bonds Series 2007A - These funds will be used to construct a parking facility and a student center on the Georgia Gwinnett College campus. Rental payments from the Board of Regents of the University System of Georgia will be used to amortize this bonded indebtedness. The repayment of this debt will be due in annual principal installments ranging from $55,000 to $2,105,000 through 2032 at a variable interest rate (4.15% as of December 31, 2007). GGC Real Estate Parking I, LLC's indebtedness under the 2007A Series bonds is $15,315,000 at December 31, 2007.

Georgia Perimeter College Real Estate Student Support I, LLC Project Incremental Draw Revenue Bonds Series 2007A – These funds will be used to construct several facilities on four campuses of Georgia Perimeter College. Rental payments from the Board of Regents of the University System of Georgia will be used to amortize this bond indebtedness. The repayment of this debt will be due in annual principal installments ranging from $450,000 to $4,725,000 through 2035 at a variable interest rate (4.19% as of December 31, 2007). Georgia Perimeter College Real Estate Student Support I, LLC's indebtedness under the 2007A Series bonds is $10,245,000 at December 31, 2007.

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

		Bonds Payable		
		Principal	Interest	Total
Year ending December 31:				
2008	1	$430,000	$5,828,601	$6,258,601
2009	2	970,000	4,293,763	5,263,763
2010	3	1,100,000	4,612,051	5,712,051
2011	4	1,645,000	4,569,770	6,214,770
2012	5	1,705,000	5,255,236	6,960,236
2013 through 2019	6-10	11,010,000	2,551,325	13,561,325
2020 through 2024	11-15	16,730,000	18,647,966	35,377,966
2025 through 2029	16-20	14,665,000	14,330,576	28,995,576
		$48,255,000	$60,089,288	$108,344,288

South Georgia College

South Georgia College Foundation, Inc.

South Georgia College Foundation, Inc. is a chartered not for profit corporation. The Foundation was created for the express purpose of serving the interests of the College in carrying out its programs and activities including the solicitation, receipt and investment of gifts, donations, and grants. The Foundation is a legal entity separate from the College.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $189,067 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the office of the Vice President for Business Affairs, South Georgia College, 100 West College Park Drive, Douglas, GA 31533.

Investments for Component Units:

South Georgia College Foundation, Inc. holds investments in the amount of $2.6 million. The corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. South Georgia College Foundation, in conjunction with the donors, has established a spending plan whereby 100% of the earnings may be used for academic scholarships.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Cash held by investment organization	$37,935	$37,935
Certificates of Deposit	30,500	30,500
Equity Securities	83,789	86,473
Mutual Funds	47,234	46,611
Real Estate	13,500	13,500
Investment Pools		
BOR Balanced Income Fund	85,462	76,183
Total Return & Holding Fund	2,430,949	2,316,366
Total Investments	$2,729,369	$2,607,568

Long-term Liabilities for Component Units:

Long-term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Amounts due within One Year
Revenue/Mortgage Bonds Payable	$15,801,289	$0	$13,581	$15,787,708	$50,000
Total Long Term Liabilities	$15,801,289	$0	$13,581	$15,787,708	$50,000

On December 14, 2006, the Atkinson County - Coffee County Joint Development Authority (the "Authority") issued certain bonds totaling $15,395,000. Proceeds of the sale of the bonds were loaned to SGC Real Estate Foundation, LLC whose sole member is South Georgia College Foundation, Inc.

Proceeds of the Series 2006 Bonds are being used by SGC Real Estate Foundation, LLC to finance or reimburse, in whole or in part, the cost of construction and equipping of a new student housing complex containing approximately 252 beds including related parking and the acquisition and renovation of the property known as the "Clower Center" all located on the campus of South Georgia College, a unit of the University System of Georgia; fund capitalized interest on the Series 2006 Bonds; fund a debt service reserve fund for the Series 2006 Bonds; and pay costs of issuance of the Series 2006 Bonds. Interest rates on the bonds range from 4% to 6%.

The real property upon which the Project is located is owned by the Board of Regents of the University System of Georgia and is leased by the Board of Regents to SGC Real Estate Foundation, LLC pursuant to a Ground Lease. Pursuant to a Rental Agreement, SGC Real Estate Foundation, LLC leases the Project, on an annually-renewable basis, to the Board of Regents for use by the College. The Board of Regents makes monthly fixed rental payments for the use and occupancy of the Project, in amounts that SGC Real Estate Foundation, LLC estimates will be sufficient to pay, among other things, the debt service on the Series 2006 Bonds.

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

			Bonds Payable	
		Principal	Interest	Total
Year ending June 30:				
2009	1	$50,000	$730,625	$780,625
2010	2	75,000	728,625	803,625
2011	3	100,000	725,625	825,625
2012	4	125,000	721,625	846,625
2013	5	150,000	716,625	866,625
2014 through 2018	6-10	1,215,000	3,457,325	4,672,325
2019 through 2023	11-15	2,020,000	3,110,975	5,130,975
2024 through 2028	16-20	3,025,000	2,524,625	5,549,625
2029 through 2033	21-25	4,240,000	1,647,875	5,887,875
2034 through 2038	26-30	4,395,000	498,825	4,893,825
		15,395,000	14,862,750	30,257,750
Bond Premium/(Discount)		392,708		392,708
		$15,787,708	$14,862,750	$30,650,458

Waycross College

Waycross College Foundation, Inc.

