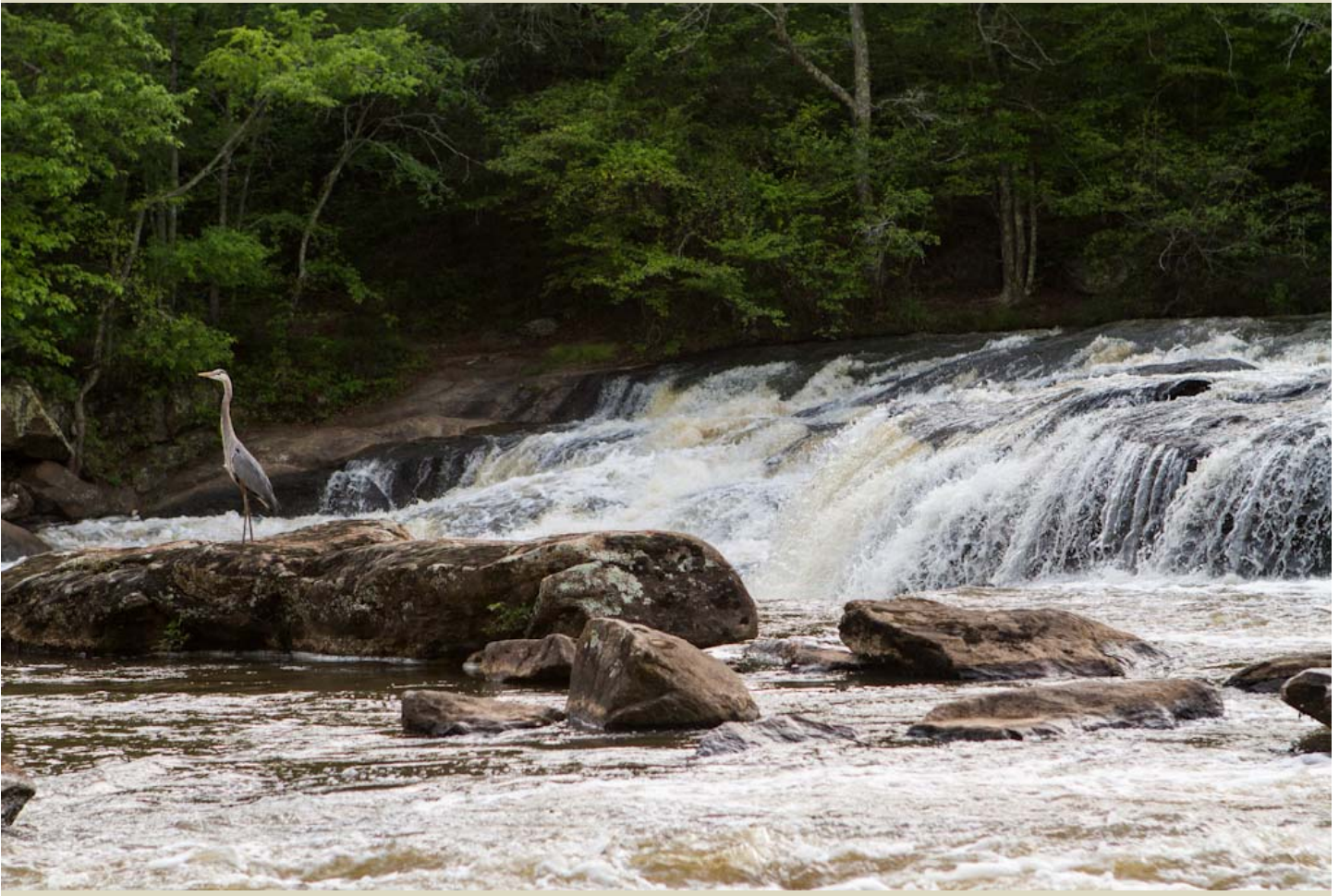




*State of Georgia*  
*Comprehensive Annual Financial Report*  
*Fiscal Year Ended June 30, 2013*



*"Life in the Evening Light", Photograph by Susan M. Wilson, Peachtree City, Georgia*



*The artwork on the cover and within this document was created by Georgia artists and has been selected to hang in the Office of the Governor as part of a the rotating exhibit "The Art of Georgia". For more information about the exhibit, the artists and their work visit [www.gaarts.org](http://www.gaarts.org).*



# **State of Georgia**

**Comprehensive Annual Financial Report  
For the fiscal year ended June 30, 2013**

Prepared by:  
State Accounting Office





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For the Fiscal Year Ended June 30, 2013

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# *INTRODUCTORY SECTION*



*"Amicalola Falls"*

Artist: Tres Indermark, Avondale Estates, GA





Nathan Deal  
Governor

Thomas Alan Skelton, CPA  
State Accounting Officer

---

**December 31, 2013**

**The Honorable Nathan Deal, Governor of Georgia**

**The Honorable Members of the General Assembly**

**Citizens of the State of Georgia**

It is my privilege to present the *Comprehensive Annual Financial Report* (CAFR) on the operations of the State of Georgia (the State) for the fiscal year ended June 30, 2013, in accordance with the Official Code of Georgia Annotated (OCGA), Section 50-5B-3(a)(7). The objective of this report is to provide a clear picture of our government as a single comprehensive reporting entity.

This report consists of management's representations concerning the State's finances and management assumes full responsibility for the completeness and reliability of the information presented. This report reflects my commitment to you, the citizens of the State, and to the financial community to maintain our financial statements in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB). Information presented in this report is believed to be accurate in all material respects, and all disclosures have been included that are necessary to enable the reader to obtain a thorough understanding of the State's financial activities.

The CAFR is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes this transmittal letter and organization charts for state government. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), audited government-wide and fund financial statements and related notes thereto, required supplementary information, and the underlying combining and individual fund financial statements and supporting schedules. The Statistical section contains selected unaudited financial, economic and demographic data on a multi-year basis that is useful in evaluating the economic condition of the government.

### **Internal Control**

The State's management is responsible for the establishment and maintenance of internal accounting controls which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and financial transactions are properly recorded and adequately documented, and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from such control and that the evaluation of those costs and benefits requires estimates and judgments by the State's management.

### **Independent Audit**

The financial statements of the organizations comprising the State reporting entity have been separately examined and reported on by either the State Auditor or independent certified public accountants. The State Auditor and other independent auditors have performed an examination of the accompanying

financial statements for the State and have issued unmodified opinions on the State's basic financial statements included in this report.

Federal regulations also require the State to undergo an annual Single Audit in conformance with the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the Independent Auditor's reports, is issued in a separate report and will be available at a later date.

## **Management's Discussion and Analysis**

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the independent auditor's report.

### ***PROFILE OF THE STATE OF GEORGIA***

The State, founded on February 12, 1733, was the last of the original 13 colonies and became the fourth state by ratifying the U.S. Constitution on January 2, 1788. The State is an economic hub of the southeast. Atlanta, the state capital, is the major economic and population center of the State with major regional economic and population centers in Augusta, Savannah, and Macon. The State's economic base is diverse with major port facilities on the coast, agricultural resources throughout the State, manufacturing and service industries, and is a major transportation hub with one of the busiest airports in the nation. The State is the eighth largest state with an estimated population of 9.9 million people.

## **Reporting Entity**

The Constitution of the State of Georgia (the Constitution) provides the basic framework for the State's government, which is divided into three separate branches: legislative, executive, and judicial, as shown on the organizational chart on page v. The duties of each branch are outlined in the Constitution and in the OCGA.

For financial reporting purposes, the State's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable, and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Further information about the State's reporting entity can be found in Note 1.B. to the financial statements.

The State and its component units provide a full range of services to its citizens, including education, health and welfare, transportation, public safety, economic development, culture and recreation, conservation, and general government services. The financial statements present information on the financial position and operations of state government associated with these services as a single comprehensive reporting entity. Accordingly, the various agencies, departments, boards, commissions, authorities, and funds and accounts of the State that have been identified as part of the primary government or a component unit have been included in this report.

## **Budgetary Control**

The Constitution requires that budgeted expenditures not exceed the estimated revenues and other funding sources, including beginning fund balances. The State's legal level of budgetary control is funding source within program. Annually, the Governor submits a balanced budget by program to the Legislature. In addition to the internal controls previously discussed, the State maintains budgetary controls to ensure compliance with the legal provisions of the State's Appropriation Act, which reflects the Georgia General Assembly's approval of the annual budget. Budgetary control is maintained through a formal appropriation and allotment process.

The State's annual budget is prepared on a statutory basis which is principally the modified accrual basis utilizing encumbrance accounting. The State monitors spending activity to ensure that expenditures do not exceed appropriated amounts by agency at the legal level of control as provided for by the Constitution. Information regarding the State's budgetary process can be found in the Notes to Required Supplementary Information within this report.

The statutory basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. Detailed information on the statutory basis of accounting and the results of operations on that basis for fiscal year 2013 can be found in the separately issued Budgetary Compliance Report (BCR) dated November 27, 2013.

## **Budget Stabilization**

The State maintains the Revenue Shortfall Reserve (RSR) which provides for the sound management of excess revenue collections in any given fiscal year. By statute, all surplus state funds existing at the end of each fiscal year shall be reserved and added to the RSR. Funds in the RSR carry forward from fiscal year to fiscal year without reverting to the revenue collections fund within the General Fund at the end of a fiscal year. Additional information about the State's RSR balances can be found in MD&A.

## **Fiscal Year Budget Overview**

The State's fiscal year 2013 tax revenue collections were 5.7% over fiscal year 2012 tax revenues. Of the major tax sources, personal income tax collections were the largest component of overall tax growth at 7.7%. The RSR increased by \$161.4 million and has a current balance of \$682.0 million prior to audited agency lapse of \$218.2 million and prior to the appropriation of the 1% mid-year adjustment for K-12 in the amended fiscal year 2014 budget.

## ***ECONOMIC FACTORS AND OUTLOOK***

### **Introduction**

Georgia's economy also is experiencing a moderate recovery with growth in employment, home prices, and residential construction permits. It appears that the Great Recession may finally be in the rear view mirror. While a moderate economic recovery is expected to continue, there are significant risks to continued growth, with federal fiscal policy the biggest threat.

## Georgia Economy

Many factors indicate that the State's economy is recovering from the Great Recession. Some of these include:

- As of August 2013, the State's net new job growth rate exceeds the comparable rate through August for the U.S. employment growth of 1.7%.
- Initial unemployment compensation claims reflect a gradually improving labor market in the U.S. and in Georgia. Initial claims are well below year ago levels.
- Personal income growth has generally been positive on a quarter over quarter basis but personal income growth has been relatively weak when compared to prior recoveries.
- Home prices are recovering and trending positively. Home prices for metro Atlanta had risen 18.2% which exceeds the 12.2% increase for the composite index for 20 metro areas across the country.

Additional information on the economic outlook for the State including detailed information on employment, personal income, and housing markets can be found in the State's MD&A which can be found immediately following the independent auditor's report.

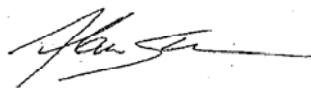
### *AWARDS AND ACKNOWLEDGEMENTS*

The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

The preparation of this report would not have been possible without the dedicated and efficient service of the entire staff of the State Accounting Office. We also express our appreciation to the fiscal officers throughout state government for their dedicated efforts in assisting us in the preparation of this report.

Respectfully submitted,



Thomas Alan Skelton  
State Accounting Officer

# State of Georgia

## Organizational Chart

June 30, 2013



### JUDICIAL

Supreme Court  
Court of Appeals  
Superior Courts  
District Attorneys  
Judicial Agencies

### EXECUTIVE

#### Constitutional Officers

Lieutenant Governor  
Public Service Commission  
State School Superintendent  
Secretary of State  
Commissioner of Insurance  
Attorney General  
Commissioner of Agriculture  
Commissioner of Labor

Governor

Office of Planning and Budget  
Governor's Office

### LEGISLATIVE

General Assembly  
Senate  
House of Representatives

Legislative Agencies

Department of Audits and Accounts

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>Department of Administrative Services</li> <li>Department of Banking and Finance</li> <li>Department of Behavioral Health &amp; Developmental Disabilities</li> <li>Department of Community Affairs</li> <li>Department of Community Health</li> <li>Department of Corrections</li> <li>Department of Defense</li> <li>Department of Driver Services</li> <li>Department of Early Care and Learning</li> <li>Department of Economic Development</li> <li>Department of Education</li> <li>Department of Human Services</li> <li>Department of Juvenile Justice</li> <li>Department of Natural Resources</li> <li>Department of Public Health</li> <li>Department of Public Safety</li> <li>Department of Revenue</li> <li>Department of Transportation</li> <li>Department of Veterans Service</li> </ul> | <ul style="list-style-type: none"> <li>Employees' Retirement System of Georgia</li> <li>Georgia Bureau of Investigation</li> <li>Georgia Forestry Commission</li> <li>Georgia Lottery Corporation</li> <li>Georgia State Financing and Investment Commission</li> <li>Georgia Student Finance Commission</li> <li>Georgia Technology Authority</li> <li>Office of the State Treasurer</li> <li>State Accounting Office</li> <li>State Board of Pardons and Paroles</li> <li>State Board of Workers' Compensation</li> <li>Technical College System of Georgia</li> <li>University System of Georgia</li> <li>Examining and Licensing Boards</li> <li>Advisory Boards</li> <li>Other Executive Agencies</li> <li>Interstate Agencies</li> <li>Authorities</li> </ul> |
|--|---|







## Principal State Officials

June 30, 2013

### Executive:

Nathan Deal .....	<i>Governor</i>
Brian P. Kemp .....	<i>Secretary of State</i>
Sam Olens .....	<i>Attorney General</i>
Mark Butler .....	<i>Commissioner of Labor</i>
Dr. John D. Barge .....	<i>State Superintendent of Schools</i>
Ralph T. Hudgens .....	<i>Commissioner of Insurance</i>
Gary W. Black .....	<i>Commissioner of Agriculture</i>
Chuck Eaton (Chairman) .....	<i>Public Service Commissioner</i>
Tim Echols .....	<i>Public Service Commissioner</i>
H. Doug Everett .....	<i>Public Service Commissioner</i>
Lauren "Bubba" McDonald, Jr. ....	<i>Public Service Commissioner</i>
Stan Wise .....	<i>Public Service Commissioner</i>

### Legislative:

Casey Cagle .....	<i>Lieutenant Governor/President of the Senate</i>
David Ralston .....	<i>Speaker of the House of Representatives</i>

### Judicial:

Carol W. Hunstein .....	<i>Chief Justice of the Supreme Court</i>
(Hugh P. Thompson effective August 15, 2013)	





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**State of Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



## **ACKNOWLEDGEMENTS**

The Georgia Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2013 was prepared by:

### **STATE ACCOUNTING OFFICE**

Kris Martins, Director, Financial Reporting

### **STATEWIDE ACCOUNTING AND REPORTING**

Janet M. Arsenault	Lori Ramsey
Renita Coleman	Andrea Randall
Bobbie R. Davis	Jennifer Sanders
Zeina Diallo	Troy Senter
Eddy A. Hicks	Melesse Siratu
Sharon Hill	Ellen K. Tate
Dan Lawson	Sandra Warr
Jorge Pinto	Dina Williams

### **SPECIAL APPRECIATION**

The State Accounting Office would like to extend special appreciation to all fiscal and accounting personnel throughout the State who contributed the financial information for their agencies. Additionally, the Division of Statewide Accounting and Reporting would like to acknowledge the efforts given by all of the functional and support personnel of the State Accounting Office.



# *FINANCIAL SECTION*



*"Dick's Creek Ledge - Chattooga River"*  
Artist: Peter McIntosh, Clayton, GA







# DEPARTMENT OF AUDITS AND ACCOUNTS

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

**Greg S. Griffin**  
STATE AUDITOR  
(404) 656-2180

## Independent Auditor's Report

The Honorable Nathan Deal, Governor of Georgia  
and  
Members of the General Assembly of the State of Georgia

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of Georgia's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Department of Community Health, Employees' Retirement System of Georgia, Georgia Environmental Finance Authority, Georgia Housing and Finance Authority, Georgia Lottery Corporation, Georgia Ports Authority, Georgia Southern University Housing Foundation, Inc., Georgia State Financing and Investment Commission, Georgia Tech Facilities, Inc., Georgia Tech Foundation, Inc., Kennesaw State University Foundation, Inc., Teachers Retirement System of Georgia, University of Georgia Research Foundation, Inc. and University System of Georgia Foundation, Inc. Those financial statements represent part or all of the total assets and revenues or additions of the governmental activities, the business-type activities, the aggregate discretely presented component units, the major funds: governmental fund-general fund, governmental fund-general obligation bond projects fund, proprietary/enterprise fund-state health benefit plan and the aggregate remaining fund information as reported in the following table:

<b>Opinion Unit</b>	<b>Percent of Total Assets</b>	<b>Percent of Total Revenues/ Additions</b>
Governmental Activities	6%	23%
Business-type Activities	6%	18%
Aggregate Discretely Presented Component Units	68%	69%
Governmental Fund – General Fund	17%	20%
Governmental Fund – General Obligation Bond Projects Fund	98%	100%
Proprietary Fund/Enterprise Fund – State Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	87%	56%

Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the above mentioned organizations and component units, are based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Georgia Lottery Corporation, Georgia Southern University Housing Foundation, Inc., Georgia Tech Foundation, Inc., Kennesaw State University Foundation, Inc. and University System of Georgia Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities include service by the State Auditor on the governing boards of various agencies, authorities, commissions, and component units of the State of Georgia. The Department of Audits and Accounts elected to not provide audit services for the organizational units of the State of Georgia associated with these boards. The Department of Audits and Accounts also has a contractual obligation with the Department of Community Health to conduct certain non-audit services.

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

## ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Georgia, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 2-B to the financial statements, in 2013, the State of Georgia, implemented new accounting principles GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to these matters.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 20, information on other postemployment benefits on page 135 and budgetary comparison information on pages 136 through 141 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the State of Georgia's basic financial statements. The combining and individual fund statements and the introductory and statistical sections are presented for purposes of additional analysis and not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013 on our consideration of State of Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State of Georgia's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Greg S. Griffin". The signature is written in a cursive style.

Greg S. Griffin  
State Auditor

December 31, 2013

---

MANAGEMENT'S  
DISCUSSION AND ANALYSIS

---





## Management's Discussion and Analysis

(Unaudited)

### INTRODUCTION

This narrative overview and analysis of the financial activities of the State is for the fiscal year ended June 30, 2013. It should be read in conjunction with the letter of transmittal, located in the Introductory section of this report, and the State's financial statements, including the notes to the financial statements, which are an integral part of the statements that follow this narrative.

### FINANCIAL HIGHLIGHTS

#### Government-wide

- Total assets of the State exceeded liabilities by \$21.5 billion (reported as "net position") and total net position increased \$1.2 billion or 6.0% over the prior year. Net position of governmental activities increased by \$390.2 million or 2.6%, while the net position of business-type activities increased by \$833.5 million or 15.4%.
- During the fiscal year, the State's total revenues for governmental activities of \$36.7 billion were \$3.2 billion more than total expenses (excluding transfers) of \$33.5 billion. General revenues, primarily attributable to various taxes, totaled \$16.9 billion and program revenues, primarily attributable to operating grants and contributions, totaled \$15.3 billion.

#### Fund Level

- The governmental funds reported combined ending fund balances of \$5.5 billion, an increase of \$813.5 million or 17.3% in comparison with the prior year. Of this total fund balance, \$57.0 million or 1.0% represents nonspendable fund balance, \$4.2 billion or 76.8% represents restricted fund balance, \$5.0 million or 0.1% represents committed fund balance, \$421.0 million or 7.6% represents assigned fund balance and \$798.6 million or 14.5% represents unassigned fund balance.
- The General Fund ended the fiscal year with a total fund balance of \$4.4 billion, of which \$798.6 million was classified as unassigned fund balance. Total tax revenues in the General Fund increased by \$670.6 million or 4.2% over the prior year, as the economy continued to show signs of improving.
- The enterprise funds reported a net position of \$6.3 billion, an increase of \$833.5 million or 15.4% compared to the prior year.

#### Long-term Debt

The State's long-term bond debt increased \$900.1 million or 8.3% during the fiscal year which represents the net difference between new issuances, payments, refunding of outstanding debt and prior period adjustments. General obligation bonds for the primary government increased by \$182.9 million or 2.1% while revenue bonds for the primary government increased \$717.2 million or 35.9%. The State issued new bonded debt during the year in the amount of \$1.3 billion for the primary government and \$364.7 million for component units.



## Management's Discussion and Analysis

(Unaudited)

### OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

#### **Government-wide Financial Statements – Reporting the State as a Whole**

The Statement of Net Position and Statement of Activities together comprise the government-wide financial statements. These statements are located in the Basic Financial Statements – Government-wide Financial Statements section and provide a broad overview of the State's financial activities as a whole. These statements are prepared with a long-term focus using the full-accrual basis of accounting, similar to private-sector businesses. This means all revenues and expenses associated with the fiscal year are recognized regardless of when cash is spent or received, and all assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, and how they have changed from the prior year. Over time, increases and decreases in net position measure whether the State's overall financial condition is improving or deteriorating. In evaluating the State's overall condition, however, additional non-financial information should be considered such as the State's economic outlook, changes in demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

**Governmental Activities** – The majority of the State's basic services fall under this activity including general government, education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, and conservation. Taxes and intergovernmental revenues are the major funding sources for these programs.

**Business-Type Activities** – The State operates certain activities much like private-sector businesses by charging fees to customers that are intended to recover all or a significant portion of their costs of providing goods and services. Unemployment Compensation Fund, the self-insured State Health Benefit Plan (SHBP), and the Higher Education Fund are some examples of business-type activities.

**Component Units** – Certain entities are legally separate from the State; however, the State remains financially accountable for them. Georgia Environmental Finance Authority, Georgia Housing and Finance Authority, and Georgia Lottery Corporation are examples of component units.

#### **Fund Financial Statements – Reporting the State's Most Significant Funds**

The fund financial statements provide detailed information about individual major funds, not the State as whole, and are located in the Basic Financial Statements – Fund Financial Statements section. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses funds to ensure and demonstrate compliance with finance-related and legal requirements. All of the State funds are divided into three types, each of which use a different accounting approach and should be interpreted differently.

**Governmental Funds** – Most of the basic services provided by the State are financed through governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual basis of accounting, and focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the





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fiscal year. These statements provide a detailed short-term view of the State's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the State.

**Proprietary Funds** – The Proprietary funds, which include enterprise funds and internal service funds, account for state activities that are similar to private-sector businesses. Similar to government-wide statements, proprietary fund statements are presented using the full-accrual basis of accounting. Activities whose customers are mostly outside of state government are accounted for in enterprise funds and are the same functions reported as business-type activities. The enterprise fund financial statements provide more detail and additional information than in the government-wide statements, such as cash flows. Activities whose customers are mostly other state entities are accounted for in internal service funds. The internal service fund activities are allocated proportionately between the governmental activities (predominately) and the business-type activities in the government-wide statements based on the benefit of the services provided to those activities.

**Fiduciary Funds** – These funds are used to account for resources held for the benefit of parties outside the state government. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use full-accrual accounting, but are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs.

### Reconciliation between Government-wide and Fund Statements

This report also includes two schedules that reconcile and explain the differences between the amounts reported for the governmental activities on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus). The schedules are located in the Basic Financial Statements – Fund Financial Statements – Governmental Funds section. The following represent some of the reporting differences between the two statements:

- Capital outlays result in capital assets on the government-wide statements, but are reported as expenditures in the governmental fund financial statements.
- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Bond proceeds are recorded as long-term debt on the government-wide statements, but provide current financial resources on the fund governmental fund statements.

### Notes to the Financial Statements

The Notes to the Financial Statements located at the end of the Basic Financial Statements section provide additional information that is essential to a complete understanding of the financial statements. The notes are applicable to both the government-wide financial statements and the fund financial statements.

### Other Required Information

In addition to this MD&A, which is required supplementary information, the Basic Financial Statements are followed by a section of other required supplementary information that further explains and supports the information in the financial statements. This section of the report includes: (1) the State's funding progress for other postemployment benefits and (2) a budgetary comparison schedule of the General Fund (Budget Fund), including reconciliations of revenues and expenditures on the statutory and GAAP basis for the fiscal year. Supplementary information includes combining financial statements for the State's nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds and nonmajor component units. The total columns of these combining financial statements carry forward to the applicable fund financial statements.



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### FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

#### Net Position

Governmental entities are required by Generally Accepted Accounting Principles (GAAP) to report on their net position. The Statement of Net Position presents the value of all of the State's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. The State reported net position of \$21.5 billion, comprised of \$20.2 billion invested in capital assets net of related debt, and \$4.1 billion in restricted net position, offset by an unrestricted net position deficit of \$2.8 billion.

The following table was derived from the current and prior year government-wide Statements of Net Position:

**Table 1 - Net Position**  
As of June 30, 2013 and 2012 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Non-capital Assets	\$ 10,205,165	\$ 9,159,740	\$ 3,224,425	\$ 2,781,320	\$ 13,429,590	\$ 11,941,060
Net Capital Assets	20,765,907	21,190,989	10,083,503	9,706,909	30,849,410	30,897,898
<b>Total Assets</b>	<b>30,971,072</b>	<b>30,350,729</b>	<b>13,307,928</b>	<b>12,488,229</b>	<b>44,279,000</b>	<b>42,838,958</b>
<b>Deferred Outflows of Resources</b>	-	-	7,610	-	7,610	-
<b>Liabilities</b>						
Noncurrent Liabilities	11,151,174	11,177,932	5,772,232	6,004,034	16,923,406	17,181,966
Current Liabilities	4,562,402	4,305,506	1,210,371	1,062,624	5,772,773	5,368,130
<b>Total Liabilities</b>	<b>15,713,576</b>	<b>15,483,438</b>	<b>6,982,603</b>	<b>7,066,658</b>	<b>22,696,179</b>	<b>22,550,096</b>
<b>Deferred Inflows of Resources</b>	-	-	77,884	-	77,884	-
<b>Net Position</b>						
Net Investment in Capital Assets	13,737,276	13,355,209	6,502,029	6,257,436	20,239,305	19,612,645
Restricted	3,301,316	3,968,493	816,428	457,265	4,117,744	4,425,758
Unrestricted	(1,781,096)	(2,456,411)	(1,063,406)	(1,293,130)	(2,844,502)	(3,749,541)
<b>Total Net Position</b>	<b>\$ 15,257,496</b>	<b>\$ 14,867,291</b>	<b>\$ 6,255,051</b>	<b>\$ 5,421,571</b>	<b>\$ 21,512,547</b>	<b>\$ 20,288,862</b>

Net position reported for governmental activities increased by \$390.2 million or 2.6% in fiscal year 2013. Unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, had a deficit of \$1.8 billion at June 30, 2013, down from \$2.5 billion in 2012. The deficit in unrestricted governmental net position exists primarily because the State has issued debt for purposes not resulting in a capital asset related to State governmental activities. The unrestricted net position deficit decreased by \$675.3 million in 2013 primarily due to increased tax revenues and relatively stable expenditures.

The net position for business-type activities increased by \$833.5 million or 15.4% in fiscal year 2013. Restricted net position increased by \$359.2 million or 78.5% primarily due to an increase in permanent trusts of \$238.1 million. The deficit in unrestricted net position decreased by \$229.7 million with a corresponding increase in investment in capital assets of \$244.6 million.



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### Changes in Net Position

The State received a majority (47.9%) of its revenues from operating grants and contributions, primarily from federal sources and 35.3% from taxes. In the prior year, grants and contributions were 48.9% and taxes accounted for 35.5% of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park and court fees was 13.3% as compared to 12.9% in the prior fiscal year. Expenses for the State during fiscal year 2013 were \$45.7 billion. As a result of the excess revenues over expenses, the total net position of the State increased \$1.5 billion, net of transfers.

The following schedule was derived from the Government-wide Statement of Activities and summarizes the State's total revenues, expenses and changes in net position for fiscal year 2013.

**Table 2 - Changes in Net Position**  
For the Years Ended June 30, 2013 and 2012 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2012 to 2013
	2013	2012	2013	2012	2013	2012	
<b>Revenues:</b>							
Program Revenues:							
Charges for Services	\$ 3,178,227	\$ 2,828,751	\$ 3,106,189	\$ 2,961,426	\$ 6,284,416	\$ 5,790,177	8.5%
Operating Grants/Contributions	15,317,258	14,764,360	7,251,162	7,245,740	22,568,420	22,010,100	2.5%
Capital Grants/Contributions	1,310,696	1,142,924	90,665	36,157	1,401,361	1,179,081	18.9%
General Revenues:							
Taxes	16,645,352	15,974,706	-	-	16,645,352	15,974,706	4.2%
Unrestricted Investment Income	323	6,183	-	-	323	6,183	-94.8%
Unclaimed Property	138,832	83,215	-	-	138,832	83,215	66.8%
Other	126,862	12,909	-	-	126,862	12,909	882.7%
<b>Total Revenues</b>	<b>36,717,550</b>	<b>34,813,048</b>	<b>10,448,016</b>	<b>10,243,323</b>	<b>47,165,566</b>	<b>45,056,371</b>	<b>4.7%</b>
<b>Expenses:</b>							
General Government	1,606,626	1,326,657	-	-	1,606,626	1,326,657	21.1%
Education	10,770,532	10,100,155	-	-	10,770,532	10,100,155	6.6%
Health and Welfare	16,033,221	15,657,704	-	-	16,033,221	15,657,704	2.4%
Transportation	1,656,662	1,519,707	-	-	1,656,662	1,519,707	9.0%
Public Safety	2,012,501	1,912,814	-	-	2,012,501	1,912,814	5.2%
Economic Development and Assistance	515,874	783,308	-	-	515,874	783,308	-34.1%
Culture and Recreation	240,018	233,043	-	-	240,018	233,043	3.0%
Conservation	51,038	50,334	-	-	51,038	50,334	1.4%
Interest and Other Charges on Long-term Debt	616,328	638,775	-	-	616,328	638,775	-3.5%
Higher Education Fund	-	-	7,931,918	7,916,281	7,931,918	7,916,281	0.2%
State Health Benefit Plan	-	-	2,193,829	2,362,677	2,193,829	2,362,677	-7.1%
Unemployment Compensation Fund	-	-	1,858,989	2,240,295	1,858,989	2,240,295	-17.0%
Nonmajor Enterprise Funds	-	-	191,949	35,735	191,949	35,735	437.1%
<b>Total Expenses</b>	<b>33,502,800</b>	<b>32,222,497</b>	<b>12,176,685</b>	<b>12,554,988</b>	<b>45,679,485</b>	<b>44,777,485</b>	<b>2.0%</b>
Increase (Decrease) in Net Position							
Before Contributions and Transfers	3,214,750	2,590,551	(1,728,669)	(2,311,665)	1,486,081	278,886	
Contributions to Permanent Endowments	-	-	1,231	-	1,231	-	
Transfers	(2,377,595)	(2,346,986)	2,377,595	2,346,986	-	-	
<b>Change in Net Position</b>	<b>837,155</b>	<b>243,565</b>	<b>650,157</b>	<b>35,321</b>	<b>1,487,312</b>	<b>278,886</b>	
<b>Net Position July 1 - Restated</b>	<b>14,420,341</b>	<b>14,623,726</b>	<b>5,604,894</b>	<b>5,386,250</b>	<b>20,025,235</b>	<b>20,009,976</b>	
<b>Net Position June 30</b>	<b>\$ 15,257,496</b>	<b>\$ 14,867,291</b>	<b>\$ 6,255,051</b>	<b>\$ 5,421,571</b>	<b>\$ 21,512,547</b>	<b>\$ 20,288,862</b>	<b>6.0%</b>



## Management's Discussion and Analysis

(Unaudited)

### Governmental Activities

The State's total governmental revenues from all sources increased \$1.9 billion or 5.5%. Charges for Services increased \$349.5 million or 12.4%. Operating and capital grants and contributions increased a total of \$720.7 million or 4.5%. Tax revenues increased \$670.7 million or 4.2%.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2013, program revenues covered \$19.8 billion or 59.1% of \$33.5 billion in total program expenses. The remaining \$13.7 billion or 40.9% of the total program expenses, the State relied on state taxes and other general revenues.

**Table 3 – Net Program Revenue**  
For the Years Ended June 30, 2013 and 2012 (in thousands)

<u>Functions/Programs</u>	<u>Program Expenses</u>	<u>Less Program Revenues</u>	<u>Net Program</u>		<u>Program Revenues as a Percentage of Program Expenses</u>	
			<u>(Expense) / Revenue</u>		<u>2013</u>	<u>2012</u>
			<u>2013</u>	<u>2012</u>		
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
General Government	\$ 1,606,626	\$ 2,720,439	\$ 1,113,813	\$ 951,971	169.3%	171.8%
Education	10,770,532	2,441,117	(8,329,415)	(7,984,398)	22.7%	20.9%
Health and Welfare	16,033,221	12,263,583	(3,769,638)	(3,830,004)	76.5%	75.5%
Transportation	1,656,662	1,322,162	(334,500)	(301,612)	79.8%	80.2%
Public Safety	2,012,501	345,385	(1,667,116)	(1,558,578)	17.2%	18.5%
Economic Development and Assistance	515,874	488,405	(27,469)	(78,523)	94.7%	90.0%
Culture and Recreation	240,018	206,808	(33,210)	(19,642)	86.2%	91.6%
Conservation	51,038	18,282	(32,756)	(26,901)	35.8%	46.6%
Interest and Other Charges on Long-Term Debt	616,328	-	(616,328)	(638,775)	0.0%	0.0%
Total Governmental Activities	<u>\$ 33,502,800</u>	<u>\$ 19,806,181</u>	<u>\$(13,696,619)</u>	<u>\$(13,486,462)</u>	59.1%	58.1%

### Business-Type Activities

Net position of business-type activities increased by \$833.5 million or 15.4% during the fiscal year. Operating revenues from the State's business-type activities increased \$204.7 million or 2.0% from the prior year. This was primarily due to an increase in revenue from Charges for Services. Total operating expenses for the State's business-type activities decreased \$378.3 million or 3.0%. This decrease is attributable to lower expenses in the Unemployment Compensation Fund and the State Health Benefit Plan.

In fiscal year 2013, business-type activities expenses were funded 85.8% or \$10.4 billion from program revenues compared to 81.6% or \$10.2 billion in the prior year. The remaining expenses were funded by \$2.4 billion in transfers from governmental activities to the Higher Education Fund.



## Management's Discussion and Analysis

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### FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

#### **Fund Balances**

At June 30, 2013, the State's governmental funds reported combined ending fund balance of \$5.5 billion. Of this amount, \$57.0 million or 1.0% is nonspendable, either due to its form or legal constraints, and \$4.2 billion or 76.8% is restricted for specific programs by constitutional provisions, external constraints, or contractual obligations. Net position that is restricted by the Constitution principally includes motor fuel taxes that can be used only to build roads and bridges and lottery funds held for education purposes. Restrictions by external parties include general obligation bonds that can only be used for authorized capital projects. Additionally, \$5.0 million or 0.1% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the General Assembly and Governor. An additional \$421.0 million or 7.6% of total fund balance has been assigned to specific purposes, as expressed by the intent of State management. The remaining \$798.6 million or 14.5% of fund balance is unassigned.

#### **General Fund**

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, the General Fund reflected a total fund balance of \$4.4 billion. The net change in fund balance during the fiscal year was \$693.9 million or 15.8% compared to \$5.8 million or 0.2% net change in the prior year. The General Fund ended the year with an unrestricted, unassigned fund balance of \$798.6 million.

Major revenue, expenditure and other sources/uses contributing to the change in fund balance are as follows:

#### **Revenues**

Revenues of the General Fund totaled \$36.5 billion in the fiscal year, an increase of \$1.9 billion or 5.4% from the prior year. Factors contributing to this change included the following:

- Taxes increased \$670.7 million or 4.2% from the prior year.
- Federal Revenues increased by \$640.8 million or 4.2% from the prior year.
- Licenses and Permits increased by \$160.0 million or 27.0% from the prior year
- Fines and Forfeits increased by \$157.4 million or 34.9% from the prior year

#### **Expenditures**

Expenditures of the General Fund totaled \$32.6 billion in the fiscal year, an increase of \$1.2 billion or 3.8% from the prior year. Factors contributing to this change included the following:

- Education expenditures increased \$669.6 million or 6.6% from the prior year.
- Health and Welfare expenditures increased \$362.3 million or 2.3% from the prior year.

#### **Capital Project Fund - General Obligation Bond Projects Fund**

Fund balance in the General Obligation Bond Projects Fund increased by \$94.9 million or 10.4% from the prior year. This was primarily the result of general revenues, debt issuances, and transfers in exceeding capital expenditures and transfers out. The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment.



### FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

#### Higher Education

The net position of the Higher Education Fund increased \$107.7 million or 1.8% compared to the prior year, before restatements. Net Investment in Capital Assets increased by \$220.8 million or 3.5%. Restricted fund balance increased \$122.8 million due to an increase in Capital Projects and Permanent Trusts. Operating revenues of the Fund increased \$109.0 million or 2.5% due to increases in net student tuition and fees revenue of \$45.7 million and sales and services of \$40.3 million. These increases are attributable to increased enrollments. In addition, the Higher Education Fund received \$2.1 billion in transfers in from the General Fund, an increase of \$45.3 million or 2.2% compared to the prior year. Fiscal year 2013 operating expenses increased \$59.1 million or 0.8% compared to the prior year.

#### State Health Benefit Plan

The Operating Revenues for the State Health Benefit Plan (SHBP) increased by \$63.0 million and Operating Expenses decreased by \$168.8 million. SHBP net position improved from a deficit of \$272.5 million to a deficit of \$129.7 million.

#### Unemployment Compensation

The State's average unemployment rate for the fiscal year 2013 improved from 9.1% to 8.5%. As a result, fewer claims were submitted and benefit payments decreased \$381.3 million or 17.0% this year compared to last fiscal year. Due to this small improvement in the economy, employer unemployment rates were reduced and the corresponding unemployment tax revenue decreased by \$119.2 million or 5.2%. Employer taxes and other revenues exceeded benefit payments by \$310.8 million.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The State's capital assets decreased a net \$48.5 million or 0.2% during the year. The change consisted of a net increase in infrastructure of \$894.4 million and net increases in land of \$228.3 million, buildings and improvements of \$239.0 million; machinery and equipment of \$45.2 million; with a corresponding decrease of construction in progress of \$1.5 billion.

Additional information on the State's capital assets can be found in Note 7 of the Notes to the Financial Statements section of this report.

*(Table on next page)*



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**Table 4 - Capital Assets, Net of Accumulated Depreciation**

As of June 30, 2013 and 2012 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Buildings/Building Improvements	\$ 2,040,280	\$ 2,073,789	\$ 6,243,780	\$ 5,971,263	\$ 8,284,060	\$ 8,045,052
Improvements Other Than Buildings	55,146	52,220	255,079	231,221	310,225	283,441
Infrastructure	11,853,096	10,971,630	210,149	197,199	12,063,245	11,168,829
Intangibles - Other Than Software	94,492	92,501	-	-	94,492	92,501
Land	3,410,333	3,219,473	411,910	374,472	3,822,243	3,593,945
Library Collections	-	-	172,064	175,462	172,064	175,462
Machinery and Equipment	212,978	192,793	2,505,760	2,480,774	2,718,738	2,673,567
Software	67,804	75,523	10,558	6,287	78,362	81,810
Works of Art and Collections	1,326	1,326	51,004	47,636	52,330	48,962
Construction in Progress	3,030,452	4,511,734	223,199	222,595	3,253,651	4,734,329
<b>Total</b>	<b>\$ 20,765,907</b>	<b>\$ 21,190,989</b>	<b>\$ 10,083,503</b>	<b>\$ 9,706,909</b>	<b>\$ 30,849,410</b>	<b>\$ 30,897,898</b>

**Debt Administration**

The Constitution authorizes issuing general obligation debt only as approved by the Legislature and prohibits the issuance of general obligation bonds for operating purposes. The Constitution requires the State to maintain a reserve sufficient to pay annual debt service requirements on all general obligation debt. If for any reason the reserve balance is insufficient to make, when due, all debt service payments, the first revenues received thereafter in the General Fund will be set aside for such use. The Constitution also stipulates that no debt may be incurred when the highest aggregate annual debt service requirements for any year for outstanding general obligation debt and guaranteed revenue debt, including proposed debt, exceed 10% of the total revenue receipts, less refunds in the state treasury, in the fiscal year immediately preceding the year in which any such debt is to be incurred. At June 30, 2013, the State was \$542.3 million below the annual debt service limit established by the Constitution.

**Table 5 - Net Outstanding Bond Debt**

As of June 30, 2013 and 2012 (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 9,072,784	\$ 8,889,868	\$ -	\$ -	\$ 9,072,784	\$ 8,889,868
GARVEE Revenue Bonds	1,095,153	1,236,119	-	-	1,095,153	1,236,119
Revenue Bonds	408,772	442,626	1,211,200	319,248	1,619,972	761,874
	<u>\$ 10,576,709</u>	<u>\$ 10,568,613</u>	<u>\$ 1,211,200</u>	<u>\$ 319,248</u>	<u>\$ 11,787,909</u>	<u>\$ 10,887,861</u>

At the end of the fiscal year, the State had total bonded debt outstanding of \$11.8 billion. Of this amount \$9.5 billion (not including deferred charges, premiums, and discounts) or 80.4% is secured by the full faith and credit of the government (general obligation bonds and guaranteed revenue bonds), and \$1.1 billion or 10.3% in State Road and Tollway Authority GARVEE debt secured by Federal Highway funds and state motor fuel funds.

Total general obligation bonds and revenue bonds payable net of premiums, discounts and deferred amounts on refunding increased \$182.9 million or 2.1% and increased \$717.1 million or 35.9% respectively. During the fiscal year, the State issued \$1.3 billion of general obligation bonds. Of the general obligation bonds issued, \$412.7



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million was issued for higher education facilities, \$62.2 million was used for K-12 school facilities, \$70.9 million for water and sewer loans to local governments, \$150.0 million for projects and facilities of the Georgia Ports Authority, \$486.8 million to refund existing general obligation bonds, and \$139.1 million for various state agency facilities.

The State maintains a triple-A bond rating on its general obligation debt from all three national rating agencies. These ratings, the highest available, help the State achieve the lowest possible interest rates. Additional information regarding the State's outstanding debt can be found in Note 8 of the Notes to the Financial Statements section.

### BUDGETARY HIGHLIGHTS

#### Fiscal Performance

Fiscal conditions improved for the State during fiscal year 2013 as net revenue collections were \$18.3 billion or 5.9% greater than fiscal year 2012. Net Revenue Collections deposited with the Office of the State Treasurer during fiscal year 2013 were \$135.2 million more than the initial revenue estimate per budget. Of the major tax sources, corporate and personal income tax collections were the largest components of overall tax growth at \$206.6 million or 35.0% and \$629.9 million or 7.7%, respectively. See table below for more details:

	FY 2012 Actual	FY 2013 Budget	FY 2013 Actual	% Change to FY 2012 Actual	FY 2014 Budget	% Change to FY 2013 Actual
Tax Revenues						
Personal Income Tax	\$ 8,142,370,500	\$ 8,485,664,017	\$ 8,772,227,404	7.74%	\$ 8,895,846,000	1.41%
Corporate Income Tax	590,676,110	706,325,000	797,255,429	34.97%	775,314,000	-2.75%
Sales and Use Tax	5,303,524,233	5,225,951,123	5,277,211,183	-0.50%	5,094,297,000	-3.47%
Motor Fuel Tax	1,019,300,803	979,423,000	1,000,625,732	-1.83%	972,027,000	-2.86%
Tobacco Tax	227,146,091	228,054,675	211,618,073	-6.84%	232,268,000	9.76%
Alcoholic Beverages Tax	175,050,571	179,251,785	180,785,957	3.28%	181,044,303	0.14%
Property Tax	68,951,095	50,540,240	53,491,655	-22.42%	31,395,827	-41.31%
Insurance Premium Tax	309,192,735	348,919,500	329,236,920	6.48%	356,919,500	8.41%
Motor Vehicle Tax	308,342,308	315,742,523	457,490,366	48.37%	325,214,799	-28.91%
Title Fee	-	264,000,000	-	0.00%	733,000,000	100.00%
Estate Tax	27,923	-	(15,351,947)	100.00%	-	-100.00%
Total Tax Revenues	16,144,582,369	16,783,871,863	17,064,590,773	5.70%	17,597,326,429	3.12%
Fees and Sales	1,125,393,105	1,196,011,768	1,231,267,815	9.41%	1,201,022,161	-2.46%
Total General Fund Revenues	\$ 17,269,975,474	\$ 17,979,883,631	\$ 18,295,858,588	5.94%	\$ 18,798,348,590	2.75%

#### Revenue Shortfall Reserve (RSR)

The State maintains the RSR which provides for the sound management of excess revenue collections in any given fiscal year. By statute, all surplus state funds existing at the end of each fiscal year shall be reserved and added to the RSR. Funds in the RSR carry forward from fiscal year to fiscal year without reverting to the revenue collections fund within the General Fund at the end of a fiscal year. Each fiscal year, the General Assembly may appropriate from the RSR an amount up to 1% of the net revenue collections of the preceding fiscal year for funding increased K-12 education needs. Also, the Governor may release for appropriation by the General Assembly a stated amount of reserve funds in the RSR that are in excess of 4% of the net revenue collections of the preceding fiscal year. The RSR cannot exceed 15% of the previous fiscal year's net revenue collections.



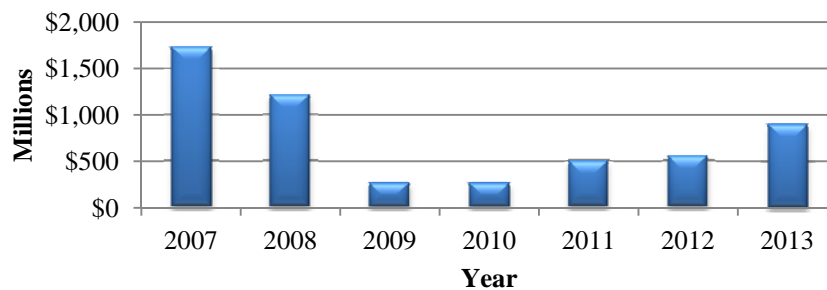


## Management's Discussion and Analysis

(Unaudited)

As the State continues to address the effects of one of the worst economic downturns in recent history, the ending balance in the RSR is a critical tool in helping to address budget shortfalls. After reaching a peak in fiscal year 2007 at \$1.7 billion (9.2% of net revenue collections), the State's RSR balance declined to a low of \$268.2 million (1.8% of net revenue collections) in fiscal year 2010. The RSR increased to \$494.0 in 2011 and \$550.7 million in 2012. In 2013, the RSR increased by \$349.6 million and has a current balance of \$900.3 million including audited agency lapse (approximately \$218.2 million). The increase to the RSR was accomplished due to revenue collections exceeding revenue estimates (\$316.0 million), reduction of agency allotment balances, and return of unexpended and unobligated funds by agencies. By statute, 1% of fiscal year 2013 net revenue collections (\$183.0 million) is available from the RSR for the mid-year K-12 education appropriation adjustment in the Amended fiscal year 2013 budget. However, this amount had not been appropriated as of the date of this report.

**Revenue Shortfall Reserve**



## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

### 2013 Budget Highlights

#### **Georgia had a strong finish to fiscal year 2013**

Tax revenue collections were up 5.7% and total budgetary revenue collections were up 5.9% over fiscal year 2012, exceeding the revenue estimate for the General Fund by 1.8% and enabling the state to add substantially to the RSR. As a result, the RSR has a balance of \$900.3 million prior to the allowance for the 1% mid-year adjustment for K-12 in the amended fiscal year 2014 budget and after the lapse of additional fiscal year 2013 agency surplus.

#### **Year-to-date revenue performance continues to exceed projections**

Georgia's fiscal year 2014 YTD tax revenue collections reported by the Department of Revenue are, through September, up 5.8% over the same period for fiscal year 2013 tax revenue and total State general funds collections are running ahead of budgeted growth (5.5% actual vs. 2.7% budget). Individual income tax, which is the largest component of General Fund revenues, is up 4.9%.



## Management's Discussion and Analysis

(Unaudited)

### Economic Highlights

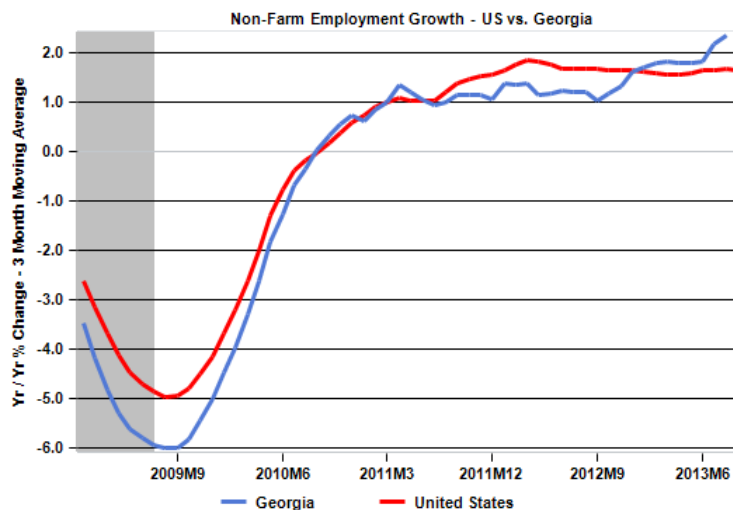
#### **The Moderate Economic Recovery Continues, but Risks Are Significant**

The U.S. economy has been in recovery for nearly four years and GDP growth has picked up several times only to slow again. The slow pace of recovery has left unemployment high and the economy growing below its long-term potential. The national economy has sustained its recovery through the end of the payroll tax holiday, the imposition of higher marginal tax rates on high income taxpayers, and the initial stages of sequestration. The government shutdown and debt limit fight added another drag from federal policy actions/uncertainty to economic growth.

Georgia's economy also is experiencing a moderate recovery with growth in employment, home prices, and residential construction permits. While a moderate economic recovery is expected to continue, there are significant risks to continued growth, with federal fiscal policy the biggest threat.

#### **Employment Situation**

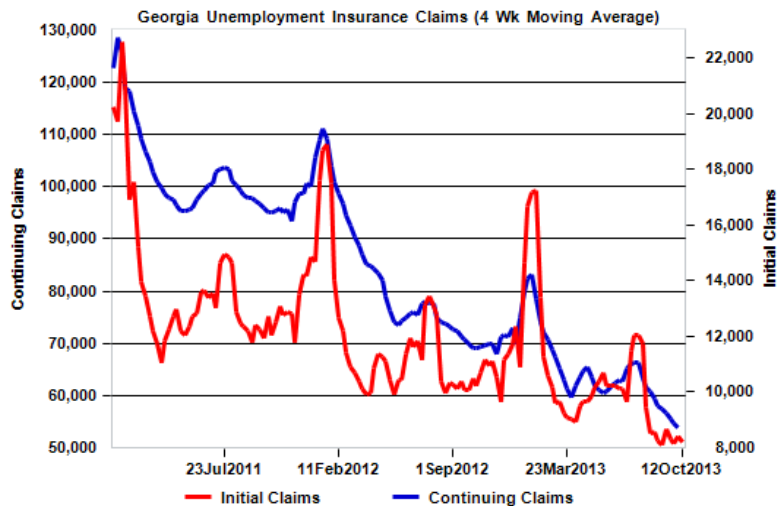
- As of September 2013, the U.S. labor market growth is running at 143,000 new jobs per month and the U.S. unemployment rate is 7.2% as of September.
- By comparison, Georgia added 91,600 net new jobs over the last twelve months. Year over year growth in employment in Georgia equals 2.3% on a three month moving average basis as of August. Georgia's growth rate exceeds the comparable rate through August for the U.S. employment growth of 1.7%. Georgia's unemployment rate of 8.7% as of August is higher than the national rate.





### Unemployment Insurance Claims

- Initial unemployment insurance claims reflect a gradually improving labor market in the U.S. and in Georgia and are well below year ago levels.



### Employment Data

- Seven sectors are showing positive year over year growth on a three month moving average basis. These include professional and business services; leisure and hospitality; education and health; information; and trade, transportation, and utilities.
- Georgia’s construction and finance sectors were hit very hard by the downturn in housing. Both sectors have finally begun to show year over year growth in employment. Manufacturing employment is near flat while other services and government are showing small declines in employment.
- Employment growth is well diversified across metro areas in the state. The Atlanta metro area leads all Georgia metro areas with year over year growth averaging 2.7%. Eight of the fourteen metro areas tracked are seeing positive growth and three metro areas are seeing small year over year declines.

### State Economic Development Programs

Georgia has several key economic development programs designed to attract and retain new or expanding businesses to the state through the availability of grants or low-interest loans for capital needs and free-of-charge customized training for their workforce.

#### OneGeorgia Authority Grants and Loans

- The EDGE, Equity, and ESB programs provide grants or low interest loans for capital assets to rural Georgia communities to enable Georgia’s communities to compete nationally in attracting businesses.
- Since 2011, OneGeorgia has awarded nearly \$98 million in grants and loans, which has resulted in over \$4.3 billion in private investment and the creation of over 13,500 new jobs.

#### Regional Economic Business Assistance (REBA) Grants

- REBA provides grant awards to both metropolitan and rural Georgia communities for capital assets necessary to recruit or retain businesses in the state.
- Since 2011, the REBA program has awarded nearly \$9.5 million in grants, which has resulted in over \$964 million in private investment and the creation of 5,500 new jobs.



## Management's Discussion and Analysis

*(Unaudited)*

### Quick Start

- Quick Start provides comprehensive, customized, and free-of-charge training through Georgia's technical college system to qualified new, expanding, or existing businesses.
- During fiscal year 13, delivered 133 projects across the entire state, helping create or retain 12,438 jobs. 70% of trainees located outside Metro Atlanta, 38% of projects were with international companies from 15 different countries.

### **Georgia will maintain a cautious approach to the Amended fiscal year 2014 and fiscal year 2015 budgets**

Due to uncertainty in federal fiscal policy, Georgia continues to take a conservative approach to the current and upcoming fiscal years. The current enacted fiscal year 2014 budget assumes tax revenue growth of 4.8% over the Amended fiscal year 2013 budget estimate. Compared to actual revenues for fiscal year 2013, the budget is balanced to 3.1% total tax revenue growth.

While revenue performance has been strong to date, budget instructions issued in July for Amended fiscal year 2014 and fiscal year 2015 required flat budget requests from state agencies. As in previous years, both the Amended fiscal year 2014 and fiscal year 2015 budget cost drivers will be in the areas of education and health care. Both budgets will accommodate funding needs for enrollment growth in K-12 education and additional costs to Medicaid associated with the Affordable Care Act.

Georgia has not yet seen a significant impact on state agency operations as a result of federal fiscal year 2013 sequestration reductions. The administration continues to work closely with state agencies in monitoring the federal budget and preparing contingency plans, but does not anticipate replacing any federal dollars except in life/safety emergency situations.

The State must submit its budget recommendations to the General Assembly in early January 2014 and will continue to monitor revenue trends and economic and political events to factor into potential adjustments to the revenue estimates.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the State's finances for all of the State's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State Accounting Office, 200 Piedmont Avenue, Suite 1604 West Tower, and Atlanta, Georgia 30334-9010.

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# BASIC FINANCIAL STATEMENTS

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## Statement of Net Position

June 30, 2013

(dollars in thousands)

	Governmental Activities	Business-type Activities	Total	Component Units
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,373,455	\$ 1,742,607	\$ 4,116,062	\$ 1,187,053
Investments	3,355,111	461,751	3,816,862	1,978,011
Receivables (Net)	3,977,931	674,609	4,652,540	4,024,017
Due from Primary Government	-	-	-	4,558
Due from Component Units	58,999	141,637	200,636	-
Internal Balances	260,268	(260,268)	-	-
Inventories	44,756	31,766	76,522	27,523
Prepaid Items	23,740	79,733	103,473	19,593
Other Assets	43,184	36,409	79,593	316,649
Restricted Assets				
Cash and Cash Equivalents	45,357	92,557	137,914	344,469
Investments	22,364	223,624	245,988	1,552,963
Receivables (Net)	-	-	-	854,558
Capital Assets				
Nondepreciable	6,536,198	679,501	7,215,699	499,669
Depreciable (Net of Accumulated Depreciation)	14,229,709	9,404,002	23,633,711	1,773,598
Total Assets	<u>30,971,072</u>	<u>13,307,928</u>	<u>44,279,000</u>	<u>12,582,661</u>
<b>Deferred Outflows of Resources</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	-	7,610	7,610	7,722
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	2,397,067	292,354	2,689,421	268,011
Due to Primary Government	-	-	-	200,636
Due to Component Units	221	4,337	4,558	-
Benefits Payable	907,018	275,379	1,182,397	-
Accrued Interest Payable	189,601	674	190,275	5,547
Contracts Payable	133,797	17,063	150,860	16,972
Funds Held for Others	117,539	47,357	164,896	689
Unearned Revenue	145,801	526,651	672,452	812,643
Claims and Judgments Payable	574,861	-	574,861	4,412
Other Liabilities	96,497	46,556	143,053	326,048
Noncurrent Liabilities:				
Due within one year	1,050,087	193,829	1,243,916	197,575
Due in more than one year	10,101,087	5,578,403	15,679,490	3,818,818
Total Liabilities	<u>15,713,576</u>	<u>6,982,603</u>	<u>22,696,179</u>	<u>5,651,351</u>
<b>Deferred Inflows of Resources</b>				
Deferred Service Concession Arrangement Receipts	-	77,884	77,884	-
<b>Net Position</b>				
Net Investment in Capital Assets	13,737,276	6,502,029	20,239,305	1,410,007
Restricted for:				
Bond Covenants/Debt Service	-	-	-	105,930
Capital Projects	-	75,188	75,188	82,609
Guaranteed Revenue Debt Common Reserve Fund	54,003	-	54,003	-
Loan and Grant Programs	-	-	-	1,420,138
Lottery for Education	774,143	-	774,143	-
Motor Fuel Tax Funds	1,765,378	-	1,765,378	-
Permanent Trusts:				
Nonexpendable	14	257,823	257,837	1,087,079
Expendable	-	399,070	399,070	1,024,571
Unemployment Compensation Benefits	-	61,133	61,133	-
Other Purposes	707,778	23,214	730,992	44,335
Unrestricted	(1,781,096)	(1,063,406)	(2,844,502)	1,764,363
Total Net Position	<u>\$ 15,257,496</u>	<u>\$ 6,255,051</u>	<u>\$ 21,512,547</u>	<u>\$ 6,939,032</u>

# State of Georgia

## Statement of Activities

For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

Functions/Programs	Expenses	Program Revenues		
		Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General Government	\$ 1,606,626	\$ 2,205,860	\$ 501,157	\$ 13,422
Education	10,770,532	8,951	2,432,166	-
Health and Welfare	16,033,221	576,110	11,686,863	610
Transportation	1,656,662	23,393	17,859	1,280,910
Public Safety	2,012,501	161,190	169,265	14,930
Economic Development and Assistance	515,874	70,459	417,946	-
Culture and Recreation	240,018	124,810	81,998	-
Conservation	51,038	7,454	10,004	824
Interest and Other Charges on Long-Term Debt	616,328	-	-	-
Total Governmental Activities	33,502,800	3,178,227	15,317,258	1,310,696
<b>Business-type Activities:</b>				
Higher Education Fund	7,931,918	2,992,037	2,652,244	88,169
State Health Benefit Plan	2,193,829	-	2,336,582	-
Unemployment Compensation Fund	1,858,989	-	2,169,765	-
Nonmajor Enterprise Fund	191,949	114,152	92,571	2,496
Total Business-type Activities	12,176,685	3,106,189	7,251,162	90,665
Total Primary Government	\$ 45,679,485	\$ 6,284,416	\$ 22,568,420	\$ 1,401,361
<b>Component Units</b>				
Georgia Environmental Finance Authority	\$ 53,624	\$ 78,830	\$ 164,401	\$ -
Georgia Housing and Finance Authority	156,958	22,079	131,254	-
Georgia Lottery Corporation	3,657,983	3,640,269	1	-
Georgia Ports Authority	287,219	292,583	16,407	11,882
Georgia Tech Foundation, Incorporated	130,763	15,012	119,901	31,740
Nonmajor Component Units	2,287,930	1,127,303	1,109,973	36,272
Total Component Units	\$ 6,574,477	\$ 5,176,076	\$ 1,541,937	\$ 79,894

### General Revenues:

Taxes	
Personal Income Taxes	
General Sales Taxes	
Other Taxes	
Unrestricted Investment Income	
Unclaimed Property	
Other	
Payments from the State of Georgia	
Contributions to Permanent Endowments	
Transfers	
Total General Revenues, Contributions to Permanent Endowments and Transfers	
Change in Net Position	
Net Position - Beginning - Restated (Note 3)	
Net Position - Ending	





**Net (Expense) Revenue and  
Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ 1,113,813		\$ 1,113,813	
(8,329,415)		(8,329,415)	
(3,769,638)		(3,769,638)	
(334,500)		(334,500)	
(1,667,116)		(1,667,116)	
(27,469)		(27,469)	
(33,210)		(33,210)	
(32,756)		(32,756)	
(616,328)		(616,328)	
<u>(13,696,619)</u>		<u>(13,696,619)</u>	
	\$ (2,199,468)	(2,199,468)	
	142,753	142,753	
	310,776	310,776	
	17,270	17,270	
	<u>(1,728,669)</u>	<u>(1,728,669)</u>	
<u>(13,696,619)</u>	<u>(1,728,669)</u>	<u>(15,425,288)</u>	
			\$ 189,607
			(3,625)
			(17,713)
			33,653
			35,890
			<u>(14,382)</u>
			<u>223,430</u>
8,854,916	-	8,854,916	-
5,082,342	-	5,082,342	-
2,708,094	-	2,708,094	29,164
323	-	323	-
138,832	-	138,832	-
126,862	-	126,862	-
-	-	-	64,886
-	1,231	1,231	50,287
<u>(2,377,595)</u>	<u>2,377,595</u>	<u>-</u>	<u>-</u>
<u>14,533,774</u>	<u>2,378,826</u>	<u>16,912,600</u>	<u>144,337</u>
837,155	650,157	1,487,312	367,767
14,420,341	5,604,894	20,025,235	6,571,265
<u>\$ 15,257,496</u>	<u>\$ 6,255,051</u>	<u>\$ 21,512,547</u>	<u>\$ 6,939,032</u>



## Balance Sheet Governmental Funds June 30, 2013 (dollars in thousands)

	General Obligation			Total
	General Fund	Bond Projects Fund	Nonmajor Funds	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,312,746	\$ -	\$ 41,126	\$ 2,353,872
Investments	2,078,565	1,155,243	13,511	3,247,319
Receivables (Net)	3,905,386	2,256	11,287	3,918,929
Due from Other Funds	1,087	-	1,306	2,393
Due from Component Units	58,944	-	-	58,944
Inventories	31,639	-	-	31,639
Restricted Assets				
Cash and Cash Equivalents	16,508	-	28,849	45,357
Investments	8,149	-	14,215	22,364
Advances to Primary Government	-	-	7,725	7,725
Other Assets	37,394	-	-	37,394
<b>Total Assets</b>	<b>\$ 8,450,418</b>	<b>\$ 1,157,499</b>	<b>\$ 118,019</b>	<b>\$ 9,725,936</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable and Other Accruals	\$ 2,313,432	\$ 49,720	\$ 539	\$ 2,363,691
Due to Other Funds	401,755	-	625	402,380
Due to Component Units	221	-	-	221
Benefits Payable	907,018	-	-	907,018
Contracts Payable	121,150	11,895	750	133,795
Undistributed Local Government Sales Tax	4,300	-	-	4,300
Funds Held for Others	116,984	-	-	116,984
Deferred Revenue	145,466	16	-	145,482
Other Liabilities	36,576	91,745	-	128,321
<b>Total Liabilities</b>	<b>4,046,902</b>	<b>153,376</b>	<b>1,914</b>	<b>4,202,192</b>
Fund Balances:				
Nonspendable	56,937	-	14	56,951
Restricted	3,177,010	982,151	83,002	4,242,163
Unrestricted				
Committed	4,954	-	-	4,954
Assigned	365,985	21,972	33,089	421,046
Unassigned	798,630	-	-	798,630
<b>Total Fund Balances</b>	<b>4,403,516</b>	<b>1,004,123</b>	<b>116,105</b>	<b>5,523,744</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,450,418</b>	<b>\$ 1,157,499</b>	<b>\$ 118,019</b>	<b>\$ 9,725,936</b>



## Reconciliation of Fund Balances To the Statement of Net Position June 30, 2013 (dollars in thousands)

**Total Fund Balances - Governmental Funds** (from previous page) \$ 5,523,744

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 3,390,010	
Buildings and Building Improvements	3,212,665	
Improvements Other Than Buildings	97,071	
Machinery and Equipment	864,024	
Infrastructure	26,122,027	
Construction in Progress	3,030,451	
Works of Art and Collections	86	
Intangibles - Other Than Software	94,571	
Software	199,465	
Accumulated Depreciation	(16,560,837)	20,449,533

Bond issuance costs are reported as expenditures in the funds. However, issuance costs are deferred and amortized over the life of the bonds and are included in governmental activities in the Statement of Net Position. 28,773

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 511,074

Certain long-term liabilities, assets and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.

General Obligation Bonds	(8,653,160)	
Premiums	(681,547)	
Deferred Amount on Refunding	261,923	
Accrued Interest Payable	(179,948)	
Revenue Bonds	(1,422,275)	
Premiums	(90,810)	
Deferred Amount on Refunding	9,160	
Accrued Interest Payable	(9,653)	
Capital Leases	(173,120)	
Compensated Absences	(305,200)	
Long-Term Notes	(4,000)	
Arbitrage Rebate	(4,877)	
Other	(2,121)	(11,255,628)

**Total Net Position - Governmental Activities** \$ 15,257,496



## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	General Fund	General Obligation Bond Projects Fund	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$ 16,645,352	\$ -	\$ -	\$ 16,645,352
Licenses and Permits	753,517	-	-	753,517
Intergovernmental - Federal	15,916,284	19,555	-	15,935,839
Intergovernmental - Other	563,329	11,654	51,740	626,723
Sales and Services	483,297	-	309	483,606
Fines and Forfeits	607,862	-	-	607,862
Interest and Other Investment Income	4,394	2,668	182	7,244
Unclaimed Property	138,832	-	-	138,832
Lottery Proceeds	927,479	-	-	927,479
Nursing Home Provider Fees	176,864	-	-	176,864
Hospital Provider Payments	232,080	-	-	232,080
Other	71,570	1,971	1,607	75,148
<b>Total Revenues</b>	<b>36,520,860</b>	<b>35,848</b>	<b>53,838</b>	<b>36,610,546</b>
<b>Expenditures:</b>				
Current:				
General Government	1,042,249	2,871	-	1,045,120
Education	10,768,786	-	-	10,768,786
Health and Welfare	16,031,121	-	-	16,031,121
Transportation	1,871,685	-	8,192	1,879,877
Public Safety	2,033,814	-	-	2,033,814
Economic Development and Assistance	490,747	-	3,269	494,016
Culture and Recreation	263,636	-	-	263,636
Conservation	51,053	-	261	51,314
Capital Outlay	-	600,128	-	600,128
Debt Service				
Principal	-	-	774,855	774,855
Interest	2	-	461,430	461,432
Accrued Interest on Bonds Retired in Advance	-	-	19	19
Discount on Bonds Retired in Advance	-	-	214	214
Other Debt Service Expenditures	-	24,965	130,092	155,057
Intergovernmental	-	138,161	-	138,161
<b>Total Expenditures</b>	<b>32,553,093</b>	<b>766,125</b>	<b>1,378,332</b>	<b>34,697,550</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,967,767	(730,277)	(1,324,494)	1,912,996
<b>Other Financing Sources (Uses):</b>				
Debt Issuance - General Obligation Bonds	-	834,870	-	834,870
Debt Issuance - Refunding Bonds	-	-	486,825	486,825
Debt Issuance - General Obligation Bonds - Premium	-	124,742	-	124,742
Debt Issuance - Refunding Bonds - Premium	-	-	102,681	102,681
Payment to Refunded Bond Escrow Agent	-	-	(587,396)	(587,396)
Capital Leases	5,847	-	-	5,847
Transfers In	37,401	13,932	1,373,087	1,424,420
Transfers Out	(3,317,114)	(148,390)	(15,759)	(3,481,263)
<b>Net Other Financing Sources (Uses)</b>	<b>(3,273,866)</b>	<b>825,154</b>	<b>1,359,438</b>	<b>(1,089,274)</b>
<b>Net Change in Fund Balances</b>	<b>693,901</b>	<b>94,877</b>	<b>34,944</b>	<b>823,722</b>
Fund Balances, July 1	3,709,615	909,246	81,161	4,700,022
<b>Fund Balances, June 30</b>	<b>\$ 4,403,516</b>	<b>\$ 1,004,123</b>	<b>\$ 116,105</b>	<b>\$ 5,523,744</b>



## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

Net Change in Fund Balances - Governmental Funds (from previous page) \$ 823,722

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations.	\$ 1,024,734	
Depreciation expense	<u>(1,016,057)</u>	8,677

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		7,689
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Bond proceeds (net of issuance costs and payments to refunding escrow) provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		(803,800)
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Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.		(5,847)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position. Payments were made on the following long-term liabilities:		
General Obligation Bonds	735,585	
Revenue Bonds	157,965	
Notes	10,600	
Capital Leases	<u>34,048</u>	938,198

Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities.		(13,896)
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:		
Compensated Absences	13,774	
Accrued Interest on Bonds Payable	(34,148)	
Arbitrage Rebate	3,976	
Amortization of Deferred Amount on Refunding	42,142	
Amortization of Bond Premiums	(139,988)	
Allocation of Deferred Bond Issuance Costs	1,300	
Other	<u>(4,644)</u>	<u>(117,588)</u>

Change in Net Position - Governmental Activities \$ 837,155

# State of Georgia

## Statement of Net Position Proprietary Funds June 30, 2013 (dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 1,237,459	\$ 154,622	\$ 307,095	\$ 41,807	\$ 1,740,983	\$ 57,842
Investments	228,083	76,041	-	259	304,383	33,768
Accounts Receivable (Net)	275,054	120,467	195,532	28,408	619,461	56,392
Due from Other Funds	9,619	-	-	1,417,756	1,427,375	516,087
Due from Component Units	136,728	-	-	-	136,728	54
Notes Receivable	-	-	-	2,367	2,367	-
Other Assets	102,910	-	-	29,438	132,348	14,306
Restricted Assets						
Cash and Cash Equivalents	-	-	-	50,960	50,960	5,226
Investments	-	-	-	21,911	21,911	1,260
<b>Noncurrent Assets:</b>						
Other Receivables	-	-	-	3,762	3,762	-
Investments	79,193	-	-	78,175	157,368	74,024
Notes Receivable	45,313	-	-	3,696	49,009	-
Due from Component Units	4,909	-	-	-	4,909	-
Other Noncurrent Assets	-	-	-	15,129	15,129	-
Restricted Assets						
Cash and Cash Equivalents	7,081	-	-	29,289	36,370	-
Investments	60,711	-	-	139,742	200,453	-
Non-Depreciable Capital Assets	661,812	-	-	17,689	679,501	21,562
Depreciable Capital Assets, net	9,373,865	-	-	24,528	9,398,393	300,419
Total Assets	<u>12,222,737</u>	<u>351,130</u>	<u>502,627</u>	<u>1,904,916</u>	<u>14,981,410</u>	<u>1,080,940</u>
<b>Deferred Outflows of Resources</b>						
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	7,610	7,610	-

(continued)



	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Accruals	203,331	20,228	3,334	18,929	245,822	29,078
Due to Other Funds	1,248,771	41,763	-	292,627	1,583,161	1,669
Due to Component Units	4,337	-	-	-	4,337	-
Benefits Payable	33,166	224,461	17,752	-	275,379	-
Grants Payable	5,048	-	-	-	5,048	-
Unearned Revenue	263,000	194,097	23,642	4,922	485,661	319
Claims and Judgments Payable	-	-	-	-	-	574,861
Compensated Absences Payable - Current	134,864	120	-	102	135,086	2,230
Capital Leases/Installment Purchases Payable						
Component Units	24,063	-	-	-	24,063	-
Others	2,192	-	-	712	2,904	6,719
Revenue Bonds Payable	-	-	-	31,480	31,480	-
Other Current Liabilities	108,180	-	-	2,408	110,588	833
Current Liabilities Payable from Restricted Assets	-	-	-	54	54	5,014
<b>Noncurrent Liabilities:</b>						
Compensated Absences Payable	87,733	199	-	102	88,034	2,437
Advances from Primary Government	-	-	-	7,725	7,725	-
Capital Leases/Installment Purchases Payable						
Component Units	1,068,069	-	-	-	1,068,069	-
Others	1,272,390	-	-	2,602	1,274,992	75,925
Revenue Bonds Payable	-	-	-	1,179,720	1,179,720	-
Other Postemployment Benefit Obligation	1,562,542	-	-	-	1,562,542	-
Other Non Current Liabilities	14,115	-	396,766	23,530	434,411	180
Derivative Instrument Payable	-	-	-	7,610	7,610	-
Total Liabilities	<u>6,031,801</u>	<u>480,868</u>	<u>441,494</u>	<u>1,572,523</u>	<u>8,526,686</u>	<u>699,265</u>
<b>Deferred Inflows of Resources</b>						
Deferred Service Concession Arrangement Receipts	77,884	-	-	-	77,884	-
<b>Net Position</b>						
Net Investment in Capital Assets	6,450,748	-	-	45,673	6,496,421	239,337
Restricted for:						
Capital Projects	75,188	-	-	-	75,188	-
Other	-	-	-	23,214	23,214	-
Permanent Trusts:						
Nonexpendable	160,122	-	-	97,701	257,823	-
Expendable	318,452	-	-	80,618	399,070	-
Unemployment Compensation Benefits	-	-	61,133	-	61,133	-
Unrestricted	(891,458)	(129,738)	-	92,797	(928,399)	142,338
Total Net Position	<u>\$ 6,113,052</u>	<u>\$ (129,738)</u>	<u>\$ 61,133</u>	<u>\$ 340,003</u>	<u>6,384,450</u>	<u>\$ 381,675</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					(129,399)	
Net Position of Business-type Activities					<u>\$ 6,255,051</u>	







## Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	
<b>Operating Revenues:</b>						
Operating Grants and Contributions/Premiums	\$ 1,544,319	\$ 2,336,395	\$ 2,169,765	\$ 68,115	\$ 6,118,594	\$ 217,516
Rents and Royalties	5,247	-	-	61,835	67,082	53,087
Sales and Services	1,025,193	-	-	41,789	1,066,982	269,423
Tuition and Fees	2,436,258	-	-	-	2,436,258	-
Less: Scholarship Allowances	(607,570)	-	-	-	(607,570)	-
Other	132,909	-	-	15,045	147,954	72,654
<b>Total Operating Revenues</b>	<b>4,536,356</b>	<b>2,336,395</b>	<b>2,169,765</b>	<b>186,784</b>	<b>9,229,300</b>	<b>612,680</b>
<b>Operating Expenses:</b>						
Personal Services	4,773,736	6,080	-	3,568	4,783,384	52,104
Services and Supplies	2,028,043	113,359	-	23,120	2,164,522	350,567
Scholarships and Fellowships	448,603	-	-	350	448,953	-
Benefits	-	2,074,390	1,858,989	-	3,933,379	-
Claims and Judgments	-	-	-	-	-	192,339
Interest Expense	-	-	-	15,012	15,012	-
Depreciation	491,131	-	-	3,554	494,685	30,503
Amortization	-	-	-	6,823	6,823	-
Other	-	-	-	76,157	76,157	-
<b>Total Operating Expenses</b>	<b>7,741,513</b>	<b>2,193,829</b>	<b>1,858,989</b>	<b>128,584</b>	<b>11,922,915</b>	<b>625,513</b>
<b>Operating Income (Loss)</b>	<b>(3,205,157)</b>	<b>142,566</b>	<b>310,776</b>	<b>58,200</b>	<b>(2,693,615)</b>	<b>(12,833)</b>
<b>Nonoperating Revenues (Expenses):</b>						
Grants and Contributions	1,082,155	-	-	-	1,082,155	-
Interest and Other Investment Income	25,770	187	-	19,934	45,891	1,760
Interest Expense	(189,227)	-	-	(58,132)	(247,359)	-
Other	2,817	-	-	(5,212)	(2,395)	8,933
<b>Total Nonoperating Revenues (Expenses)</b>	<b>921,515</b>	<b>187</b>	<b>-</b>	<b>(43,410)</b>	<b>878,292</b>	<b>10,693</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(2,283,642)</b>	<b>142,753</b>	<b>310,776</b>	<b>14,790</b>	<b>(1,815,323)</b>	<b>(2,140)</b>
Contributions to Permanent Endowments	-	-	-	1,231	1,231	-
Capital Contributions	393,499	-	-	2,496	395,995	1,895
<b>Total Contributions</b>	<b>393,499</b>	<b>-</b>	<b>-</b>	<b>3,727</b>	<b>397,226</b>	<b>1,895</b>
<b>Transfers:</b>						
Transfers In	2,065,080	-	-	14,164	2,079,244	12,178
Transfers Out	(4,413)	-	(58)	(7,819)	(12,290)	(24,529)
<b>Net Transfers</b>	<b>2,060,667</b>	<b>-</b>	<b>(58)</b>	<b>6,345</b>	<b>2,066,954</b>	<b>(12,351)</b>
<b>Change in Net Position</b>	<b>170,524</b>	<b>142,753</b>	<b>310,718</b>	<b>24,862</b>	<b>648,857</b>	<b>(12,596)</b>
Net Position, July 1 (Restated - Note 3)	5,942,528	(272,491)	(249,585)	315,141		394,271
<b>Net Position, June 30</b>	<b>\$ 6,113,052</b>	<b>\$ (129,738)</b>	<b>\$ 61,133</b>	<b>\$ 340,003</b>		<b>\$ 381,675</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					1,300	
<b>Change in Net Position of business-type activities</b>					<b>\$ 650,157</b>	



**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**  
(dollars in thousands)

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds		
<b>Cash Flows from Operating Activities:</b>						
Cash Received from Customers	\$ 1,042,068	\$ -	\$ -	\$ 101,799	\$ 1,143,867	\$ 397,619
Cash Received from Grants and Required Contributions/Premiums	1,563,509	2,368,711	2,151,936	83,131	6,167,287	154,616
Cash Received from Tuition and Fees	1,827,640	-	-	-	1,827,640	-
Cash Paid to Vendors	(3,017,725)	(96,601)	-	(42,781)	(3,157,107)	(358,226)
Cash Paid to Employees	(3,455,634)	(6,084)	-	(3,572)	(3,465,290)	(52,118)
Cash Paid for Benefits	-	(2,053,332)	(1,860,263)	-	(3,913,595)	-
Cash Paid for Claims and Judgments	-	-	-	(70,077)	(70,077)	(137,452)
Cash Paid for Scholarships, Fellowships and Loans	(458,723)	-	-	(350)	(459,073)	-
Other Operating Receipts (Payments)	182,175	-	-	(1,564)	180,611	(793)
Net Cash Provided by (Used in) Operating Activities	(2,316,690)	212,694	291,673	66,586	(1,745,737)	3,646
<b>Cash Flows from Noncapital Financing Activities:</b>						
Transfers from Other Funds	2,065,080	-	-	3,679	2,068,759	5,361
Transfers to Other Funds	(4,413)	-	(58)	-	(4,471)	(22,319)
Payments on Noncapital Financing Debt	-	-	(348,536)	(18,947)	(367,483)	-
Other Noncapital Receipts (Payments)	1,004,200	-	-	50,729	1,054,929	13,195
Net Cash Provided by (Used in) Noncapital Financing Activities	3,064,867	-	(348,594)	35,461	2,751,734	(3,763)
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Capital Contributions	-	-	-	(2,664)	(2,664)	1,835
Capital Grants and Gifts Received	92,158	-	-	-	92,158	-
Proceeds from Sale of Capital Assets	5,626	-	-	-	5,626	2,200
Acquisition and Construction of Capital Assets	(442,809)	-	-	(2,709)	(445,518)	(6,630)
Principal Paid on Capital Debt	(53,234)	-	-	(26,982)	(80,216)	(6,643)
Interest Paid on Capital Debt	(188,443)	-	-	(39,519)	(227,962)	-
Net Cash Used in Capital and Related Financing Activities	(586,702)	-	-	(71,874)	(658,576)	(9,238)
<b>Cash Flows from Investing Activities:</b>						
Sale (Purchase) of Investments (Net)	(8,903)	(71,066)	-	25,759	(54,210)	(3,317)
Interest and Dividends Received	46,471	187	-	19,934	66,592	1,793
Other Investing Activities	-	-	-	(4,549)	(4,549)	-
Net Cash Provided by (Used in) Investing Activities	37,568	(70,879)	0	41,144	7,833	(1,524)
Net Increase (Decrease) in Cash and Cash Equivalents	199,043	141,815	(56,921)	71,317	355,254	(10,879)
Cash and Cash Equivalents, July 1	1,045,497	12,807	364,016	50,739	1,473,059	73,947
Cash and Cash Equivalents, June 30	\$ 1,244,540	\$ 154,622	\$ 307,095	\$ 122,056	\$ 1,828,313	\$ 63,068

(continued)



## Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>						
Operating Income (Loss)	\$ (3,205,157)	\$ 142,566	\$ 310,776	\$ 58,200	\$ (2,693,615)	\$ (12,833)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>						
Depreciation/Amortization Expense	491,131	-	-	10,377	501,508	30,503
Other Reconciling Items	-	-	-	-	-	437
Changes in Assets and Liabilities:						
Accounts Receivable	69,147	(50,539)	(17,721)	(4,907)	(4,020)	2,849
Due from Other Funds	-	-	-	-	-	(63,950)
Due from Component Units	-	-	-	9,769	9,769	(11)
Other Assets	8,039	-	-	1,311	9,350	1,333
Notes Receivable	5,416	-	-	-	5,416	-
Accounts Payable and Other Accruals	(423)	16,763	(867)	(398)	15,075	(9,255)
Due to Other Funds	-	537	-	(1,683)	(1,146)	87
Benefits Payable	-	21,058	(1,275)	-	19,783	-
Unearned Revenue	(4,228)	82,318	760	(2,246)	76,604	665
Claims and Judgments Payable	-	-	-	-	-	54,887
Compensated Absences Payable	4,449	(9)	-	(3)	4,437	(593)
Other Postemployment Benefit Obligation	284,395	-	-	-	284,395	-
Other Liabilities	30,541	-	-	(3,834)	26,707	(473)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (2,316,690)</b>	<b>\$ 212,694</b>	<b>\$ 291,673</b>	<b>\$ 66,586</b>	<b>\$ (1,745,737)</b>	<b>\$ 3,646</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>						
Gift of Capital Assets Reducing Proceeds of						
Capital Grants and Gifts	\$ 300,684	\$ -	\$ -	\$ -	\$ 300,684	\$ -
Gifts other than Capital Assets Reducing Proceeds of						
Grants and Gifts for Other than Capital Assets	30,839	-	-	-	30,839	-
Change in Accrued Interest Payable						
Affecting Interest Paid	798	-	-	-	798	-
Capital Assets Acquired by Incurring						
Capital Lease Obligations	187,130	-	-	-	187,130	-
Change in Fair Value of Investments	10,265	-	-	-	10,265	(31)
Special Item - Equipment-Capital Asset Transfer	25,823	-	-	-	25,823	-
Capital Lease Obligation	9,617	-	-	-	9,617	4,553
Other	2,781	-	-	-	2,781	-
<b>Total Noncash Investing, Capital and Financing Activities</b>	<b>\$ 567,937</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 567,937</b>	<b>\$ 4,522</b>