Waycross College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Waycross College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The twenty-one member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. 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 Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2008, the Foundation distributed $18,629 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2001 South Georgia Parkway, Waycross, GA 31503.

Investments for Component Units:

Waycross College Foundation holds endowment and other investments in the amount of $1.4 million. The $1.3 million corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Waycross College Foundation, Inc., in conjunction with the donors, has established a spending plan whereby dividends and cash earnings may be used for academic scholarships. The realized gains on investments are set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2008:

	Cost	Fair Value
Certificates of Deposit	$14,000	$14,000
BOR Short Term Fund	30,087	29,789
SunTrust Diversified Fund	1,427,474	1,359,258
Total Investments	$1,471,561	$1,403,047

Required Supplementary Information

BOARD OF REGENTS RETIREE HEALTH BENEFIT FUND
SCHEDULE OF 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)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	$0	$1,985,200,000	$1,985,200,000	0.0%	$2,201,804,465	90.2%

Note: The allocation and transfer of assets to the plan took place subsequent to the actuarial valuation date.

BOARD OF REGENTS RETIREE HEALTH BENEFIT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	$224,900,000	29.7%

Balance Sheet (Non-GAAP Basis)

UNIVERSITY SYSTEM OF GEORGIA
CONSOLIDATED BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUND
June 30, 2008

ASSETS	
Cash and Cash Equivalents	$371,725,029.47
Investments	56,626,714.11
Accounts Receivable	
Federal Financial Assistance	75,573,639.97
Other	204,888,180.62
Margin Allocation	7,247,639.00
Prepaid Expenditures	41,170,614.76
Inventories	4,733,542.00
Other Assets	5,543,577.60
Total Assets	$767,508,937.53

LIABILITIES AND FUND EQUITY	
Liabilities	
Cash Overdraft	$22,748,782.74
Contracts Payable	2,906,076.67
Accrued Payroll	14,689,046.68
Encumbrance Payable	147,608,441.54
Accounts Payable	105,694,003.82
Benefits Payable	96,015.58
Deferred Revenue	209,459,209.56
Funds Held for Others	15,295,037.90
Other Liabilities	12,234,773.67
Total Liabilities	$530,731,388.16
Fund Balances	
Reserved	
Capital Outlay	$6,694,149.08
Department Sales and Services	21,979,729.29
Indirect Cost Recoveries	51,154,871.97
Technology Fees	12,539,684.95
Restricted/Sponsored Funds	105,792,974.28
Uncollectible Accounts Receivable	11,287,655.86
Inventories	3,173,177.35
Tuition Carry-Forward	10,664,996.97
Carry-Over "Per State Accounting Office"	3,549,074.23
Early Retirement Program	7,365,016.53
Unreserved	
Surplus	2,575,910.43
Tobacco Settlement Funds	308.43
Total Fund Balances	$236,777,549.37
Total Liabilities and Fund Balances	$767,508,937.53

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

Budget Comparison and Surplus Analysis Report (Non-GAAP Basis)