## Statement of Fiduciary Net Position

### Fiduciary Funds

June 30, 2013

(dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Agency	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 582,856	\$ 3,976,440	\$ 5,352	\$ 121,846	\$ 4,686,494
Receivables					
Interest and Dividends	216,079	34	-	-	216,113
Due from Brokers for Securities Sold	76,857	-	-	-	76,857
Other	200,202	-	-	7,722	207,924
Due from Other Funds	43,962	-	-	-	43,962
Investments, at Fair Value					
Certificates of Deposit	-	-	-	1,791	1,791
Pooled Investments	14,483,873	2,058,805	2,323	20,951	16,565,952
Mutual Funds	1,583,295	-	-	4,489	1,587,784
Repurchase Agreements	1,525,000	-	-	-	1,525,000
Municipal, U. S. and Foreign					
Government Obligations	8,590,086	-	-	51,692	8,641,778
Corporate Bonds/Notes/Debentures	6,684,921	-	-	-	6,684,921
Stocks	41,847,258	-	-	-	41,847,258
Asset-Backed Securities	12,024	-	-	-	12,024
Mortgage Investments	92,213	-	-	-	92,213
Real Estate Investment Trusts	29,332	-	-	-	29,332
Capital Assets					
Land	2,071	-	-	-	2,071
Buildings	7,693	-	826	-	8,519
Software	29,325	-	-	-	29,325
Machinery and Equipment	5,595	-	103	-	5,698
Works of Art	114	-	-	-	114
Accumulated Depreciation	(34,985)	-	(615)	-	(35,600)
Other Assets	625	-	-	58,871	59,496
<b>Total Assets</b>	<b>75,978,396</b>	<b>6,035,279</b>	<b>7,989</b>	<b>267,362</b>	<b>82,289,026</b>
<b>Liabilities</b>					
Accounts Payable and Other Accruals	45,373	-	11	9,253	54,637
Due to Other Funds	2,604	-	3	-	2,607
Due to Brokers for Securities Purchased	132,779	-	-	-	132,779
Salaries/Withholdings Payable	2	-	-	-	2
Benefits Payable	54,815	-	-	-	54,815
Funds Held for Others	-	-	-	258,106	258,106
Unearned Revenue	12,860	-	-	-	12,860
Compensated Absences Payable	58	-	198	-	256
Other Liabilities	-	-	496	3	499
<b>Total Liabilities</b>	<b>248,491</b>	<b>-</b>	<b>708</b>	<b>267,362</b>	<b>516,561</b>
<b>Net Position</b>					
Held in Trust for:					
Pension Benefits	74,617,077	-	-	-	74,617,077
Other Postemployment Benefits	908,049	-	-	-	908,049
Other Employee Benefits	204,779	-	-	-	204,779
Pool Participants	-	6,035,279	-	-	6,035,279
Other Purposes	-	-	7,281	-	7,281
<b>Total Net Position</b>	<b>\$ 75,729,905</b>	<b>\$ 6,035,279</b>	<b>\$ 7,281</b>	<b>\$ -</b>	<b>\$ 81,772,465</b>



## Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Total
<b>Additions:</b>				
Contributions/Assessments				
Employer	\$ 2,213,625	\$ -	\$ -	\$ 2,213,625
Plan Members/Participants	948,581	-	100,061	1,048,642
Other Contributions				
Fines and Bond Forfeitures	19,174	-	-	19,174
Insurance Company Premium Taxes	28,443	-	-	28,443
Insurance Premiums	14,173	-	-	14,173
Other Fees	4,901	-	-	4,901
Rebates	6,600	-	-	6,600
Interest and Other Investment Income				
Dividends and Interest	1,731,054	13,884	76	1,745,014
Net Appreciation (Depreciation) in Investments Reported at Fair Value	7,320,399	429	-	7,320,828
Less: Investment Expense	(47,759)	(3,607)	-	(51,366)
Pool Participant Deposits	-	7,484,274	-	7,484,274
Other				
Transfers from Other Funds	2,240	-	-	2,240
Miscellaneous	1,451	-	-	1,451
<b>Total Additions</b>	<b>12,242,882</b>	<b>7,494,980</b>	<b>100,137</b>	<b>19,837,999</b>
<b>Deductions:</b>				
General and Administrative Expenses	84,512	-	2,601	87,113
Benefits	5,899,332	-	99,262	5,998,594
Pool Participant Withdrawals	-	7,496,281	-	7,496,281
Refunds	104,775	-	-	104,775
<b>Total Deductions</b>	<b>6,088,619</b>	<b>7,496,281</b>	<b>101,863</b>	<b>13,686,763</b>
Change in Net Position Held in Trust for:				
Pension and Other Employee Benefits	6,154,263	-	-	6,154,263
Pool Participants	-	(1,301)	-	(1,301)
Other Purposes	-	-	(1,726)	(1,726)
Net Position, July 1	69,575,642	6,036,580	9,007	75,621,229
Net Position, June 30	\$ 75,729,905	\$ 6,035,279	\$ 7,281	\$ 81,772,465



## Statement of Net Position

### Component Units

June 30, 2013

(dollars in thousands)

	Georgia Environmental Finance Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents	\$ 532,286	\$ 92,341	\$ 3,882	\$ 96,054	\$ 5,563	\$ 456,927	\$ 1,187,053
Investments	235,361	5,129	-	27,639	-	190,149	458,278
Receivables							
Accounts (Net)	1,752	-	153,055	40,592	27,514	211,983	434,896
Capital Leases from							
Primary Government	-	-	-	-	5,279	18,784	24,063
Interest and Dividends	4,029	764	-	-	-	2,042	6,835
Notes and Loans (Net)	-	-	-	438	1,136	339,345	340,919
Taxes	-	-	-	-	-	679	679
Due from Primary Government	-	-	-	-	-	4,558	4,558
Due from Component Units	-	-	-	-	-	8,896	8,896
Intergovernmental Receivables	8,416	-	-	-	-	13,075	21,491
Other Current Assets	3,390	58,284	1,768	6,251	-	107,282	176,975
<b>Noncurrent Assets:</b>							
Investments	-	131,267	-	8,203	863,697	516,566	1,519,733
Receivables (Net)							
Capital Leases from							
Primary Government	-	-	-	-	141,563	926,506	1,068,069
Notes and Loans	1,358,814	614,440	-	1,903	-	61,899	2,037,056
Other	-	-	-	-	45,366	44,643	90,009
Due from Component Units	-	-	-	-	-	91,806	91,806
Restricted Assets							
Cash and Cash Equivalents	-	119,456	8,676	-	8,205	208,132	344,469
Investments	-	101,492	247,964	-	533,294	670,213	1,552,963
Receivables (Net)							
Notes and Loans	-	843,702	-	-	-	-	843,702
Interest and Dividends	-	10,856	-	-	-	-	10,856
Deferred Charges	-	13,038	-	-	-	-	13,038
Non-depreciable Capital Assets	-	800	-	289,085	3,395	206,389	499,669
Depreciable Capital Assets (Net)	25	2,479	3,916	619,524	33,407	1,114,247	1,773,598
Other Noncurrent Assets	-	-	-	35,383	61,069	77,300	173,752
<b>Total Assets</b>	<b>2,144,073</b>	<b>1,994,048</b>	<b>419,261</b>	<b>1,125,072</b>	<b>1,729,488</b>	<b>5,271,421</b>	<b>12,683,363</b>
<b>Deferred Outflows</b>							
Accumulated Decrease in							
Fair Value of Hedging Derivatives	-	-	-	-	-	7,722	7,722
							(continued)



## Statement of Net Position Component Units June 30, 2013 (dollars in thousands)

	Georgia Environmental Finance Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Accounts Payable and Other Accruals	3,005	10,136	99,555	18,794	17,184	124,830	273,504
Due to Primary Government	1,680	2	57,264	22	-	136,759	195,727
Due to Component Units	-	-	-	-	8,716	180	8,896
Funds Held for Others	-	-	-	-	-	689	689
Unearned Revenue	-	1,820	-	622	37,795	110,628	150,865
Notes and Loans Payable	-	-	-	2,000	58,188	7,693	67,881
Revenue/Mortgage Bonds Payable	7,875	26,560	-	-	9,345	40,083	83,863
Other Current Liabilities	90	148,857	10,868	2,188	2,475	58,226	222,704
Current Liabilities Payable from Restricted Assets:							
Accrued Interest Payable	-	-	-	-	-	1,585	1,585
Revenue Bonds Payable	-	-	-	-	-	11,175	11,175
Other	-	-	8,503	-	-	8,609	17,112
<b>Noncurrent Liabilities:</b>							
Unearned Revenue	-	621,252	-	-	37,445	1,410	660,107
Notes and Loans Payable	-	-	-	34,457	-	118,629	153,086
Revenue/Mortgage Bonds Payable	138,161	1,003,778	-	-	251,380	1,740,387	3,133,706
Grand Prizes Payable	-	-	216,176	-	-	-	216,176
Due to Component Units	-	-	-	-	91,806	-	91,806
Due to Primary Government	-	-	-	-	-	4,909	4,909
Derivative Instrument Payable	-	-	-	-	-	42,607	42,607
Other Noncurrent Liabilities	270	-	3,123	45,387	18,087	348,788	415,655
<b>Total Liabilities</b>	<b>151,081</b>	<b>1,812,405</b>	<b>395,489</b>	<b>103,470</b>	<b>532,421</b>	<b>2,757,187</b>	<b>5,752,053</b>
<b>Net Position</b>							
Net Investment in Capital Assets	25	3,279	3,916	872,152	(28,943)	559,578	1,410,007
Restricted for:							
Bond Covenants/Debt Service	80,668	-	-	-	-	25,262	105,930
Capital Projects	-	-	-	-	10,250	72,359	82,609
Permanent Trusts							
Expendable	-	-	-	-	596,704	427,867	1,024,571
Nonexpendable	-	-	-	-	533,294	553,785	1,087,079
Loan and Grant Programs	1,420,138	-	-	-	-	-	1,420,138
Other Purposes	-	-	-	-	-	44,335	44,335
Unrestricted	492,161	178,364	19,856	149,450	85,762	838,770	1,764,363
<b>Total Net Position</b>	<b>\$ 1,992,992</b>	<b>\$ 181,643</b>	<b>\$ 23,772</b>	<b>\$ 1,021,602</b>	<b>\$ 1,197,067</b>	<b>\$ 2,521,956</b>	<b>\$ 6,939,032</b>







## Statement of Activities Component Units For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Georgia Environmental Finance Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
Expenses	\$ 53,624	\$ 156,958	\$ 3,657,983	\$ 287,219	\$ 130,763	\$ 2,287,930	\$ 6,574,477
<b>Program Revenues:</b>							
Sales and Charges for Services	78,830	22,079	3,640,269	292,583	15,012	1,127,303	5,176,076
Operating Grants and Contributions	164,401	131,254	1	16,407	119,901	1,109,973	1,541,937
Capital Grants and Contributions	-	-	-	11,882	31,740	36,272	79,894
Total Program Revenues	243,231	153,333	3,640,270	320,872	166,653	2,273,548	6,797,907
Net (Expenses) Revenue	189,607	(3,625)	(17,713)	33,653	35,890	(14,382)	223,430
<b>General Revenues:</b>							
Taxes	-	-	-	-	-	29,164	29,164
Payments from the State of Georgia	-	-	-	-	-	64,886	64,886
Contributions to Permanent Endowments	-	-	-	-	31,704	18,583	50,287
Total General Revenues	-	-	-	-	31,704	112,633	144,337
Change in Net Position	189,607	(3,625)	(17,713)	33,653	67,594	98,251	367,767
Net Position, July 1 - Restated (Note 3)	1,803,385	185,268	41,485	987,949	1,129,473	2,423,705	6,571,265
Net Position, June 30	\$ 1,992,992	\$ 181,643	\$ 23,772	\$ 1,021,602	\$ 1,197,067	\$ 2,521,956	\$ 6,939,032





## Notes to the Financial Statements Index

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

The financial statements of the State have been prepared in conformity with GAAP as prescribed by the GASB. Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The fiscal year end for the primary government and component units is June 30, except for the Stone Mountain Memorial Association, VSU Auxiliary Service Real Estate Foundation, Inc., Armstrong Atlantic State University Educational Properties Foundation, Inc. (all nonmajor enterprise funds) and Governor's Defense Initiative (special revenue fund), which have a fiscal year end of December 31.

#### B. Financial Reporting Entity

For financial reporting purposes, the State reporting entity includes the primary government and its component units. The primary government consists of all the organizations that compose the legal entity of the State. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, foundations, retirement funds, associations and other organizations that are not legally separate are, for financial reporting purposes, considered part of the primary government. Component units are legally separate organizations for which the State's elected officials are financially accountable.

Financial accountability is the ability of the State to appoint a voting majority of an organization's governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if: (1) an organization is fiscally dependent upon the State because its resources are held for the direct benefit of the State or can be accessed by the State and (2) the potential exists for the organization to provide

specific financial benefits to, or impose specific financial burdens on the State. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading.

Where noted below, the State's component units issue their own separate audited financial statements which may be obtained from their respective administrative offices. Financial statements for component unit organizations with "AUD" at the end of their descriptions below may be obtained from the Georgia Department of Audits and Accounts (DOAA) online at [www.audits.ga.gov](http://www.audits.ga.gov). Certain component units (with "MGMT" at the end of their descriptions below) are not required to prepare or issue separate financial statements beyond the financial information included in this report. Management reports including information pertinent to the financial and compliance activities of these organizations can also be obtained from DOAA, as indicated above. The financial statements for discretely presented higher education foundations and similar organizations can be obtained from their respective administrative offices or from the Board of Regents.

#### Blended Component Units

Blended component units have governing bodies substantively the same as the State, provide services entirely or almost entirely to the primary government or have total debt outstanding, including leases, that is expected to be paid entirely, or almost entirely, with resources of the State. As such, although they are legally separate entities, they are, in substance, part of the government's operations. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

The State's blended component units, as described in the Nonmajor Governmental Funds, Nonmajor Enterprise Funds and Internal Service Funds portions of the Supplementary Information – Combining and Individual Fund Statements category of the Financial Section, are as follows:



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Special Revenue Funds

The following component units provide services entirely or almost entirely to the primary government and are therefore considered blended component units:

The **Georgia Economic Development Foundation, Inc.** is a legally separate nonprofit corporation organized to assist the Department of Economic Development in its activities promoting the economic development of the State of Georgia. (MGMT)

The **Georgia Natural Resources Foundation** is a legally separate nonprofit organization created to support the Georgia Department of Natural Resources by providing funding and assistance to enhance natural resource conservation, historic preservation, environmental education, and outdoor recreation. (MGMT)

The **Georgia Tourism Foundation** is a legally separate nonprofit corporation organized to lessen the government burden of promoting tourism by soliciting contributions for the State-wide Tourism Marketing Program. (MGMT)

The **Governor's Defense Initiative** is a legally separate nonprofit corporation organized to promote economic development and workforce training at Georgia's military base establishments and their surrounding communities. (MGMT)

The **State Road and Tollway Authority** is a legally separate public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto. The Authority's total debt outstanding is expected to be paid with resources of the Primary Government and therefore is considered a blended component unit. (AUD)

### Debt Service Funds

The **State Road and Tollway Authority Debt Service Fund** accounts for the payment of principal and interest on the debt of the Authority's

governmental funds. The Authority issues bonded debt which finances State transportation infrastructure construction. (AUD)

### Enterprise Funds

The **Georgia Higher Education Facilities Authority** is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the Board of Regents of the University System of Georgia and the Technical College System of the State of Georgia through the issuance of revenue bonds. The Authority issues debt and enters into lease agreements principally with the University System of Georgia Foundation, Inc. (nonmajor enterprise fund). The costs of the Authority's debt are recovered through lease payments from the Foundation. The Authority provides services entirely or almost entirely to the Primary Government and is therefore considered a blended component unit. (AUD)

The **State Road and Tollway Authority** uses an enterprise fund to account for its operation of the Georgia 400 Extension toll and for the I-85 HOV to HOT project. (AUD)

The following foundations have debt that is expected to be paid entirely or almost entirely with resources of the Primary Government and therefore are considered blended component units:

The **Armstrong Atlantic State University Educational Properties Foundation, Inc.** is a nonprofit organization that was created to manage and improve various real estate assets for the benefit of Armstrong Atlantic State University. The Foundation has created a number of limited liability companies of which it is the sole member for purposes including the acquisition, financing, ownership, and operation of dormitory and other ancillary various facilities at the University. The individual financial statements may be obtained from the foundation at the following address: Attn: Controller, 11935 Abercorn Street, Savannah, GA 31419.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The **Georgia State University Foundation, Inc.** is a nonprofit corporation that serves as the official fund-raising and fund-management organization for Georgia State University and is committed to supporting and assisting the University in achieving its goals and objectives through soliciting and managing private gifts and collaborating and advising on activities of the benefit and advancement of the University. The individual financial statements may be obtained from the foundation at the following address: Attn: Controller, One Park Place SE, Atlanta, GA 30303.

The **Georgia State University Research Foundation, Inc.** is a nonprofit corporation created to support the research activities of the University through 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 university. The individual financial statements may be obtained from the foundation at the following address: Attn: Comptroller/Assistant VP, Finance & Administration, 33 Gilmer Street, Suite 400B, Atlanta, GA 30303.

The **Georgia Tech Facilities, Inc.** is a nonprofit corporation that promotes and supports the Georgia Institute of Technology, principally by financing and constructing buildings and facilities for use by the Institute. The individual financial statements may be obtained from the foundation at the following address: Attn: Affiliate Organizations & Capital Assets Accounting Director, Georgia Tech, 221 Uncle Heinie Way, 325 Lyman Hall, Atlanta, GA 30332

The **University System of Georgia Foundation, Inc.** is a nonprofit corporation created to support and advance the work of the University System of Georgia. The foundation's support comes primarily from contributions and grants from individuals and corporations, and from leasing activities within the University System of Georgia. The individual financial statements may be obtained from the foundation at the following address: Attn: Director of Business Services, 270 Washington Street, SW, Atlanta, GA 30334.

The **VSU Auxiliary Services Real Estate Foundation, Inc.** is a nonprofit corporation created to provide accommodations, food services and store facilities to students, faculty, and staff of Valdosta State University. The Foundation is the sole owner of various limited liability companies, which their collective purpose is to construct facilities to be used as student housing, parking decks, a health center, and a student union. Upon completion, the facilities are leased to the Board of Regents of the University System of Georgia. The individual financial statements may be obtained from the foundation at the following address: Attn: Assistant Director of Auxiliary Services, 1500 N. Patterson Street, Valdosta, GA 31698.

#### Internal Service Funds

The following component units all provide services entirely or almost entirely to the Primary Government and are therefore considered blended component units:

The **Georgia Aviation Authority** was created to acquire, operate, maintain, house, and dispose of all state aviation assets, and to provide aviation services and oversight of state aircraft and aviation operations programs, associated with aircraft of the Department of Transportation, Department of Natural Resources, Department of Public Safety, and the State Forestry Commission. (MGMT)

The **Georgia Building Authority** is responsible for all services associated with the management of State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities. (AUD)

The **Georgia Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments. (MGMT)

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments. (MGMT)



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

The **State Road and Tollway Authority Customer Service Center Fund** is used to report activities related to managing toll paying customer accounts and non-customer violations relating to the Authority's Georgia 400 Extension and the I-85 Express Lanes Project proprietary funds. (AUD)

### Discretely Presented Component Units

Discrete presentation entails reporting component unit financial data in a separate column and/or rows in each of the government-wide statements to emphasize that these component units are legally separate from the State. Except for Georgia Military College, the other component units are included in the reporting entity because, under the criteria established by GASB, the State has the ability to impose its will on these organizations.

The determination of major component units is based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government.

The State's major discretely presented component units are described below:

The **Georgia Environmental Finance Authority (GEFA)** is a body corporate and politic. GEFA provides funding to eligible municipalities, counties, water and sewer authorities in the State for construction and expansion of public water, sewer, and solid waste facilities. GEFA is governed by a board of directors consisting of three officials designated by statute and eight members appointed by the Governor. (AUD)

The **Georgia Housing and Finance Authority (GHFA)** is a body corporate and politic. GHFA is responsible for facilitating housing, housing finance and financing for health facilities and health care services throughout the State. The powers of GHFA are vested in eighteen members who also comprise the board of the Department of Community Affairs

(DCA). Board members are appointed by the Governor and are composed of one member from each U.S. Congressional District in the State, plus five additional members from the State at large, and include elected officials of counties or municipalities, individuals with an interest or expertise in community or economic development, environmental issues, housing development or finance or citizens who in the judgment and discretion of the Governor would enhance the DCA board. (AUD)

The **Georgia Ports Authority (GPA)** is a body corporate and politic. The purpose of the Authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The Board consists of twelve members, all of which are appointed by the Governor. (AUD)

The **Georgia Lottery Corporation (GLC)** is a public body, corporate and politic. GLC operates lottery games to provide continuing entertainment to the public and maximize revenues, the net proceeds of which are utilized to support improvements and enhancements for educational purposes. GLC is governed by a board of directors composed of seven members, all of which are appointed by the Governor. The State is legally entitled to residual resources of GLC. (AUD)

The **Georgia Tech Foundation, Incorporated** is a nonprofit organization established to promote, in various ways, the cause of higher education in the State, to raise and receive funds for the support and enhancement of the Georgia Institute of Technology, and to aid the Georgia Institute of Technology in its development as a leading educational institution. The individual financial statements may be obtained from the foundation at the following address: 760 Spring St. NW, Atlanta, GA 30308

The State's nonmajor discretely presented component units are as follows:

The **Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State. The Authority is responsible for operating and maintaining a comprehensive international trade and convention center consisting of a complex of facilities suitable for multipurpose use. (AUD)

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. (MGMT)

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. (AUD)

The **Georgia Foundation for Public Education** is a nonprofit organization established to solicit and accept contributions of money and in-kind contributions of services and property for the purpose of supporting educational excellence in Georgia. (MGMT)

The **Georgia Higher Education Assistance Corporation** is a public authority, body corporate and politic. The Corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The Corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. (AUD)

The **Georgia Highway Authority** is a body corporate and politic. This Authority was created to build, rebuild, relocate, construct, reconstruct, surface, resurface, layout, grade, repair, improve, widen, straighten, operate, own, maintain, lease and manage roads, bridges and approaches. The three members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it. (MGMT)

The **Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes, and to construct, operate and maintain the Savannah International Trade and Convention Center. (AUD)

The **Georgia Medical Center Authority** is a body corporate and politic. The general nature of the business of the Authority is the provision of life sciences industry research and development and manufacturing facilities and programs based in the State of Georgia, the commercialization of biomedical and biotechnical research results, the promotion of closer ties between academic institutions of the state and the biomedical industry, the facilitation of the development of a life sciences industrial cluster in the State, and the advancement of local and state economic growth. (AUD)

The **Georgia Military College (GMC)** is a body corporate and politic, and is an instrumentality and a public corporation of the State. GMC is dedicated to providing a high-quality military education to the youth of the State. The Board of Trustees consists of the mayor of the City of Milledgeville and six additional members, one of which is elected from each of the six municipal voting districts of the City, as required by statute. The government, control, and management of GMC are vested in the Board of Trustees. GMC receives any designated funds appropriated by the General Assembly through the Board of Regents of the University System of Georgia. Although GMC does not meet the fiscal dependency or financial benefit/burden criteria, due to the nature and significance to the State and the potential assumption that GMC is the same as other colleges reported within the state reporting entity, management has determined that it would be misleading to exclude GMC from the state reporting entity. (AUD)

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This Commission is a public charitable organization





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the Commission must be approved by the State. (AUD)

The **Georgia Rail Passenger Authority** is a body corporate and politic. This Authority is responsible for construction, financing, operation and development of rail passenger service and other public transportation projects. (MGMT)

The **Georgia Regional Transportation Authority** is a body corporate and politic. The purpose of the Authority is to manage land transportation and air quality within certain areas of the State. (MGMT)

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. (MGMT)

The **Georgia Sports Hall of Fame Authority** is a body corporate and politic. This Authority was created to construct and maintain a facility to house the Georgia Sports Hall of Fame to honor those who have made outstanding and lasting contributions to sports and athletics, and to operate, advertise and promote the Sports Hall of Fame. (MGMT)

The **Georgia Student Finance Authority** is a body corporate and politic. This Authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the Authority by the State. (AUD)

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. (MGMT)

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to manage, preserve

and protect projects on Lake Lanier Islands. (MGMT)

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. (MGMT)

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute. (MGMT)

The **Regional Educational Service Agencies** was established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has sixteen of these agencies. (MGMT)

The **Sapelo Island Heritage Authority** is a body corporate and politic. The purpose of the authority is the preservation of the cultural and historic values of Hog Hammock Community located on Greater Sapelo Island. (MGMT)

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the preservation and protection of Stone Mountain as a Confederate memorial and public recreational area. (AUD)

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and materials for superior court clerks of the State.  
(AUD)

The **Higher Education Foundations and Similar Organizations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities for units of the University System of Georgia. The following are the organizations included in the Higher Education Foundations:

Georgia College & State University Foundation, Inc.  
Georgia Southern University Housing Foundation, Inc.  
Georgia Tech Athletic Association  
Georgia Tech Research Corporation  
Kennesaw State University Foundation, Inc.  
MCG Health System, Inc.  
Medical College of Georgia Foundation, Inc.  
Medical College of Georgia Physicians Practice Group Foundation  
University of Georgia Athletic Association, Inc.  
University of Georgia Foundation  
University of Georgia Research Foundation, Inc.  
University of North Georgia Real Estate Foundation, Inc.

#### **Fiduciary Component Units**

GAAP requires fiduciary component units to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements. The State's two most significant fiduciary component units are the Employees' Retirement System of Georgia (System) and the Teachers Retirement System of Georgia (TRS). Fiduciary component units are detailed in the Fiduciary Funds portion of the Supplementary Information – Combining and Individual Fund Statements category of the Financial Section.

### **C. Government-wide and Fund Financial Statements**

#### **Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues, are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net position.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

### **D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when cash or other assets are received prior to being earned. Additionally, long-term assets and Liabilities, such as capital assets and long-term debt, are included on the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year-end. An exception to this policy is federal grant revenues, which generally are

considered to be available if collection is expected within 12 months after year-end. All deferred revenue reported represents revenue that is unearned, rather than unavailable. Capital purchases are recorded as expenditures and neither capital assets nor long-term liabilities, such as long-term debt, are reflected on the balance sheet.

Expenditures generally are recorded when the related fund liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and other long-term liabilities, are recorded only when payment is due or (for debt service expenditures), when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as nonoperating.

The State's proprietary funds and discretely presented component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, (including all NCGA Statements and Interpretations currently in effect). Certain higher education foundations and similar organizations report under FASB standards; including FASB Codification Topic 958, *Not-for-Profit Entities*. 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 GASB presentation in these financial statements.

GAAP requires that revenues and expenses relating to summer school activities, the dates of which cross the State's fiscal year, are allocated between fiscal years rather than reported in a single fiscal year with the exception of teachers' salaries which are recorded in the fiscal year earned.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The State reports the following major funds:

#### Major Governmental Funds

**General Fund** - The principal operating fund of the State which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**General Obligation Bond Projects Fund** - Accounts for the financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds) financed with general obligation bond proceeds, including educational facilities for county and independent school systems.

#### Major Enterprise Funds

**Higher Education Fund** - Accounts for the operations of State colleges and universities and State technical colleges.

**State Health Benefit Plan (SHBP)** - Administers self-insured program of health benefits for the employees of units of government of the State, units of county government and local education agencies located within the State.

**Unemployment Compensation Fund** - Accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

Additionally, the State reports the following fund types:

#### Governmental Funds

**Special Revenue Funds** - Account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions and activities related to the Transportation Investment Act

**Debt Service Funds** - Account for the payment of principal and interest on general long-term debt. The General Obligation Debt Sinking Fund, which is

a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt, is included in this fund type, as is the SRTA Debt Service Fund.

**Permanent Funds** - Account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs. The only permanent fund the State has is the Pupils Trust Fund at Georgia Academy for the Blind.

#### Proprietary Funds

**Enterprise Funds** - Account for those activities for which fees are charged to external users for goods or services. These funds are also used when the activity is financed with debt that is secured by a pledge of the net revenues from fees and charges. SRTA's Proprietary Funds, Georgia Higher Education Facilities Authority, Armstrong Atlantic State University Educational Properties Foundation, Inc., Georgia State University Foundation, Inc., Georgia State University Research Foundation, Inc., Georgia Tech Facilities, Inc., University System of Georgia Foundation, Inc., Valdosta State University Auxiliary Services Real Estate Foundation, Inc. are the State's nonmajor enterprise funds.

**Internal Service Funds** - Account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government. The activities accounted for in the State's internal service funds include risk management, prison industries, property management, technology, and personnel administration.

#### Fiduciary Funds

**Pension and Other Employee Benefit Trust Funds** - Account for the retirement systems and plans administered by the System, TRS, and for pension plans administered on behalf of a variety of local government officials and employees. These funds also include those used to report the



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

accumulation of resources for, and payment of other postemployment benefits.

**Investment Trust Funds** - Account for the external portions of government-sponsored investment pools, including Georgia Fund 1, Georgia Extended Asset Pool, and the Regents Investment Pool.

**Private Purpose Trust Funds** - Report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Auctioneers Education Research and Recovery Fund, Real Estate Education, Research, and Recovery Fund and the Subsequent Injury Trust Fund are reported in this category.

**Agency Funds** - Account for the assets and liabilities for deposits and investments entrusted to the State as an agent for other governmental units, other organizations, or individuals. These funds include tax collections, child support recoveries, and correctional detainees' accounts.

### **E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances**

#### **Cash and Cash Equivalents**

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions and short-term, highly liquid investments with maturity dates within three months of the date acquired, such as certificates of deposits, money market certificates and repurchase agreements.

#### **Investments**

Investments include financial instruments with terms in excess of three months from the date of purchase, certain other securities held for the production of revenue, and land and other real estate held as investments by endowments. Investments are presented at fair value. Changes in the fair value of land and other real estate held as investments by endowments are reported as investment income.

The State Depository Board may permit any department, board, bureau or other agency to invest

funds collected directly by such organization in short-term time deposit agreements, provided that the interest income of those funds is remitted to the State Treasurer as revenues of the State. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating expenses are required to be deposited with the State Treasurer for the purpose of pooled investment per Official Code of Georgia 50-17-63. Such cash is managed primarily in pooled investment funds to maximize interest earnings. The pooled investment funds "Georgia Fund 1" and "Georgia Extended Asset Pool" are also available on a voluntary basis to organizations outside of the State reporting entity. The funds in the local government investment pool may be consolidated with State funds under control of the State Treasurer for investment purposes, per OCGA 36-83-8.

The Georgia Fund 1 or Primary Liquidity Portfolio's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participants' shares sold and redeemed at the pool's share price, \$1.00 per share. Investments are directed toward short-term instruments.

The Georgia Extended Asset Pool is part of the Extended Term Portfolio. The pool's primary objective is the prudent management of public funds on behalf of the State and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on the current share price. Investments consist generally of securities issued or guaranteed as to principal and interest by the U.S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Units of the University System of Georgia and their affiliated organizations may participate in the Regents Investment Pool. A significant portion of the holdings in the Regents Investment Pool are reported as cash and cash equivalents on the face of the financial statements even though they may have maturity periods in excess of three months. 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 it earns. The Regents Investment Pool maintains an assortment of funds which invest in diverse holdings with varying investment objectives.

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the Securities and Exchange Commission. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

#### **Receivables**

Receivables in the State's governmental funds pertain primarily to federal grants and to revenues related to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded, net of an allowance for uncollectible accounts, when either the asset or revenue recognition criteria (See Note 1-D) have been met. Receivables from the federal government are reasonably assured; an allowance for uncollectible accounts is not typically established for federal receivables.

#### **Inventories and Prepaid Items**

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's

preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

Prepaid items include payments made to vendors and local government organizations for services that will benefit periods beyond the fiscal year-end. Also, the employer's portion of health insurance benefits applicable to coverage effective after the fiscal year-end is recorded as a prepaid item.

The fund balance of governmental funds is reported as nonspendable for inventories and prepaid items to indicate that these amounts do not represent expendable available financial resources.

#### **Restricted Assets**

Certain cash, investments, and other assets are classified as restricted assets on the Balance Sheet and/or Statement of Net Position because their use is limited by applicable bond covenants, escrow arrangements or other regulations.

#### **Capital Assets**

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide Statement of Net Position. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized. Capital assets are stated at historical cost or, in some instances, estimated historical cost. Estimation methods include using historical sources to determine the cost of similar assets at the time of acquisition and indexing where the historical cost of an asset is estimated by taking the current cost of a similar asset and dividing it by an index figure which adjusts for inflation. Donated capital assets are stated at fair market value at the time of donation. Infrastructure acquired prior to fiscal years ended after June 30, 1980 is reported.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

All acquisitions in the following asset categories are capitalized regardless of cost:

- Land and non-depreciable land improvements
- Bridges and roadways included in the State highway system
- Works of art and collections, acquired or donated, unless held for financial gain.

Amounts for other asset categories are capitalized when the cost or value equals or exceeds the following thresholds. Items acquired through capital leases or donations are subject to these capitalization thresholds, using the classifications most closely related to the leased or donated assets.

<b>Asset Category</b>	<b>Threshold</b>
Infrastructure other than bridges and roadways in State highway system	\$1,000,000
Software	\$1,000,000
Intangible assets, other than software	\$ 100,000
Buildings and building improvements	\$ 100,000
Improvements other than buildings	\$ 100,000
Library collections – capitalize all if collection equals or exceeds	\$ 100,000
Machinery and equipment	\$ 5,000

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized. The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because either they are held for financial gain or they are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives. Major outlays for construction of bridges and roadways in the State highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the

construction of proprietary fund assets is included in the capitalized value of the asset.

Capital assets without indefinite or inexhaustible useful lives are amortized or depreciated on the straight-line basis over the following useful lives:

Infrastructure	10-100 years
Buildings and building improvements	5-60 years
Improvements other than buildings	15-50 years
Machinery and equipment	3-20 years
Software	3-10 years
Intangible assets, other than software	20 years
Library collections	10 years
Works of art and collections	5-40 years

### **Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

### **Compensated Absences**

Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employee's length of continuous State service with a maximum accumulation of 45 days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated employees. The State's obligation for accumulated unpaid annual leave is reported as a liability in the government-wide and proprietary fund financial statements.

Employees earn 10 hours of sick leave each month with a maximum accumulation of 90 days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with 120 days or more of forfeited annual and sick leave are entitled to



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

additional service credit in the System. No liability is recorded for rights to receive sick pay benefits.

#### **Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide Statement of Net Position and on the proprietary fund Statement of Net Position in the fund financial statements. Bond discounts, premiums and issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount and, when applicable, the deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets) and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental organizations issuing tax-exempt bonds to refund to the U.S. Treasury, interest earnings on bond proceeds in excess of the yield on those bonds. Governmental organizations must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Organizations are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Arbitrage liability is treated as an expense in the government-wide statements when the liability is recognized. In the fund financial statements, governmental funds report arbitrage (other debt service) expenditures when the liability is due.

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

#### **Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### **Net Position**

Net position is reported as net investment in capital assets, restricted or unrestricted. “Net Investment in Capital Assets” consists of capital assets, net of accumulated amortization/depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often is designated, indicating it is not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

When both restricted and unrestricted net position are available for use, it is the State’s policy to allow each organization to determine spending order in a manner consistent with the Georgia Constitution and applicable State law which maximizes the benefit to the customer and/or the efficiency of the program.





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### **Fund Balances**

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified follows:

**Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted into cash) or (b) legally or contractually required to be maintained intact.

**Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the State or through the external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal actions of both the Governor and the General Assembly. Only the Governor and the General Assembly may establish, modify or rescind the commitment by taking the same type of action it employed to previously commit the amounts (e.g., legislation).

**Assigned** – Fund balances are reported as assigned when amounts are constrained by the State's intent that they be used for specific purposes, but they are neither restricted nor committed. Assignments may be made under statutory authority of management of the reporting organizations in the State.

**Unassigned** – The residual amount of fund balance is reported as unassigned for balances that do not meet the above constraints. The government reports

positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

As with net position, when both restricted and unrestricted fund balances are available for use, it is the State's policy to allow each organization to determine spending order in a manner consistent with the Georgia Constitution and applicable State law which maximizes the benefit to the customer and/or the efficiency of the program. Within unrestricted fund balance, the State's policy is that committed amounts generally should be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

### **Interfund Activity and Balances**

Equally offsetting asset and liability accounts (due from/to other funds) are used to account for amounts owed to a particular fund by another fund for obligations on goods sold or services rendered.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or requirements for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers of balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the Statement of Net Position except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the Statement of Net Position.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

#### A. Financial Reporting Entity

As discussed below, the State implemented GASB Statement No. 61 in fiscal year 2013. This statement modified criteria for inclusion of component units within the State's financial reporting entity and changed provisions regarding the blending of component units.

##### Primary Government

As a result of the changes in provisions for blending component units included in GASB Statement No. 61, six organizations previously reported as Higher Education Foundations (discretely presented component units) are now reported as nonmajor enterprise funds. This change resulted in an increase in the beginning net position of the nonmajor enterprise funds of \$246.4 million. Also, Georgia Military College, previously reported within the higher education fund is now reported as a discretely presented component unit. This change resulted in a decrease in the beginning net position of the higher education fund of \$66.3 million.

In addition to the changes resulting from implementation of GASB Statement No. 61, the following other changes were made to the Primary Government:

The Governor's Defense Initiative was created effective July 1, 2012 to promote economic development and workforce training at Georgia's military base establishments and their surrounding communities. This organization is included in the nonmajor governmental funds.

The Transportation Investment Act Fund accounts for funds collected by the State under the Transportation Investment Act which took effect on January 1, 2013, and utilized by the Department of Transportation for projects in the relevant special tax districts. This fund is included in the nonmajor governmental funds.

The activities of the State Personnel Administration internal service fund are now reported under the Department of Administrative Services internal

service fund. This change did not impact the beginning net position of the internal service fund.

##### Component Units

As mentioned above, the changes in provisions for blending of component units required movement of six organizations previously reported as Higher Education Foundations (discretely presented component units) to nonmajor enterprise funds and the activity of the Georgia Military College (previously in the higher education fund) is now reported as a discretely presented component unit. These changes resulted in a decrease in the beginning net position of the nonmajor component units of \$180.1 million.

The provisions of GASB Statement No. 61 which modified criteria for inclusion of component units within the State's financial reporting entity resulted in the removal of the Oconee River Greenway Authority and the Southwest Georgia Railroad Excursion Authority. This change resulted in a decrease in the beginning net position of the nonmajor component units of \$2.2 million.

In addition, Georgia Music Hall of Fame Authority has essentially ceased operations. Previously reported assets for the Authority belong to Georgia Music Hall of Fame, Inc., a component unit of the Authority. Under the provisions of GASB Statement No. 61, Georgia Music Hall of Fame, Inc. does not meet the criteria for inclusion of component units within the State's financial reporting entity. This change resulted in a decrease in the beginning net position of the nonmajor component units of \$0.4 million.

#### B. Adoption of New Accounting Principles

In fiscal year 2013, the State implemented the following new GASB Statements:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* addressed issues related to service concession arrangement (SCA's), which are a type of public-private or public-public partnership. As a result of



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

implementing this Statement, presentation and terminology changes were made to the government-wide and fund financial statements as necessary.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* modified certain requirement for inclusion of component units in the State's financial reporting entity, amended certain blending provisions for reporting component units as if they were part of the primary government and clarified the reporting of equity interest in legally separate organizations. The effects of implementing this Statement on the State's reporting entity have been included in the paragraphs above.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated, into GASB's authoritative literature, certain accounting and financial reporting guidance issued by FASB and the AICPA. Slight revisions have been made to note disclosures to accommodate the provisions of this Statement.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* standardized the presentation of deferred outflows of resources and deferred inflows of resources and their effect on net position. As a result of implementing this Statement, presentation and terminology changes were made to the government-wide and fund financial statements as necessary. The reporting of all deferred outflows of resources and deferred inflows of resources will be implemented in fiscal year 2014 with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

In fiscal year 2014, the State will implement the following GASB Statements:

No. 65 *Items Previously Reported as Assets and Liabilities*

No. 66 *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*

No. 67 *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*

No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

The objective of Statement No. 65 is to specify the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflow of resources or inflows of resources.

The objective of Statement No. 66 is to amend Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The objective of Statement No. 67 is to improve the usefulness of pension information included in the general purpose external financial reports of state governmental pension plans for making decisions and assessing accountability.

The objective of Statement No. 70 is to improve the recognition, measurement, and disclosure guidance for state governments that have extended or received financial guarantees that are nonexchange transactions.

As of the date of this report, the State has not determined the financial impact of implementing Statements No. 65 through No. 67 and No. 70.

### C. Correction of Prior Year Errors

During the fiscal year, it was determined that prior year interest accruals were overstated by \$10.2 million in the General Fund and were understated by \$3.4 million in the governmental activities. The beginning fund balance of the General Fund and the beginning net position of the governmental activities have been restated to reflect correction of these errors.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING (continued)

During the fiscal year, it was determined that capital assets, net of accumulated depreciation, were overstated within the governmental activities in fiscal year 2012 by \$441.3 million resulting in an overstatement of net position, as reported. The beginning net position of the governmental activities was decreased to reflect correction of accumulated depreciation and net capital assets. The majority of this change was due to implementation of new technology to improve capital asset tracking and maintain proper asset classification by the Department of Transportation.

During the fiscal year it was determined that the compensated absence liability was understated within governmental activities in fiscal year 2012 by \$2.2 million resulting in an overstatement of net position, as reported. The beginning net position of governmental activities was decreased to reflect correction of this liability.

During the fiscal year, it was determined that certain capital lease liabilities within governmental activities in the fiscal year 2012 were understated by \$0.3 million, resulting in an overstatement of net position, as reported. The beginning net position of governmental activities was decreased to reflect correction of these liabilities.

During the fiscal year, it was determined that liabilities related to compensated absences, capital leases and claims payable (internal service funds) were overstated by \$3.7 million, resulting in an understatement of net position, as reported. The beginning net position of governmental activities was increased to reflect correction of these liabilities.

During the fiscal year, it was determined that net position were understated within various institutions of the Board of Regents (Higher Education Fund) in fiscal year 2012 by \$3.5 million resulting in an understatement of net position, as reported. The beginning net position of the Higher Education Fund was increased primarily to reflect an increase in capital assets and deferred inflows of resources.

During the fiscal year, it was determined that nonmajor enterprise fund net position should be restated by \$0.2 million to reflect an adjustment for bond payment issuance costs.

During the fiscal year, it was determined that discretely presented component units' net position was overstated by \$1.4 million. An adjustment was made to decrease net position to reflect corrections to capital assets and capital lease liabilities.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 3 - FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

Reclassifications and Restatements consisted of the following (in thousands):

	6/30/2012 As Previously Reported	Change in Financial Reporting Entity	Correction of Prior Year Errors	6/30/2012 (Restated)
<b>Governmental Funds and Activities</b>				
Major Funds:				
General Fund	\$ 3,719,810	\$ -	\$ (10,195)	\$ 3,709,615
General Obligation Bond Projects Fund	909,246	-	-	909,246
Nonmajor Funds:				
Special Revenue Funds	60,109	-	-	60,109
Debt Service Fund	21,038	-	-	21,038
Permanent Fund	14	-	-	14
<b>Total Governmental Funds</b>	<b>4,710,217</b>	<b>-</b>	<b>(10,195)</b>	<b>4,700,022</b>
Government-wide Adjustments				
Capital Assets, net of depreciation	20,872,383	-	(441,285)	20,431,098
Other Noncurrent Assets and Liabilities	(109,035)	-	1,153	(107,882)
Long-Term Liabilities				
Adjustment to Capital Lease Liability	(11,127,590)	-	(277)	(11,127,867)
Inclusion of Internal Service Funds in Governmental Activities	521,316	-	3,654	524,970
<b>Total Governmental Funds and Activities</b>	<b>\$ 14,867,291</b>	<b>\$ -</b>	<b>\$ (446,950)</b>	<b>\$ 14,420,341</b>
<b>Proprietary Funds and Business-type Activities</b>				
Major Funds:				
Higher Education Fund	\$ 6,005,363	\$ (66,339)	\$ 3,504	\$ 5,942,528
State Health Benefit Plan	(272,491)	-	-	(272,491)
Unemployment Compensation Fund	(249,585)	-	-	(249,585)
Nonmajor Funds:				
Enterprise Funds	68,983	246,358	(200)	315,141
Internal Service Funds	390,617	-	3,654	394,271
Internal Service Funds Look-Back Adjustments				
Removal of Internal Service Funds Relating to Governmental Activities	(521,316)	-	(3,654)	(524,970)
<b>Total Proprietary Funds and Business-type Activities</b>	<b>\$ 5,421,571</b>	<b>\$ 180,019</b>	<b>\$ 3,304</b>	<b>\$ 5,604,894</b>
<b>Fiduciary Funds</b>				
Pension and Other Employee Benefit Trust Funds	\$ 69,575,642	\$ -	\$ -	\$ 69,575,642
Investment Trust Funds	6,036,580	-	-	6,036,580
Private Purpose Trust Funds	9,007	-	-	9,007
<b>Total Fiduciary Funds</b>	<b>\$ 75,621,229</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,621,229</b>
<b>Discretely Presented Component Units</b>	<b>\$ 6,755,299</b>	<b>\$ (182,671)</b>	<b>\$ (1,363)</b>	<b>\$ 6,571,265</b>
<b>Total Reporting Entity</b>	<b>\$ 102,665,390</b>	<b>\$ (2,652)</b>	<b>\$ (445,009)</b>	<b>\$ 102,217,729</b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 4 - NET POSITION/FUND BALANCES

#### A. Restricted Net Position

Restricted net position at June 30, 2013 is as follows (in thousands):

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Capital Projects	\$ -	\$ 75,188	\$ 75,188
Guaranteed Revenue Debt Common Reserve Fund	54,003	-	54,003
Lottery for Education	774,143	-	774,143
Motor Fuel Tax Funds	1,765,378	-	1,765,378
Permanent Trusts	14	656,893	656,907
Unemployment Compensation Benefits	-	61,133	61,133
Other Purposes	707,778	23,214	730,992
<b>Total Restricted Net Position</b>	<b>\$ 3,301,316</b>	<b>\$ 816,428</b>	<b>\$ 4,117,744</b>

The restricted net position of the governmental activities includes \$84.0 million of net position restricted by enabling legislation.

#### B. Fund Balances

The specific purposes of the governmental funds fund balances, classified as other than unassigned, at June 30, 2013 are as follows (in thousands):

	<b>General Fund</b>	<b>General Obligation Bond Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Nonspendable Fund Balance</b>				
Not in Spendable Form	\$ 56,937	\$ -	\$ -	\$ 56,937
Legally Required to be Maintained Intact	-	-	14	14
<b>Total Nonspendable Fund Balance</b>	<b>\$ 56,937</b>	<b>\$ -</b>	<b>\$ 14</b>	<b>\$ 56,951</b>
<b>Restricted Fund Balance</b>				
Capital Projects	\$ -	\$ 936,242	\$ -	\$ 936,242
Guaranteed Revenue Debt Common Reserve Fund	54,003	-	-	54,003
Lottery For Education	774,143	-	-	774,143
Roads and Bridges (Motor Fuel Tax Funds)	1,727,747	-	37,631	1,765,378
Unissued Debt/Debt Service	75,066	-	45,371	120,437
Other				
General Government	82,102	45,909	-	128,011
Education	4,763	-	-	4,763
Health and Welfare	181,562	-	-	181,562
Transportation	153,664	-	-	153,664
Public Safety	65,975	-	-	65,975
Economic Development and Assistance	13,039	-	-	13,039
Culture and Recreation	44,946	-	-	44,946
<b>Total Restricted Fund Balance</b>	<b>\$ 3,177,010</b>	<b>\$ 982,151</b>	<b>\$ 83,002</b>	<b>\$ 4,242,163</b>
<b>Committed Fund Balance</b>				
General Government	\$ 2,948	\$ -	\$ -	\$ 2,948
Health and Welfare	799	-	-	799
Public Safety	1,207	-	-	1,207
<b>Total Committed Fund Balance</b>	<b>\$ 4,954</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,954</b>
<b>Assigned Fund Balance</b>				
General Government	\$ 71,112	\$ 21,972	\$ -	\$ 93,084
Education	28,631	-	-	28,631
Health and Welfare	115,069	-	-	115,069
Transportation	-	-	31,975	31,975
Public Safety	61,432	-	-	61,432
Economic Development and Assistance	84,010	-	883	84,893
Culture and Recreation	4,861	-	231	5,092
Conservation	870	-	-	870
<b>Total Assigned Fund Balance</b>	<b>\$ 365,985</b>	<b>\$ 21,972</b>	<b>\$ 33,089</b>	<b>\$ 421,046</b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### C. Deficit Net Position

The following funds reported total net position deficits at June 30, 2013:

The SHBP (enterprise fund) ended the year with a deficit net position balance of \$129.7 million. The deficit was created in the prior fiscal years, but was reduced this year by the excess of employee and employer contributions over benefits paid to plan participants.

The Georgia Tech Facilities, Inc. (nonmajor enterprise fund) ended the year with a deficit net position balance of \$26.5 million. The deficit was the result of non operating losses exceeding operating net profit.

In addition to the net position deficits disclosed above, the governmental activities of the State ended the year with an Unrestricted Net Position deficit of \$1.8 billion. The deficit is a result of the State incurring debt for the purposes of capital acquisition and construction on behalf of county and independent school systems and State schools. As of June 30, 2013 outstanding general obligation bonds applicable to these projects was \$2.1 billion. Since the incurrence of this debt does not result in capital assets acquisitions for the State, the debt is not reflected in the net position category, net investment in capital assets, but rather in the unrestricted net position category.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 5 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows (in thousands):

	<b>Primary Government and Fiduciary Funds</b>	<b>Component Units</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 4,116,062	\$ 1,187,053	\$ 5,303,115
Investments	3,816,862	1,978,011	5,794,873
Restricted Assets			
Cash and Cash Equivalents	137,914	344,469	482,383
Investments	245,988	1,552,963	1,798,951
Fiduciary Funds			
Cash and Cash Equivalents	4,686,494	-	4,686,494
Investments	76,988,053	-	76,988,053
<b>Total Cash and Investments</b>	<b><u>\$89,991,373</u></b>	<b><u>\$ 5,062,496</u></b>	<b><u>\$95,053,869</u></b>

Cash and investments as of June 30, 2013 consist of the following (in thousands):

	<b>Primary Government and Fiduciary Funds</b>	<b>Component Units</b>	<b>Total</b>
Cash on Hand	\$ 2,355	\$ 58	\$ 2,413
Deposits with Financial Institutions (Note 5A)	5,686,784	964,118	6,650,902
Investments (Note 5B)	85,192,754	3,207,800	88,400,554
Assets Held at the Board of Regents			
on Behalf of Other Organizations	(21,963)	21,963	-
Assets Held at the Office of the State Treasurer			
on Behalf of Other Organizations	(868,557)	868,557	-
<b>Total Cash and Investments</b>	<b><u>\$89,991,373</u></b>	<b><u>\$ 5,062,496</u></b>	<b><u>\$95,053,869</u></b>

#### A. Deposits

Deposits include bank accounts and short-term investments, especially certificates of deposit. State demand deposits, time deposits, and certificates of deposit must be secured by eligible collateral or by a surety bond approved by the State Depository Board (Board). Eligible collateral includes any one or more of the following securities as enumerated in

OCGA 50-17-59:

- 1) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the U.S. Government or of the State.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State.





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

- 3) Bonds of any public authority created by the laws of the State, 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.
- 5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the U.S. government, which are fully guaranteed, 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 Home Loan Mortgage Corporation and the Federal National Mortgage Association.

The State Treasurer may also accept letters of credit issued by a Federal Home Loan Bank or the guarantee or insurance of accounts of the Federal Deposit Insurance Corporation (FDIC) (to the extent authorized by federal law governing the FDIC) to secure state funds on deposit in state depositories. In addition, upon approval of the State Treasurer, a combination of the methods above may be utilized by a depository to secure deposits.

The Board is authorized in OCGA 50-17-58 to allow agencies of the State the option of exempting demand deposits from the collateral requirements. Currently, the Board has only authorized the Office of the State Treasurer (OST) to waive collateral on special accounts approved by the Board in accordance with its investment policy. The Board requires all other state demand time deposits and certificates of deposits to be collateralized in an amount equal to and not less than 110% of any deposit not insured by the FDIC. In addition, the Board instituted a requirement to limit total State deposits at any State depository to not exceed 100% of the depository's equity capital. The Board may temporarily increase the total state deposit limit at any state depository to 125% of equity capital to allow for fluctuation in demand deposit balances.

### Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered. At June 30, 2013, bank balances of the primary government and its component units' deposits totaled \$6.6 billion. Of these deposits, \$370.4 million were exposed to custodial credit risk as follows (in thousands):

	<b>Primary Government</b>	<b>Component Units</b>	<b>Total</b>
Uninsured and uncollateralized	\$ 10,446	\$ 5,286	\$ 15,732
Uninsured and collateralized with securities held by the pledging financial institutions	25,494	22,960	48,454
Uninsured and collateralized with securities held by the pledging institutions' trust departments or agents, but not in the State's name	153,932	152,305	306,237
<b>Total deposits exposed to custodial credit risk</b>	<b>\$ 189,872</b>	<b>\$ 180,551</b>	<b>\$ 370,423</b>

The carrying amounts of deposits of certain higher education foundations which utilize FASB standards

were \$187.7 million. These deposits are not included in the balances reflected above.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

#### B. Investments

##### Primary Government

As the predominant portion of the primary government's investments are managed by OST, OST's investment policies are considered to be the defacto investment policies of the primary government. Pursuant to OST's investment policies which are governed by the Board, the State Treasurer shall invest all funds with the degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering first the probable safety of their capital and then the probable income to be derived (OCGA 50-5A-7).

The Board may permit the State Treasurer to invest in any one or more of the following (OCGA 50-17-63 and OCGA 50-17-2):

- 1) Bankers' Acceptances
- 2) Commercial Paper (CP)
- 3) Obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States
- 4) Obligations of corporations organized under the laws of this state or any other state
- 5) Direct obligations of the government of any foreign country which the International Monetary Fund lists as an industrialized country and for which the full faith and credit of such government has been pledged for the payment of principal and interest, provided that such securities are listed as investment grade by a nationally recognized rating agency
- 6) Repurchase Agreements

Authorized investments are subject to certain restrictions pursuant to the Board's investment policy.

##### Pension and Other Employee Benefit Trust Funds

In accordance with OCGA, Public Retirement Systems may invest in the following:

- 1) U.S. or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.
- 2) Repurchase and reverse repurchase agreements for direct obligations of the U.S. government and for obligations unconditionally guaranteed by agencies.
- 3) FDIC insured cash assets or deposits.
- 4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the U.S. government.
- 5) Taxable bonds, notes, warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
- 6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the U.S. government.
- 7) Investment grade collateralized mortgage obligations.
- 8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
- 9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
- 10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

- 11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the U.S., and the right to receive determinate portions or related income.
- 12) Loans that are secured by pledge or securities eligible for investment.
- 13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.
- 14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.
- 15) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business with restrictions.
- 16) Real property and equipment acquired under various circumstances.

In addition, large retirement systems have restrictions as to the concentration of investments in corporations and equities and additional stipulations exist related to decreases in a fund's asset value. The retirement systems have additional restrictions on the acquisition of securities of companies with activities in the Iran petroleum energy sector. A list of scrutinized companies with activities in the Iran petroleum energy sector has been compiled and is annually updated. This list is utilized to identify and potentially divest the retirement systems of such holdings.

In accordance with OCGA, certain eligible large retirement systems (excluding the Teachers Retirement System) are authorized to invest in alternative investments such as privately placed investment pools that include investments such as Leveraged Buyout funds, Mezzanine funds, Workout funds, Debt funds, Venture Capital funds Merchant Banking funds, Funds of funds. In addition, these retirement systems are authorized to invest in private placements and other private investments such as Leveraged Buyouts, Venture Capital Investment, Equity Investments such as preferred and common stock, Warrants, Options,

private investments in public securities, Recapitalizations, Privatizations, Mezzanine debt investments, Distressed Debt and Equity investments, Convertible Securities, Receivables, Debt and Equity Derivative Instruments, etc. The amount invested by an eligible large retirement system in alternative investments may not in the aggregate exceed five percent of the eligible large retirement system's assets at any time.

### Component Units

Component units follow applicable investing criteria as specifically authorized by statute or by the component unit's governing authority. Certain higher education foundations utilize FASB standards. Balances for those component units as of June 30, 2013, are available as follows (in thousands):

	<b>Fair Value</b>
Cash Held by Investment Organization	\$ 67,293
Certificates of Deposit	3,959
Commodity Fund	25,314
Corporate Bonds	184,418
Diversifying Strategies	34,120
Equity Securities	807,507
Government and Agency Securities	25,208
Hedge Funds	328,179
Investment Pools	679,448
Joint Ventures/Partnerships	2,829
Money Market Accounts	18,140
Mutual Funds	62,637
Natural Resources	85,618
Real Estate	114,463
<b>Total Investments</b>	<b><u>\$2,439,133</u></b>

The component unit disclosures that follow do not include these balances.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

#### 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.

risk attempts to match investments with expected cash requirements. However, certificates of deposit may not have a term exceeding five years. The State Treasurer may establish duration or maturity limitations for other investments.

#### Primary Government

OST's policy for the management of interest rate

The table below provides information about the primary government's exposure to interest rate risk (in thousands):

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities	\$ 7,135	\$ -	\$ 1,966	\$ 5,169	\$ -	\$ -
Commercial Paper	100,141	100,141	-	-	-	-
Corporate Debt						
Domestic	80,970	12	1,636	41,894	30,836	6,592
International Government						
Obligations	5,008	-	5,008	-	-	-
Money Market Mutual Funds	69,729	53,897	14,993	839	-	-
Mortgage-Backed Securities						
Commercial	8,018	-	1,350	2,670	-	3,998
Municipal Bonds	1,111	5	-	208	802	96
Mutual Funds - Debt*	49,861	-	204	41,637	7,636	384
Repurchase Agreements	5,232,662	4,151,455	1,081,207	-	-	-
U.S. Agency Obligations	4,055,522	798,340	2,075,996	864,137	86,889	230,160
U.S. Treasury Obligations	94,597	55,934	8,007	23,383	7,273	-
<b>Total Debt Securities</b>	<b>9,704,754</b>	<b>\$ 5,159,784</b>	<b>\$ 3,190,367</b>	<b>\$ 979,937</b>	<b>\$ 133,436</b>	<b>\$ 241,230</b>
Equity Securities - Domestic	181,515					
Equity Securities - International	34,758					
Funds on Deposit with U. S.						
Treasury for Unemployment						
Compensation	308,535					
Mutual Funds - Equity	65,016					
Real Estate	39,759					
Real Estate Investment Trust	13,819					
<b>Total Investments</b>	<b>\$ 10,348,156</b>					

\*Maturity Period is weighted average maturity.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Pension and Other Employee Benefit Trust Funds Administered by the Employees' and Teachers Retirement Systems

The Boards of the Employees' and Teachers Retirement systems have elected to manage interest rate risk of these pension and other employee benefit trust funds using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of

### Pension and Other Employee Benefit Trust Funds Administered by Other than the Employees' and Teachers Retirement Systems

The Public Retirement System Investment Authority Law does not address specific policies for managing

effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the funds' fixed income assets (in thousands):

	<b>Total Fair Value</b>	<b>Effective Duration (Years)</b>
Corporate and Other Bonds	\$ 7,790,336	5.1
International Obligations:		
Government	395,291	4.0
Corporate	408,432	2.0
Repurchase Agreements	1,775,000	0.0
U.S. Agency Obligations	18,074	1.6
U.S. Treasury Obligations	10,081,325	5.2
Total Debt Securities	20,468,458	
Common Stock		
Domestic	39,367,881	
International	12,401,284	
Mutual Funds - Equity	1,057,421	
<b>Total Investments</b>	<b>\$ 73,295,044</b>	

interest rate risk. The following table provides information about interest rate risks associated with these pension and other employee benefit trust funds' investments (in thousands):



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities						
Domestic	\$ 17,836	\$ -	\$ 39	\$ 5,605	\$ 3,704	\$ 8,488
International	819	-	-	-	819	-
Corporate Debt						
Domestic	148,954	1,607	9,967	50,896	50,756	35,728
International	5,834	15	391	2,344	974	2,110
Mortgage-Backed Securities						
Commercial	92,213	2	-	1,347	3,339	87,525
Municipal Bonds	3,195	-	421	190	935	1,649
Mutual Funds - Debt*	34,147	-	-	34,147	-	-
U.S. Agency Obligations	95,406	-	480	7,548	4,234	83,144
U.S. Treasury Obligations	63,011	-	-	37,806	17,039	8,166
<b>Total Debt Securities</b>	<b>\$ 461,415</b>	<b>\$ 1,624</b>	<b>\$ 11,298</b>	<b>\$139,883</b>	<b>\$ 81,800</b>	<b>\$226,810</b>
Equity Securities						
Domestic	434,414					
International	26,000					
Mutual Funds - Equity	598,393					
Real Estate Investment Trust	29,332					
<b>Total Investments</b>	<b>\$ 1,549,554</b>					

\*Maturity period is weighted average maturity.

### Component Units

The component units' exposure to interest rate risk is presented below (in thousands):

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority.

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities	\$ 15,257	\$ -	\$ -	\$ 6,067	\$ 2,260	\$ 6,930
Corporate Debt						
Domestic	66,790	553	4,762	52,041	8,547	887
International	8,679	-	319	6,832	1,398	130
Investment Agreements	28,330	-	-	-	2,808	25,522
Money Market Mutual Funds	34,024	902	238	32,884	-	-
Mortgage-Backed Securities						
Commercial	140,921	-	25	938	1,425	138,533
Municipal Bonds	19,755	300	-	14,014	1,853	3,588
Mutual Funds - Debt*	494	-	-	494	-	-
Repurchase Agreements	24,581	18,816	-	-	-	5,765
U.S. Agency Obligations	79,616	948	249	51,792	9,158	17,469
U.S. Treasury Obligations	279,725	8,459	35,558	104,133	66,431	65,144
<b>Total Debt Securities</b>	<b>698,172</b>	<b>\$ 29,978</b>	<b>\$ 41,151</b>	<b>\$ 269,195</b>	<b>\$ 93,880</b>	<b>\$ 263,968</b>
Equity Securities						
Domestic	34,387					
International	13,111					
Mutual Funds - Equity	22,997					
<b>Total Investments</b>	<b>\$ 768,667</b>					

\* Maturity Period is weighted average maturity.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment.

to assess the credit risk of financial institutions that have been approved to serve as counterparties for the State. OST has assigned credit limits to each counterparty based upon its counterparty risk assessment.

### Primary Government

OST utilizes its counterparty risk assessment model

The exposure of the primary government's debt securities to credit risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BAAA	BAA	BA	BBB	B	Not Rated
Asset-Backed Securities	\$ 7,135	\$ 7,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Paper	100,141	-	-	100,141	-	-	-	-	-	-
Corporate Debt										
Domestic	80,970	107	11,850	55,317	-	-	-	7,029	6,655	12
International Government										
Obligations	5,008	-	-	5,008	-	-	-	-	-	-
Money Market Mutual Funds	69,729	64,272	4,508	48	-	-	453	-	-	448
Mortgage-Backed Securities										
Commercial	8,018	8,018	-	-	-	-	-	-	-	-
Municipal Bonds	1,111	1,105	-	6	-	-	-	-	-	-
Mutual Funds - Debt	49,861	15,399	6,734	1,581	12,147	-	-	59	1,735	12,206
Repurchase Agreements	5,186,270	-	-	4,922,104	-	6,142	-	-	-	258,024
U. S. Agency Obligations	4,020,310	857	3,674,180	159	-	-	-	-	-	345,114
<b>Total Credit Risk - Investments</b>	<b>9,528,553</b>	<b>\$ 96,893</b>	<b>\$ 3,697,272</b>	<b>\$ 5,084,364</b>	<b>\$ 12,147</b>	<b>\$ 6,142</b>	<b>\$ 453</b>	<b>\$ 7,088</b>	<b>\$ 8,390</b>	<b>\$ 615,804</b>
U.S. Treasury Obligations	94,597									
U.S. Agency Obligations										
Explicitly Guaranteed	35,212									
Repurchase Agreements Backed by U. S. Treasury Obligations	46,392									
<b>Total Debt Securities</b>	<b>\$ 9,704,754</b>									

### Pension and Other Employee Benefit Trust Funds

The credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public

Retirement System Investment Authority Law as previously described. The Boards of individual funds may elect to implement more restrictive policies. The pension and other employee benefit trust funds' debt securities exposure to credit risk is indicated below (in thousands):



Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	Total Fair Value	Asset-Backed Securities		Corporate Debt		International Government Obligations	Mortgage- Backed Securities	Municipal Bonds	Mutual Funds - Debt	Repurchase Agreements	U.S. Agency Obligations
		Domestic	Inter- national	Domestic	Inter- national						
AAA	\$ 842,127	\$ 14,894	\$ 819	\$ 785,231	\$ -	\$ 5,051	\$ 14,912	\$ -	\$ -	\$ -	\$ 21,220
AA	2,226,812	914	-	1,338,361	409,364	390,240	4,649	751	-	-	82,533
A	7,528,740	997	-	5,737,377	1,410	-	10,059	2,444	1,453	1,775,000	-
BAA	13,829	-	-	5,318	629	-	7,882	-	-	-	-
BA	11,278	-	-	6,143	-	-	5,135	-	-	-	-
BBB	83,595	1,031	-	64,690	2,787	-	14,717	-	370	-	-
BB	10,955	-	-	1,334	-	-	9,621	-	-	-	-
B	8,282	-	-	-	-	-	8,282	-	-	-	-
CAA	3,098	-	-	-	-	-	3,098	-	-	-	-
CA	2,077	-	-	-	-	-	2,077	-	-	-	-
CCC	5,190	-	-	-	-	-	5,190	-	-	-	-
CC	672	-	-	-	-	-	672	-	-	-	-
C	427	-	-	-	-	-	427	-	-	-	-
D	823	-	-	-	-	-	823	-	-	-	-
Unrated	47,632	-	-	836	76	-	4,669	-	32,324	-	9,727
<b>Total Credit Risk - Investments</b>	<b>10,785,537</b>	<b>\$ 17,836</b>	<b>\$ 819</b>	<b>\$ 7,939,290</b>	<b>\$ 414,266</b>	<b>\$ 395,291</b>	<b>\$ 92,213</b>	<b>\$ 3,195</b>	<b>\$ 34,147</b>	<b>\$ 1,775,000</b>	<b>\$ 113,480</b>
U.S. Treasury Obligations	10,144,336										
<b>Total Debt Securities</b>	<b>\$20,929,873</b>										

Component Units

The component units follow the applicable investing criteria specifically authorized by statute or by the

component unit's governing authority. The exposure of the component units' debt securities to credit risk is indicated below (in thousands):

	Total Fair Value	Asset- Backed Securities	Corporate Debt		Investment Agreements	Money Market Mutual Funds	Mortgage- Backed Securities - Commercial	Municipal Bonds	Mutual Funds - Debt	Repurchase Agreements	U.S. Agency Obligations
		Domestic	Domestic	Inter- national							
AAA	\$ 91,115	\$ 10,229	\$ 2,795	\$ 4,868	\$ 19,640	\$ 902	\$ 15,831	\$ 4,913	\$ -	\$ -	\$ 31,937
AA	221,567	3,112	11,738	467	7,830	-	124,789	13,511	-	24,581	35,539
A	45,526	1,486	39,786	1,825	860	-	238	1,331	-	-	-
BAA	6,307	-	6,307	-	-	-	-	-	-	-	-
BBB	6,744	60	5,446	1,238	-	-	-	-	-	-	-
BB	786	-	505	281	-	-	-	-	-	-	-
B	62	-	-	-	-	-	62	-	-	-	-
CCC	370	370	-	-	-	-	-	-	-	-	-
Unrated	33,830	-	213	-	-	33,122	1	-	494	-	-
<b>Total Credit Risk - Investments</b>	<b>406,307</b>	<b>\$ 15,257</b>	<b>\$ 66,790</b>	<b>\$ 8,679</b>	<b>\$ 28,330</b>	<b>\$ 34,024</b>	<b>\$ 140,921</b>	<b>\$ 19,755</b>	<b>\$ 494</b>	<b>\$ 24,581</b>	<b>\$ 67,476</b>
U.S. Treasury Obligations	279,725										
U.S. Agency Obligations Explicitly Guaranteed	12,140										
<b>Total Debt Securities</b>	<b>\$ 698,172</b>										

Custodial Credit Risk – Investments

Custodial credit risk is the risk that, in the event of a bank failure, the State's investments that are in the possession of a bank may not be recovered.

Primary Government

The OST's investment policies include the following

restrictions to manage custodial credit risk for investments:

- 1) Repurchase agreements may be transacted with authorized dealers and banks that carry a rating of A1/P1 or higher, with maximum exposure per institution determined by the State Treasurer and adjusted as needed due to the financial condition of such institutions and the size of the State's investment portfolios.





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

Repurchase agreements must be collateralized by obligations of the U.S. and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the U.S. government or other securities authorized for investment by the State Treasurer. Collateral comprised of obligations of the U.S. and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the U.S. government must have a market value of at least 102% of the investment and other eligible collateral must have a market value of 105% of the investment. Collateral must be held by a third party custodian approved by the State Treasurer and marked-to-market daily. Exceptions to the requirements for third party custody of collateral may be approved by the State Treasurer for dealer banks if necessary on occasion and such exceptions reported to the Board.

- 2) All certificates of deposit (CD's) must be secured by collateral permitted by statute. Surety bonds acceptable as security for CD's shall require approval by the State Depository Board with such credit constraints or limitations it determines. Pledged securities shall be held by a third party custodian approved by the State Treasurer and marked-to-market at least monthly with depositories required to initially pledge to the Office of the State Treasurer, and thereafter maintain upon notification of any shortfall, collateral having a market value equal to 110% of CD's.
- 3) Negotiated investment deposit agreements: Deposit agreements with banks that are (1) secured by collateral permitted by statute, held by a third-party custodian, marked-to-market daily, and having a market value equal to or exceeding 110% of the deposit; (2) fully secured by a letter-of-credit issued by the Federal Home Loan Bank; (3) fully secured by a surety bond issued by a financial institution approved by the State Depository Board; or, (4) subject to funds being available upon demand, with U.S. banks carrying ratings no lower than P-1 by Moody's Investors Service and A-1 by Standard & Poor's Corporation in an amount, including any CP issued by the respective financial institution held for investment by

OST, that does not exceed 5% of portfolio assets for any single institution.

At June 30, 2013, \$66.2 million of the primary government's investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

### **Pension and Other Employee Benefit Trust Funds**

The custodial credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above. At June 30, 2013, \$523.8 million of the pension and other employee benefit trust funds' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

### **Component Units**

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority. At June 30, 2013, \$33.3 million of the component units' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer.

### **Primary Government**

The OST's investment policies for managing concentration of credit risk require diversification of investments to reduce overall portfolio risks while maintaining market rates of return. Investments in each portfolio shall be diversified to eliminate risk of loss from an over concentration in a specific maturity, issuer (including repurchase agreement dealers), and security or class of securities. The



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

State Treasurer establishes Investment Guidelines for each investment portfolio to assure that prudent diversification and adequate liquidity is maintained. The State Treasurer utilizes a counterparty risk assessment model to determine maximum exposure to each approved financial institution. At June 30, 2013, approximately 88.9% of the primary government's total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. government.

#### **Pension and Other Employee Benefit Trust Funds**

The concentration of credit risk policy of pension and other employee benefit trust funds limits investments to no more than 5% of total net assets in any one corporation. At June 30, 2013, no more than 5% of the pension and other employee benefit trust fund's total investments were investments in any single issuer.

#### **Component Units**

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority. At June 30, 2013, 8.8% of the component units' total investments were investments in securities of U.S. Agencies not explicitly guaranteed by the U.S. government.

#### **C. Investments Lending Program**

The State is presently involved in securities lending programs with major brokerage firms. The State lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities.

#### **Primary Government**

In the primary government's securities lending agreement, securities are transferred to an

independent broker in exchange for collateral in the form of cash and/or securities issued by the U.S. Treasury or its agencies. The collateral value must be equal to at least 100% to 102% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$2.0 million at June 30, 2013, and the collateral value was equal to 102%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Position because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Position, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

#### **Pension and Other Employee Benefit Trust Funds**

In the pension and other employee benefit trust funds securities lending agreements, the brokerage firms pledge collateral securities consisting of U.S. government and agency securities, mortgage-backed securities issued by a U.S. government agency, and U.S. corporate bonds. The collateral value must be equal to at least 102% to 109% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$14.8 billion at June 30, 2013, and the collateral value was equal to 104.2%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Position because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Fiduciary Net Position, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### D. Other Investments

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2013, the Department held surety bonds in the amount of \$38.8 million, and cash bonds in the amount of \$15.6 million. These bonds are not recorded on the Balance Sheet.

Securities are held by the Commissioner of Insurance pursuant to statutes that require licensed insurance companies to deposit securities prior to issuance of a certificate of authority to transact insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2013, securities valued at \$224.7 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of \$8.2 billion for construction performance to ensure proper completion and complete performance of

construction contracts, and \$8.7 billion for construction payment to ensure that payments are made by the general contractor to all subcontractors. These bonds are not recorded on the Balance Sheet.

The GSFIC State Construction Manual policies require that surety bonds be provided for payment and performance of all State projects of \$100,000 or more. The Department of Corrections holds surety bonds in the amount of \$5.1 million for construction performance to ensure proper completion and complete performance of construction contracts. These bonds are not recorded on the Balance Sheet.

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor is authorized by statute to require such organization to execute and file with the Commissioner a cash deposit or surety bond. Cash deposits are held on behalf of such organizations in the Department's name, and are reported as agency funds. At June 30, 2013, the Department held surety bonds in the amount of \$54.7 million. These bonds are not recorded on the Statement of Net Position.

### E. Investment Pools

Separate reports on the State's external investment pools are not issued. Condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2013, and related risk disclosures for investments are as follows:



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

#### Georgia Fund 1

The Primary Liquidity portfolio is a Standard & Poor's AAf rated stable net asset value investment pool. The pool is not registered with the Securities

and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 and is managed to maintain principal stability.

#### Georgia Fund 1 Statement of Net Position June 30, 2013 (in thousands)

<u>Assets</u>	
Cash and Cash Equivalents	\$ 6,612,153
Investments	3,263,982
<b>Net Position</b>	<b><u>\$ 9,876,135</u></b>

<u>Distribution of Net Position</u>	
External Participant Account Balances	\$ 5,835,977
Internal Participant Account Balances	4,040,158
<b>Total Net Position</b>	<b><u>\$ 9,876,135</u></b>

#### Deposits

Because the State does not maintain separate bank accounts for Georgia Fund 1, separate custodial credit risk disclosures for the Fund's deposits cannot be presented. The carrying amount of the Fund's deposits as of June 30, 2013, was \$3.8 billion. This amount is included in the deposit disclosures of the Primary Government.

#### Georgia Fund 1 Statement of Changes in Net Position For the Fiscal Year Ended June 30, 2013 (in thousands)

<u>Additions</u>	
Pool Participant Deposits	\$ 33,053,513
Investment Income	
Interest	19,905
Less: Investment Expense	(5,457)
<b>Total Additions</b>	<b><u>33,067,961</u></b>

<u>Deductions</u>	
Pool Participant Withdrawals	31,715,577
<b>Net Increase</b>	<b><u>1,352,384</u></b>

<u>Net Position</u>	
July 1, 2012	<u>8,523,751</u>
<b>June 30, 2013</b>	<b><u>\$ 9,876,135</u></b>

#### Investments

Georgia Fund 1 follows applicable investing criteria and investment risk management policies as previously described for the primary government. In addition, fund managers restrict investments of the Fund in order to maintain the Standard and Poor's AAf rating.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Interest Rate Risk

The Fund's investments and exposure to interest rate risk are presented below (in thousands):

	Total Fair Value	Maturity Period		Range of Yields
		Less than 3 Months	4 - 12 Months	
Commercial Paper	\$ 100,141	\$ 100,141	\$ -	.200% - .200%
Repurchase Agreements	3,230,000	3,230,000		.030% - .300%
U.S. Agency Obligations	2,713,983	749,181	1,964,802	.100% - .238%
<b>Total Investments</b>	<b>\$ 6,044,124</b>	<b>\$ 4,079,322</b>	<b>\$ 1,964,802</b>	

### Credit Risk

The exposure of the Fund's debt securities to credit risk is indicated below (in thousands):

	Total Fair Value	Credit Rating	
		AA	A
Commercial Paper	\$ 100,141	\$ -	\$ 100,141
Repurchase Agreements	3,230,000	-	3,230,000
U.S. Agency Obligations	2,713,983	2,713,983	-
	<b>\$ 6,044,124</b>	<b>\$ 2,713,983</b>	<b>\$ 3,330,141</b>

### Concentration of Credit Risk

At June 30, 2013, more than 5% of the Fund's total investments were investments in securities of U.S.

agencies not explicitly guaranteed by the U.S. government. These investments represented 98.3% of total investments.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

#### Georgia Extended Asset Pool

The Georgia Extended Asset Pool (GEAP) is a variable net asset value investment pool that follows

Standard and Poor's credit quality criteria for AA+f rated funds. The pool is not registered with the SEC as an investment company.

#### Georgia Extended Asset Pool

##### Statement of Net Position

June 30, 2013

(in thousands)

#### Assets

Cash and Cash Equivalents	\$ 94,650
Investments	145,935

<b>Net Position</b>	<b><u>\$ 240,585</u></b>
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#### Distribution of Net Position

External Participant Account Balances	\$ 175,911
Internal Participant Account Balances	64,674

<b>Total Net Position</b>	<b><u>\$ 240,585</u></b>
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#### Georgia Extended Asset Pool

##### Statement of Changes in Net Position

For the Fiscal Year Ended June 30, 2013

(in thousands)

#### Additions

Pool Participant Deposits	\$ 61,000
Investment Income	
Interest	860
Fair Value Decrease	(358)
Less: Investment Expense	<u>(99)</u>

<b>Total Additions</b>	<b>61,403</b>
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#### Deductions

Pool Participant Withdrawals	<u>10,600</u>
<b>Net Increase</b>	<b>50,803</b>

#### Net Position

July 1, 2012	<u>189,782</u>
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<b>June 30, 2013</b>	<b><u>\$240,585</u></b>
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#### Deposits

Because the State does not maintain separate bank accounts for GEAP, separate custodial credit risk disclosures for GEAP's deposits cannot be presented. The carrying amount of GEAP's deposits as of June 30, 2013, was \$19.7 million. This amount is included in the deposit disclosures of the Primary Government.

#### Investments

GEAP follows applicable investing criteria and investment risk management policies as previously described for the primary government. In addition, the fund managers restrict investments of GEAP in order to maintain the Standard and Poor's AA+f rating.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Interest Rate Risk

GEAP's investments and exposure to interest rate risk are presented below (in thousands):

	<b>Total Fair Value</b>	<b>Maturity Period</b>		<b>Range of Yields</b>
		<b>Less than 3 Months</b>	<b>1 - 5 Years</b>	
Repurchase Agreements	\$ 175,000	\$ 175,000	\$ -	.130% - .300%
U.S. Agency Obligations	45,935	-	45,935	.375% - 3.032%
<b>Total Investments</b>	<b>\$ 220,935</b>	<b>\$ 175,000</b>	<b>\$ 45,935</b>	

### Credit Risk

The exposure of GEAP's debt securities to credit risk is indicated below (in thousands):

	<b>Total Fair Value</b>	<b>Credit Rating</b>	
		<b>AA</b>	<b>A</b>
Repurchase Agreements	\$ 175,000	\$ -	\$ 175,000
U.S. Agency Obligations	45,935	45,935	-
	<b>\$ 220,935</b>	<b>\$ 45,935</b>	<b>\$ 175,000</b>

### Concentration of Credit Risk

At June 30, 2013, all of GEAP's investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. government.



Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

**Regents Investment Pool**

The Regents Investment Pool is not registered with the SEC as an investment company.

<b><u>Regents Investment Pool</u></b> <b><u>Statement of Net Position</u></b> <b><u>June 30, 2013</u></b> <b>(in thousands)</b>		<b><u>Regents Investment Pool</u></b> <b><u>Statement of Changes in Net Position</u></b> <b><u>For the Fiscal Year Ended June 30, 2013</u></b> <b>(in thousands)</b>	
<b><u>Assets</u></b>		<b><u>Additions</u></b>	
Investments	\$ 461,273	Pool Participant Deposits	\$ 44,337
Interest Receivable	681	Investment Income	12,620
<b>Net Position</b>	<b><u>\$ 461,954</u></b>	Interest	
		Fair Value Increase	5,556
<b><u>Distribution of Net Position</u></b>		Less: Investment Expense	<u>(801)</u>
External Participant Account Balances	\$ 23,391	<b>Total Additions</b>	<b><u>61,712</u></b>
Internal Participant Account Balances	438,563		
<b>Total Net Position</b>	<b><u>\$ 461,954</u></b>	<b><u>Deductions</u></b>	
		Pool Participant Withdrawals	<u>(56,774)</u>
		Net Increase	4,937
		<b><u>Net Position</u></b>	
		July 1, 2012	<u>457,017</u>
		<b>June 30, 2013</b>	<b><u>\$ 461,954</u></b>

**Deposits**

The Regents Investment Pool does not have any deposits as of June 30, 2013.

**Investments**

The Regents Investment Pool policy guidelines indicate that all investments must be consistent with donor intent, Board of Regents policy and applicable federal and state law. The individual funds of the Pool provide various restrictions on the types of investments allowed.