UNIVERSITY SYSTEM OF GEORGIA
CONSOLIDATED BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)
BUDGET FUND
Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
State Appropriations				
State General Funds	$2,115,477,060.00	$2,121,723,333.00	$2,121,723,333.00	$0.00
Tobacco Funds	20,337,799.00	20,337,799.00	20,337,799.00	0.00
Non-State Funds				
Research Funds	1,417,322,782.00	1,525,579,153.00	1,368,958,572.97	(156,620,580.03)
Agency Funds	1,514,587,141.00	1,776,169,789.00	1,677,654,977.10	(98,514,811.90)
Total Revenue	$5,067,724,782.00	$5,443,810,074.00	$5,188,674,682.07	($255,135,391.93)
Prior Year Reserves Available for Expenditure			209,946,250.18	209,946,250.18
Total Funds Available	$5,067,724,782.00	$5,443,810,074.00	$5,398,620,932.25	($45,189,141.75)
EXPENDITURES				
Advanced Technology Development Center/EDI	$27,974,712.00	$29,574,712.00	$27,175,514.08	$2,399,197.92
Agricultural Experiment Station	75,377,483.00	86,015,877.00	80,354,212.99	5,661,664.01
Athens Tifton Vet Labs	4,882,330.00	6,268,386.00	5,908,662.02	359,723.98
Cooperative Extension Service	58,486,061.00	68,438,718.00	65,093,392.11	3,345,325.89
Forestry Cooperative Extension	987,793.00	1,170,484.00	1,008,149.45	162,334.55
Forestry Research	5,826,331.00	7,706,916.00	7,645,793.68	61,122.32
Georgia Eminent Scholar Endowment Trust Fund	500,000.00	500,000.00	500,000.00	0.00
Georgia Military College	3,062,152.00	3,062,152.00	3,062,152.00	0.00
Georgia Public Telecommunications	18,069,614.00	18,069,614.00	18,069,614.00	0.00
Georgia Radiation Therapy Center	3,625,810.00	3,625,810.00	3,625,810.00	0.00
Georgia Tech Research Institute	130,786,385.00	154,736,385.00	149,869,704.44	4,866,680.56
MCG Hospitals and Clinics	33,181,112.00	33,181,112.00	33,181,112.00	0.00
Marine Institute	1,731,994.00	1,786,536.00	1,420,923.86	365,612.14
Marine Resources Extension Center	2,761,521.00	4,316,521.00	3,684,272.67	632,248.33
Office of Minority Business	884,273.00	884,273.00	883,081.61	1,191.39
Payments to Georgia Cancer Coalition	14,587,799.00	14,587,799.00	14,587,490.57	308.43
Public Libraries	45,537,501.00	44,851,896.00	44,657,879.92	194,016.08
Regents Central Office	7,683,800.00	7,762,975.00	8,442,787.75	(679,812.75)
Research Consortium	36,745,015.00	36,745,015.00	36,735,472.49	9,542.51
Skidaway Institute of Oceanography	7,370,710.00	6,470,710.00	6,443,433.25	27,276.75
Special Funding Initiative	46,081,344.00	45,856,344.00	45,762,009.90	94,334.10
Student Education Enrichment Program	314,737.00	314,737.00	314,737.00	0.00
Teaching	4,530,679,466.00	4,852,246,263.00	4,629,055,370.60	223,190,892.40
Veterinary Medicine Experiment Station	3,384,254.00	3,384,254.00	3,384,254.00	0.00
Veterinary Medicine Teaching Hospital	7,202,585.00	12,252,585.00	10,068,145.59	2,184,439.41
Total Expenditures	$5,067,724,782.00	$5,443,810,074.00	$5,200,933,975.98	$242,876,098.02
Excess of Funds Available over Expenditures	$0.00	$0.00	$197,686,956.27	$197,686,956.27
FUND BALANCE JULY 1				
Reserved			230,386,955.87	
Unreserved			1,968,440.84	
ADJUSTMENTS				
Prior Year Payables/Expenditures			4,680,279.06	
Prior Year Receivables/Revenues			(3,344,349.25)	
Increase (Decrease) in Inventories			13,617.57	
Unreserved Fund Balance (Surplus) Returned to Office of Treasury & Fiscal Services			(1,968,440.84)	
Mandatory Transfers			1,066,226.00	
Mandatory Transfers - Restricted			(3,838.16)	
Non-Mandatory Transfers			16,037,024.72	
Other Additions (Deletions)			200,927.47	
Prior Year Reserved Fund Balance Included in Funds Available			(209,946,250.18)	
FUND BALANCE JUNE 30			$236,777,549.37	

UNIVERSITY SYSTEM OF GEORGIA
CONSOLIDATED BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)
BUDGET FUND
Year Ended June 30, 2008

SUMMARY OF FUND BALANCE

Reserved	
Capital Outlay	$6,694,149.08
Department Sales & Services	21,979,729.29
Early Retirement Program	7,365,016.53
Indirect Cost Recovery	51,154,871.97
Inventories	3,173,177.35
Technology Fees	12,539,684.95
Restricted/Sponsored Funds	105,792,974.28
Uncollectible Accounts Receivable	11,287,655.86
Tuition Carry-Forward	10,664,996.97
Property Reserves	3,549,074.23
Total Reserved	$234,201,330.51
Unreserved	
Surplus	2,576,218.86
Total Fund Balance	$236,777,549.37

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

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF PROGRAM REVENUES AND EXPENDITURES BY FUNDING SOURCE COMPARED TO BUDGET
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2008

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Advanced Technology Development Center						
State Appropriation						
State General Funds	$ 15,099,712.00	$ 15,099,712.00	$ 15,099,712.00	$ 0.00	$ 15,099,712.00	$ 0.00
Other Funds	12,875,000.00	14,475,000.00	12,042,668.25	0.00	12,042,668.25	(2,432,331.75)
Total Advanced Technology Development Center	$ 27,974,712.00	$ 29,574,712.00	$ 27,142,380.25	$ 0.00	$ 27,142,380.25	$ (2,432,331.75)

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Agricultural Experiment Station						
State Appropriation						
State General Funds	$ 42,936,221.00	$ 42,936,221.00	$ 42,936,221.00	$ 0.00	$ 42,936,221.00	$ 0.00
Federal Funds						
Federal Funds Not Specifically Identified	22,000,000.00	25,000,000.00	23,791,106.14	7,974,091.98	31,765,198.12	6,765,198.12
Other Funds	10,441,262.00	18,079,656.00	14,305,679.24	709,197.47	15,014,876.71	(3,064,779.29)
Total Agricultural Experiment Station	$ 75,377,483.00	$ 86,015,877.00	$ 81,033,006.38	$ 8,683,289.45	$ 89,716,295.83	$ 3,700,418.83

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Athens and Tifton Veterinary Laboratories						
State Appropriation						
State General Funds	$ 62,192.00	$ 62,192.00	$ 62,192.00	$ 0.00	$ 62,192.00	$ 0.00
Federal Funds						
Federal Funds Not Specifically Identified	4,820,138.00	6,120,138.00	5,771,956.96	2,293,261.29	8,065,218.25	1,945,080.25
Other Funds	0.00	86,056.00	73,161.01	35,099.40	108,260.41	22,204.41
Total Athens and Tifton Veterinary Lab	$ 4,882,330.00	$ 6,268,386.00	$ 5,907,309.97	$ 2,328,360.69	$ 8,235,670.66	$ 1,967,284.66

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Cooperative Extension Service						
State Appropriation						
State General Funds	$ 35,391,924.00	$ 35,391,924.00	$ 35,391,924.00	$ 0.00	$ 35,391,924.00	$ 0.00
Federal Funds						
Federal Funds Not Specifically Identified	13,000,000.00	19,000,000.00	18,567,741.73	1,914,732.87	20,482,474.60	1,482,474.60
Other Funds	10,094,137.00	14,046,794.00	11,571,359.19	240,190.33	11,811,549.52	(2,235,244.48)
Total Cooperative Extension Service	$ 58,486,061.00	$ 68,438,718.00	$ 65,531,024.92	$ 2,154,923.20	$ 67,685,948.12	$ (752,769.88)

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
15,099,712.26	$ (0.26)	$ (0.26)	$ 16,806.44	$ 0.26	$ 16,806.44	$ 0.00	$ 0.00	$ 16,806.44	$ 16,806.44
12,075,801.82	2,399,198.18	(33,133.57)	8,410.50	46,268.01	21,544.94	0.00	13,134.44	8,410.50	21,544.94
27,175,514.08	$ 2,399,197.92	$ (33,133.83)	$ 25,216.94	$ 46,268.27	$ 38,351.38	$ 0.00	$ 13,134.44	$ 25,216.94	$ 38,351.38

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
42,936,221.00	$ 0.00	$ 0.00	$ 72,724.38	$ 0.00	$ 72,724.38	$ 0.00	$ 0.00	$ 72,724.38	$ 72,724.38
23,249,351.41	1,750,648.59	8,515,846.71	0.00	0.00	8,515,846.71	0.00	8,515,846.71	0.00	8,515,846.71
14,168,640.58	3,911,015.42	846,236.13	6,830.63	363.40	853,430.16	0.00	853,430.16	0.00	853,430.16
80,354,212.99	$ 5,661,664.01	$ 9,362,082.84	$ 79,555.01	$ 363.40	$ 9,442,001.25	$ 0.00	$ 9,369,276.87	$ 72,724.38	$ 9,442,001.25

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
61,862.00	$ 330.00	$ 330.00	$ (330.00)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
5,776,490.08	343,647.92	2,288,728.17	0.00	0.00	2,288,728.17	0.00	2,288,728.17	0.00	2,288,728.17
70,309.94	15,746.06	37,950.47	330.00	(330.00)	37,950.47	0.00	37,950.47	0.00	37,950.47
5,908,662.02	$ 359,723.98	$ 2,327,008.64	$ 0.00	$ (330.00)	$ 2,326,678.64	$ 0.00	$ 2,326,678.64	$ 0.00	$ 2,326,678.64

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
35,391,924.00	$ 0.00	$ 0.00	$ 26,629.73	$ 0.00	$ 26,629.73	$ 0.00	$ 0.00	$ 26,629.73	$ 26,629.73
18,014,357.14	985,642.86	2,468,117.46	0.00	0.00	2,468,117.46	0.00	2,468,117.46	0.00	2,468,117.46
11,687,110.97	2,359,683.03	124,438.55	8,349.92	(828.00)	131,960.47	0.00	131,960.47	0.00	131,960.47
65,093,392.11	$ 3,345,325.89	$ 2,592,556.01	$ 34,979.65	$ (828.00)	$ 2,626,707.66	$ 0.00	$ 2,600,077.93	$ 26,629.73	$ 2,626,707.66

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF PROGRAM REVENUES AND EXPENDITURES BY FUNDING SOURCE COMPARED TO BUDGET, CONTINUED
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2008

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Forestry Cooperative Extension						
State Appropriation						
State General Funds	$ 687,388.00	$ 687,388.00	$ 687,388.00	$ 0.00	$ 687,388.00	$ 0.00
Federal Funds						
Federal Funds Not Specifically Identified	200,000.00	350,000.00	317,731.81	29,896.06	347,627.87	(2,372.13)
Other Funds	100,405.00	133,096.00	16,477.69	38,801.37	55,279.06	(77,816.94)
Total Forestry Cooperative Extension	$ 987,793.00	$ 1,170,484.00	$ 1,021,597.50	$ 68,697.43	$ 1,090,294.93	$ (80,189.07)

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Forestry Research						
State Appropriation						
State General Funds	$ 3,276,331.00	$ 3,276,331.00	$ 3,276,331.00	$ 0.00	$ 3,276,331.00	$ 0.00
Federal Funds						
Federal Funds Not Specifically Identified	2,000,000.00	3,500,000.00	3,553,178.63	673,544.71	4,226,723.34	726,723.34
Other Funds	550,000.00	930,585.00	1,070,782.29	358,490.09	1,429,272.38	498,687.38
Total Forestry Research	$ 5,826,331.00	$ 7,706,916.00	$ 7,900,291.92	$ 1,032,034.80	$ 8,932,326.72	$ 1,225,410.72

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Georgia Eminent Scholars Endowment Trust Fund						
State Appropriation						
State General Funds	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ 0.00	$ 500,000.00	$ 0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Georgia Eminent Scholars Endowment Trust Fund	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ 0.00	$ 500,000.00	$ 0.00