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Interest Rate Risk

The Regents Investment Pool's funds policy guidelines restrict average maturities of their

holdings. The Regents Investment Pool's investments and exposure to interest rate risk are presented in the following table (in thousands):

	Total Fair Value	Maturity Period			
		Less than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Corporate Debt					
Domestic	\$ 44,503	\$ -	\$ 9,924	\$ 27,987	\$ 6,592
Money Market Mutual Funds	3,141	3,141	-	-	-
Mutual Funds - Debt	3,614	-	-	3,614	-
Repurchase Agreements	36,696	36,696	-	-	-
U.S. Agency Obligations	268,557	8,195	43,591	61,725	155,046
U.S. Treasury Obligations	7,603	-	3,017	4,586	-
<b>Total Debt Securities</b>	<b>364,114</b>	<b>\$ 48,032</b>	<b>\$ 56,532</b>	<b>\$ 97,912</b>	<b>\$161,638</b>
Equity Securities					
Domestic	71,369				
Mutual Funds - Equity	20,426				
Real Estate Investment Fund	5,364				
<b>Total Investments</b>	<b>\$461,273</b>				

### Credit Risk

The Regents Investment Pool's funds policy guidelines require that holdings, except for those of the Diversified Fund must be eligible investments under OCGA 50-17-63. Portfolios of debt security funds also must meet the eligible investment criteria

under the same code section. The Diversified Fund is permitted to invest in noninvestment grade debt issues up to a limit of 15% of the entire fund. The exposure of the Fund's debt securities to credit risk is indicated below (in thousands):

	Total Fair Value					Not Rated
		AAA	AA	A	BBB	
Corporate Debt - Domestic	\$ 44,503	\$ -	\$ 4,835	\$ 32,450	\$ 6,592	\$ 626
Money Market Mutual Funds	3,141	203	-	-	-	2,938
Mutual Funds - Debt	3,614	-	-	-	-	3,614
U.S. Agency Obligations	247,334	-	-	-	-	247,334
<b>Total Credit Risk - Investments</b>	<b>298,592</b>	<b>\$ 203</b>	<b>\$ 4,835</b>	<b>\$ 32,450</b>	<b>\$ 6,592</b>	<b>\$254,512</b>
U.S. Treasury Obligations	7,603					
U.S. Agency Obligations Explicitly Guaranteed	21,223					
Repurchase Agreements Backed by U.S. Treasury Obligations	36,696					
<b>Total Debt Securities</b>	<b>\$ 364,114</b>					



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

#### Custodial Credit Risk – Investments

The Regents Investment Pool's policy for managing custodial credit risk is to 1) appoint a federally regulated banking institution as custodian, 2) require that all securities transactions be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve, and 3) require that repurchase agreements be collateralized by U.S. Treasury securities at 102% of the market value of the investment at all times. At June 30, 2013, \$465.7 million of the Regents Investment Pool's holdings were uninsured and held by the custodian bank or a depository institution in the State's name.

#### Concentration of Credit Risk

The Regents Investment Pool's policy for managing concentration of credit risk is to diversify to the extent that any single issuer (other than U.S. government obligations) shall be limited to 5 percent of the market value in a particular Pool Fund. At June 30, 2013 more than 5% of the Regents Investment Pool's total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. government. These investments represented 61.6% of total investments.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 6 - RECEIVABLES

Receivables at June 30, 2013, consisted of the following (in thousands):

	Taxes	Notes and Loans	Other	Inter- governmental Receivables	Gross Receivables	Allowance for Uncollectibles	Total Receivables (Net)
<b>Governmental Activities</b>							
General Fund	\$ 1,638,720	\$ -	\$ 567,682	\$ 1,829,542	\$ 4,035,944	\$ (130,558)	\$ 3,905,386
General Obligation Bond Projects	-	-	2,023	233	2,256	-	2,256
Nonmajor Governmental Funds	-	20	11,267	-	11,287	-	11,287
Total - Governmental Funds	1,638,720	20	580,972	1,829,775	4,049,487	(130,558)	3,918,929
Government-wide adjustments:							
General Fund	-	-	2,494	-	2,494	-	2,494
Internal Service Funds	-	-	56,395	867	57,262	(754)	56,508
<b>Total - Governmental Activities</b>	<b>\$ 1,638,720</b>	<b>\$ 20</b>	<b>\$ 639,861</b>	<b>\$ 1,830,642</b>	<b>\$ 4,109,243</b>	<b>\$ (131,312)</b>	<b>\$ 3,977,931</b>
<b>Business-type Activities</b>							
Higher Education Fund	\$ -	\$ 45,313	\$ 202,129	\$ 97,242	\$ 344,684	\$ (24,317)	\$ 320,367
State Health Benefit Plan	-	-	124,324	-	124,324	(3,857)	120,467
Unemployment							
Compensation Fund	-	-	211,678	557	212,235	(16,703)	195,532
Board of Regents Foundations	-	3,696	53,325	-	57,021	(23,231)	33,790
State Road and							
Tollway Authority	-	-	1,456	-	1,456	-	1,456
Georgia Higher							
Education Facilities Authority	-	2,367	620	-	2,987	-	2,987
Internal Service Funds	-	-	20	-	20	(10)	10
<b>Total - Business-type Activities</b>	<b>\$ -</b>	<b>\$ 51,376</b>	<b>\$ 593,552</b>	<b>\$ 97,799</b>	<b>\$ 742,727</b>	<b>\$ (68,118)</b>	<b>\$ 674,609</b>
<b>Component Units</b>							
Unrestricted:							
Georgia Environmental							
Finance Authority	\$ -	\$ 1,358,814	\$ 5,781	\$ 8,416	\$ 1,373,011	\$ -	\$ 1,373,011
Georgia Housing and							
Finance Authority	-	618,455	764	-	619,219	(4,015)	615,204
Georgia Lottery Corporation	-	-	156,128	-	156,128	(3,073)	153,055
Georgia Ports Authority	-	2,341	42,560	-	44,901	(1,968)	42,933
Georgia Tech							
Foundation, Incorporated	-	1,136	224,988	-	226,124	(5,266)	220,858
Nonmajor Component Units	679	423,523	1,257,602	13,075	1,694,879	(75,923)	1,618,956
Total - Unrestricted	679	2,404,269	1,687,823	21,491	4,114,262	(90,245)	4,024,017
Restricted:							
Georgia Housing and							
Finance Authority	-	850,202	10,856	-	861,058	(6,500)	854,558
Nonmajor Component Units							
Total - Restricted	-	-	-	-	-	-	-
Total - Restricted	-	850,202	10,856	-	861,058	(6,500)	854,558
<b>Total - Component Units</b>	<b>\$ 679</b>	<b>\$ 3,254,471</b>	<b>\$ 1,698,679</b>	<b>\$ 21,491</b>	<b>\$ 4,975,320</b>	<b>\$ (96,745)</b>	<b>\$ 4,878,575</b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 7 - CAPITAL ASSETS

#### Primary Government

Capital Asset activity for the fiscal year-ended June 30, 2013, was as follows (in thousands):

	Balance 7/1/2012 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2013
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,265,282	\$ 152,572	\$ (7,521)	\$ 3,410,333
Works of Art and Collections	1,326	-	-	1,326
Intangibles - Other Than Software	92,265	1,822	-	94,087
Construction in Progress	3,063,970	1,646,256	(1,679,774)	3,030,452
Total Capital Assets, Not Being Depreciated	<u>6,422,843</u>	<u>1,800,650</u>	<u>(1,687,295)</u>	<u>6,536,198</u>
Capital Assets Being Depreciated:				
Infrastructure	25,346,693	775,335	-	26,122,028
Buildings and Building Improvements	3,759,065	80,451	(91,094)	3,748,422
Improvements Other Than Buildings	99,116	8,084	(3,121)	104,079
Intangibles - Other than Software	236	248	-	484
Machinery and Equipment	923,968	76,864	(52,381)	948,451
Software	249,779	4,765	-	254,544
Total Capital Assets Being Depreciated	<u>30,378,857</u>	<u>945,747</u>	<u>(146,596)</u>	<u>31,178,008</u>
Less Accumulated Depreciation For:				
Infrastructure	13,420,076	858,602	(9,746)	14,268,932
Buildings and Building Improvements	1,661,030	116,676	(69,564)	1,708,142
Improvements Other Than Buildings	46,870	2,108	(45)	48,933
Intangibles - Other than Software	-	79	-	79
Machinery and Equipment	728,196	52,942	(45,665)	735,473
Software	172,798	13,942	-	186,740
Total Accumulated Depreciation	<u>16,028,970</u>	<u>1,044,349</u>	<u>(125,020)</u>	<u>16,948,299</u>
Total Capital Assets, Being Depreciated, Net	<u>14,349,887</u>	<u>(98,602)</u>	<u>(21,576)</u>	<u>14,229,709</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><b>\$ 20,772,730</b></u>	<u><b>\$ 1,702,048</b></u>	<u><b>\$ (1,708,871)</b></u>	<u><b>\$ 20,765,907</b></u>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

	Balance 7/1/2012 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2013
<b>Business-type Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 386,032	\$ 25,878	\$ -	\$ 411,910
Works of Art and Collections	41,120	3,278	(6)	44,392
Construction in Progress	226,871	164,612	(168,284)	223,199
Total Capital Assets, Not Being Depreciated	<u>654,023</u>	<u>193,768</u>	<u>(168,290)</u>	<u>679,501</u>
Capital Assets Being Depreciated:				
Infrastructure	288,102	23,576	(2,627)	309,051
Buildings and Building Improvements	8,398,792	462,951	(16,397)	8,845,346
Improvements Other Than Buildings	391,620	39,810	(3,347)	428,083
Machinery and Equipment	3,859,757	311,048	(127,003)	4,043,802
Software	21,523	8,855	(913)	29,465
Library Collections	797,689	34,276	(3,169)	828,796
Works of Art and Collections	7,321	330	(35)	7,616
Total Capital Assets Being Depreciated	<u>13,764,804</u>	<u>880,846</u>	<u>(153,491)</u>	<u>14,492,159</u>
Less Accumulated Depreciation For:				
Infrastructure	91,225	9,795	(2,118)	98,902
Buildings and Building Improvements	2,389,438	216,059	(3,931)	2,601,566
Improvements Other Than Buildings	161,796	13,680	(2,472)	173,004
Machinery and Equipment	1,397,172	217,566	(76,696)	1,538,042
Software	15,236	3,204	467	18,907
Library Collections	623,454	36,451	(3,173)	656,732
Works of Art and Collections	863	141	-	1,004
Total Accumulated Depreciation	<u>4,679,184</u>	<u>496,896</u>	<u>(87,923)</u>	<u>5,088,157</u>
Total Capital Assets, Being Depreciated, Net	<u>9,085,620</u>	<u>383,950</u>	<u>(65,568)</u>	<u>9,404,002</u>
<b>Business-type Activities, Capital Assets, Net</b>	<b><u>\$ 9,739,643</u></b>	<b><u>\$ 577,718</u></b>	<b><u>\$ (233,858)</u></b>	<b><u>\$ 10,083,503</u></b>

Current period depreciation expense was charged to functions of the primary government as follow (in thousands):

Governmental Activities	Business-type Activities
General Government	Higher Education Fund
\$ 23,260	\$ 491,131
Education	State Road and Tollway Authority
2,016	3,554
Health and Welfare	Internal Service Funds
31,117	2,211
Transportation	<b>Depreciation Expense - Business-type Activities</b>
867,105	<b><u>\$ 496,896</u></b>
Public Safety	
56,524	
Economic Development	
21,881	
Culture and Recreation	
9,122	
Conservation	
5,032	
Internal Service Funds	
(Depreciation on capital assets held by the State's internal service funds are charged to the various functions based on their usage of assets)	
28,292	
<b>Depreciation Expense - Governmental Activities</b>	
<b><u>\$ 1,044,349</u></b>	



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 7 - CAPITAL ASSETS (continued)

#### Component Units

Capital Asset activity for the fiscal year-ended June 30, 2013, was as follows (in thousands):

	<b>Balance 7/1/2012 (Restated - Note 3)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2013</b>
<b>Component Units</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 323,868	\$ 6,012	\$ (97)	\$ 329,783
Works of Art and Collections	1,670	-	-	1,670
Intangibles - Other Than Software	908	-	-	908
Construction in Progress	192,001	91,152	(169,666)	113,487
Total Capital Assets, Not Being Depreciated	<u>518,447</u>	<u>97,164</u>	<u>(169,763)</u>	<u>445,848</u>
Capital Assets Being Depreciated:				
Infrastructure	288,805	24,426	-	313,231
Buildings and Building Improvements	1,144,343	107,215	(39,363)	1,212,195
Improvements Other Than Buildings	491,527	29,646	(980)	520,193
Machinery and Equipment	879,675	80,912	(29,412)	931,175
Software	7,933	2,891	(13)	10,811
Library Collections	3,263	256	(19)	3,500
Works of Art and Collections	71	-	-	71
Total Capital Assets Being Depreciated	<u>2,815,617</u>	<u>245,346</u>	<u>(69,787)</u>	<u>2,991,176</u>
Less Accumulated Depreciation For:				
Infrastructure	115,940	9,530	-	125,470
Buildings and Building Improvements	470,925	34,212	(21,649)	483,488
Improvements Other Than Buildings	199,512	22,363	(980)	220,895
Machinery and Equipment	493,859	67,521	(28,446)	532,934
Software	3,155	1,008	(13)	4,150
Library Collections	2,035	227	(19)	2,243
Works of Art and Collections	11	2	-	13
Total Accumulated Depreciation	<u>1,285,437</u>	<u>134,863</u>	<u>(51,107)</u>	<u>1,369,193</u>
<b>Component Units Capital Assets, Net*</b>	<u><b>\$ 2,048,627</b></u>	<u><b>\$ 207,647</b></u>	<u><b>\$ (188,443)</b></u>	<u><b>\$ 2,067,831</b></u>

\*Certain higher education foundations and other similar organizations utilize FASB standards.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

As of June 30, 2013, balances are available as follows:

Capital Assets Not Being Depreciated:	
Land	\$ 24,215
Works of Art and Collections	29,606
Total Capital Assets, Not Being Depreciated	<u>53,821</u>
Capital Assets Being Depreciated	
Buildings and Building Improvements	192,936
Machinery and Equipment	28,204
Software	30
Total Capital Assets Being Depreciated	<u>221,170</u>
Less: Accumulated Depreciation	<u>(69,555)</u>
Capital Assets, Net (FASB presentation)	<u>205,436</u>
<b>Total Capital Assets, Net - All Component Units</b>	<b><u>\$ 2,273,267</u></b>



**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM LIABILITIES**

**A. Changes in Long-term Liabilities**

**Primary Government**

Changes in long-term liabilities for the fiscal year-ended June 30, 2013, are as follows (in thousands):

	<b>Balance 7/1/2012 (Restated - Note 3)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6/30/2013</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 8,584,945	\$ 1,321,695	\$ (1,253,480)	\$ 8,653,160	\$ 723,305
Revenue Bonds Payable	403,450	-	(29,035)	374,415	25,780
GARVEE Bonds Payable	1,176,790	-	(128,930)	1,047,860	134,530
Less deferred amounts:					
On Refunding	(228,941)	(69,501)	27,359	(271,083)	-
Net Unamortized Premiums	632,369	227,423	(87,435)	772,357	-
Total Bonds Payable	10,568,613	1,479,617	(1,471,521)	10,576,709	883,615
Notes and Loans Payable	14,600	-	(10,600)	4,000	4,000
Capital Lease Obligations	286,055	10,400	(40,692)	255,763	29,719
Compensated Absences Payable	323,755	120,565	(134,495)	309,825	132,753
Arbitrage	8,853	-	(3,976)	4,877	-
<b>Total Governmental Activities</b>	<b>\$ 11,201,876</b>	<b>\$ 1,610,582</b>	<b>\$ (1,661,284)</b>	<b>\$ 11,151,174</b>	<b>\$ 1,050,087</b>
<b>Business-type Activities</b>					
Revenue Bonds Payable	\$ 1,228,067	\$ 139,685	\$ (173,670)	\$ 1,194,082	\$ 31,480
Less deferred amounts:					
Net Unamortized Premiums (Discounts)	8,474	14,158	(5,514)	17,118	-
Total Bonds Payable	1,236,541	153,843	(179,184)	1,211,200	31,480
Notes and Loans Payable	746,961	-	(349,269)	397,692	277
Capital Lease Obligations	2,234,949	188,211	(53,132)	2,370,028	26,967
Compensated Absences Payable	218,726	151,489	(147,055)	223,160	135,105
Other Postemployment Benefit Obligation	1,278,146	367,796	(83,400)	1,562,542	-
Derivative Instrument Payable	7,778	-	(168)	7,610	-
<b>Total Business-type Activities</b>	<b>\$ 5,723,101</b>	<b>\$ 861,339</b>	<b>\$ (812,208)</b>	<b>\$ 5,772,232</b>	<b>\$ 193,829</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above total for governmental activities. The following long-term liabilities of internal service funds were included in the above balance as of June 30, 2013: capital leases of \$82.6 million and

compensated absences of \$4.7 million. Of these amounts, \$6.7 million and \$2.2 million, respectively, are due within one year. In general, the capital leases and compensated absences of the governmental activities are liquidated by the general fund.





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Component Units

Changes in long-term liabilities for the fiscal year-ended June 30, 2013, are as follows (in thousands):

<b>Component Units</b>	<b>Balance 7/1/2012 (Restated - Note 3)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6/30/2013</b>	<b>Amounts Due Within One Year</b>
Revenue Bonds Payable	\$ 2,146,193	\$ 215,344	\$ (188,489)	\$ 2,173,048	\$ 68,478
Mortgage Bonds Payable	1,022,655	149,395	(144,065)	1,027,985	26,560
Net Unamortized Premiums	21,307	8,434	(2,030)	27,711	-
Total Bonds Payable	3,190,155	373,173	(334,584)	3,228,744	95,038
Notes and Loans Payable	201,456	49,587	(30,476)	220,567	67,881
Net Unamortized Premiums	413	-	(13)	400	-
Capital Lease Obligations	3,709	78	(828)	2,959	496
Compensated Absences Payable	26,878	9,659	(10,103)	26,434	21,109
Grand Prizes Payable	250,774	10,902	(36,099)	225,577	9,401
Other Liabilities	261,920	120,298	(70,506)	311,712	3,650
<b>Total Component Units</b>	<b>\$ 3,935,305</b>	<b>\$ 563,697</b>	<b>\$ (482,609)</b>	<b>\$ 4,016,393</b>	<b>\$ 197,575</b>

### **B. Bonds and Notes Payable**

At June 30, 2013, bonds and notes payable currently outstanding are as follows (in thousands):

	<b>Interest Rates</b>	<b>Maturing Through Year</b>	<b>Original Issue Amount</b>	<b>Outstanding Amount</b>
<b><u>Governmental Activities</u></b>				
General Obligation Bonds				
General Government	.35% - 7.40%	2033	\$ 15,794,355	\$ 5,792,210
General Government - Refunding	2.0% - 9.0%	2026		2,860,950
Revenue Bonds				
Transportation Projects	2.25% - 5.37%	2024	631,905	374,415
GARVEE Bonds	3.00% - 5.00%	2021	1,650,000	1,047,860
Notes and Loans Payable	0.0%	2014	32,614	4,000
<b><u>Business-type Activities</u></b>				
Revenue Bonds				
Georgia 400	2.55%	2017	\$ 40,000	\$ 25,345
Georgia Higher Education Facilities Authority	3.0% - 6.25%	2041	294,915	285,375
Higher Education Foundations	2.0% - 6.15%	2041	1,099,995	883,362
Notes and Loans Payable	5.0% - 8.5%	2016	920,112	397,692
<b><u>Component Units</u></b>				
Revenue Bonds				
Higher Education Foundations	.05% - 6.3%	2044	\$ 1,786,280	\$ 1,670,209
Georgia Tech Foundation	.75% - 6.66%	2032	269,845	244,145
Other Revenue Bonds	.54% - 5.28%	2036	355,145	258,694
Mortgage Bonds				
Georgia Housing and Financing Authority	.2% - 5.625%	2043	1,395,145	1,027,985
Notes and Loans Payable				
Higher Education Foundations	.52% - 4.50%	2035	158,288	106,109
Georgia Tech Foundation	.67% - .79%	2015	85,500	58,188
Other Notes and Loans Payable	.6% - 6.3%	2026	96,141	56,270



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 8 - LONG-TERM LIABILITIES (continued)

#### C. General Obligation Bonds

##### Primary Government

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both general State and proprietary activities, to provide loans to local governments for water and sewer systems, to construct educational facilities for local school systems, and to refund general obligation bonds.

General obligation bonds are direct obligations of the State to which the full faith and credit of the State are pledged.

##### **Bonds Authorized but Unissued**

Authorized but unissued general obligation bonds as of June 30, 2013, are as follows (in thousands):

<u>Purpose</u>	<u>Authorized Unissued Debt</u>
K-12 Education	\$ 243,300
Higher Education	39,125
Transportation	138,405
Economic Development	15,000
Other	25,230
<b>Total</b>	<b>\$ 461,060</b>

##### **Defeasance and Refunding of General Obligation Bonds**

On July 18, 2012, the State issued \$137.1 million in General Obligation Refunding Bonds Series 2012C with interest rates ranging from 4.00% to 5.00%. The proceeds were used to advance refund \$146.4 million of General Obligation Bonds Series 2004B through 2005A which had interest rates ranging from 4.00% to 5.00%. The reacquisition price exceeded the net carrying amount of the old debt by \$17.6 billion. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The State advance refunded the Series 2004B through 2005A bonds to obtain an

economic gain of \$14.4 million. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

January 8, 2013, the State issued \$349.7 million in General Obligation Refunding bonds Series 2013B and Series 2013C with interest rates ranging from 3.00% to 5.00%. The proceeds were used to advance refund a total of \$371.5 million from General Obligations Bonds Series 2004C, 2006B, and 2006G, which had interest rates ranging from 4.00% to 5.50%. The reacquisition price exceeded the net carrying amount of the old debt by \$51.9 million. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The State advance refunded the Series 2004B, 2006B, and 2006G bonds to obtain an economic gain of \$35.8 million. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

As of June 30, 2013, the State had total outstanding refunded bonds held in escrow of \$1.6 billion.

##### **Early Retirement of Debt**

From funds received from the sale of state property and from interest earnings available for the advance retirement of debt, the State made 15 purchases of various series of State of Georgia General Obligation Bonds in the secondary market with a par value of \$1.7 million. These early retirements of bonds will save the State \$2.8 million in future principal and interest appropriations and reduce debt service in fiscal year 2013 by \$0.04 million. Since July 1, 2000, the early retirement program has saved the State over \$1.1 billion in future principal and interest appropriations.

#### D. Revenue Bonds

##### Governmental Activities

State Road and Tollway Authority (SRTA) has issued Guaranteed Revenue Bonds for the purpose of financing certain road and bridge projects in the State. The guaranteed revenue bonds are secured by



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

the amount of net proceeds of the motor fuel tax provided for in a joint resolution of the State Transportation Board and SRTA. Further, the State has guaranteed the full payment of the bonds and the interest.

SRTA has issued Federal Highway Grant Anticipation Revenue Bonds and Federal Highway Reimbursement Bonds (GARVEE's). These bond proceeds will be used for the purpose of providing funds for an approved land public transportation project.

### **Business-type Activities**

Georgia Higher Education Facilities Authority (GHEFA) has issued revenue bonds for the purpose of acquiring, constructing and equipping several projects on college campuses throughout the State. The bonds are secured solely by the related security deed and related assignment of contract documents. As of June 30, 2013, the outstanding principal for these revenue bonds is \$285.4 million.

Georgia Tech Facilities, Inc. has issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities on the Georgia Institute of Technology campus. The bond issues have interest rates ranging from 2.0% to 5.3% and the maturities range from 2017 to 2041. As of June 30, 2013, the outstanding principal for these revenue bonds is \$284.3 million.

Georgia State University Foundation, Inc. has issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities on the Georgia State University campus. These bond issues have interest rates ranging from 3.0% to 6.15% and the maturities range from 2016 to 2037. As of June 30, 2013, the outstanding principal balance for these revenue bonds is \$234.0 million.

VSU Auxiliary Services Real Estate Foundation, Inc. has issued various revenue bonds to finance the costs of construction of various facilities on the Valdosta State University campus. These bond issues have interest rates ranging from 3.25% to 5.5% and the maturities range from 2030 to 2039. As of December 31, 2012, the outstanding principal balance for these revenue bonds is \$185.8 million.

Armstrong Atlantic State University Educational Properties Foundation, Inc. has issued various revenue bonds to finance the costs of acquiring, renovating, constructing, and equipping various facilities on the Armstrong Atlantic State University campus. These bonds bear interest payable semiannually at fixed rates ranging from 3.0% to 5.13% and the maturities range from 2024 to 2039. As of December 31, 2012, the outstanding principal balance for these revenue bonds is \$92.1 million.

The Georgia State University Research Foundation, Inc. has issued revenue bonds dated December 1, 2007 to finance or refinance the cost of the acquisition, construction and equipping of a research facility located in a new Georgia State University Science Park on the campus of the University. Term bonds under the agreement bear interest payable semiannually at fixed rates ranging from 4.75% to 5.25%. Serial bonds under the loan agreement bear interest payable semi-annually at a rate of 4.5% until July 1, 2014 when the interest rate increases to 5.0%. The bonds mature in 2039. As of June 30, 2013, the outstanding principal balance for these revenue bonds is \$87.2 million.

SRTA has issued toll revenue bonds for the purpose of financing a portion of the costs of acquiring, constructing and maintaining the Georgia 400 Extension. The toll revenues to be generated from the usage of the Georgia 400 Extension secure these bonds. As of June 30, 2013, the outstanding principal balance for these toll revenue bonds was \$25.3 million. See the Subsequent Events note for additional information regarding these bonds.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 8 - LONG-TERM LIABILITIES (continued)

#### Component Units

Revenue bonds issued by various Higher Education foundations, for the acquisition and improvement of properties and facilities, had an outstanding balance at June 30, 2013, of \$1.7 billion.

Other component units had revenue bonds payable outstanding at June 30, 2013, of \$502.8 million as detailed below (in thousands):

	<u>Amount</u>
Georgia Tech Foundation, Inc.	\$ 244.1
Georgia Environmental Finance Authority	146.7
Georgia World Congress Center	100.0
Lake Lanier Islands Developmental Authority	8.4
Regional Educational Service Agencies	3.6
<b>Total</b>	<b><u><u>\$ 502.8</u></u></b>

#### **E. Mortgage Bonds**

##### Component Units

Mortgage bonds outstanding of \$1.0 billion June 30, 2013, were issued by the GHFA for financing the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State.

#### **F. Notes and Loans Payable**

##### Governmental Activities

Notes and loans payable for governmental activities as of June 30, 2013, were \$4.0 million, attributable to DOT's participation in the Federal Right of Way Revolving Fund program, for the purpose of aiding states with the problem of escalating property costs on future highway alignments. This fund was

established to advance money to states without interest to acquire property needed for future projects along corridors with escalating property costs due to imminent development. The first payment for the revolving fund loan was paid January, 2009 and the last payment was made August 6, 2013.

##### Business-type Activities

Notes and loans payable for business-type activities as of June 30, 2013, were \$397.7 million. Of this amount, \$396.8 million is the outstanding balance of a loan obtained under the Federal Unemployment Account (FUA), which provides for a loan fund for State unemployment programs to ensure a continued flow of unemployment benefits during times of economic downturn. Georgia is one of 36 states that borrowed from the U.S. Treasury to pay State unemployment benefits. During fiscal year 2013, the State repaid \$348.5 million to the U.S. Treasury that was applied to the loan balance from previous years. See the Subsequent Events note for additional information regarding this loan.

In addition, Armstrong Atlantic State University Educational Properties Foundation, Inc. had a note payable balance of \$0.9 million as of December 31, 2012.

##### Component Units

Notes and loans payable for component units as of June 30, 2013, were as follows (in thousands):

	<u>Amount</u>
Higher Education Foundations	\$ 106.1
Georgia Tech Foundation, Inc.	58.2
Georgia Ports Authority	36.5
Lake Lanier Islands Developmental Authority	13.7
Georgia Military College	3.9
North Georgia Mountains Authority	1.6
Jekyll Island State Park Authority	0.6
<b>Total</b>	<b><u><u>\$ 220.6</u></u></b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Higher Education Foundations Notes and Loans

During fiscal year 2012, MCG Health System, Inc. entered into a note in the amount of \$50.0 million. Funds from the note are to be used to fund certain construction and renovation projects and to purchase new and replacement equipment. The note bears a fixed interest rate of 2.05% for a three year term, and the interest is due monthly. The balance on the note at June 30, 2013 was \$50.0 million.

The Cancer Research Center of the Medical College of Georgia Physician's Practice Group Foundation (CRC) has a loan agreement with the Development Authority of Richmond County, whereby the Authority issued bonds and lent the proceeds thereof to CRC for the purpose of providing funds to finance the cost of the construction of a portion of a cancer research building on the campus of the Georgia Regents University (GRU). As of June 30, 2013, \$27.9 million was outstanding on the loan payable. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5% to 5%. Principal payments are due annually through December 2034.

Notes and loans payable include a revolving credit agreement for the University of Georgia Research Foundation, Inc. which provides for borrowings or letters of credit at the Research Foundation's option. At June 30, 2013, amounts outstanding or issued under this agreement included borrowings of \$10.0 million, with no letters of credit or bank reserves, resulting in \$40.0 million available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day LIBOR plus 0.8%. At June 30, 2013, the rate applicable to the borrowings was .99%.

During fiscal year 2007, the University of Georgia Foundation signed a \$6.2 million promissory loan agreement which expires on November 1, 2017. Interest is charged at the bank's 30-day LIBOR plus 0.325%. The balance on this note at June 30, 2013, was \$5.7 million.

In addition to the notes and loans discussed in the previous paragraphs, as of June 30, 2013, an

additional \$12.5 million in notes was held by various higher education foundations.

### Other Component Units Notes and Loans

The Georgia Ports Authority maintains an uncollateralized revolving line of credit in the amount of \$48.0 million. As of June 30, 2013, \$36.5 million was outstanding on this line of credit. The interest rate (0.60% at June 30, 2013) is based on the one month LIBOR rate. This revolving line of credit expires on September 5, 2017.

The Georgia Tech Foundation, Inc. has five \$10.0 million revolving lines of credit and one \$35.5 million nonrevolving line of credit. As of June 30, 2013, \$58.2 million was outstanding on these lines of credit. Interest is calculated using the 30-day LIBOR rate.

### G. Interest Rate Swaps

As a means of interest rate management, various higher education foundations have entered into interest rate swap agreements. For further details on these agreements, please refer to Note 13 Derivative Instruments.

### H. Pollution Remediation

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

### Governmental Activities

#### Department of Transportation

DOT has recorded liabilities totaling \$0.5 million at June 30, 2013, for pollution remediation related to underground storage tanks at two locations and for pollution remediation at two laboratory sites. The liabilities were determined using the expected cash flow measurement technique which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. The estimated amount of recovery from insurance and other potentially responsible parties is \$0.03 million.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 8 - LONG-TERM LIABILITIES (continued)

Pollution remediation liability activity in fiscal year 2013 was as follows (in thousands):

Balance			Balance	Amounts Due
<u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/2013</u>	<u>Within One Year</u>
\$ 716	\$ 16	\$ (206)	\$ 526	\$ 185

#### Department of Juvenile Justice

The Department of Juvenile Justice cleared its \$0.7 million 2012 liability for pollution remediation related to soil contamination at one site. The Georgia Environmental Protection Division determined that the site is now in compliance with applicable standards and has removed it from the hazardous site inventory. Pollution remediation liability activity in fiscal year 2013 was as follows (in thousands):

Balance			Balance	Amounts Due
<u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/2013</u>	<u>Within One Year</u>
\$ 701	\$ -	\$ (701)	\$ -	\$ -

#### Department of Defense

The Department of Defense has recorded liabilities totaling \$0.3 million at June 30, 2013, for pollution remediation primarily related to ground contamination at five sites. The liabilities were determined by previous experience. The estimated amount of recovery from insurance and other potentially responsible parties is \$0.3 million. Pollution remediation liability activity in fiscal year 2013 was as follows (in thousands):

Balance			Balance	Amounts Due
<u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2013</u>	<u>Within One Year</u>
\$ 230	\$ 84	\$ (5)	\$ 309	\$ 109

#### Department of Agriculture

The Department of Agriculture has learned that it may have treated, stored, or disposed of a small amount of potentially hazardous material at a Marine Shale Processors site and therefore may have to participate in pollution remediation. No estimate of a potential liability is available.

### Business-type Activities

#### University of Georgia

The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. The University of Georgia has recorded a liability and expense related to this pollution remediation in the amount of \$1.0 million. The liability is reflected on the Statement of Net Position in Accounts Payable and on the Statement of Revenues, Expenses and Changes in Fund Net Position in Services and Supplies. The liability was determined using a five year budget estimate provided by Brown and Caldwell. The University of Georgia does not anticipate any significant changes to the expected remediation outlay. There are no expected recoveries that have reduced the liability. Pollution remediation liability activity in fiscal 2013 was as follows (in thousands):

Balance			Balance	Amounts Due
<u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2013</u>	<u>Within One Year</u>
\$ 918	\$ 175	\$ (137)	\$ 956	\$ 138

#### Georgia Institute of Technology

Georgia Institute of Technology is responsible for pollution monitoring and remediation in all Institute facilities, including asbestos abatement. Monitoring and remediation activities are performed during renovation/construction projects when deemed necessary by Institute management. As of June 30, 2013, the Institute recorded a liability and expense in the amount of \$0.5 million for pollution monitoring and remediation projects in various Institute structures. The liability is reflected on the Statement of Net Position in Accounts Payable and on the Statement of Revenues, Expenses, and Changes in Fund Net Position in Services and Supplies. The liability was determined using the Expected Cash Flow Measurement Technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. The Institute does not anticipate any significant changes to the expected remediation outlay. There are no expected recoveries that have reduced the liability.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

Pollution remediation liability activity in fiscal 2013 was as follows (in thousands):

Balance			Balance	Amounts Due
<u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2013</u>	<u>Within One Year</u>
\$ 145	\$ 504	\$ (145)	\$ 504	\$ 504

### Georgia Regents University

Georgia Regents University (formerly Georgia Health Sciences University) is responsible for asbestos abatement as a small part of the project costs for various projects. The University has recorded a liability and expense related to this pollution remediation in the amount of \$0.03 million. The liability is reflected on the Statement of Net Position in Accounts Payable and on the Statement of Revenues, Expenses, and Changes in Fund Net Position in Services and Supplies. The liability is the remaining amount of project abatement costs at June 30, 2013. The University does not anticipate any significant changes to the expected remediation outlay. Pollution remediation liability activity in fiscal year 2013 was as follows (in thousands):

Balance			Balance	Amounts Due
<u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2013</u>	<u>Within One Year</u>
\$ 3	\$ 73	\$ (50)	\$ 26	\$ 26

### Component Units

#### Georgia Ports Authority

The Georgia Ports Authority is responsible for certain pollution remediation costs related to soil and groundwater contamination at its Bainbridge, Georgia terminal. The Georgia Ports Authority has

recorded a liability of \$1.5 million as of June 30, 2013. The liability was determined using a five year budget estimate provided by an engineering firm using a discounted cash flow rate of 3%. Pollution remediation liability activity in fiscal year 2013 was as follows (in thousands):

Balance			Balance	Amounts Due
<u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2013</u>	<u>Within One Year</u>
\$ 1,555	\$ 225	\$ (231)	\$ 1,549	\$ 782

#### Georgia Southern University (GSU) Housing Foundation, Inc.

The two housing facilities constructed with the proceeds from a Foundation bond issue required some unexpected repairs. For one of the housing facilities, a mold problem was discovered, and the costs to repair the damage to the facility were \$1.9 million, recognized during the two fiscal years ending June 30, 2009 and 2008. Claims have been made against the developer. All claims are currently under review by the respective claims adjustors. Any amount expected to be recovered from these claims cannot be estimated at this time.

For the other housing facility, a mold problem was also discovered in May, 2009, and the costs to repair the damage to the facility were \$4.9 million, which were paid by GSU. This amount, which was recognized in the fiscal year ended June 30, 2010, is to be repaid to GSU sometime after the next fiscal year and is considered long-term. Claims were filed by the Foundation's attorneys against the developer during the prior fiscal year. The court's initial ruling was to put the parties involved in arbitration. Any amount expected to be recovered cannot be estimated at this time.



**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM LIABILITIES (continued)**

**I. Debt Service Requirements**

Annual debt service requirements to maturity for general obligation bonds, revenue bonds, GARVEE bonds, mortgage bonds and notes and loans payable are as follows (in thousands):

**Primary Government**

Year	Governmental Activities							
	General Obligation Bonds		Revenue Bonds		GARVEE Bonds		Notes and Loans Payable	
	Principal *	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 723,305	\$ 380,311	\$ 25,780	\$ 18,376	\$ 134,530	\$ 50,714	\$ 4,000	\$ -
2015	715,785	345,429	21,525	17,283	141,150	44,095	-	-
2016	654,220	310,680	38,045	15,956	147,640	37,607	-	-
2017	627,830	280,158	39,965	14,034	154,560	30,684	-	-
2018	615,600	249,743	41,980	12,014	162,085	23,161	-	-
2019-2023	2,654,750	853,798	183,310	27,496	307,895	27,555	-	-
2024-2028	1,928,000	357,937	23,810	595	-	-	-	-
2029-2033	733,670	57,541	-	-	-	-	-	-
<b>Total</b>	<b>\$8,653,160</b>	<b>\$2,835,597</b>	<b>\$ 374,415</b>	<b>\$ 105,754</b>	<b>\$1,047,860</b>	<b>\$ 213,816</b>	<b>\$ 4,000</b>	<b>\$ -</b>

**Business-type Activities**

Year	Revenue Bonds		Notes and Loans Payable	
	Principal	Interest	Principal **	Interest
2014	\$ 31,480	\$ 50,359	\$ 277	\$ 40
2015	33,405	49,305	291	26
2016	38,969	48,180	306	11
2017	43,677	46,951	52	(1)
2018	31,103	45,767	-	-
2019-2023	178,890	208,856	-	-
2024-2028	234,678	167,150	-	-
2029-2033	261,607	114,318	-	-
2034-2038	256,423	58,185	-	-
2039-2043	83,850	6,906	-	-
<b>Total</b>	<b>\$1,194,082</b>	<b>\$ 795,977</b>	<b>\$ 926</b>	<b>\$ 76</b>

\* Includes \$127.3 million of bonds with variable interest rates based on the weekly rate determination of the Remarketing Agent. The interest rate at June 30, 2013, for these variable rate bonds, was 0.46%.

\*\* The note payable to the U.S. Treasury for \$396.8 million for State unemployment benefits has not been included in this schedule. A repayment schedule has not yet been implemented.





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Component Units

Year	Higher Education Foundations		Georgia Tech Foundation		Other Component Units	
	Revenue Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 39,310	\$ 73,504	\$ 9,345	\$ 12,073	\$ 19,823	\$ 10,214
2015	40,945	73,374	9,605	11,806	13,108	9,805
2016	39,085	71,843	9,935	11,487	13,535	9,396
2017	41,970	70,262	10,295	11,119	13,968	8,972
2018	61,255	82,027	10,725	10,691	14,426	8,531
2019-2023	311,575	303,720	61,085	44,362	180,277	78,913
2024-2028	319,370	232,608	72,365	26,260	3,557	513
2029-2033	367,936	153,877	60,790	6,042	-	-
2034-2038	279,909	76,724	-	-	-	-
2039-2043	167,660	18,408	-	-	-	-
2044-2048	1,194	54	-	-	-	-
<b>Total</b>	<b>\$ 1,670,209</b>	<b>\$ 1,156,401</b>	<b>\$ 244,145</b>	<b>\$ 133,840</b>	<b>\$ 258,694</b>	<b>\$ 126,344</b>

Year	Higher Education Foundations		Georgia Tech Foundation		Other Component Units	
	Notes and Loans Payable		Notes and Loans Payable		Notes and Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 4,442	\$ 2,894	\$ 58,188	\$ 460	\$ 5,251	\$ 509
2015	17,948	2,715	-	-	6,521	469
2016	48,796	2,590	-	-	2,885	436
2017	1,723	1,544	-	-	2,920	403
2018	2,035	1,589	-	-	29,411	368
2019-2023	8,261	6,532	-	-	5,343	1,263
2024-2028	7,638	4,844	-	-	3,939	245
2029-2033	11,382	2,939	-	-	-	-
2034-2038	3,884	190	-	-	-	-
<b>Total</b>	<b>\$ 106,109</b>	<b>\$ 25,837</b>	<b>\$ 58,188</b>	<b>\$ 460</b>	<b>\$ 56,270</b>	<b>\$ 3,693</b>

Year	Georgia Housing and Finance Authority	
	Mortgage Bonds	
	Principal	Interest
2014	\$ 26,560	\$ 38,915
2015	23,950	38,369
2016	27,465	37,798
2017	34,845	36,991
2018	28,400	35,889
2019-2023	165,775	162,699
2024-2028	188,860	125,760
2029-2033	211,090	83,293
2034-2038	199,840	40,165
2039-2043	121,200	9,787
<b>Total</b>	<b>\$ 1,027,985</b>	<b>\$ 609,666</b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 9 - LEASES

#### A. Operating Leases

The State leases land, office facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the

State has the option of renewing the lease on a year-to-year basis. Total lease payments for the State's governmental activities, business-type activities, and component units were \$41.6 million, \$51.3 million, and \$13.6 million, respectively, for the year ended June 30, 2013. Future minimum commitments for operating leases as of June 30, 2013, are listed below (in thousands).