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Georgia Radiation Therapy Center						
State Appropriation						
State General Funds	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Other Funds	3,625,810.00	3,625,810.00	3,625,810.00	0.00	3,625,810.00	0.00
Total Georgia Radiation Therapy Center	$ 3,625,810.00	$ 3,625,810.00	$ 3,625,810.00	$ 0.00	$ 3,625,810.00	$ 0.00

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
687,388.00	$ 0.00	$ 0.00	$ 145.68	$ 0.00	$ 145.68	$ 0.00	$ 0.00	$ 145.68	$ 145.68
287,675.19	62,324.81	59,952.68	0.00	0.00	59,952.68	0.00	59,952.68	0.00	59,952.68
33,086.26	100,009.74	22,192.80	300.00	0.00	22,492.80	0.00	22,492.80	0.00	22,492.80
1,008,149.45	$ 162,334.55	$ 82,145.48	$ 445.68	$ 0.00	$ 82,591.16	$ 0.00	$ 82,445.48	$ 145.68	$ 82,591.16

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
3,276,331.00	$ 0.00	$ 0.00	$ 8,848.57	$ 0.00	$ 8,848.57	$ 0.00	$ 0.00	$ 8,848.57	$ 8,848.57
3,438,216.89	61,783.11	788,506.45	0.00	0.00	788,506.45	0.00	788,506.45	0.00	788,506.45
931,245.79	(660.79)	498,026.59	2,163.69	0.00	500,190.28	0.00	500,190.28	0.00	500,190.28
7,645,793.68	$ 61,122.32	$ 1,286,533.04	$ 11,012.26	$ 0.00	$ 1,297,545.30	$ 0.00	$ 1,288,696.73	$ 8,848.57	$ 1,297,545.30

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
500,000.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
500,000.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
3,625,810.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3,625,810.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF PROGRAM REVENUES AND EXPENDITURES BY FUNDING SOURCE COMPARED TO BUDGET, CONTINUED
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2008

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Georgia Tech Research Institute						
State Appropriation						
State General Funds	$ 7,868,427.00	$ 7,868,427.00	$ 7,868,427.00	$ 0.00	$ 7,868,427.00	$ 0.00
Other Funds	122,917,958.00	146,867,958.00	142,001,279.33	0.00	142,001,279.33	(4,866,678.67)
Total Georgia Tech Research Institute	$ 130,786,385.00	$ 154,736,385.00	$ 149,869,706.33	$ 0.00	$ 149,869,706.33	$ (4,866,678.67)

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Marine Institute						
State Appropriation						
State General Funds	$ 964,361.00	$ 964,361.00	$ 964,361.00	$ 0.00	$ 964,361.00	$ 0.00
Federal Funds						
Federal Funds Not Specifically Identified	700,000.00	700,000.00	372,941.32	11,273.94	384,215.26	(315,784.74)
Other Funds	67,633.00	122,175.00	48,194.24	54,542.13	102,736.37	(19,438.63)
Total Marine Institute	$ 1,731,994.00	$ 1,786,536.00	$ 1,385,496.56	$ 65,816.07	$ 1,451,312.63	$ (335,223.37)

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Marine Resources Extension Service						
State Appropriation						
State General Funds	$ 1,576,721.00	$ 1,576,721.00	$ 1,576,721.00	$ 0.00	$ 1,576,721.00	$ 0.00
Federal Funds						
Federal Funds Not Specifically Identified	600,000.00	2,000,000.00	1,400,996.35	185,949.68	1,586,946.03	(413,053.97)
Other Funds	584,800.00	739,800.00	702,918.25	0.00	702,918.25	(36,881.75)
Total Marine Resources Extension Service	$ 2,761,521.00	$ 4,316,521.00	$ 3,680,635.60	$ 185,949.68	$ 3,866,585.28	$ (449,935.72)

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Medical College of Georgia Hospital and Clinics						
State Appropriation						
State General Funds	$ 33,181,112.00	$ 33,181,112.00	$ 33,181,112.00	$ 0.00	$ 33,181,112.00	$ 0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Medical College of Georgia Hospital and Clinics	$ 33,181,112.00	$ 33,181,112.00	$ 33,181,112.00	$ 0.00	$ 33,181,112.00	$ 0.00

Expenditures Compared to Budget Actual	Expenditures Compared to Budget Variance Positive (Negative)	Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Program Fund Balances Reserve	Program Fund Balances Surplus	Program Fund Balances Total
7,868,427.00 $	0.00 $	0.00 $	1,294.50 $	0.00 $	1,294.50 $	0.00 $	0.00 $	1,294.50 $	1,294.50
142,001,277.44	4,866,680.56	1.89	73,237.59	115,397.67	188,637.15	0.00	115,399.56	73,237.59	188,637.15
149,869,704.44 $	4,866,680.56 $	1.89 $	74,532.09 $	115,397.67 $	189,931.65 $	0.00 $	115,399.56 $	74,532.09 $	189,931.65

Expenditures Compared to Budget Actual	Expenditures Compared to Budget Variance Positive (Negative)	Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Program Fund Balances Reserve	Program Fund Balances Surplus	Program Fund Balances Total
964,361.00 $	0.00 $	0.00 $	800.00 $	0.00 $	800.00 $	0.00 $	0.00 $	800.00 $	800.00
369,274.87	330,725.13	14,940.39	0.00	0.00	14,940.39	0.00	14,940.39	0.00	14,940.39
87,287.99	34,887.01	15,448.38	0.00	0.00	15,448.38	0.00	15,448.38	0.00	15,448.38
1,420,923.86 $	365,612.14 $	30,388.77 $	800.00 $	0.00 $	31,188.77 $	0.00 $	30,388.77 $	800.00 $	31,188.77

Expenditures Compared to Budget Actual	Expenditures Compared to Budget Variance Positive (Negative)	Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Program Fund Balances Reserve	Program Fund Balances Surplus	Program Fund Balances Total
1,576,721.00 $	0.00 $	0.00 $	814.45 $	0.00 $	814.45 $	0.00 $	0.00 $	814.45 $	814.45
1,404,633.42	595,366.58	182,312.61	0.00	0.00	182,312.61	0.00	182,312.61	0.00	182,312.61
702,918.25	36,881.75	0.00	65.82	0.00	65.82	0.00	65.82	0.00	65.82
3,684,272.67 $	632,248.33 $	182,312.61 $	880.27 $	0.00 $	183,192.88 $	0.00 $	182,378.43 $	814.45 $	183,192.88

Expenditures Compared to Budget Actual	Expenditures Compared to Budget Variance Positive (Negative)	Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Program Fund Balances Reserve	Program Fund Balances Surplus	Program Fund Balances Total
33,181,112.00 $	0.00 $	0.00 $	0.00	0.00 $	0.00	0.00	0.00 $	0.00 $	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33,181,112.00 $	0.00 $	0.00 $	0.00	0.00 $	0.00	0.00	0.00 $	0.00 $	0.00

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF PROGRAM REVENUES AND EXPENDITURES BY FUNDING SOURCE COMPARED TO BUDGET, CONTINUED
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2008

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Office of Minority Business Enterprise						
State Appropriation						
State General Funds	$ 884,273.00	$ 884,273.00	$ 884,273.00	$ 0.00	$ 884,273.00	$ 0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Office of Minority Business Enterprise	$ 884,273.00	$ 884,273.00	$ 884,273.00	$ 0.00	$ 884,273.00	$ 0.00

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Georgia Cancer Coalition						
State Appropriation						
Tobacco Funds	$ 14,587,799.00	$ 14,587,799.00	$ 14,587,799.00	$ 0.00	$ 14,587,799.00	$ 0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Georgia Cancer Coalition	$ 14,587,799.00	$ 14,587,799.00	$ 14,587,799.00	$ 0.00	$ 14,587,799.00	$ 0.00

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Public Libraries						
State Appropriation						
State General Funds	$ 41,015,101.00	$ 40,329,496.00	$ 40,329,496.00	$ 0.00	$ 40,329,496.00	$ 0.00
Other Funds	4,522,400.00	4,522,400.00	4,395,430.71	22,773.34	4,418,204.05	(104,195.95)
Total Public Libraries	$ 45,537,501.00	$ 44,851,896.00	$ 44,724,926.71	$ 22,773.34	$ 44,747,700.05	$ (104,195.95)

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Regents Central Office						
State Appropriation						
State General Funds	$ 7,683,800.00	$ 7,683,800.00	$ 7,683,800.00	$ 0.00	$ 7,683,800.00	$ 0.00
Other Funds	0.00	79,175.00	73,319.24	5,696,782.64	5,770,101.88	5,690,926.88
Total Regents Central Office	$ 7,683,800.00	$ 7,762,975.00	$ 7,757,119.24	$ 5,696,782.64	$ 13,453,901.88	$ 5,690,926.88

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Research Consortium						
State Appropriation						
State General Funds	$ 35,995,015.00	$ 35,995,015.00	$ 35,995,015.00	$ 0.00	$ 35,995,015.00	$ 0.00
Tobacco Funds	750,000.00	750,000.00	750,000.00		750,000.00	0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Research Consortium	$ 36,745,015.00	$ 36,745,015.00	$ 36,745,015.00	$ 0.00	$ 36,745,015.00	$ 0.00

Expenditures Compared to Budget		Actual Funds Available							
	Variance	Over/(Under)	Prior Period	Other	Total Program		Program Fund Balances		
Actual	Positive (Negative)	Expenditures	Adjustments	Adjustments	Fund Balances	Transfers	Reserve	Surplus	Total
883,081.61	1,191.39	1,191.39	0.00	0.00	1,191.39	0.00	0.00	1,191.39	1,191.39
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
883,081.61	1,191.39	1,191.39	0.00	0.00	1,191.39	0.00	0.00	1,191.39	1,191.39

Expenditures Compared to Budget		Actual Funds Available							
	Variance	Over/(Under)	Prior Period	Other	Total Program		Program Fund Balances		
Actual	Positive (Negative)	Expenditures	Adjustments	Adjustments	Fund Balances	Transfers	Reserve	Surplus	Total
14,587,490.57	308.43	308.43	0.00	0.00	308.43	0.00	0.00	308.43	308.43
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14,587,490.57	308.43	308.43	0.00	0.00	308.43	0.00	0.00	308.43	308.43