<u>Fiscal Year Ended June 30</u>	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
2014	\$ 28,383	\$ 44,655	\$ 12,845
2015	18,732	21,545	10,727
2016	11,689	20,791	9,520
2017	6,436	18,431	8,249
2018	2,951	16,954	6,715
2019-2023	6,120	77,142	18,497
2024-2028	1,629	72,491	1,377
2029-2033	357	61,459	551
2034-2038	10	33,125	-
2039-2043	2	6,655	-
2044-2048	-	258	-
<b>Total Minimum Commitments</b>	<b>\$ 76,309</b>	<b>\$ 373,506</b>	<b>\$ 68,481</b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### B. Capital Leases

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. In accordance with OCGA 50-5-64, the majority of these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only

by a positive action taken by the State. The agreements shall terminate immediately at such time as appropriated and otherwise unobligated funds are no longer available to satisfy the obligations of the State. At June 30, 2013, the historical cost of assets acquired through capital leases was as follows (in thousands):

	<b>Primary Government</b>		<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Land	\$ -	\$ 48,435	\$ -
Infrastructure	-	55,002	-
Buildings	401,336	3,394,461	4,424
Improvements Other Than Buildings	-	17,526	-
Machinery and Equipment	3,156	180,902	102
Less: Accumulated Depreciation	(216,027)	(576,574)	(2,280)
<b>Total Assets Held Under Capital Lease</b>	<b>\$ 188,465</b>	<b>\$ 3,119,752</b>	<b>\$ 2,246</b>

At June 30, 2013, future commitments under capital leases were as follows (in thousands):

<b>Fiscal Year Ended June 30</b>	<b>Primary Government</b>		<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
2014	\$ 55,076	\$ 178,965	\$ 749
2015	52,722	179,023	1,003
2016	44,999	179,393	438
2017	41,633	181,037	403
2018	39,467	182,766	453
2019-2023	119,636	927,454	805
2024-2028	55,316	946,127	90
2029-2033	18,515	854,315	90
2034-2038	2,438	548,704	90
2039-2043	1,475	140,617	90
2044-2048	30	112	90
2049-2053	30	-	72
Total Capital Lease Payments	431,337	4,318,513	4,373
Less: Interest	(170,075)	(159,341)	(585)
Executory Costs	(5,499)	(1,789,144)	(829)
<b>Present Value of Capital Lease Payments</b>	<b>\$ 255,763</b>	<b>\$ 2,370,028</b>	<b>\$ 2,959</b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 9 - LEASES (continued)

#### C. Leases Receivable

The State leases certain facilities and land for use by others for terms varying from 1 to 40 years. The leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned. Total revenues from rental of land and facilities for the State's governmental activities, business-type activities, and

component units were \$9.6 million, \$0.09 million, and \$31.4 million, respectively, for the year ended June 30, 2013. Minimum future revenues and rentals to be received under operating leases as of June 30, 2013, are as follows (in thousands):

<u>Fiscal Year Ended June 30</u>	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
2014	\$ 8,630	\$ 38	\$ 28,911
2015	8,616	-	18,419
2016	8,654	-	18,047
2017	8,773	-	16,376
2018	8,891	-	16,002
2019-2023	17,061	-	72,066
2024-2028	3,623	-	63,209
2029-2033	3,806	-	53,590
2034-2038	4,007	-	18,515
2039-2043	4,227	-	1,765
2044-2048	1,349	-	1,909
2049-2053	11	-	1,016
<b>Total Minimum Revenues</b>	<b>\$ 77,648</b>	<b>\$ 38</b>	<b>\$ 309,825</b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 10 - RETIREMENT SYSTEMS

The State administers various retirement plans under two major retirement systems: The Employees' Retirement System (the System) and Teachers Retirement System (TRS). These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective system offices. The State's significant retirement plans are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law. The State also provides an optional retirement plan for certain university employees: the Regents Retirement Plan.

#### A. Summary of Significant Accounting Policies

##### Basis of Accounting

Retirement plan financial statements are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement benefits and refund payments are recognized as deductions when due and payable.

##### Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No investment in any one organization, other than those issued or guaranteed by the U.S. Government or its agencies, represents 5% or more of the net position restricted for pension benefits.

#### B. Defined Benefit Plans

##### Plan Descriptions and Funding Policy

##### Employees' Retirement System of Georgia Plan

The System is comprised of individual retirement systems and plans covering substantially all employees of the State except for teachers and other employees covered by TRS. One of the plans within the System, also titled Employees' Retirement System (ERS), is a cost-sharing multiple-employer defined benefit pension plan that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

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



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 10 - RETIREMENT SYSTEMS (continued)

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an “old plan” member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982, but prior to January 1, 2009, are “new plan” members subject to the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the “old” or “new” plan, are members of the Georgia State Employees’ Pension and Savings Plan (GSEPS). Members of the GSEPS plan may also participate in the GSEPS 401(k) defined contribution component described below. ERS members hired prior to January 1, 2009, also have the option to irrevocably change their membership to the GSEPS plan.

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

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

Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to \$4,200 plus 6% of annual

compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members’ accounts for refund purposes and are used in the computation of the members’ earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The State is required to contribute at a specified percentage of active member payroll established by the Board of Trustees and determined annually in accordance with an actuarial valuation and minimum funding standards as provided by law. These State contributions are not at any time refundable to the member or his/her beneficiary.

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

<u>Plan Segment</u>	<u>Contribution Rate</u>
Old Plan *	14.90%
New Plan	14.90%
GSEPS	11.54%

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

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions the member forfeits all rights to retirement benefits.

#### Teachers Retirement System of Georgia

TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of two appointees by the Board, two ex-officio State employees, five appointees by the Governor, and one appointee of the Board of Regents is ultimately responsible for the administration of TRS.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

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

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

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

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer

contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation.

Member contributions as adopted by the Board of Trustees for fiscal year 2013 were 6% of annual salary. Employer contributions required for fiscal year 2013 were 11.41% of annual salary as required by the June 30, 2010, actuarial valuation.

### Employer Contributions

The following table summarizes the State's employer contributions by defined benefit plan for 2013, 2012, and 2011 (in thousands):

	ERS		TRS	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2013	\$ 306,738	100%	\$ 194,804	100%
2012	238,738	100%	175,588	100%
2011	222,401	100%	170,893	100%

In addition to the above contributions for employees of organizations in the State reporting entity, the State also makes contributions directly to ERS and TRS on behalf of certain employers that are not in the reporting entity. The State made such contributions to TRS of \$5.9 million in 2013, \$5.5 million in 2012, and \$5.9 million in 2011 for public school support personnel. The State also contributed \$12.4 million, \$6.2 million, and \$11.7 million to ERS on behalf of local tax commissioners and county State courts in 2013, 2012, and 2011 respectively.

In certain prior years, the State did not contribute its full requirement for local tax officials because adequate funds were not appropriated. The cumulative contribution shortfall amounted to \$6.2 million. The State is funding this obligation over a 10 year period that began October 1, 2011, through higher contribution rate assessments of \$0.6 million each year. This assessment is in addition to the on-behalf amounts reported above. A liability has been



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 10 - RETIREMENT SYSTEMS (continued)

reported in the governmental activities for the unpaid balance.

These counts treat each legal entity in the State reporting entity as a separate employer. Of the 716 employers in the ERS count, 441 are not in the State reporting entity. Of the 401 employers in the TRS count, 297 are not in the State reporting entity.

#### Participating Employers

The number of participating employers by plan as of June 30, 2013, was:

ERS	716
TRS	401

#### Funded Status, Funding Progress, and Actuarial Methods and Assumptions

The funded status of the ERS and TRS plans at June 30, 2012, the most recent actuarial valuation date, is as follows (in thousands):

<u>Retirement System</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a) / (b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a) / (c)</u>
ERS	\$ 12,260,595	\$ 16,777,922	\$ 4,517,327	73.1%	\$ 2,414,884	187.1%
TRS	56,262,332	68,348,678	12,086,346	82.3%	10,036,023	120.4%

These valuations reflect assumptions based on experience studies for the five year period ending June 30, 2009. Additionally, TRS uses a smoothed interest rate methodology for determining its investment rate of return. The method uses an initial rate of return for a 23 year look forward period that, when combined with actual returns for a seven year look back period, produces a 30 year average rate of return that equals the 7.5% ultimate long-term investment rate of return assumption that is based on TRS long term capital market assumptions and asset allocations. The interest rate used for years after the

23 year look forward period is the ultimate rate of return. The method includes a corridor around the long-term investment rate of return. A corridor also limits the actuarial value of assets to not less than 75% or more than 125% of market value. Multiyear trend information about the funding progress is presented in the standalone financial reports issued by the System and TRS. These schedules indicate whether the actuarial values of assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

Additional information as of the latest actuarial valuations follows:

	<u>ERS</u>	<u>TRS</u>
Valuation date	6/30/2012	6/30/2012
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar	Level percent of pay
Remaining amortization period	30 years	30 years
Period Open/Closed	Open	Open
Asset valuation method	7 year smoothed market	7 year smoothed market
<b>Actuarial assumptions:</b>		
Investment rate of return, initial	N/A	8.09% *#
Investment rate of return, ultimate	7.50% *	7.50% *#
Projected salary increases	2.725% - 9.25% *	3.75% - 7.00% *
Postretirement cost of living adjustment	None	3.00% annually

\* Includes an inflation assumption of 3.00%

# Using the initial and ultimate rates above, the smoothed interest rate over a 40 year period is 7.84%.

### C. Defined Contribution Plans

#### GSEPS 401(k) Component of ERS Plan

In addition to the ERS defined benefit pension described above, GSEPS members may also participate in the Peach State Reserves 401(k) defined contribution plan and receive an employer matching contribution. The 401(k) plan is administered by the System and was established by the Georgia Employee Benefit Plan Council in accordance with State law and Section 401(k) of the IRC. The GSEPS segment of the 401(k) plan was established by State law effective January 1, 2009. Plan provisions and contribution requirements specific to GSEPS can be amended by State law. Other general 401(k) plan provisions can be amended by the ERS Board of Trustees as required by changes in federal tax law or for administrative purposes. The State was not required to make significant contributions to the 401(k) plan prior to GSEPS because most members under other segments of the plan either were not State employees or were not eligible to receive an employer match on their contributions.

The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 1% of

salary, along with a matching contribution from the State. The State will match 100% of the employee's initial 1% contribution and 50% of contribution percents two through five. Therefore, the State will match 3% of salary when an employee contributes at least 5% to the 401(k) plan. Employee contributions greater than 5% of salary do not receive any matching funds.

GSEPS employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all State service. Vesting is determined based on the following schedule:

Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 or more years	100%

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) plan also allows participants to roll over amounts from other qualified plans to their respective account in the



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 10 - RETIREMENT SYSTEMS (continued)

401(k) plan on approval of the 401(k) plan administrator. Such rollovers are 100% vested at the time of transfer. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

The participants may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or 30 days after retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Employees who die while actively employed and eligible for 401(k) employer matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

In 2013, the State's employer and employee GSEPS contributions were \$7.1 million and \$12.0 million, respectively. Additionally, the State made contributions of about \$0.1 million on behalf of employers that are not in the reporting entity. Employer contributions may be partially funded from nonvested contributions that were forfeited by employees.

#### **Regents Retirement Plan**

##### **Plan Description**

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the Georgia General Assembly in Chapter 21 of Title 47 of the Official Code of Georgia Annotated. It is administered and may be amended by the Board of Regents (Proprietary Fund – Higher Education). A participant in the plan is an "eligible university system employee" defined as a faculty member or a principal administrator as designated by the regulations of the Board of Regents. Under the Plan, a plan participant may purchase annuity contracts from four approved vendors (AIG-VALIC, American Century, Fidelity,

and TIAA-CREF) for the purpose of receiving retirement and death benefits. The approved vendors have separately issued financial reports that may be obtained through their respective corporate offices.

##### **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 TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2013, the employer contribution was 9.24% of the participating employee's earned compensation. Employees contribute 6% of their earned compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. In 2013, employer and employee contributions were \$105.2 million (9.24%) and \$63.0 million (6%), respectively.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 11 - POSTEMPLOYMENT BENEFITS

The State provides the following significant other postemployment benefit (OPEB) plans:

Administered by Department of Community Health (DCH):

Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)

Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund)

Administered by the System:

State Employees' Assurance Department (SEAD)

– For retired and vested inactive (SEAD-OPEB)

– For active employees (SEAD-Active)

Administered by the Board of Regents University System Office:

Board of Regents Retiree Health Benefit Fund (Regents Plan)

The financial statements for these plans are presented in the Fiduciary Funds section of this report. Separate financial reports that include the required supplementary information for these plans are also publicly available and may be obtained from the offices that administer the plans.

#### A. Summary of Significant Accounting Policies

##### Basis of Accounting

The financial statements of these plans are prepared using the accrual basis of accounting. Contributions from employers and members 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.

##### Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

#### B. Multiple-employer Plans

##### Plan Descriptions and Contribution Information

##### **State OPEB Fund and School OPEB Fund**

The State OPEB Fund and School OPEB Fund are cost-sharing multiple-employer defined benefit postemployment healthcare plans and are reported as employee benefit trust funds.

The State OPEB Fund provides postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with DCH for inclusion in the plan. It also pays administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

The School OPEB Fund provides postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers including librarians and other certified employees of public schools and regional educational service agencies or due under the group health plan for non-certified public school employees. It also pays administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

The Official Code of Georgia Annotated (OCGA) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees under both the State and School OPEB Funds, to the Board of Community Health (Board).

The plans are currently funded on a pay-as-you go basis. That is, annual costs of providing benefits will be financed in the same year as claims occur, with no significant assets accumulating as would occur in an advance funding strategy.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. As of January 1, 2012, for members with fewer than five years of service, contributions also vary based on years of service. As of January 1, 2012, on average, members with five years or more of service pay approximately 25% of the cost of health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a

Medicare Advantage Option. The Board sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

Participating employers, including but not limited to State organizations and school systems, are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected pay-as-you-go financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which 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 (or funding excess) over a period not to exceed 30 years.

The combined required contribution rates established by the Board for the active and retiree plans for the fiscal year ended June 30, 2013, were as summarized in the following tables:

#### Combined Active and State OPEB Fund Contribution Rates as a Percentage of Covered Payroll

State organizations, including technical colleges, and certain other eligible participating employers:

June 2012	27.523%	for July 2012 coverage
July – December 2012	35.000%	for August 2012 – January 2013 coverage
January – February 2013	24.454%	for February – March 2013 coverage
March – June 2013	25.366%	for April – July 2013 coverage

#### Combined Active and School OPEB Fund Dollar Contribution Rates per Member per Month

Certificated teachers, regional educational service agencies, certain other eligible participating employers:

June 2012	3.958%	of covered payroll for July 2012 coverage
July 2012 – February 2013	\$912.34	for August 2012 – March 2013 coverage
March – June 2013	\$937.34	for April – July 2013 coverage

Library employees:

June 2012	3.958%	of covered payroll for July 2012 coverage
July 2012 – June 2013	\$743.00	for August 2012 – July 2013 coverage

Non-certificated school personnel:

June 2012	\$296.20	for July 2012 coverage
July 2012 – June 2013	\$446.20	for August 2012 – July 2013 coverage



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

No additional contribution was required by the Board for fiscal year 2013 nor contributed to the State OPEB Fund or to the School OPEB Fund to prefund retiree benefits. Such additional

contribution amounts are determined annually by the Board in accordance with the State plan for OPEB and are subject to appropriation.

The State's estimated required pay-as-you-go employer contributions made to the State OPEB Fund and the School OPEB Fund for the fiscal years ended June 30, 2013, 2012, and 2011 were (in thousands):

	<u>State OPEB Fund</u>		<u>School OPEB Fund</u>	
	State Employer		State Employer	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2013	\$ 169,992	100%	\$ 1,947	100%
2012	159,827	100%	1,949	100%
2011	147,749	100%	1,682	100%

In addition to the above OPEB contributions for former employees of organizations in the State reporting entity, the State made on-behalf contributions during 2013 and 2012 to SHBP for combined active and OPEB coverage of certificated personnel employed by LEA's. A portion of those contributions was transferred to the School OPEB Fund as follows:

	<u>On-behalf Contribution to SHBP</u>	<u>Estimated Transfer to School OPEB</u>
2013	\$0.9 billion	\$224 million
2012	1.0 billion	279 million

The State did not make on-behalf contributions for certificated employees in 2011 but instead made contributions on behalf of the LEA's for certain non-certificated school personnel. The on-behalf amount transferred to the School OPEB Fund for the non-certificated personnel was \$0.3 million in 2011.

### State Employees' Assurance Department

SEAD-OPEB and SEAD-Active are cost-sharing multiple-employer defined benefit other postemployment plans that were created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to eligible members of the ERS, Georgia Judicial Retirement System (JRS),

and Legislative Retirement System (LRS). SEAD-OPEB provides benefits for retired and vested inactive members, and SEAD-Active provides benefits for active members. Effective July 1, 2009, no newly hired members of any State public retirement system are eligible for term life insurance under SEAD. Pursuant to Title 47 of the OCGA, benefit provisions of the plans were established and can be amended by State statute.

Contributions by plan members are established by the ERS Board of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The ERS Board of Trustees establishes employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. Contributions for fiscal year 2013 were based on June 30, 2010, actuarial valuations as follows:

	<u>SEAD-OPEB</u>	<u>SEAD-Active</u>	<u>Total SEAD</u>
<b>Member Rates:</b>			
ERS Old Plan	0.45%	0.05%	0.50%
Less: Offset Paid by Employer	<u>(0.22%)</u>	<u>(0.03%)</u>	<u>(0.25%)</u>
Net ERS Old Plan	0.23%	0.02%	0.25%
ERS New Plan, JRS, and LRS	0.23%	0.02%	0.25%
<b>Employer Rates</b>	0.27%	0.00%	0.27%



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

The ERS Board of Trustees voted and approved that the SEAD-OPEB employer contribution would be paid from existing assets of the Survivors Benefit Fund (SBF) instead of requiring payment by the employers. The SBF transferred \$5.0 million and \$12.7 million to the SEAD-OPEB Fund in 2013 and 2012, respectively. Of those amounts, \$4.5 million and \$11.1 million were paid on behalf of organizations in the State reporting entity for 2013 and 2012, respectively. There were no required employer contributions for SEAD in 2011.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses and is held as a reserve for payment of death benefits under existing policies.

For SEAD-Active the amount of insurance coverage is equal to 18 times monthly earnable compensation frozen at age 60. For members with no creditable service prior to April 1, 1964, the amount decreases from age 60 by a half of 1% per month until age 65 at which point the member will be covered for 70% of the age 60 coverage. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the member.

For SEAD-OPEB the amount of insurance for a retiree with creditable service prior to April 1, 1964, is the full amount of insurance under SEAD-Active in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964, is 70% of the amount of insurance under SEAD-Active at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree.

#### Participating Employers

The number of participating employers for the multiple-employer postretirement benefit plans as of June 30, 2013, was:

State OPEB	218
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School OPEB	242
SEAD (OPEB and Active)	811

The SEAD count treats each legal entity in the State reporting entity as a separate employer. Of the 811 employers in the SEAD count, 533 are not in the State reporting entity.

#### **C. Single-employer Plan: Board of Regents Retiree Health Benefit Fund**

##### Plan Description and Funding Policy

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

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

The contribution requirements of plan members and the employer are established and may be amended by the BOR. The Regents Plan is substantially funded on a pay-as-you-go basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by BOR designation. Organizational units of the BOR pay the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the BOR for the upcoming plan year. For the 2013 plan year, the employer rate was approximately 70% of the total health insurance cost for eligible retirees, and the retiree rate was approximately 30%. The employer covers the total cost for \$25,000 of basic life insurance. If an



**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013**

individual elects to have supplemental, and/or dependent life insurance coverage, such costs are borne entirely by the retiree.

**Annual OPEB Cost and Net OPEB Obligation**

The annual OPEB cost (expense) for the Regents Plan is calculated based on the ARC of the

employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table presents the components of the annual OPEB cost, the amount actually contributed, and the changes in the net OPEB obligation for the Regents Plan for 2013, 2012, and 2011 (in thousands):

	<b>Fiscal Year Ended 6/30/2013</b>	<b>Fiscal Year Ended 6/30/2012</b>	<b>Fiscal Year Ended 6/30/2011</b>
Annual required contribution	\$ 362,400	\$ 345,300	\$ 411,500
Interest on net OPEB obligation	57,500	45,800	31,500
Adjustment to annual required contribution	(52,100)	(41,500)	(45,300)
Annual OPEB cost (expense)	367,800	349,600	397,700
Less: Contributions made	(83,400)	(88,800)	(80,200)
Increase in net OPEB obligation	284,400	260,800	317,500
Net OPEB obligation - beginning of year	1,278,200	1,017,400	699,900
<b>Net OPEB obligation - end of year</b>	<b>\$ 1,562,600</b>	<b>\$ 1,278,200</b>	<b>\$ 1,017,400</b>
<b>Percentage of annual OPEB cost contributed</b>	<b>22.7%</b>	<b>25.4%</b>	<b>20.2%</b>

**D. Funded Status, Funding Progress, and Actuarial Methods and Assumptions**

The funded status of each plan as of the most recent actuarial valuation date is as follows (in thousands):

	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b - a) / (c)</b>
State OPEB	6/30/2012	\$ -	\$ 3,867,927	\$ 3,867,927	0.0%	\$ 2,408,000	160.6%
School OPEB	6/30/2012	-	10,869,930	10,869,930	0.0%	9,678,000	112.3%
SEAD-OPEB	6/30/2012	818,284	704,617	(113,667)	116.1%	1,962,800	(5.8%)
SEAD-Active	6/30/2012	183,390	39,317	(144,073)	466.4%	1,962,800	(7.3%)
Regents Plan	7/1/2012	166	3,758,970	3,758,804	0.0%	2,466,314	152.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include

assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new



**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)**

estimates are made about the future. A data audit was performed and the June 30, 2012, data collection procedures and assumptions were changed. The data audit analyzed participation in and eligibility for postemployment benefits under the SHBP. It is appropriate from time to time to perform a data audit to ensure that the State and School OPEB liabilities are being calculated as accurately as possible. The data analysis resulted in the removal of non-eligible groups and adding of eligible groups that do not participate in ERS, LRS or JRS. Also, the post-retirement participation assumption was changed from 90% to 100% for future retirees. The impact of the data audit is a gain of \$116 million for the plan as a whole, thus resulting in a lower unfunded accrued liability. The SEAD valuation as of June 30, 2012, reflects assumptions based on experience investigations for the five-year period ending June 30, 2009. The schedule of funding progress with multiyear trend information for the Regents Plan is presented as required supplementary information following the

notes to the financial statements. The multiyear trend information about the funding progress for the multiple-employer plans is presented in the standalone reports issued by the administering systems. These multiyear schedules indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 calculation.

Additional information as of the latest actuarial valuation follows:

	<u>State OPEB and School OPEB</u>	<u>SEAD-OPEB and SEAD-Active</u>	<u>Regents Plan</u>
Valuation date	6/30/2012	6/30/2012	7/1/2012
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, open	Level dollar, open	Level percentage of pay, closed
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Market Value	Market Value	Market Value
<b>Actuarial assumptions:</b>			
Investment rate of return	4.50% *	7.50% *	4.50% **
Salary Growth	n/a	0.00% - 9.25% *	3.00% **
Salary Scale	n/a	n/a	4.00% **
Healthcare cost trend rate - initial			
Pre-Medicare eligible	8.00% *	n/a	7.80% **
Medicare eligible	7.00% *	n/a	7.30% **
Ultimate trend rate			
Pre-Medicare eligible	5.00%	n/a	4.50% **
Medicare eligible	5.00%	n/a	4.50% **
Year of ultimate trend rate	2018	n/a	2027

\* Includes an inflation assumption of 3.00%

\*\* Includes an inflation assumption of 2.50%





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 12 - RISK MANAGEMENT

#### A. Public Entity Risk Pool

Department of Community Health (DCH) administers the State Health Benefit Plan (SHBP) for the State. Participants include State agencies, component units, participating county governments and local educational agencies. The SHBP is funded by participants covered in the pool, by employer and employee contributions, and appropriations from the General Assembly of Georgia. DCH has contracted with Cigna and UnitedHealthcare to process claims in accordance with the SHBP as established by the Board of Community Health.

#### B. Board of Regents Employee Health Benefits Plan

The BOR maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the BOR and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The BOR has contracted with Blue Cross Blue Shield of Georgia to process all claims in accordance with guidelines as established by the BOR.

#### C. Other Risk Management

Department of Administrative Services (DOAS) has the responsibility for the State of administering the risk management funds of the State and 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 services 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' and teachers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Premiums for the risk management program are charged to State organizations by DOAS to provide claims servicing and claims payment.

Charges by the workers' compensation risk management fund and the liability insurance risk management fund to other funds have failed to recover the full cost of claims over a reasonable period of time. Therefore, the unadjusted deficit at June 30, 2013, of \$534.0 million both for workers' compensation and liability was charged back to the contributing funds. Expenditures of \$370.0 million are reported in the General Fund, and expenses of \$113.6 million are reported in the Higher Education Fund (enterprise fund) relating to this charge-back.

#### D. Claims Liabilities

A reconciliation of total claims liabilities for fiscal years ended June 30, 2013, and 2012, is shown below (in thousands):

	Public Entity Risk Pool		Board of Regents Employee Health Benefits Plan		Risk Management Fund	
	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Unpaid Claims and Claim Adjustments July 1	\$ 203,403	\$ 200,136	\$ 26,270	\$ 23,289	\$ 522,041	\$ 471,192
Current Year Claims and Changes in Estimates	2,074,390	2,244,299	325,395	318,491	192,341	178,886
Claims Payments	(2,053,332)	(2,241,032)	(318,927)	(315,510)	(139,521)	(128,037)
<b>Unpaid Claims and Claim Adjustments June 30</b>	<b>\$ 224,461</b>	<b>\$ 203,403</b>	<b>\$ 32,738</b>	<b>\$ 26,270</b>	<b>\$ 574,861</b>	<b>\$ 522,041</b>



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 13 - DERIVATIVE INSTRUMENTS

Derivative Instruments are utilized by some of the higher education foundations (reported as both nonmajor enterprise funds and as component units) and consist primarily of interest rate swap agreements. Certain foundations (component units) have elected to apply FASB provisions and therefore

the disclosure information for these foundations is presented separately. Details of the long term liabilities associated with the interest rate swap derivatives are within the Note 8 - Long-Term Liabilities.

#### Primary Government

The fair value balance and notional amount of the interest rate swap hedging derivative investment

outstanding as reported in the fiscal year 2013 financial statements are as follows:

	Change in Fair Value		Fair Value at 6/30/2013		
	Classification	Amount	Classification	Amount	Notional
<b>Component unit activities - GASB</b>					
Cash flow hedges:					
VSU Auxiliary Services Real Estate Foundation, Inc. <sup>1</sup>					
2008B - Interest Rate Swap	Deferred outflow of resources	167,584	Debt	\$ (7,610,337)	28,545,000

<sup>1</sup>The VSU Auxiliary Services Real Estate Foundation, Inc. Interest Rate Swap Derivative was not previously reported.

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

The VSU Foundation has an outstanding interest rate swap agreement effectively changing the interest rate exposure on the \$28,545,000 bond payable from variable to a 4.05% fixed rate over the term of the bond payable. As of December 31, 2012, the total notional amount of the swap was \$28,545,000. As of December 31, 2012, the fair value of this interest rate swap was a liability of \$7,610,337. The VSU Foundation recorded a gain on the swap of \$167,584 for the year ended December 31, 2012.

Revenue bonds in the amount of \$28,655,000 ("Series 2008B Bonds"), were issued June 19, 2008 by the South Regional Joint Development Authority ("the Authority"), a public body corporate and politic created pursuant to the constitution and laws of the State of Georgia, including Development Authorities Law, as amended, and were loaned to Georgia & Reade LLC, (a limited liability corporation owned solely by the VSU Foundation) (Company) to finance the construction of the Georgia Hall Project and the Reade Hall Project. The bonds were issued pursuant to the Development Authorities Law of the State of Georgia and in accordance with the provisions of a Trust Indenture dated June 1, 2008 between the Authority and Wells

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

**Interest Rate Swap** - Rents to be received under the rental agreement are in fixed amounts and the interest rate on the Series 2008B Bonds, unless converted to a Fixed Rate, are variable, based on weekly market rate. The variable rate on the bonds



**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013**

may cause debt service on the bonds and other amounts payable from such rents to exceed the amounts scheduled to be received and available for such purpose. Accordingly, in connection with the issuance of the bonds, the Company entered into an interest rate swap (the "Rate Swap") with Wachovia Bank, National Association (the "Rate Swap Provider") under a Hedge Agreement in order to hedge against changes in the Company's interest expense associated with the bonds. The Rate Swap Provider subsequently became Wells Fargo Bank, N.A. Under the Rate Swap, the Company agreed to make monthly payments based upon a fixed rate of interest of 4.05% per annum to Wachovia Bank, and Wachovia Bank agreed to make monthly floating

rate payments to the Company at the USD-SIFMA Municipal Swap Index per annum, in each case times a notional amount equal to the aggregate principal amount of the bonds scheduled to remain outstanding in each period, taking into account planned redemptions.

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

**Component Unit**

**A. Component Unit – GASB Organizations**

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2013 financial statements

for higher education foundations reported as component units reporting under GASB provisions are as follows:

	Change in Fair Value		Fair Value at 6/30/2013		
	Classification	Amount	Classification	Amount	Notional
<b>Component unit activities - GASB</b>					
Cash flow hedges:					
University of Georgia Athletic Association, Inc.					
2003 - Interest Rate Swap	Deferred outflow of resources	\$ 1,154,631	Debt	\$ (2,129,436)	\$ 10,375,000
2005A - Interest Rate Swap	Deferred outflow of resources	624,341	Debt	(1,484,437)	15,219,444
2005B - Interest Rate Swap	Deferred outflow of resources	2,224,765	Debt	(4,107,828)	25,545,000
				<b>\$ (7,721,701)</b>	

The fair value balances and notional amounts of hedging derivative instruments outstanding at June 30, 2012, and the changes in fair value of such derivative instruments for the year then ended as

reported in the fiscal year 2012 financial statements for higher education foundations reported as component units under GASB are as follows:

	Change in Fair Value		Fair Value at 6/30/2012		
	Classification	Amount	Classification	Amount	Notional
<b>Component unit activities - GASB</b>					
Cash flow hedges:					
Georgia Tech Athletic Association <sup>1</sup>					
	Deferred outflow of resources	\$ 12,090,795	Debt	\$ -	\$ -
University of Georgia Athletic Association, Inc.					
2003 - Interest Rate Swap	Deferred outflow of resources	(1,575,177)	Debt	(3,284,067)	15,833,333
2005A - Interest Rate Swap	Deferred outflow of resources	(476,027)	Debt	(2,108,777)	11,400,000
2005B - Interest Rate Swap	Deferred outflow of resources	(3,122,919)	Debt	(6,332,593)	26,260,000
				<b>\$ (11,725,437)</b>	

<sup>1</sup>The Georgia Tech Athletic Association instigated the termination of the Swap associated with the 2001 Series Bonds.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 13 - DERIVATIVE INSTRUMENTS (continued)

#### Interest Rate Swap Derivatives – GASB Organizations

##### **Georgia Tech Athletic Association (GTAA)**

In 2004, GTAA received an up-front payment of \$2,367,000 for a “swaption” related to its fixed-rate Series 2001 bonds. The swaption was an option that allowed the counterparty to force GTAA to enter into a pay-fixed, receive-variable interest rate swap on April 1, 2012. The transaction, which was effectively a synthetic refunding of the 2001 bonds, represented the risk-adjusted present value savings of a refunding as of March 16, 2004.

**Terms** - The swaption was entered into on March 16, 2004. The \$2,367,000 payment was based on a notional amount of \$94,285,000. The counterparty had the option to exercise the agreement on April 1, 2012, with an additional premium payment to the Association totaling \$773,137. If the option was exercised, the swap would also commence on that date. The fixed swap rate of 5.125% was set at a rate that, when added to an assumption for remarketing and liquidity costs, would approximate the coupons on the “refunded” bonds. The swap’s variable payment would be the Bond Market Municipal Swap Index plus 21 basis points (0.21%).

**Fair Value** - At June 30, 2011, the swap had a negative fair value of \$12,090,795, estimated using the hybrid instrument method. This method is based on the fair value of the hybrid instrument, which had a negative fair value of \$15,351,765 at June 30, 2011. After amortizing the borrowing and calculating the “time value” of the option, the remaining fair value is attributed to the at-the-market swap.

The February 2012 bond issuance that refinanced the existing \$94,285,000 principal on the 2001 bonds which totaled \$94,285,000 also financed the termination of the existing swaption at a cost of \$28,010,000. With this termination, the GTAA eliminated market access risk, interest rate risk and credit risk associated with the swaption from its portfolio.

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

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2013 financial statements are documented above. For derivative transactions, unless otherwise specified, Bank of America Merrill Lynch (BOAML) furnishes a single value for each transaction, even if comprised of multiple legs. Unless otherwise specified, valuations for derivative instruments represent, or are derived from, mid-market values. For some derivative instruments, mid-market prices and inputs may not be observable. Instead, valuations may be derived from proprietary or other pricing models based on certain assumptions regarding past, present and future market conditions. Some inputs may be theoretical, not empirical, and require BOAML to make subjective assumptions and judgments in light of their experience. For example, in valuing over-the-counter (OTC) equity options where there is no listed option with a corresponding expiration date, BOAML must estimate the future share price volatility based on realized volatility of the underlying shares over periods deemed relevant, implied volatilities of the longest dated listed options available on the underlying shares or major indices and other relevant factors. Valuations of securities with embedded derivatives may be based on assumptions as to the volatility of the underlying security, basket or index, interest rates, exchange rates, dividend yields, correlations between these or other factors, the impact of these factors upon the value of the security (including the embedded options), as well as issuer funding rates and credit spreads (actual or approximated) or additional relevant factors. While BOAML believes that the methodology and data they use to value derivatives and securities with embedded derivatives are reasonable and appropriate, other dealers might use different methodology or data and may arrive at different valuations.

**Objective and Terms** - As a means of interest rate management, UGAA entered into three separate interest rate swap transactions with Bank of



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

America, N.A. (the Counterparty) relating to its variable rate tax-exempt Series 2003 Bonds, taxable Series 2005 Bonds, and tax-exempt Series 2005B Bonds. Pursuant to an International Swap Dealers Association (ISDA) Master Agreement and Schedule to ISDA Master Agreement each dated as of January 27, 2005, between UGAA and the Counterparty and three Confirmations, UGAA has agreed to pay to the Counterparty a fixed rate of interest in an amount equal to: (1) 3.38% per annum multiplied by a notional amount that is equal to the principal amount of the Series 2003 Bonds until August 2033; (2) 5.05% per annum multiplied by a notional amount that is equal to the principal amount of the Series 2005 Bonds until July 2021; and (3) 3.48% per annum multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until August 2033. In return, the Counterparty has agreed to pay to UGAA a floating rate of interest in an amount equal to: (1) 67% of LIBOR multiplied by a notional amount that is equal to the principal amount of the Series 2003 Bonds until August 2033; (2) LIBOR multiplied by a notional amount that is equal to the principal amount of the Series 2005 Bonds until July 2021; and (3) 67% of LIBOR multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until July 2035.

**Fair Value** - UGAA 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 UGAA's making or receiving a termination payment.

As of June 30, 2013, the fair value of the interest rate swap agreement on the 2003 Series Bonds was \$(2,129,436), indicating the amount that UGAA would be required to pay the Counterparty to terminate the swap agreement.

As of June 30, 2013, the fair value of the interest rate swap agreement on the 2005A Series Bonds was \$(1,484,437), indicating the amount that UGAA would be required to pay the Counterparty to terminate the swap agreement.

As of June 30, 2013, the fair value of the interest rate swap agreement on the 2005B Series Bonds was

\$(4,107,828), indicating the amount that UGAA would be required to pay the Counterparty to terminate the swap agreement.

**Swap Payments and Associated Debt** – As of June 30, 2013, 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		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2014	\$ 2,415,000	\$ 35,553	\$ 1,791,880	\$ 4,242,433
2015	2,480,000	33,023	1,691,864	4,204,887
2016	2,535,000	30,435	1,589,603	4,155,038
2017	2,595,000	27,788	1,484,932	4,107,720
2018	2,660,000	25,078	1,377,679	4,062,757
2019-2023	13,050,000	84,559	5,246,003	18,380,562
2024-2028	9,330,000	49,770	3,382,457	12,762,227
2029-2033	10,660,000	24,490	1,667,704	12,352,194
2034-2037	5,415,000	2,343	163,047	5,580,390
<b>Total</b>	<b>51,140,000</b>	<b>\$ 313,039</b>	<b>\$ 18,395,169</b>	<b>\$ 69,848,208</b>

**Credit Risk** - As of June 30, 2013, the fair value of the swaps represents UGAA's exposure to the Counterparty. Should the Counterparty fail to perform in accordance with the terms of the swap agreements, and variable interest rates remain at the current level, UGAA could see a possible gain equivalent to \$18.4 million less the cumulative fair value of \$7.7 million. As of June 30, 2013, the Counterparty was rated as follows by Moody's and S&P:

	Moody's	S&P
<b>Bank of America, N.A.</b>	A3	A

**Basis Risk** - The swaps expose UGAA to basis risk. The interest rate on the Series 2003 Bonds 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 that do not have a similar effect on the taxable market. UGAA will be exposed to basis risk under the swaps to the extent that the interest rates on the tax-exempt bonds trade at greater than 67% of LIBOR for extended periods of time. UGAA would also be



**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013**

**NOTE 13 - DERIVATIVE INSTRUMENTS (continued)**

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 ISDA Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. UGAA 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 UGAA would be liable to the Counterparty for a payment equal to the swap's fair value.

**B. Component Unit – FASB Organizations**

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2013 financial statements

for higher education foundations reported as component units reporting under FASB provisions are as follows:

	Change in Fair Value		Fair Value at 6/30/2013		
	Classification	Amount	Classification	Amount	Notional
<b>Component unit activities - FASB</b>					
Cash flow hedges:					
Georgia College & State University Foundation, Inc.					
	Investment Revenue	\$ 284,903	Debt	\$ (355,976)	\$ 5,260,000
	Investment Revenue	905,874	Debt	(3,689,828)	25,000,000
	Investment Revenue	2,890,434	Debt	(9,247,616)	69,820,000
MCG Health, Inc.					
	Investment Revenue	12,517,052	Debt	(19,755,084)	128,440,000
University of Georgia Foundation					
	Investment Revenue	856,009	Debt	(1,836,826)	5,706,223
				<u>\$ (34,885,330)</u>	

The fair value balances and notional amounts of hedging derivative instruments outstanding at June 30, 2012, and the changes in fair value of such derivative instruments for the year then ended as

reported in the 2012 financial statements for higher education foundations reported as component units under FASB are as follows:

	Change in Fair Value		Fair Value at 6/30/2012		
	Classification	Amount	Classification	Amount	Notional
<b>Component unit activities - FASB</b>					
Cash flow hedges:					
Georgia College & State University Foundation, Inc.					
	Investment Revenue	\$ 98,984	Debt	\$ (640,879)	\$ 6,080,000
	Investment Revenue	(945,152)	Debt	(4,595,702)	25,000,000
	Investment Revenue	(3,465,992)	Debt	(12,138,050)	69,820,000
Georgia Tech Foundation, Inc. <sup>1</sup>					
	Investment Revenue	7,655,000	Debt	-	-
	Investment Revenue	15,066,000	Debt	-	-
MCG Health, Inc.					
	Investment Revenue	(17,772,911)	Debt	(32,272,136)	131,775,000
University of Georgia Foundation <sup>2</sup>					
	Investment Revenue	(1,262,740)	Debt	(2,692,835)	6,200,000
	Investment Revenue	43,174	Debt	-	-
				<u>\$ (52,339,602)</u>	

<sup>1</sup>The Georgia Tech Foundation, Inc. instigated the termination of the Swap associated with the 2001A & 2002A Series Bonds.

<sup>2</sup>The University of Georgia Foundation paid in full one of their notes resulting in the termination of the associated Swap agreement.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### Interest Rate Swap Derivatives – FASB Organizations

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

GCSUF maintains an interest rate risk management strategy that uses interest rate swap derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. GCSUF's specific goal is to lower (where possible) the cost of its borrowed funds.

In connection with the 2007 Series bonds, GCSUF entered into an interest rate swap transaction to convert its variable-rate bond obligations to fixed rates. This swap is utilized to manage interest rate exposures over the period of the interest rate swap and is designated as a highly effective cash flow hedge. The differential to be paid or received on all swap agreements is accrued as interest rates change and is recognized in interest expense over the life of the agreement. The swap agreements expire at various dates and have a fixed rate of 4.065%. The notional amounts are noted above. The interest rate swap contains no credit-risk-related contingent features and is cross collateralized by certain assets of GCSUF.

The interest-rate swap transaction is summarized above and is included with liabilities in the Statement of Net Position. There was no portion of the loss that was considered ineffective or excluded from the assessment of hedge effectiveness.

On January 31, 2013, the GCSUF modified the swap agreement to lower the interest rate from 4.715% to 4.065%. This transaction resulted in a penalty to the IRS in the amount of \$1,372,875. The swap provider donated \$1,435,000 to GCSUF to pay the penalty. These amounts are included in rent income on GCSUF's consolidated statement of activities. The present value of the interest savings over the life of the modified swap agreement are approximately \$6,894,723. The lease agreement with the Board of Regents was not modified as a result of the swap modification; however, 40% of the present value of

the interest savings will be paid to the Georgia College and State University annually. The deferred swap savings due to the University is \$2,765,728 at June 30, 2013.

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

The following information is presented in thousands.

In 2003, GTF sold an interest rate swap option (the 2001A swaption) relating to the 2001A Bonds to a third party and received \$945. This transaction enabled GTF to monetize the call option on the Series 2001A Bonds, based on interest rate levels at that time. GTF was notified by the third party of the decision to exercise the 2001A swaption on November 1, 2011. GTF paid \$10,101 to terminate the swap created pursuant to the 2001A swaption during November 2011. GTF paid a portion of the termination payment of \$8,914 with the proceeds from the Series 2011B Bonds, and the remaining amount of \$1,187 was paid with GTF's available cash on hand. Prior to the termination of the interest rate swap, a loss of \$2,204 was recognized in 2012 as a change in fair value of derivative financial instruments in the consolidated statements of activities, reducing unrestricted net position.

In 2003, GTF sold an interest rate swap option (the 2002A swaption) relating to the 2002A Bonds to a third party and received \$2,251. This transaction enabled GTF to monetize the call option on the Series 2002A Bonds, based on interest rate levels at that time. GTF was notified by the third party of the decision to exercise the 2002A swaption on May 1, 2012. GTF paid \$23,515 to terminate the swap created pursuant to the 2002A Swaption during May 2012. GTF paid a portion of the termination payment with the proceeds from the Series 2012B Bonds in the amount of \$21,264, and the remaining amount of \$2,251 was paid with GTF's available cash on hand. Prior to the termination of the interest rate swap, a loss of \$8,449 was recognized in 2012 as a change in fair value of derivative financial instruments in the consolidated statements of activities, reducing unrestricted net position.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 13 - DERIVATIVE INSTRUMENTS (continued)

#### MCG Health System, Inc. (MCGHS)

MCG Health, Inc. (Company), a nonprofit corporation controlled by MCGHS entered into a variable-to-fixed interest rate swap (the Swap) to convert the variable interest rate on Development Authority of Richmond County Revenue Bonds (Bonds) issued by the Company into a synthetic fixed rate of 3.02%.