Expenditures Compared to Budget		Actual Funds Available							
	Variance	Over/(Under)	Prior Period	Other	Total Program		Program Fund Balances		
Actual	Positive (Negative)	Expenditures	Adjustments	Adjustments	Fund Balances	Transfers	Reserve	Surplus	Total
40,298,425.87	31,070.13	31,070.13	133,382.40	0.00	164,452.53	0.00	0.00	164,452.53	164,452.53
4,359,454.05	162,945.95	58,750.00	0.00	0.00	58,750.00	0.00	58,750.00	0.00	58,750.00
44,657,879.92	194,016.08	89,820.13	133,382.40	0.00	223,202.53	0.00	58,750.00	164,452.53	223,202.53

Expenditures Compared to Budget		Actual Funds Available							
	Variance	Over/(Under)	Prior Period	Other	Total Program		Program Fund Balances		
Actual	Positive (Negative)	Expenditures	Adjustments	Adjustments	Fund Balances	Transfers	Reserve	Surplus	Total
7,641,783.99	42,016.01	42,016.01	0.00	0.00	42,016.01	0.00	0.00	42,016.01	42,016.01
801,003.76	(721,828.76)	4,969,098.12	0.00	0.00	4,969,098.12	0.00	4,969,098.12	0.00	4,969,098.12
8,442,787.75	(679,812.75)	5,011,114.13	0.00	0.00	5,011,114.13	0.00	4,969,098.12	42,016.01	5,011,114.13

Expenditures Compared to Budget		Actual Funds Available							
	Variance	Over/(Under)	Prior Period	Other	Total Program		Program Fund Balances		
Actual	Positive (Negative)	Expenditures	Adjustments	Adjustments	Fund Balances	Transfers	Reserve	Surplus	Total
35,985,472.49	9,542.51	9,542.51	(959,064.72)	0.00	(949,522.21)	820,085.30	0.00	(129,436.91)	(129,436.91)
750,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
36,735,472.49	9,542.51	9,542.51	(959,064.72)	0.00	(949,522.21)	820,085.30	0.00	(129,436.91)	(129,436.91)

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF PROGRAM REVENUES AND EXPENDITURES BY FUNDING SOURCE COMPARED TO BUDGET, CONTINUED
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2008

	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
			Funds Available Compared to Budget			
Skidaway Institute of Oceanography						
State Appropriation						
State General Funds	$ 1,712,710.00	$ 1,712,710.00	$ 1,712,710.00	$ 0.00	$ 1,712,710.00	$ 0.00
Other Funds	5,658,000.00	4,758,000.00	4,847,044.74	0.00	4,847,044.74	89,044.74
Total Skidaway Institute of Oceanography	$ 7,370,710.00	$ 6,470,710.00	$ 6,559,754.74	$ 0.00	$ 6,559,754.74	$ 89,044.74

	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
			Funds Available Compared to Budget			
Special Funding Initiative						
State Appropriation						
State General Funds	$ 41,081,344.00	$ 40,856,344.00	$ 40,856,344.00	$ 0.00	$ 40,856,344.00	$ 0.00
Tobacco Funds	5,000,000.00	5,000,000.00	5,000,000.00	0.00	5,000,000.00	0.00
Total Special Funding Initiative	$ 46,081,344.00	$ 45,856,344.00	$ 45,856,344.00	$ 0.00	$ 45,856,344.00	$ 0.00

	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
			Funds Available Compared to Budget			
Student Education Enrichment Program						
State Appropriation						
State General Funds	$ 314,737.00	$ 314,737.00	$ 314,737.00	$ 0.00	$ 314,737.00	$ 0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Student Education Enrichment Program	$ 314,737.00	$ 314,737.00	$ 314,737.00	$ 0.00	$ 314,737.00	$ 0.00

	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
			Funds Available Compared to Budget			
Teaching						
State Appropriation						
State General Funds	$ 1,820,227,086.00	$ 1,827,383,964.00	$ 1,827,383,964.00	$ 0.00	$ 1,827,383,964.00	$ 0.00
Federal Funds						
Federal Funds Not Specifically Identified	275,402,955.00	278,829,892.00	205,197,233.86	30,853,721.75	236,050,955.61	(42,778,936.39)
Other Funds	2,435,049,425.00	2,746,032,407.00	2,582,823,549.19	157,750,624.92	2,740,574,174.11	(5,458,232.89)
Total Teaching	$ 4,530,679,466.00	$ 4,852,246,263.00	$ 4,615,404,747.05	$ 188,604,346.67	$ 4,804,009,093.72	$ (48,237,169.28)

Expenditures Compared to Budget							Program Fund Balances		
Actual	Variance Positive (Negative)	Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
1,712,710.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
4,730,723.25	27,276.75	116,321.49	0.00	0.00	116,321.49	0.00	116,321.49	0.00	116,321.49
6,443,433.25	$ 27,276.75	$ 116,321.49	$ 0.00	$ 0.00	$ 116,321.49	$ 0.00	$ 116,321.49	$ 0.00	$ 116,321.49

Expenditures Compared to Budget							Program Fund Balances		
Actual	Variance Positive (Negative)	Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
40,762,009.90	$ 94,334.10	$ 94,334.10	$ 88,274.86	$ 0.00	$ 182,608.96	$ (53,380.24)	$ 0.00	$ 129,228.72	$ 129,228.72
5,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45,762,009.90	$ 94,334.10	$ 94,334.10	$ 88,274.86	$ 0.00	$ 182,608.96	$ (53,380.24)	$ 0.00	$ 129,228.72	$ 129,228.72