The Bonds and the Swap mature on July 1, 2037. The notional amount of the Swap at June 30, 2013 was \$128,440,000. The notional amount decreased from the initial notional amount of the Swap is \$135,000,000 by \$6,560,000. 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 as 68% of LIBOR.

The fair value of the Swap is recorded as an asset or liability, depending on whether the termination of the Swap would result in amounts due to the Company or the Swap counterparty. At June 30, 2013 and 2012, the fair value of the Swap represented a liability to the Company in the amount of \$19,755,084 and \$32,272,136, respectively. The Company or the Swap counterparty is required to post collateral with the other party in the event that the fair value of the Swap exceeds certain thresholds, as defined. At June 30, 2013 and 2012, the Company had posted cash collateral of \$3,760,000 and \$23,400,000, respectively, with the Swap counterparty which is included in other receivables in MCGHS's consolidated balance sheets.

As of June 30, 2013, the Company was exposed to credit risk in the amount of the fair value of the Swap. The Swap counterparty was rated A by Fitch Ratings, A2 by Moody's Investors Services, and A+ by Standard & Poor's as of June 30, 2013. To mitigate the potential for credit risk, various levels of collateralization by the counterparty may be

required should the counterparty's credit rating be downgraded and the fair value of the Swap be in a liability position at a level above certain thresholds specified in the Swap agreement.

The 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, 2013, the prevailing market rate was an aggregate 0.07%, whereas 68% of LIBOR was 0.132%. As of June 30, 2012, the prevailing market rate was an aggregate 0.20%, whereas 68% of LIBOR was 0.164%.

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.

#### The University of Georgia Foundation (UGAF)

UGAF has an outstanding interest rate swap agreement effectively changing 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, 2013 and 2012, the total notional amount of the swap was \$5,706,223 and \$5,807,099, respectively. As of June 30, 2013 and 2012, the fair value of this interest rate swap was a liability of \$1,836,826 and \$2,692,835, respectively. UGAF recorded a gain on such swap of \$856,009 and a loss of \$1,219,566 for the years ended June 30, 2013 and 2012, respectively.

During 2002, UGAF signed an \$880,000 promissory loan agreement with a bank, which was amended during 2005 to increase the borrowed amount to \$1,117,865. In June 2012, the \$1,117,865 note payable was repaid and the related interest rate swap agreement was terminated. UGAF recorded a gain of \$43,174 related to such swap as an adjustment to change in fair value of derivative financial instrument.





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 14 - INTERFUND BALANCES AND TRANSFERS

#### A. Due To/From Other Funds

Due To/From Other Funds at June 30, 2013, consist of the following (in thousands):

	Due From Other Funds						Total Due To Other Funds
	General Fund	Nonmajor Governmental Funds	Higher Education Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
<b>Due To Other Funds</b>							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 401,755	\$ -	\$ 401,755
Nonmajor Governmental Funds	625	-	-	-	-	-	625
Higher Education Fund	-	-	-	1,134,615	114,156	-	1,248,771
State Employees' Health Benefit Plan	283	-	-	-	-	41,480	41,763
Nonmajor Enterprise Funds	-	-	9,619	283,008	-	-	292,627
Internal Service Funds	177	1,306	-	133	53	-	1,669
Fiduciary Funds	2	-	-	-	123	2,482	2,607
<b>Total Due From Other Funds</b>	<b>\$ 1,087</b>	<b>\$ 1,306</b>	<b>\$ 9,619</b>	<b>\$ 1,417,756</b>	<b>\$ 516,087</b>	<b>\$ 43,962</b>	<b>\$ 1,989,817</b>

Interfund receivables and payables result from billings for goods/services provided between funds. \$1.133 billion of the balances between Board of Regents Institutions (higher education fund) and their affiliated Foundations (nonmajor enterprise funds) relate to leases for the purchase by the Institutions of various facilities acquired/constructed by the Foundations. \$1.088 billion of these balances are due in more than one year.

\$283.0 million of the balances between the Georgia Higher Education Facilities Authority and the

University System of Georgia Foundation, Incorporated (nonmajor enterprise funds) relate to loans to the Foundation for various campus projects. \$278.8 million of these balances are due in more than one year. All other interfund receivables and payables are considered short-term in nature.

Advances of \$7.7 million representing a loan between the State Road and Tollway Authority nonmajor governmental fund and nonmajor enterprise fund are not included in the table above.



Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2013

**NOTE 14 - INTERFUND BALANCES AND TRANSFERS (continued)**

**B. Interfund Transfers**

Interfund transfers at June 30, 2013, consist of the following (in thousands):

	Governmental Funds			Proprietary Funds			Fiduciary Funds	Total Transfers Out
	General Obligation		Nonmajor Governmental Funds	Higher Education Fund	Nonmajor Enterprise Funds	Internal Service Funds		
	General Fund	Bond Projects Fund						
<b>Transfers Out:</b>								
General Fund	\$ -	\$ 12,297	\$ 1,236,095	\$ 2,065,080	\$ -	\$ 1,402	\$ 2,240	\$ 3,317,114
General Obligation Bond Projects Fund	14,200	-	134,190	-	-	-	-	148,390
Nonmajor Governmental Funds	1,302	-	293	-	14,164	-	-	15,759
Higher Education Fund	4,413	-	-	-	-	-	-	4,413
Unemployment Compensation Fund	58	-	-	-	-	-	-	58
Nonmajor Enterprise Funds	-	-	-	-	-	7,819	-	7,819
Internal Service Funds	17,428	1,635	2,509	-	-	2,957	-	24,529
<b>Total Transfers In</b>	<b>\$ 37,401</b>	<b>\$ 13,932</b>	<b>\$ 1,373,087</b>	<b>\$ 2,065,080</b>	<b>\$ 14,164</b>	<b>\$ 12,178</b>	<b>\$ 2,240</b>	<b>\$ 3,518,082</b>

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to move

unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 15 - SEGMENT INFORMATION

Segments are identifiable activities reported within or as part of an enterprise fund by which some form of revenue-supported debt is outstanding. Furthermore, to qualify as a segment, an activity must meet an external requirement to separately account for a specific revenue stream and the associated expenses, gains, and losses. The State maintains seven enterprise funds that qualify as a segment. Financial information for each segment is included within the nonmajor enterprise funds. The following paragraphs describe the State's segments.

Armstrong Atlantic State University Educational Properties Foundation, Inc. includes several limited liability companies which have issued revenue bonds to finance the costs of acquiring, renovating, constructing, and equipping facilities around the campus of Armstrong Atlantic State University; to fund associated capitalized interest for the bonds; to fund debt service reserve funds; and to pay the costs of issuances.

The State Road and Tollway Authority issued Guaranteed Refunding Revenue bonds to finance a portion of the costs of acquiring, constructing and maintaining the Georgia 400 Extension (the "Extension") project. Investors in those bonds rely solely on the revenue generated from the Extension for repayment. See the Subsequent Events note for additional information regarding these bonds.

Georgia Higher Education Facilities Authority, issued revenue bonds to acquire, construct, and equip several projects on college campuses throughout the State.

Georgia State University Foundation, Inc. (the "Foundation") was incorporated to serve as the official fund-raising and fund-management organization for Georgia State University. Revenue bonds were issued on behalf of the Foundation to finance the acquisition, construction and equipping of certain land, buildings, equipment and other real and personal property to be used for a student housing project and office space.

Georgia Tech Facilities, Inc. issued revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities on the Georgia Institute of Technology campus. The debt service on these bonds is supported by leasing arrangements from various sources.

Georgia State University Research Foundation, Inc. includes the activity of Science Park, LLC, which has issued revenue bonds to acquire, construct and equip a research facility on the campus of the Georgia State University; fund a debt service reserve fund; finance associated capitalized interest; and pay the costs of issuance.

VSU Auxiliary Services Real Estate Foundation, Inc. includes several limited liability companies which have issued revenue bonds to finance the construction of facility and infrastructure projects on college campuses supported by the Foundation.

Summary financial information for the State's segments for the year ended June 30, 2013, is presented on the following page.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 15 - SEGMENT INFORMATION (continued)

	Armstrong Atlantic State University Educational Properties Foundation, Inc.	Georgia 400 Extension Fund	Georgia Higher Education Facilities Authority	Georgia State University Foundation, Inc.	Georgia Tech Facilities, Inc.	Science Park, LLC	VSU Auxillary Services Real Estate Foundation, Inc.
<b>Condensed Statement of Net Position</b>							
Assets							
Current Assets	\$ 4,695	\$ 75,644	\$ 3,510	\$ 19,714	\$ 31,676	\$ 17,213	\$ 1,034
Noncurrent Assets	8,270	2,636	4,214	204,594	3,701	79,519	20,218
Due from Other Funds	101,294	76	283,008	240,553	229,245	-	206,774
Capital Assets	2,780	11,312	-	10,262	898	-	227
Total Assets	117,039	89,668	290,732	475,123	265,520	96,732	228,253
Deferred Outflows							
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-	7,610
Liabilities							
Current Liabilities	2,753	11,214	4,835	12,116	12,003	3,778	6,029
Noncurrent Liabilities	90,904	19,294	279,864	266,575	279,939	86,338	190,604
Due to Other Funds	-	-	-	675	89	-	-
Total Liabilities	93,657	30,508	284,699	279,366	292,031	90,116	196,633
Net Position							
Net Investment in Capital Assets	(98,514)	11,938	(283,008)	(213,008)	(284,236)	-	(165,108)
Restricted for:							
Other	-	23,214	-	-	-	-	-
Permanent Trusts:							
Nonexpendable	3,625	-	-	92,002	-	-	-
Expendable	-	-	-	61,306	10,016	6,616	-
Unrestricted	118,271	24,008	289,041	14,903	247,709	-	204,338
Total Net Position	\$ 23,382	\$ 59,160	\$ 6,033	\$ 195,757	\$ (26,511)	\$ 6,616	\$ 39,230
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>							
Operating Revenues (Pledged)							
Against Bonds	\$ 6,307	\$ 34,929	\$ 15,012	\$ 38,454	\$ 11,043	\$ 4,686	\$ 9,754
Interest Expense	-	-	(15,012)	-	-	-	-
Depreciation/Amortization Expense	-	(6,470)	(310)	(193)	(60)	-	(187)
Other Operating Expenses	(1,494)	(13,514)	(8)	(23,498)	(1,243)	(195)	(804)
Operating Income (Loss)	4,813	14,945	(318)	14,763	9,740	4,491	8,763
Nonoperating Revenues (Expenses)							
Contributions to Permanent Endowments	-	-	-	1,206	-	-	-
Investment Income	252	56	1	17,953	255	290	148
Interest Expense	(4,633)	(786)	-	(11,524)	(13,081)	(4,357)	(8,774)
Other Nonoperating Expenses	(744)	(5,246)	-	-	(969)	-	-
Change in Net Position	(312)	8,969	(317)	22,398	(4,055)	424	137
Beginning Net Position (restated)	23,694	50,191	6,350	173,359	(22,456)	6,192	39,093
Ending Net Position	\$ 23,382	\$ 59,160	\$ 6,033	\$ 195,757	\$ (26,511)	\$ 6,616	\$ 39,230
<b>Condensed Statement of Cash Flows</b>							
Net Cash Provided By (Used In):							
Operating Activities	\$ 4,722	\$ 7,672	\$ (8)	\$ 12,021	\$ 9,052	\$ 4,492	\$ 8,821
Noncapital Financing Activities	2,686	12,119	-	4,238	13,909	-	15,518
Capital and Related Financing Activities	(6,675)	(13,103)	-	(19,065)	(21,759)	(5,917)	(11,039)
Investing Activities	1,494	57	(6)	6,095	9,351	1,659	3,006
Net Increase (Decrease)	2,227	6,745	(14)	3,289	10,553	234	16,306
Beginning Cash and Cash Equivalents	-	68,878	364	-	-	11,017	-
Ending Cash and Cash Equivalents	\$ 2,227	\$ 75,623	\$ 350	\$ 3,289	\$ 10,553	\$ 11,251	\$ 16,306



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS

#### A. Grants and Contracts

The amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms. Also, certain charges for services by Georgia Technology Authority (internal service fund) to its State customers may have exceeded the cost of providing such services. Because these overcharges were included in amounts requested and received by State organizations from the federal government under financial assistance programs, it is anticipated that an amount will be due back to the federal government. The State believes that such disallowances, questioned costs and resulting refunds, if any, will be immaterial to its overall financial position.

#### B. Litigation and Contingencies

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, it is not believed that the ultimate disposition of these proceedings would have a material adverse effect on the financial condition of the State. The following are significant active litigation, claims and assessments involving the State:

##### Primary Government

1. Phoenix Development and Land Investment, LLC v. Board of Regents – the plaintiff, Phoenix Development and Land Investment (Phoenix), purchased a tract of land which included property upon which the Board of Regents inadvertently had placed part of an inert landfill prior to Phoenix's purchase. Phoenix filed an action against the Board of Regents claiming trespass, nuisance and inverse condemnation, seeking damages in the amount of \$16 million. The Board of Regents filed a counterclaim for quiet title to the disputed property. Phoenix is currently in bankruptcy protection, and the property in question has been foreclosed upon and sold. The Special Master appointed to hear the

quiet title proceedings issued a report finding that title to the disputed property lies with Phoenix. The Board of Regents has filed a motion to reject and/or modify such finding, and the purchaser of the property, SCBT Bank, has intervened in the litigation. No trial date is set. At this stage of the litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is vigorously defending this action.

2. Tibbles v. Teachers Retirement System of Georgia, et al., - this is a proposed class action filed by a retired teacher (Tibbles) who alleges that the Teachers Retirement System of Georgia (TRS) has underpaid her monthly retirement benefit as well as those of the members of the purported class. The Court has approved the parties' joint request to litigate first the question of whether there is any liability to Tibbles. If the Court rules that there is a liability, then the parties will litigate the issue of whether a class should be certified. At this stage of the litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is vigorously defending this action.

3. Georgia Power Company, et al. v. Douglas J. MacGinnitie, Commissioner, Georgia Department of Revenue – Georgia Power seeks a refund of sales and use taxes allegedly paid on purchases of certain tangible personal property, which Georgia Power asserts to be subject to certain manufacturing-related sales and use tax exemption. The total sales and use tax refund claimed by Georgia Power is in excess of \$18 million. The Commissioner's position is that the machinery and equipment in question do not qualify for the sales tax exemption. The parties are currently in the discovery phase of the litigation. At this stage of the litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is vigorously defending this action



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

#### C. Guarantees and Financial Risk

##### Component Units

The federal government, through the Guaranteed Student Loan Programs of the U. S. Department of Education (U.S. DOE), fully reinsured loans guaranteed through September 30, 1993, unless the Georgia Higher Education Assistance Corporation's (GHEAC) rate of annual losses (defaults) exceeded 5%. In the event of further adverse loss experience, GHEAC could be liable for up to 20% of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed prior to October 1, 1993, and 22% of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed on or after October 1, 1993. During the year ended June 30, 2013, GHEAC, on behalf of the U.S. DOE, reimbursed \$39.7 million to lenders for defaulted loans.

Georgia Housing Finance Authority (GHFA) has uninsured loans of approximately \$24.7 million as of June 30, 2013. All of these loans are for home mortgages in the State. A provision for possible losses on delinquent loans is made when, in the opinion of Authority management, the loan balance exceeds the net realizable value of the underlying collateral, including federal and mortgage pool insurance. The provision for possible losses recognized during fiscal year 2013 totaled \$3.2 million and the total allowance for possible losses on mortgage loans receivable, which includes a provision for accrued interest on foreclosed loans, totaled \$6.5 million at June 30, 2013. Collateralized loans historically have not resulted in losses. Since 2007, as a result of the depressed housing market, GHFA has experienced increases in loan delinquencies and decreases in underlying loan collateral. As a result, the Authority has increased its reserve for losses related to its uninsured loans in recent years.

#### D. Other Significant Commitments

##### Primary Government

##### **Bond Proceeds**

Georgia State Financing and Investment Commission (GSFIC) (general obligation bond projects fund) has entered into agreements with various State organizations for the expenditure of bond proceeds and cash supplements (provided by or on behalf of the organization involved) to acquire and construct capital projects. At June 30, 2013, the undisbursed balance remaining on these agreements approximated \$1.2 billion. Of this balance, \$122.3 million in encumbrances are included in the fund balance of the General Obligation Bond Projects Fund (see paragraph below regarding allowability of encumbering funds available on the statutory basis).

##### **Contractual Commitments**

The Georgia Constitution permits State organizations to enter into contractual commitments provided they have funds available (statutory basis) at the time of the execution of the contract. At June 30, 2013, the fund balances of governmental funds include encumbrances of \$3.4 billion in the General Fund.

BOR (higher education fund) had significant, unearned, outstanding construction or renovation contracts executed in the amount of \$154.2 million as of June 30, 2013. This amount is not reflected in the financial statements.

GTA has significant commitments to IBM and AT&T through master service agreements. The \$1.1 billion IBM master contract, effective April 1, 2009, is an eight year contract with two optional years, and has a remaining balance of \$579.1 million as of June 30, 2013. The \$437.1 million AT&T master contract, effective May 1, 2009, is a five year contract with two optional years, and has a



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

remaining balance of \$177.7 million as of June 30, 2013.

In April 2011 as permitted by Article IX, Section III, Paragraph I (a) of the Constitution of 1983, SRTA (nonmajor enterprise fund) and DOT (general fund) entered into an agreement whereby DOT would build and SRTA would fund a portion of certain transportation projects along the GA 400 corridor. The original SRTA commitment was \$27.3 million and \$2.1 million was added to the commitment in fiscal year 2013. Expenses through June 30, 2013, were \$8.0 million with the remaining balance of \$21.4 million, which is shown as restricted net position on the proprietary fund financial statements, carried forward to fiscal year 2014. In addition, SRTA has contractual commitments on other uncompleted contracts of \$22.1 million.

The Georgia State University Foundation, Inc. (nonmajor enterprise fund) has future commitments with various limited partnership agreements with investment managers of real estate investment trusts and venture capital funds for the endowment portfolio. Payments under the various partnership agreements are made over a period of years based on specified capital calls by the respective partnerships. The purpose of these agreements is to provide endowment funds and nonprofit organizations the opportunity to invest in private limited partnerships, which in turn, make venture capital investments primarily in emerging growth companies, international private equity investments and in equity securities, warrants or other options that are generally not actively traded at the time of investment with the objective of obtaining long-term growth of capital. Capital calls are drawn from other liquid assets of the endowment investment pool as part of the asset allocation process. Investment commitments for the year ended June 30, 2013, totaled \$4.9 million.

### **Component Units**

#### **Contractual Commitments**

Georgia Environmental Facilities Authority (GEFA) has entered into contractual agreements to fund three Clean Water State Revolving Loan Fund loans with

resources from the Georgia Fund in the amount of \$41.0 million. It is anticipated that balloon payments on these loans will become due in full between February 1, 2027, and February 1, 2028. GEFA plans to designate funds at a proportionate amount annually to accumulate adequate resources at the time the loans become payable to each of their respective funds beginning with fiscal year 2013. As of June 30, 2013, an amount of \$2.9 million has been accumulated for the purpose of satisfying this future obligation.

At June 30, 2013, the Georgia Ports Authority (GPA) had commitments for construction projects of approximately \$12.2 million.

In August 2007, the GPA formally entered into an agreement to make voluntary annual payments to OST (general fund) over a 21-year period. The total amount of payments due to OST at June 30, 2013, was approximately \$215.1 million.

The GPA entered into an "Intergovernmental Agreement for Development of an Ocean Terminal on the Savannah River within the State of South Carolina" with DOT and the South Carolina State Ports Authority (SCSPA). Under the agreement, the GPA purchased approximately 1,500 acres of land for the Jasper Ocean Terminal jointly with the SCSPA as 50% tenants in common. Further, under the agreement, the GPA has an obligation to provide \$3.0 million in operation costs for the Jasper Port Project Office of which approximately \$2.7 million has been provided as of June 30, 2013.

During the fiscal year ended June 30, 2013, the GPA entered into a compromise and settlement agreement with the U.S. Army Corps of Engineers, the State of South Carolina and several nongovernmental environmental organizations relative to the project by the U.S. Army Corps of Engineers to deepen the Savannah River federal navigation channel. The project is commonly referred to as the Savannah Harbor Expansion Project (SHEP).

The respective SHEP agreement, approved by the U.S. Federal District Court for the District of South Carolina, resulted in a commitment by the GPA in the amount of \$35.5 million, which includes the



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

following provision to be funded by the GPA subject to satisfaction of certain conditions that at this time are based on all known and expected factors, and therefore, considered to be “probable” at this time as defined by respective and authoritative financial reporting standards:

- 1) The GPA will establish a letter of credit or escrow account within 6 months of the commencement of inner harbor dredging in the amount of \$2.0 million to serve as a contingency fund should the operation of the dissolved oxygen injection system not receive funding by the federal government. This letter of credit or escrow account will be maintained at \$2.0 million for the life of the project.
- 2) The GPA will contribute \$3.0 million for water quality monitoring in the Lower Savannah River Basin; \$3.0 million for monitoring and research of Shortnose and Atlantic Sturgeon; \$15.0 million for conservation, wetlands preservation, acquisitions of easements and/or upland buffers, and creation, restoration or enhancement of wetlands to benefit the Lower Savannah River watershed.
- 3) The GPA will contribute \$12.5 million for environmental and conservation projects in the Savannah River Basin to the Savannah River Restoration Board whose membership is prescribed in the agreement.

#### University System Foundations

The Georgia Tech Athletic Association Foundation has entered into employment contracts with certain employees expiring in years through 2016 that provide for a minimum annual salary. At June 30, 2013, the total commitment for all contracts for each of the next five years is as follows:

June 30, 2014 - \$5.9 million  
June 30, 2015 - \$6.0 million  
June 30, 2016 - \$5.7 million  
June 30, 2017 - \$3.2 million  
June 30, 2018 - \$0.6 million





## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 17 - SUBSEQUENT EVENTS

#### A. Primary Government

##### Long-term Debt Issues

##### General Obligation Bonds Issued

The State sold General Obligation bonds in the total amount of \$685.0 million on July 18, 2013, to provide funds for various capital outlay projects of the State, for county and independent school systems through the Department of Education, and to finance projects and facilities for both the Board of Regents of the University System of Georgia and the Technical College System of Georgia:

<u>Series</u>	<u>Amount (in millions)</u>
2013D	\$ 427.4
2013E	163.2
2013F	94.4
<b>Total</b>	<b><u>\$ 685.0</u></b>

The true interest costs were 3.20% for the Series 2013D bonds, 3.85% for the Series 2013E bonds, and 4.02% for the Series 2013F bonds.

The State sold General Obligation bonds, Series 2013H, totaling \$172.7 million on December 5, 2013, to provide funds for various capital outlay projects of the State, for county and independent school systems through the Department of Education, and to finance projects and facilities for the Board of Regents of the University System of Georgia, the Technical College System of Georgia and the Georgia Ports Authority. The true interest costs for these bonds were 3.16%.

##### Revenue Bonds

After June 30, 2013, Georgia Tech Facilities, Inc. (nonmajor enterprise fund) issued series 2013 Revenue Refunding Bonds in the amount of \$57.3 million for the purpose of refunding the Series 2003 fixed demand bonds and an interest rate swaption. The Series 2003 Bonds were originally issued to finance the cost of constructing, installing and equipping the Married Family Housing project and the Klaus Parking Deck. The following represents the mandatory bond principal redemptions

remaining on the Series 2013 Bonds until maturity on November 1, 2029:

<u>Fiscal Year Ended June 30,</u>	<u>Principal (in millions)</u>
2014	\$ -
2015	2.6
2016	2.6
2017	2.7
2018	2.9
Thereafter	46.5
	<u>\$ 57.3</u>

On November 22, 2013, the State Road and Tollway Authority (SRTA) ceased collecting tolls for the usage of the Georgia 400 extension which was the support for the toll revenue bonds reported in the SRTA nonmajor enterprise fund. During fiscal year 2013, the Georgia General Assembly appropriated funds to retire the balance of the toll revenue bonds and on December 2, 2013, all outstanding toll revenue bonds were retired.

##### Unemployment Trust Fund

The Federal Unemployment Account (FUA) provides for a loan fund for State unemployment programs to ensure a continued flow of unemployment benefits during times of economic downturn. As of June 30, 2013, the State had a related outstanding loan balance of \$396.8 million from the U.S. Treasury (see Note 8).

The State made a voluntary payment of \$100.0 million on September 13, 2013 and an interest payment of \$13.3 million on September 27, 2013. These payments reduced the loan balance to \$295.6 million.

There is no federally mandated principal repayment schedule for Title XII loans at this time. The Social Security Act provides that the advances may be repaid at any time and may be paid from unemployment taxes or other funds in the State's unemployment trust fund; however, interest, if any, payable on the borrowings cannot be paid with unemployment insurance taxes or administrative grant funding. Other State funds must be used to pay interest costs. All borrowings must be repaid by



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 17 - SUBSEQUENT EVENTS (continued)

November 10 of the second year of the loan; if not timely paid, the Federal Unemployment Tax Act tax on the State's employers is effectively increased (by credit reduction) and the additional taxes are applied as payments against the loans.

#### **B. Component Units**

##### **Revenue Bonds**

On August 15, 2013, the Georgia Housing and Finance Authority redeemed approximately \$24.0 million of single family mortgage bonds of various outstanding bond series with maturities and interest rates ranging from 2013 and 2.67 percent to 2042 and 5.3 percent.

##### **Other Subsequent Events**

On July 30, 2013, the Georgia Tech Athletic Association purchased from the Georgia Tech Foundation, Inc. (nonmajor enterprise fund) approximately 11.08 acres of land located in close proximity to the northern edge of the Georgia Institute of Technology (higher education fund) campus. The purchase price of \$9.0 million will be funded by a term loan provided by SunTrust which was executed on July 17, 2013, and matures in 10 years. The interest rate on the loan is 30 day LIBOR plus 1.85%. Interest payments will be due at least quarterly. Principal payments of \$0.9 million will be made annually.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 18 - SERVICE CONCESSION ARRANGEMENTS

#### A. Primary Government

##### Kennesaw State University

In August 2001, Kennesaw State University (KSU) (higher education fund) entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) (component unit) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the dormitory ("University Place") in accordance with the contractual agreement. Under the terms of the agreement, KSU will take full ownership of the dormitory at the end of the operating agreement in July, 2031.

In August, 2003, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the dormitory ("University Village") in accordance with the contractual agreement. Under the terms of the agreement, KSU will take full ownership of the dormitory at the end of the operating agreement in July, 2034.

In August, 2007, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the dormitory ("University Suites") in accordance with the contractual agreement. Under the terms of the agreement, KSU will take full ownership of the dormitory at the end of the operating agreement in July, 2037.

At June 30, 2013, the enterprise fund financial statements include capital assets with a combined net carrying value of \$77.9 million for these three dormitories with an offsetting deferred inflow of resources of \$77.9 million. As part of the contractual agreement, the KSUF is responsible for insuring each of the three dormitories and for providing maintenance services. As such, KSU has no reportable obligation for these services.



## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2013

### NOTE 19 - SHORT-TERM DEBT

#### A. Primary Government

During the fiscal year 2013, the State of Georgia borrowed \$96.9 million from the U.S. Treasury federal unemployment account to pay state unemployment benefits. These funds were borrowed as needed starting January 4, 2013 and

continued through April 17, 2013. After April 17, 2013, employer contributions were sufficient to cover state unemployment benefit payments. The \$96.9 million borrowed in fiscal year 2013 was repaid on May 28, 2013. Short-term debt activity for the fiscal year ended June 30, 2013, is shown below (in thousands).

<u>Balance</u> <u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2013</u>
<u>\$ -</u>	<u>\$ 96,850</u>	<u>\$ (96,850)</u>	<u>\$ -</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2013**

**Schedule of Funding Progress for Other Postemployment Benefits**  
(dollars in thousands)

<b>Retirement System</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) using Projected Unit Credit (b)</b>	<b>Unfunded AAL/(Funding Excess) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Annual Covered Payroll (c)</b>	<b>Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll (b - a) / (c)</b>
Board of Regents - Retiree	7/1/2010	\$ 123	\$ 3,384,100	\$ 3,383,977	0.0%	\$ 2,432,367	139.1%
Health Benefit Fund	7/1/2011	123	3,494,501	3,494,378	0.0%	2,526,212	138.3%
	7/1/2012	166	3,758,970	3,758,804	0.0%	2,466,314	152.4%

Separate financial reports that include the required supplementary information for this plan are publicly available and may be obtained from the BOR.



## Required Supplementary Information

### Budgetary Comparison Schedule

### Budget Fund

### For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
<b>Funds Available</b>					
State Appropriation					
State General Funds	\$ 16,926,796	\$ 16,917,085	\$ 16,917,085	16,917,347	\$ (262)
State Motor Fuel Funds	969,649	983,293	983,293	983,293	-
Lottery Proceeds	904,440	866,365	866,365	858,804	7,561
Tobacco Settlement Funds	145,641	153,353	153,353	153,353	-
Brain and Spinal Injury Trust Fund	2,397	2,397	2,397	2,397	-
Nursing Home Provider Fees	157,445	167,756	176,864	176,864	-
Hospital Provider Fee	235,302	234,969	232,080	232,080	-
State Funds - Prior Year Carry-Over					
State General Fund Prior Year	-	-	43,006	64,563	(21,557)
Brain and Spinal Injury Trust Fund - Prior Year	-	-	533	1,121	(588)
State Motor Fuel Funds - Prior Year	-	-	1,177,032	1,221,034	(44,002)
Tobacco Settlement Funds - Prior Year	-	-	110	110	-
Federal Funds					
CCDF Mandatory & Matching Funds	2,509	93,676	99,455	99,455	-
Child Care and Development Block Grant	224,062	102,672	117,315	117,127	188
Community Mental Health Services Block Grant	14,141	14,141	12,758	12,686	72
Community Services Block Grant	17,282	15,978	18,265	18,265	-
Federal Highway Administration - Highway Planning and Constructor	1,143,641	1,143,641	1,441,288	1,428,707	12,581
Foster Care Title IV-E	77,146	73,001	73,496	73,424	72
Low-Income Home Energy Assistance	24,828	51,767	63,054	63,053	1
Maternal and Child Health Services Block Grant	20,031	20,887	23,756	18,077	5,679
Medical Assistance Program	5,509,993	5,901,534	6,406,557	6,138,433	268,124
Prevention and Treatment of Substance Abuse Block Grant	51,481	47,141	55,311	54,806	505
Preventive Health and Health Services Block Grant	2,227	2,141	1,518	1,287	231
Social Services Block Grant	88,927	89,752	89,095	88,850	245
State Children's Insurance Program	273,383	333,551	334,231	305,690	28,541
Temporary Assistance for Needy Families Block Grant	346,978	346,978	344,644	344,075	569
TANF Unobligated Balance	9,552	9,552	-	194	(194)
Federal Funds Not Specifically Identified	3,399,431	3,379,707	4,038,467	3,949,102	89,365
American Recovery and Reinvestment Act of 2009					
Electricity Delivery and Energy Reliability	-	-	295	295	-
Federal Highway Administration - Highway Planning and Constructor	-	-	25,963	4,493	21,470
Medical Assistance Program	13,704	13,704	89,832	87,416	2,416
Promote Health Information Technology	8,525	8,525	5,316	4,700	616
Federal Funds Not Itemized	58,843	103,497	391,976	286,428	105,548
Other Funds	8,857,064	9,188,332	10,434,145	10,391,576	42,569
<b>Total Funds Available</b>	<b>39,485,418</b>	<b>40,265,395</b>	<b>44,618,855</b>	<b>44,099,105</b>	<b>519,750</b>
<b>Expenditures</b>					
Georgia Senate	10,374	10,193	10,528	9,385	1,143
Georgia House of Representatives	18,632	18,242	19,191	16,302	2,889
Georgia General Assembly Joint Offices	10,037	9,786	9,836	8,040	1,796
Audits and Accounts, Department of	30,789	29,985	29,985	29,866	119
Appeals, Court of	14,256	14,268	14,370	14,364	6
Judicial Council	16,122	15,888	16,549	15,989	560
Juvenile Courts	7,222	7,206	7,206	6,972	234
Prosecuting Attorneys	61,877	61,950	76,757	76,747	10
Superior Courts	61,105	61,094	61,235	61,235	-
Supreme Court	10,953	10,928	11,026	11,026	-
Accounting Office, State	16,692	19,416	25,974	24,376	1,598
Administrative Services, Department of	197,903	189,281	326,184	214,956	111,228
Agriculture, Department of	51,352	50,167	54,224	54,194	30
Banking and Finance, Department of	11,357	10,996	10,996	10,826	170
Behavioral Health & Developmental Disabilities, Department of	1,153,064	1,120,436	1,167,994	1,157,305	10,689
Community Affairs, Department of	317,338	224,991	245,539	238,435	7,104
Community Health, Department of	11,971,078	12,738,982	13,384,640	12,657,810	726,830
Corrections, Department of	1,153,216	1,151,200	1,194,973	1,190,044	4,929

(continued)





## Required Supplementary Information

### Budgetary Comparison Schedule

### Budget Fund

### For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
<b>Expenditures</b>					
Defense, Department of	66,965	90,942	88,124	87,774	350
Driver Services, Department of	62,225	63,757	67,679	67,638	41
Early Care and Learning, Department of	680,036	663,757	649,612	644,319	5,293
Economic Development, Department of	41,590	39,969	45,043	44,059	984
Education, Department of	8,904,053	9,085,036	9,446,431	9,422,262	24,169
Employees' Retirement System of Georgia	46,974	48,254	48,254	46,574	1,680
Forestry Commission, Georgia	43,044	42,865	47,116	46,116	1,000
Governor, Office of the	174,617	168,928	561,281	398,549	162,732
Human Services, Department of	1,532,131	1,554,556	1,657,137	1,649,580	7,557
Insurance, Department of	21,192	21,189	20,115	20,063	52
Investigation, Georgia Bureau of	128,257	128,969	150,575	150,499	76
Juvenile Justice, Department of	307,508	299,338	302,919	298,086	4,833
Labor, Department of	136,832	136,161	180,701	168,395	12,306
Law, Department of	59,814	59,753	64,508	63,035	1,473
Natural Resources, Department of	254,046	251,339	294,854	266,409	28,445
Pardons and Paroles, State Board of	54,688	53,878	54,837	53,524	1,313
Properties Commission, State	842	820	1,605	1,450	155
Public Defender Standards Council, Georgia	40,741	40,668	73,323	72,534	789
Public Health, Department of	684,338	698,969	743,170	717,010	26,160
Public Safety, Department of	181,446	184,362	191,551	180,524	11,027
Public Service Commission	9,505	9,215	9,346	9,345	1
Regents, University System of Georgia	6,182,239	6,268,126	6,908,518	6,392,157	516,361
Revenue, Department of	167,987	173,243	193,715	188,377	5,338
Secretary of State	32,572	32,816	35,059	34,573	486
Soil and Water Conservation Commission	9,926	5,124	4,468	4,459	9
Student Finance Commission and Authority, Georgia	641,736	602,671	604,274	566,931	37,343
Teachers' Retirement System	30,146	31,647	31,647	29,493	2,154
Technical College System of Georgia	667,744	654,790	730,267	661,624	68,643
Transportation, Department of	2,011,398	2,081,160	3,644,782	2,503,644	1,141,138
Veterans Service, Department of	38,690	38,385	36,346	35,848	498
Workers' Compensation, State Board of	22,479	22,968	22,968	16,959	6,009
State of Georgia General Obligation Debt Sinking Fund	1,136,290	966,731	1,041,423	995,834	45,589
<b>Total Expenditures</b>	<b>39,485,418</b>	<b>40,265,395</b>	<b>44,618,855</b>	<b>41,635,516</b>	<b>2,983,339</b>
Excess of Funds Available over Expenditures	\$ -	\$ -	\$ -	\$ 2,463,589	\$ (2,463,589)



**Required Supplementary Information**  
**Budget to GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2013**  
(dollars in thousands)

	<b>General Fund</b>
<b>Sources/Inflows of Resources</b>	
<b>Summary</b>	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	\$ 44,099,105
<i>Differences - budget to GAAP</i>	
<i>Perspective Differences:</i>	
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(8,390,514)
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	19,609,024
State appropriations revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(19,323,835)
<i>Basis Differences:</i>	
Accrual of taxpayer assessed receivables and revenues.	22,230
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	(342,463)
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(1,997,323)
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(577,056)
Receivables and revenues accrued based on encumbrances reported for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP reporting.	155,767
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(52,106)
Revenue reported for nonbudgetary food stamp program and donated commodities.	3,337,579
Other net accrued receivables and revenues.	(19,548)
Total Revenues (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 36,520,860



**Required Supplementary Information**  
**Budget to GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2013**  
(dollars in thousands)

	<u>General Fund</u>
<b>Uses/Outflows of Resources</b>	
<b>Summary</b>	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 41,635,516
Differences - budget to GAAP	
<i>Perspective Differences:</i>	
Expenditures of nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	75,000
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(10,259,555)
<i>Basis Differences:</i>	
Accrual of teacher salaries not included in current budget year.	16,934
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	4,467
Change in expenditure accrual for nonbudgetary Medicaid claims.	(64,700)
Encumbrances for supplies and equipment ordered but not received are reported as budgetary expenditures in the year the order is placed, but are reported as GAAP expenditures in the year the supplies and equipment are received.	122,643
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(577,289)
Expenditures reported for nonbudgetary food stamp program and donated commodities.	3,337,579
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	(499,546)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(1,301,437)
Other net accrued liabilities and expenditures.	<u>63,481</u>
Total Expenditures (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u>\$ 32,553,093</u>



## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2013

### **Budgetary Reporting**

#### **Budgetary Process**

OCGA Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State. Not later than September 1 of each year, the head of each executive branch budget unit (e.g. agencies, departments, and commissions) must submit estimates of the financial requirements for the subsequent fiscal year to Office of Planning and Budget (OPB), which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to OPB for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by OPB.

The Governor, through the OPB, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor also possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Georgia Constitution, Article III, Section IX, Paragraph IV, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." The Constitution also authorizes the passage of additional Supplementary

Appropriation Acts, provided sufficient surplus is available or additional revenue measures have been enacted. Finally, the Governor may withhold allotments of funds to budget units in order to maintain this balance of revenues and expenditures. Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through OPB, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit periodic allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to OPB.

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.



## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2013

Budget units of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate *Budgetary Compliance Report* is published each year to report on compliance at the legal level of budgetary control.

### **Budgetary Basis of Accounting**

The annual budget of the State is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental (budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year-end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

### **Budgetary Compliance Exceptions**

Expenditures of State funds may not exceed the amount appropriated at the legal level of control as provided by the Constitution. For the year ended June 30, 2013, total State funds expenditures did not exceed appropriated amounts.

For more information on budgetary exceptions, please refer to the *Budgetary Compliance Report*

issued under separate cover. This report can be found on website of the State Accounting Office at <http://sao.georgia.gov/>.

### **Budgetary Presentation**

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.



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COMBINING AND INDIVIDUAL  
FUND STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

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## Description of Nonmajor Governmental Funds

### SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds, other than the Transportation Investment Act Fund, include the blended component units that conduct general governmental functions as described below:

The **Georgia Economic Development Foundation, Inc.** is a legally separate nonprofit corporation organized to assist the Department of Economic Development in its activities promoting the economic development of the State of Georgia.

The **Governor's Defense Initiative, Inc.** is a legally separate nonprofit corporation organized to promote economic development and workforce training at Georgia's military base establishments and their surrounding communities.

The **Georgia Natural Resources Foundation** is a legally separate nonprofit organization created to support the Georgia Department of Natural Resources by providing funding and assistance to enhance natural resource conservation, historic preservation, environmental education, and outdoor recreation.

The **State Road and Tollway Authority** is a legally separate public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto.

The **Georgia Tourism Foundation** is a legally separate nonprofit corporation organized to lessen the government burden in promoting tourism by soliciting contributions for the State-wide Tourism Marketing Program.

The **Transportation Investment Act Fund (TIA)** accounts for funds collected by the State and dispensed to the Department of Transportation for TIA projects in the relevant special tax districts.

### DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal and interest.

The **General Obligation Debt Service Fund** accounts for the payment of principal and interest on the State's general long-term debt.

The **State Road and Tollway Authority Debt Service Fund** accounts for the payment of principal and interest on the debt of the Authority's governmental funds. The Authority issues bonded debt which finances State transportation infrastructure construction. Debt service payments due on outstanding bonds are paid by the Authority from redirected funds from the U. S. Department of Transportation and/or State motor fuel tax funds.

### PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The State's nonmajor permanent fund is described below:

The **Pupils Trust Fund - Georgia Academy for the Blind** is used to account for principal trust amounts received and related interest income. The interest portion of the trust may be used for student activities at Georgia Academy for the Blind.