Expenditures Compared to Budget							Program Fund Balances		
Actual	Variance Positive (Negative)	Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
314,737.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
314,737.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Expenditures Compared to Budget							Program Fund Balances		
Actual	Variance Positive (Negative)	Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
1,827,835,849.00	$ (451,885.00)	$ (451,885.00)	$ 997,748.12	$ 357,161.70	$ 903,024.82	$ 748,718.58	$ 0.00	$ 1,651,743.41	$ 1,651,743.41
202,958,089.41	75,871,802.59	33,092,866.20	0.00	0.00	33,092,866.20	0.00	33,092,866.20	0.00	33,092,866.20
2,598,261,432.19	147,770,974.81	142,312,741.92	833,126.80	15,428,773.87	158,574,642.59	(1,515,423.64)	156,553,790.75	505,428.19	157,059,218.94
4,629,055,370.60	$ 223,190,892.40	$ 174,953,723.12	$ 1,830,874.92	$ 15,785,935.57	$ 192,570,533.61	$ (766,705.06)	$ 189,646,656.95	$ 2,157,171.60	$ 191,803,828.55

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF PROGRAM REVENUES AND EXPENDITURES BY FUNDING SOURCE COMPARED TO BUDGET, CONTINUED
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2008

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Veterinary Medicine Experiment Station						
State Appropriation						
State General Funds	$ 3,384,254.00	$ 3,384,254.00	$ 3,384,254.00	$ 0.00	$ 3,384,254.00	$ 0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Veterinary Medicine Experiment Station	$ 3,384,254.00	$ 3,384,254.00	$ 3,384,254.00	$ 0.00	$ 3,384,254.00	$ 0.00

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Veterinary Medicine Teaching Hospital						
State Appropriation						
State General Funds	$ 502,585.00	$ 502,585.00	$ 502,585.00	$ 0.00	$ 502,585.00	$ 0.00
Other Funds	6,700,000.00	11,750,000.00	10,042,989.90	1,103,276.21	11,146,266.11	(603,733.89)
Total Veterinary Medicine Teaching Hospital	$ 7,202,585.00	$ 12,252,585.00	$ 10,545,574.90	$ 1,103,276.21	$ 11,648,851.11	$ (603,733.89)

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Payments to Georgia Military College						
State Appropriation						
State General Funds	$ 3,062,152.00	$ 3,062,152.00	$ 3,062,152.00	$ 0.00	$ 3,062,152.00	$ 0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Payments to Georgia Military College	$ 3,062,152.00	$ 3,062,152.00	$ 3,062,152.00	$ 0.00	$ 3,062,152.00	$ 0.00

	Original Appropriation	Final Budget	Funds Available Compared to Budget: Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Payments to Georgia Public Telecommunications Commission						
State Appropriation						
State General Funds	$ 18,069,614.00	$ 18,069,614.00	$ 18,069,614.00	$ 0.00	$ 18,069,614.00	$ 0.00
Other Funds	0.00	0.00	0.00	0.00	0.00	0.00
Total Payments to Georgia Public Telecommunications Commission	$ 18,069,614.00	$ 18,069,614.00	$ 18,069,614.00	$ 0.00	$ 18,069,614.00	$ 0.00
Total University System of Georgia	$ 5,067,724,782.00	$ 5,443,810,074.00	$ 5,188,674,682.07	$ 209,946,250.18	$ 5,398,620,932.25	$ (45,189,141.75)

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
3,384,254.00	$ 0.00	$ 0.00	$ 1,575.25	$ 0.00	$ 1,575.25	$ 0.00	$ 0.00	$ 1,575.25	$ 1,575.25
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3,384,254.00	$ 0.00	$ 0.00	$ 1,575.25	$ 0.00	$ 1,575.25	$ 0.00	$ 0.00	$ 1,575.25	$ 1,575.25

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
502,585.00	$ 0.00	$ 0.00	$ 0.00	0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
9,565,560.59	2,184,439.41	1,580,705.52	13,465.19	(17,993.35)	1,576,177.36	0.00	1,576,177.36	0.00	1,576,177.36
10,068,145.59	$ 2,184,439.41	$ 1,580,705.52	$ 13,465.19	(17,993.35)	$ 1,576,177.36	$ 0.00	$ 1,576,177.36	$ 0.00	$ 1,576,177.36

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
3,062,152.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3,062,152.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Expenditures Compared to Budget		Actual Funds Available					Program Fund Balances		
Actual	Variance Positive (Negative)	Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Total Program Fund Balances	Transfers	Reserve	Surplus	Total
18,069,614.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18,069,614.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
5,200,933,975.98	$ 242,876,098.02	$ 197,686,956.27	$ 1,335,929.80	$ 15,928,813.56	$ 214,951,699.63	$ 0.00	$ 212,375,480.77	$ 2,576,218.86	$ 214,951,699.63

Unexpendable Reserves	
Uncollectible Accounts Receivable	11,287,655.86
Inventories	3,173,177.35
Early Retirement Program	7,365,016.53
Total Fund Balance	236,777,549.37

BOARD OF REGENTS OF
THE UNIVERSITY SYSTEM OF GEORGIA
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