# State of Georgia

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2013 (dollars in thousands)

	Special Revenue			
	Georgia Economic Development Foundation, Inc.	Governor's Defense Initiative, Inc.	Georgia Natural Resources Foundation	State Road and Tollway Authority
<b>Assets</b>				
Cash and Cash Equivalents	\$ 467	\$ 180	\$ 232	\$ 12,043
Investments	-	-	-	3,497
Accounts Receivable	-	-	-	3,029
Due From Other Funds	-	-	-	1,306
Restricted Assets				
Cash and Cash Equivalents	-	-	-	28,778
Investments	-	-	-	14,206
Advances to Primary Government	-	-	-	7,725
<b>Total Assets</b>	<b>\$ 467</b>	<b>\$ 180</b>	<b>\$ 232</b>	<b>\$ 70,584</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable and Other Accruals	\$ -	\$ -	\$ -	\$ 539
Due to Other Funds	-	-	-	-
Contracts Payable	-	-	-	440
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>979</b>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	37,631
Unrestricted				
Assigned	467	180	232	31,974
<b>Total Fund Balances</b>	<b>467</b>	<b>180</b>	<b>232</b>	<b>69,605</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 467</b>	<b>\$ 180</b>	<b>\$ 232</b>	<b>\$ 70,584</b>



Georgia Tourism Foundation	Transportation Investment Act Fund	Debt Service		Permanent Pupils Trust Fund - Georgia Academy for the Blind	Total
		General Obligation Debt Sinking Fund	State Road and Tollway Authority		
\$ 236	\$ 27,959	\$ -	\$ -	\$ 9	\$ 41,126
-	10,009	-	-	5	13,511
-	8,258	-	-	-	11,287
-	-	-	-	-	1,306
-	-	-	71	-	28,849
-	-	-	9	-	14,215
-	-	-	-	-	7,725
<u>\$ 236</u>	<u>\$ 46,226</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 14</u>	<u>\$ 118,019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 539
-	625	-	-	-	625
-	310	-	-	-	750
-	935	-	-	-	1,914
-	-	-	-	14	14
-	45,291	-	80	-	83,002
236	-	-	-	-	33,089
<u>236</u>	<u>45,291</u>	<u>-</u>	<u>80</u>	<u>14</u>	<u>116,105</u>
<u>\$ 236</u>	<u>\$ 46,226</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 14</u>	<u>\$ 118,019</u>

# State of Georgia

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Special Revenue			
	Georgia Economic Development Foundation, Inc.	Governor's Defense Initiative, Inc.	Georgia Natural Resources Foundation	State Road and Tollway Authority
<b>Revenues</b>				
Intergovernmental - Other	\$ -	\$ -	\$ -	\$ 2,994
Sales and Services	39	-	-	-
Interest and Other Investment Income	-	-	1	171
Other	577	375	139	88
<b>Total Revenues</b>	<b>616</b>	<b>375</b>	<b>140</b>	<b>3,253</b>
<b>Expenditures</b>				
Transportation	-	-	-	8,131
Economic Development and Assistance	366	195	-	-
Conservation	-	-	261	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Accrued Interest on Bonds Retired in Advance	-	-	-	-
Discount on Bonds Retired in Advance	-	-	-	-
Other Debt Service Expenditures	-	-	-	-
<b>Total Expenditures</b>	<b>366</b>	<b>195</b>	<b>261</b>	<b>8,131</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	250	180	(121)	(4,878)
<b>Other Financing Sources (Uses)</b>				
Debt Issuance - Refunding Bonds	-	-	-	-
Debt Issuance - Refunding Bonds - Premium	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfers In	-	-	-	29,486
Transfers Out	-	-	-	(14,457)
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,029</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	250	180	(121)	10,151
Fund Balances, July 1	217	-	353	59,454
Fund Balances, June 30	<u>\$ 467</u>	<u>\$ 180</u>	<u>\$ 232</u>	<u>\$ 69,605</u>



Georgia Tourism Foundation	Transportation Investment Act Fund	Debt Service		Permanent Pupils Trust Fund - Georgia Academy for the Blind	Total
		General Obligation Debt Sinking Fund	State Road and Tollway Authority		
\$ -	\$ 48,746	\$ -	\$ -	\$ -	\$ 51,740
270	-	-	-	-	309
-	8	-	2	-	182
428	-	-	-	-	1,607
698	48,754	-	2	-	53,838
-	-	-	61	-	8,192
547	2,161	-	-	-	3,269
-	-	-	-	-	261
-	-	616,890	157,965	-	774,855
-	-	384,919	76,511	-	461,430
-	-	19	-	-	19
-	-	214	-	-	214
-	-	130,092	-	-	130,092
547	2,161	1,132,134	234,537	-	1,378,332
151	46,593	(1,132,134)	(234,535)	-	(1,324,494)
-	-	486,825	-	-	486,825
-	-	102,681	-	-	102,681
-	-	(587,396)	-	-	(587,396)
-	-	1,130,024	213,577	-	1,373,087
-	(1,302)	-	-	-	(15,759)
-	(1,302)	1,132,134	213,577	-	1,359,438
151	45,291	-	(20,958)	-	34,944
85	-	-	21,038	14	81,161
\$ 236	\$ 45,291	\$ -	\$ 80	\$ 14	\$ 116,105





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NONMAJOR ENTERPRISE FUNDS

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## Description of Nonmajor Enterprise Funds

The Enterprise Funds account for the business type activities of smaller governmental agencies that are funded by the issuance of debt or fees charged to external customers. The State's Nonmajor Enterprise Funds are described below:

The **Armstrong Atlantic State University Educational Properties Foundation, Inc.** is a nonprofit organization that was created to manage and improve various real estate assets for the benefit of Armstrong Atlantic State University. The Foundation has created a number of limited liability companies of which it is the sole member for purposes including the acquisition, financing, ownership, and operation of dormitory and other ancillary various facilities at the University.

The **Georgia Higher Education Facilities Authority** is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the Board of Regents of the University System of Georgia and the Technical College System of the State of Georgia through the issuance of revenue bonds. The Authority issues debt and enters into lease agreements. The current lease agreements outstanding are with an affiliate of the University System of Georgia Foundation, Inc. (nonmajor enterprise fund). The costs of the Authority's debt are recovered through lease payments from the Higher Education Foundations.

The **Georgia State University Foundation, Inc.** is a nonprofit corporation that serves as the official fund-raising and fund-management organization for Georgia State University and is committed to supporting and assisting the University in achieving its goals and objectives through soliciting and managing private gifts and collaborating and advising on activities of the benefit and advancement of the University.

The **Georgia State University Research Foundation, Inc.** is a nonprofit corporation created to support the research activities of the university through 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 university.

The **Georgia Tech Facilities, Inc.** is a nonprofit corporation that promotes and supports the Georgia Institute of Technology, principally by financing and constructing buildings and facilities for use by the Institute.

The **State Road and Tollway Authority** is a legally separate public corporation created to operate and manage a system of roads, bridges and tunnels and facilities related thereto. The State Road and Tollway Authority uses an enterprise fund to account for its operation of the Georgia 400 Extension toll road and for the I-85 HOV to HOT project.

The **University System of Georgia Foundation, Inc.** is a nonprofit corporation created to support and advance the work of the University System of Georgia. The foundation's support comes primarily from contributions and grants from individuals and corporations, and from leasing activities within the University System of Georgia.

The **Valdosta State University Auxiliary Services Real Estate Foundation, Inc.** is a nonprofit corporation created to provide accommodations, food services and store facilities to students, faculty, and staff of Valdosta State University. The Foundation is the sole owner of various limited liability companies, which their collective purpose is to construct facilities to be used as student housing, parking decks, a health center, and a student union. Upon completion, the facilities are leased to the Board of Regents of the University System of Georgia.

# State of Georgia

## Combining Statement of Net Position

### Nonmajor Enterprise Funds

June 30, 2013

(dollars in thousands)

	Armstrong Atlantic State University Educational Properties Foundation, Inc.	Georgia Higher Education Facilities Authority	Georgia State University Foundation, Inc.
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 2,227	\$ 350	\$ 3,289
Investments	-	173	-
Accounts Receivable (Net)	-	620	6,116
Due from Other Funds	101,294	283,008	240,553
Notes Receivable	-	2,367	-
Other Assets	2,468	-	10,309
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
<b>Noncurrent Assets:</b>			
Other Receivables	-	-	3,762
Investments	8,270	-	61,090
Notes Receivable	-	-	-
Other Noncurrent Assets	-	4,214	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	139,742
Nondepreciable Capital Assets	2,780	-	2,044
Depreciable Capital Assets, net	-	-	8,218
	<u>117,039</u>	<u>290,732</u>	<u>475,123</u>
<b>Deferred Outflows</b>			
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable and Other Accruals	631	-	3,653
Due to Other Funds	-	-	675
Unearned Revenue	590	-	751
Compensated Absences Payable	-	-	-
Capital Lease/Installment Purchases Payable	-	-	712
Revenue Bonds Payable	1,245	4,215	6,065
Other Current Liabilities	287	620	935
Current Liabilities Payable from Restricted Assets	-	-	-
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	-	-	-
Advances from Primary Government	-	-	-
Capital Lease/Installment Purchases Payable	-	-	2,599
Revenue Bonds Payable	90,255	279,864	241,248
Other Non Current Liabilities	649	-	22,728
Derivative Instrument Payable	-	-	-
	<u>93,657</u>	<u>284,699</u>	<u>279,366</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,780	-	27,545
Restricted for:			
Permanent Trusts:			
Nonexpendable	3,625	-	92,002
Expendable	-	-	61,306
Other	-	-	-
Unrestricted	16,977	6,033	14,904
	<u>\$ 23,382</u>	<u>\$ 6,033</u>	<u>\$ 195,757</u>



Georgia State University Research Foundation, Inc.	Georgia Tech Facilities, Inc.	State Road and Tollway Authority	University System of Georgia Foundation, Inc.	VSU Auxiliary Services Real Estate Foundation, Inc.	Total
\$ 18,358	\$ 10,548	\$ 4,445	\$ 2,481	\$ 109	\$ 41,807
-	-	86	-	-	259
8,637	9,576	1,456	1,338	665	28,408
86,534	229,245	134	270,214	206,774	1,417,756
-	-	-	-	-	2,367
4,663	11,552	23	164	259	29,438
-	-	50,960	-	-	50,960
-	-	21,911	-	-	21,911
-	-	-	-	-	3,762
4,477	-	-	4,338	-	78,175
-	3,696	-	-	-	3,696
-	-	2,636	4,258	4,021	15,129
-	5	-	13,087	16,197	29,289
-	-	-	-	-	139,742
1,205	598	10,835	-	227	17,689
4,528	300	11,482	-	-	24,528
<u>128,402</u>	<u>265,520</u>	<u>103,968</u>	<u>295,880</u>	<u>228,252</u>	<u>1,904,916</u>
-	-	-	-	7,610	7,610
2,493	2,293	5,704	687	3,468	18,929
8,855	89	-	283,008	-	292,627
3,551	30	-	-	-	4,922
-	-	102	-	-	102
-	-	-	-	-	712
1,605	9,680	6,110	-	2,560	31,480
-	-	566	-	-	2,408
-	-	54	-	-	54
-	-	102	-	-	102
-	-	7,725	-	-	7,725
3	-	-	-	-	2,602
86,338	279,786	19,235	-	182,994	1,179,720
-	153	-	-	-	23,530
-	-	-	-	7,610	7,610
<u>102,845</u>	<u>292,031</u>	<u>39,598</u>	<u>283,695</u>	<u>196,632</u>	<u>1,572,523</u>
5,730	(54,991)	22,943	-	41,666	45,673
2,000	-	-	74	-	97,701
7,763	10,016	-	1,533	-	80,618
-	-	23,214	-	-	23,214
10,064	18,464	18,213	10,578	(2,436)	92,797
<u>\$ 25,557</u>	<u>\$ (26,511)</u>	<u>\$ 64,370</u>	<u>\$ 12,185</u>	<u>\$ 39,230</u>	<u>\$ 340,003</u>

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Armstrong Atlantic State University Educational Properties Foundation, Inc.	Georgia Higher Education Facilities Authority	Georgia State University Foundation, Inc.
<b>Operating Revenues:</b>			
Contributions/Premiums	\$ -	\$ -	\$ 10,783
Rents and Royalties	1,606	-	22,483
Sales and Services	-	15,012	339
Other	4,701	-	4,849
	<u>6,307</u>	<u>15,012</u>	<u>38,454</u>
<b>Operating Expenses:</b>			
Personal Services	88	-	-
Services and Supplies	1,301	8	2,775
Interest Expense	-	15,012	-
Scholarships and Fellowships	-	-	-
Depreciation	-	-	193
Amortization	-	310	-
Other	105	-	20,723
	<u>1,494</u>	<u>15,330</u>	<u>23,691</u>
Total Operating Expenses	<u>1,494</u>	<u>15,330</u>	<u>23,691</u>
Operating Income (Loss)	<u>4,813</u>	<u>(318)</u>	<u>14,763</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest and Other Investment Income	252	1	17,953
Interest Expense	(4,633)	-	(11,524)
Other	(744)	-	-
	<u>(5,125)</u>	<u>1</u>	<u>6,429</u>
Total Nonoperating Revenues (Expenses)	<u>(5,125)</u>	<u>1</u>	<u>6,429</u>
Income (Loss) Before Contributions and Transfers	<u>(312)</u>	<u>(317)</u>	<u>21,192</u>
Contributions to Permanent Endowments	-	-	1,206
Capital Contributions	-	-	-
	<u>-</u>	<u>-</u>	<u>1,206</u>
Total Contributions	<u>-</u>	<u>-</u>	<u>1,206</u>
<b>Transfers:</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(312)	(317)	22,398
Net Position, July 1 (Restated Note 3)	<u>23,694</u>	<u>6,350</u>	<u>173,359</u>
Net Position, June 30	<u>\$ 23,382</u>	<u>\$ 6,033</u>	<u>\$ 195,757</u>



Georgia State University Research Foundation, Inc.	Georgia Tech Facilities, Inc.	State Road and Tollway Authority	University System of Georgia Foundation, Inc.	VSU Auxiliary Services Real Estate Foundation, Inc.	Total
\$ 55,149	\$ -	\$ -	\$ 2,099	\$ 84	\$ 68,115
307	11,012	86	17,413	8,928	61,835
-	31	26,356	51	-	41,789
4,686	-	-	67	742	15,045
<u>60,142</u>	<u>11,043</u>	<u>26,442</u>	<u>19,630</u>	<u>9,754</u>	<u>186,784</u>
-	-	2,807	590	83	3,568
2,547	962	15,415	112	-	23,120
-	-	-	-	-	15,012
-	-	-	350	-	350
477	60	2,824	-	-	3,554
-	-	6,326	-	187	6,823
53,484	281	-	843	721	76,157
<u>56,508</u>	<u>1,303</u>	<u>27,372</u>	<u>1,895</u>	<u>991</u>	<u>128,584</u>
<u>3,634</u>	<u>9,740</u>	<u>(930)</u>	<u>17,735</u>	<u>8,763</u>	<u>58,200</u>
752	255	59	514	148	19,934
(4,357)	(13,081)	(786)	(14,977)	(8,774)	(58,132)
1,747	(969)	(5,246)	-	-	(5,212)
<u>(1,858)</u>	<u>(13,795)</u>	<u>(5,973)</u>	<u>(14,463)</u>	<u>(8,626)</u>	<u>(43,410)</u>
<u>1,776</u>	<u>(4,055)</u>	<u>(6,903)</u>	<u>3,272</u>	<u>137</u>	<u>14,790</u>
-	-	-	25	-	1,231
-	-	2,496	-	-	2,496
-	-	2,496	25	-	3,727
-	-	14,164	-	-	14,164
-	-	(7,819)	-	-	(7,819)
-	-	6,345	-	-	6,345
1,776	(4,055)	1,938	3,297	137	24,862
<u>23,781</u>	<u>(22,456)</u>	<u>62,432</u>	<u>8,888</u>	<u>39,093</u>	<u>315,141</u>
<u>\$ 25,557</u>	<u>\$ (26,511)</u>	<u>\$ 64,370</u>	<u>\$ 12,185</u>	<u>\$ 39,230</u>	<u>\$ 340,003</u>

# State of Georgia

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Armstrong Atlantic State University Educational Properties Foundation, Inc.	Georgia Higher Education Facilities Authority	Georgia State University Foundation, Inc.
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 6,305	\$ -	\$ 21,518
Cash Received from Required Contributions/Premiums	-	15,018	10,783
Cash Paid to Vendors	(1,382)	(15,026)	(4,074)
Cash Paid to Employees	(88)	-	-
Cash Paid for Claims and Judgments	(105)	-	(16,206)
Cash Paid for Scholarships, Fellowships and Loans	-	-	-
Other Operating Receipts (Payments)	-	-	-
Net Cash Provided by (Used in) Operating Activities	4,730	(8)	12,021
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from Other Funds	-	-	-
Payments on Noncapital Financing Debt	-	-	-
Other Noncapital Receipts (Payments)	2,545	-	4,238
Net Cash Provided by (Used in) Noncapital Financing Activities	2,545	-	4,238
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital Contributions	-	-	-
Acquisition and Construction of Capital Assets	(122)	-	(4,460)
Principal Paid on Capital Debt	(1,920)	-	(5,212)
Interest Paid on Capital Debt	(4,500)	-	(9,393)
Net Cash Used in Capital and Related Financing Activities	(6,542)	-	(19,065)
<b>Cash Flows from Investing Activities:</b>			
Sale (Purchase) of Investments (Net)	(217)	(7)	8,492
Interest and Dividends Received	252	1	17,953
Other Investing Activities	1,459	-	(20,350)
Net Cash Provided by (Used in) Investing Activities	1,494	(6)	6,095
Net Increase (Decrease) in Cash and Cash Equivalents	2,227	(14)	3,289
Cash and Cash Equivalents, July 1	-	364	-
Cash and Cash Equivalents, June 30	\$ 2,227	\$ 350	\$ 3,289
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating Income (Loss)	\$ 4,813	\$ (318)	\$ 14,763
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Depreciation/Amortization Expense	-	310	193
Changes in Assets and Liabilities:			
Accounts Receivable	-	-	(445)
Other Assets	6	-	44
Accounts Payable and Other Accruals	(88)	-	(1,034)
Due to Other Funds	-	-	(210)
Due from Component Unit	-	-	-
Unearned Revenue	(1)	-	(1,190)
Compensated Absences	-	-	-
Other Liabilities	-	-	(100)
Net Cash Provided by (Used in) Operating Activities	\$ 4,730	\$ (8)	\$ 12,021





Georgia State University Research Foundation, Inc.	Georgia Tech Facilities, Inc.	State Road and Tollway Authority	University System of Georgia Foundation, Inc.	VSU Auxiliary Services Real Estate Foundation, Inc.	Total
\$ 7,016	\$ 12,712	\$ 27,126	\$ 17,541	\$ 9,581	\$ 101,799
55,149	-	-	2,098	83	83,131
(3,066)	(3,379)	(15,034)	(781)	(39)	(42,781)
-	-	(2,811)	(590)	(83)	(3,572)
(53,484)	(281)	-	(1)	-	(70,077)
-	-	-	(350)	-	(350)
-	-	-	(843)	(721)	(1,564)
<u>5,615</u>	<u>9,052</u>	<u>9,281</u>	<u>17,074</u>	<u>8,821</u>	<u>66,586</u>
-	-	3,679	-	-	3,679
-	-	-	(18,947)	-	(18,947)
<u>13,796</u>	<u>13,909</u>	<u>-</u>	<u>723</u>	<u>15,518</u>	<u>50,729</u>
<u>13,796</u>	<u>13,909</u>	<u>3,679</u>	<u>(18,224)</u>	<u>15,518</u>	<u>35,461</u>
-	-	(2,664)	-	-	(2,664)
(2,030)	-	3,903	-	-	(2,709)
(2,335)	(9,290)	(5,960)	-	(2,265)	(26,982)
<u>(3,585)</u>	<u>(12,469)</u>	<u>(798)</u>	<u>-</u>	<u>(8,774)</u>	<u>(39,519)</u>
<u>(7,950)</u>	<u>(21,759)</u>	<u>(5,519)</u>	<u>-</u>	<u>(11,039)</u>	<u>(71,874)</u>
6,663	-	(2,470)	13,298	-	25,759
752	255	59	514	148	19,934
<u>(518)</u>	<u>9,096</u>	<u>-</u>	<u>2,906</u>	<u>2,858</u>	<u>(4,549)</u>
<u>6,897</u>	<u>9,351</u>	<u>(2,411)</u>	<u>16,718</u>	<u>3,006</u>	<u>41,144</u>
18,358	10,553	5,030	15,568	16,306	71,317
-	-	50,375	-	-	50,739
<u>\$ 18,358</u>	<u>\$ 10,553</u>	<u>\$ 55,405</u>	<u>\$ 15,568</u>	<u>\$ 16,306</u>	<u>\$ 122,056</u>
\$ 3,634	\$ 9,740	\$ (930)	\$ 17,735	\$ 8,763	\$ 58,200
477	60	9,150	-	187	10,377
3,091	(8,153)	683	7	(90)	(4,907)
1,031	170	51	-	9	1,311
51	(1,848)	3,237	(668)	(48)	(398)
<u>(1,562)</u>	<u>89</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,683)</u>
-	9,769	-	-	-	9,769
<u>(1,107)</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,246)</u>
-	-	(3)	-	-	(3)
-	(827)	(2,907)	-	-	(3,834)
<u>\$ 5,615</u>	<u>\$ 9,052</u>	<u>\$ 9,281</u>	<u>\$ 17,074</u>	<u>\$ 8,821</u>	<u>\$ 66,586</u>



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# INTERNAL SERVICE FUNDS

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## Description of Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing, surplus property, document services, fleet management, and human resources administration.

The **Georgia Aviation Authority** was created to acquire, operate, maintain, house, and dispose of all state aviation assets, and to provide aviation services and oversight of state aircraft and aviation operations programs, associated with aircraft of the Department of Transportation, Department of Natural Resources, Department of Public Safety, and the State Forestry Commission.

The **Georgia Building Authority** is responsible for all services associated with the management of State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Georgia Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **State Personnel Administration** transferred its responsibilities for human resources administration and all personnel, equipment and facilities to the Department of Administrative Services' internal service fund effective July 1, 2012.

The **Risk Management** column is an accumulation of the funds used to account for the State's self-insurance programs established by individual agreement, statute or administrative action:

The **Liability Insurance Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.

The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marine insurance.

The **State Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.

The **Supplemental Pay Fund** was created to provide a program of compensation for law enforcement officers who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty and caused by a willful act of violence and for firefighters who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty while fighting a fire.



## Description of Internal Service Funds

This program, not to exceed a 12 month period, shall entitle an injured law enforcement officer or firefighter to receive monthly compensation in an amount equal to such person's regular compensation for the period of time that the person is physically unable to perform the required duties of employment.

The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.

The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.

The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

The **State Road and Tollway Authority Customer Service Center Fund** is used to report activities related to managing toll paying customer accounts and non-customer violations relating to the Authority's Georgia 400 Extension and the I-85 Express Lanes Project proprietary funds.

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments.

# State of Georgia

## Combining Statement of Net Position

### Internal Service Funds

June 30, 2013

(dollars in thousands)

	Department of Administrative Services	Georgia Aviation Authority	Georgia Building Authority
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 4,420	\$ 101	\$ 15,686
Investments	174	-	7,582
Accounts Receivable (Net)	185	1	1,244
Due from Other Funds	277	-	116
Due from Component Units	-	-	-
Other Assets	-	56	734
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
<b>Noncurrent Assets:</b>			
Investments	-	-	-
Capital Assets:			
Land	-	-	20,265
Buildings and Building Improvements	-	12,800	509,673
Improvements Other Than Buildings	-	-	7,008
Machinery and Equipment	368	4,082	5,800
Software	-	-	-
Works of Art and Collections	-	-	1,240
Accumulated Depreciation	(368)	(5,305)	(257,290)
<b>Total Assets</b>	<b>5,056</b>	<b>11,735</b>	<b>312,058</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable and Other Accruals	902	12	2,985
Due to Other Funds	176	-	9
Unearned Revenue	-	-	319
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	-	-	878
Capital Leases Payable	-	-	6,719
Other Current Liabilities	29	2	-
Current Liabilities Payable from Restricted Assets	-	-	-
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	-	-	-
Capital Leases Payable	-	-	75,925
Other Non Current Liabilities	-	-	-
<b>Total Liabilities</b>	<b>1,107</b>	<b>14</b>	<b>86,835</b>
<b>Net Position</b>			
Net Investment in Capital Assets	-	11,577	204,052
Unrestricted	3,949	144	21,171
<b>Total Net Position</b>	<b>\$ 3,949</b>	<b>\$ 11,721</b>	<b>\$ 225,223</b>



Georgia Correctional Industries Administration	State Personnel Administration	Risk Management (see combining)	State Road and Tollway Authority- Customer Service Center	Georgia Technology Authority	Total
\$ 2,330	\$ -	\$ 15,111	\$ 1,624	\$ 18,570	\$ 57,842
331	-	17,565	-	8,116	33,768
2,697	-	51,127	12	1,126	56,392
4,285	-	484,781	-	26,628	516,087
-	-	-	-	54	54
12,778	-	-	433	305	14,306
-	-	-	5,226	-	5,226
-	-	-	1,260	-	1,260
-	-	74,024	-	-	74,024
44	-	-	-	13	20,322
12,423	-	-	-	562	535,458
-	-	-	-	-	7,008
26,414	-	-	500	48,063	85,227
-	-	-	8,611	55,079	63,690
-	-	-	-	-	1,240
(30,490)	-	-	(3,503)	(94,008)	(390,964)
<u>30,812</u>	<u>-</u>	<u>642,608</u>	<u>14,163</u>	<u>64,508</u>	<u>1,080,940</u>
3,080	-	409	5	21,685	29,078
20	-	-	1,439	25	1,669
-	-	-	-	-	319
-	-	574,861	-	-	574,861
496	-	-	20	836	2,230
-	-	-	-	-	6,719
-	-	191	86	525	833
-	-	-	5,014	-	5,014
944	-	-	20	1,473	2,437
-	-	-	-	-	75,925
-	-	-	180	-	180
<u>4,540</u>	<u>-</u>	<u>575,461</u>	<u>6,764</u>	<u>24,544</u>	<u>699,265</u>
8,391	-	-	5,608	9,709	239,337
17,881	-	67,147	1,791	30,255	142,338
<u>\$ 26,272</u>	<u>\$ -</u>	<u>\$ 67,147</u>	<u>\$ 7,399</u>	<u>\$ 39,964</u>	<u>\$ 381,675</u>

# State of Georgia

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

### Internal Service Funds

For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	Department of Administrative Services	Georgia Aviation Authority	Georgia Building Authority
<b>Operating Revenues:</b>			
Contributions/Premiums	\$ -	\$ -	\$ -
Rents and Royalties	-	-	53,087
Sales and Services	7,213	1,950	3,257
Other	5,824	-	383
Total Operating Revenues	<u>13,037</u>	<u>1,950</u>	<u>56,727</u>
<b>Operating Expenses:</b>			
Personal Services	4,034	242	10,736
Services and Supplies	7,737	869	33,261
Claims and Judgments	-	-	-
Depreciation	2	242	22,809
Total Operating Expenses	<u>11,773</u>	<u>1,353</u>	<u>66,806</u>
Operating Income (Loss)	<u>1,264</u>	<u>597</u>	<u>(10,079)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest and Other Investment Income	1	-	41
Other	(1)	(32)	(4,229)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(32)</u>	<u>(4,188)</u>
Income (Loss) Before Contributions and Transfers	<u>1,264</u>	<u>565</u>	<u>(14,267)</u>
Capital Contributions	-	-	1,895
Transfers:			
Transfers In	1,383	901	-
Transfers Out	(374)	(1,806)	(4,477)
Net Transfers	<u>1,009</u>	<u>(905)</u>	<u>(4,477)</u>
Change in Net Position	2,273	(340)	(16,849)
Net Position, July 1 (Restated - Note 3)	<u>1,676</u>	<u>12,061</u>	<u>242,072</u>
Net Position, June 30	<u>\$ 3,949</u>	<u>\$ 11,721</u>	<u>\$ 225,223</u>





Georgia Correctional Industries Administration	State Personnel Administration	Risk Management (see combining)	State Road and Tollway Authority- Customer Service Center	Georgia Technology Authority	Total
\$ 16	\$ -	\$ 216,991	\$ -	\$ 509	\$ 217,516
-	-	-	-	-	53,087
-	-	1	4,807	252,195	269,423
66,447	-	-	-	-	72,654
66,463	-	216,992	4,807	252,704	612,680
12,338	-	2,189	717	21,848	52,104
57,517	-	31,229	1,902	218,052	350,567
-	-	192,339	-	-	192,339
1,465	-	-	2,211	3,774	30,503
71,320	-	225,757	4,830	243,674	625,513
(4,857)	-	(8,765)	(23)	9,030	(12,833)
3	-	1,664	7	44	1,760
4,209	-	8,986	-	-	8,933
4,212	-	10,650	7	44	10,693
(645)	-	1,885	(16)	9,074	(2,140)
-	-	-	-	-	1,895
-	-	2,075	7,819	-	12,178
-	(1,383)	(1,575)	(2,509)	(12,405)	(24,529)
-	(1,383)	500	5,310	(12,405)	(12,351)
(645)	(1,383)	2,385	5,294	(3,331)	(12,596)
26,917	1,383	64,762	2,105	43,295	394,271
\$ 26,272	\$ -	\$ 67,147	\$ 7,399	\$ 39,964	\$ 381,675

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Department of Administrative Services	Georgia Aviation Authority	Georgia Building Authority
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 12,913	\$ 2,022	\$ 57,359
Cash Received from Required Contributions/Premiums	-	-	-
Cash Paid to Vendors	(7,482)	(1,000)	(33,513)
Cash Paid to Employees	(3,918)	(242)	(10,795)
Cash Paid for Claims and Judgments	-	-	-
Other Operating Receipts (Payments)	30	-	-
Net Cash Provided by (Used in) Operating Activities	<u>1,543</u>	<u>780</u>	<u>13,051</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from Other Funds	1,265	901	-
Transfers to Other Funds	(374)	(1,806)	(2,843)
Other Noncapital Receipts (Payments)	-	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>891</u>	<u>(905)</u>	<u>(2,843)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital Contributions	-	-	1,835
Proceeds from Sale of Capital Assets	-	-	2,200
Acquisition and Construction of Capital Assets	-	-	(4,822)
Principal Paid on Capital Debt	-	-	(6,643)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(7,430)</u>
<b>Cash Flows from Investing Activities:</b>			
Sale (Purchase) of Investments (Net)	(88)	-	(1,262)
Interest and Dividends Received	1	-	41
Net Cash Provided by (Used in) Investing Activities	<u>(87)</u>	<u>-</u>	<u>(1,221)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,347	(125)	1,557
Cash and Cash Equivalents, July 1	<u>2,073</u>	<u>226</u>	<u>14,129</u>
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 4,420</u>	<u>\$ 101</u>	<u>\$ 15,686</u>



Georgia Correctional Industries Administration	State Personnel Administration	Risk Management (see combining)	State Road and Tollway Authority- Customer Service Center	Georgia Technology Authority	Total
\$ 65,453	\$ -	\$ 1	\$ 5,285	\$ 254,586	\$ 397,619
-	-	154,616	-	-	154,616
(54,779)	(325)	(31,028)	(1,868)	(228,231)	(358,226)
(12,439)	-	(2,188)	(719)	(21,817)	(52,118)
-	-	(137,452)	-	-	(137,452)
-	-	-	-	(823)	(793)
<u>(1,765)</u>	<u>(325)</u>	<u>(16,051)</u>	<u>2,698</u>	<u>3,715</u>	<u>3,646</u>
-	-	2,075	1,120	-	5,361
-	(1,265)	(1,575)	(2,051)	(12,405)	(22,319)
<u>4,209</u>	<u>-</u>	<u>8,986</u>	<u>-</u>	<u>-</u>	<u>13,195</u>
<u>4,209</u>	<u>(1,265)</u>	<u>9,486</u>	<u>(931)</u>	<u>(12,405)</u>	<u>(3,763)</u>
-	-	-	-	-	1,835
-	-	-	-	-	2,200
(1,808)	-	-	-	-	(6,630)
-	-	-	-	-	(6,643)
<u>(1,808)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,238)</u>
(17)	-	(3,916)	46	1,920	(3,317)
<u>3</u>	<u>-</u>	<u>1,697</u>	<u>6</u>	<u>45</u>	<u>1,793</u>
<u>(14)</u>	<u>-</u>	<u>(2,219)</u>	<u>52</u>	<u>1,965</u>	<u>(1,524)</u>
622	(1,590)	(8,784)	1,819	(6,725)	(10,879)
<u>1,708</u>	<u>1,590</u>	<u>23,895</u>	<u>5,031</u>	<u>25,295</u>	<u>73,947</u>
<u>\$ 2,330</u>	<u>\$ -</u>	<u>\$ 15,111</u>	<u>\$ 6,850</u>	<u>\$ 18,570</u>	<u>\$ 63,068</u>

(continued)

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Department of Administrative Services	Georgia Aviation Authority	Georgia Building Authority
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating Income (Loss)	\$ 1,264	\$ 597	\$ (10,079)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Depreciation Expense	2	242	22,809
Other Reconciling Items	-	-	-
Changes in Assets and Liabilities:			
Accounts Receivable	(35)	55	566
Due from Other Funds	(90)	17	(115)
Due from Component Units	-	-	-
Other Assets	-	(56)	94
Accounts Payable and Other Accruals	78	(83)	(346)
Due to Other Funds	176	6	-
Unearned Revenue	-	-	182
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	118	-	(60)
Other Liabilities	30	2	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,543</u>	<u>\$ 780</u>	<u>\$ 13,051</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Capital Lease Obligations	\$ -	\$ -	\$ 4,553
Change in Fair Value of Investments	-	-	-
<b>Total Noncash Investing, Capital and Financing Activities:</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,553</u>



<u>Georgia Correctional Industries Administration</u>	<u>State Personnel Administration</u>	<u>Risk Management (see combining)</u>	<u>State Road and Tollway Authority- Customer Service Center</u>	<u>Georgia Technology Authority</u>	<u>Total</u>
\$ (4,857)	\$ -	\$ (8,765)	\$ (23)	\$ 9,030	\$ (12,833)
1,465	-	-	2,211	3,774	30,503
-	437	-	-	-	437
2,230	-	(2,032)	(5)	2,070	2,849
(3,239)	-	(60,344)	-	(179)	(63,950)
-	-	-	-	(11)	(11)
1,242	116	-	(70)	7	1,333
1,521	(265)	66	(26)	(10,200)	(9,255)
1	(60)	(51)	-	15	87
-	-	-	483	-	665
-	-	54,887	-	-	54,887
(128)	(553)	-	(2)	32	(593)
-	-	188	130	(823)	(473)
<u>\$ (1,765)</u>	<u>\$ (325)</u>	<u>\$ (16,051)</u>	<u>\$ 2,698</u>	<u>\$ 3,715</u>	<u>\$ 3,646</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,553
-	-	(31)	-	-	(31)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,522</u>

# State of Georgia

## Combining Statement of Net Position

### Internal Service Funds

### Risk Management

June 30, 2013

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 2,039	\$ 9,314	\$ 336
Investments	2,370	10,828	391
Accounts Receivable (Net)	4,635	124	-
Due From Other Funds	71,524	15	-
<b>Noncurrent Assets:</b>			
Investments	9,988	45,628	1,647
Total Assets	90,556	65,909	2,374
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable and Other Accruals	148	60	-
Claims and Judgments Payable	90,343	2,772	1,414
Other Current Liabilities	65	125	-
Total Liabilities	90,556	2,957	1,414
<b>Net Position</b>			
Unrestricted	\$ -	\$ 62,952	\$ 960



<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ 16	\$ 439	\$ 647	\$ 2,320	\$ 15,111
19	509	752	2,696	17,565
-	-	51	46,317	51,127
-	-	-	413,242	484,781
<u>81</u>	<u>2,149</u>	<u>3,169</u>	<u>11,362</u>	<u>74,024</u>
<u>116</u>	<u>3,097</u>	<u>4,619</u>	<u>475,937</u>	<u>642,608</u>
-	-	-	201	409
-	-	4,597	475,735	574,861
-	-	-	1	191
<u>-</u>	<u>-</u>	<u>4,597</u>	<u>475,937</u>	<u>575,461</u>
<u>\$ 116</u>	<u>\$ 3,097</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 67,147</u>

# State of Georgia

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

### Internal Service Funds

### Risk Management

For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
<b>Operating Revenues:</b>			
Contributions/Premiums	\$ 32,218	\$ 21,253	\$ -
Sales and Services	1	-	-
Total Operating Revenues	<u>32,219</u>	<u>21,253</u>	<u>-</u>
<b>Operating Expenses:</b>			
Personal Services	602	530	46
Services and Supplies	4,094	15,935	5
Claims and Judgments	27,831	2,786	401
Total Operating Expenses	<u>32,527</u>	<u>19,251</u>	<u>452</u>
Operating Income (Loss)	(308)	2,002	(452)
<b>Nonoperating Revenues:</b>			
Interest and Other Investment Income	308	972	7
Other	-	-	-
Total Nonoperating Revenues	<u>308</u>	<u>972</u>	<u>7</u>
Income (Loss) Before Transfers	<u>-</u>	<u>2,974</u>	<u>(445)</u>
Transfers:			
Transfers In	-	-	2,075
Transfers Out	-	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>2,075</u>
Change in Net Position	-	2,974	1,630
Net Position, July 1 (Restated - Note 3)	<u>-</u>	<u>59,978</u>	<u>(670)</u>
Net Position, June 30	<u>\$ -</u>	<u>\$ 62,952</u>	<u>\$ 960</u>





Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ -	\$ 51	\$ 12,054	\$ 151,415	\$ 216,991
-	-	-	-	1
-	51	12,054	151,415	216,992
-	-	-	1,011	2,189
3	767	99	10,326	31,229
37	-	12,030	149,254	192,339
40	767	12,129	160,591	225,757
(40)	(716)	(75)	(9,176)	(8,765)
35	56	96	190	1,664
-	-	-	8,986	8,986
35	56	96	9,176	10,650
(5)	(660)	21	-	1,885
-	-	-	-	2,075
(1,575)	-	-	-	(1,575)
(1,575)	-	-	-	500
(1,580)	(660)	21	-	2,385
1,696	3,757	1	-	64,762
<u>\$ 116</u>	<u>\$ 3,097</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 67,147</u>

# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds

### Risk Management

### For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 1	\$ -	\$ -
Cash Received from Required Contributions/Premiums	26,217	21,590	-
Cash Paid to Vendors	(3,965)	(15,756)	(6)
Cash Paid to Employees	(602)	(529)	(46)
Cash Paid for Claims and Judgments	(28,549)	(5,965)	(651)
Net Cash Provided by (Used in) Operating Activities	<u>(6,898)</u>	<u>(660)</u>	<u>(703)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from Other Funds	-	-	2,075
Transfers to Other Funds	-	-	-
Other Noncapital Receipts (Payments)	-	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>2,075</u>
<b>Cash Flows from Investing Activities:</b>			
Sale (Purchase) of Investments (Net)	4,125	(5,031)	(1,256)
Interest and Dividends Received	318	989	7
Net Cash Provided by (Used in) Investing Activities	<u>4,443</u>	<u>(4,042)</u>	<u>(1,249)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,455)	(4,702)	123
Cash and Cash Equivalents, July 1	4,494	14,016	213
Cash and Cash Equivalents, June 30	<u>\$ 2,039</u>	<u>\$ 9,314</u>	<u>\$ 336</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating Income (Loss)	\$ (308)	\$ 2,002	\$ (452)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Changes in Assets and Liabilities:			
Accounts Receivable	2,379	353	-
Due from Other Funds	(8,382)	(15)	-
Accounts Payable and Other Accruals	65	52	-
Due to Other Funds	1	3	-
Claims and Judgments Payable	(718)	(3,178)	(251)
Other Liabilities	65	123	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ (6,898)</u>	<u>\$ (660)</u>	<u>\$ (703)</u>
<b>Noncash Investing Activities:</b>			
Change in Fair Value of Investments	<u>\$ (10)</u>	<u>\$ (17)</u>	<u>\$ 1</u>



Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 1
-	51	16,861	89,897	154,616
(3)	(767)	(99)	(10,432)	(31,028)
-	-	-	(1,011)	(2,188)
(37)	-	(13,698)	(88,552)	(137,452)
(40)	(716)	3,064	(10,098)	(16,051)
-	-	-	-	2,075
(1,575)	-	-	-	(1,575)
-	-	-	8,986	8,986
(1,575)	-	-	8,986	9,486
1,234	293	(2,814)	(467)	(3,916)
34	58	96	195	1,697
1,268	351	(2,718)	(272)	(2,219)
(347)	(365)	346	(1,384)	(8,784)
363	804	301	3,704	23,895
<u>\$ 16</u>	<u>\$ 439</u>	<u>\$ 647</u>	<u>\$ 2,320</u>	<u>\$ 15,111</u>
\$ (40)	\$ (716)	\$ (75)	\$ (9,176)	\$ (8,765)
-	-	649	(5,413)	(2,032)
-	-	4,158	(56,105)	(60,344)
-	-	-	(51)	66
-	-	-	(55)	(51)
-	-	(1,668)	60,702	54,887
-	-	-	-	188
<u>\$ (40)</u>	<u>\$ (716)</u>	<u>\$ 3,064</u>	<u>\$ (10,098)</u>	<u>\$ (16,051)</u>
<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 2</u>	<u>\$ (5)</u>	<u>\$ (31)</u>



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FIDUCIARY FUNDS

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## Description of Fiduciary Funds

Fiduciary funds are used to account for assets held by the State in a fiduciary capacity. The State has the following fiduciary funds.

### **PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

Pension and Other Employee Benefit Trust Funds are used to account for activities and balances of the public employee retirement systems and other employee benefit plans. The State's pension and other employee benefit trust funds are described below:

#### **Pension Trust Funds**

##### **Defined Benefit Pension Plans**

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State.

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State and its political subdivisions.

The **Firefighters' Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firefighters of the State.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State, and district attorneys of the State.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits to members of the Georgia National Guard.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for all members of the Georgia General Assembly.

The **Magistrates Retirement Fund** is used to account for the accumulation of resources for the purpose of providing retirement benefits for those serving as duly qualified and commissioned chief magistrates of counties in the State.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State.



## Description of Fiduciary Funds

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court clerks of the State.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court judges of the State.

The **Teachers Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in State public schools and the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and for certain other designated employees in educational-related work.

### **Defined Contribution / Deferred Compensation Pension Plans**

The **Georgia Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees and employees of Community Service Boards who elect to defer a portion of their annual salary until future years.

### **Other Postemployment Benefit Plans**

The **Board of Regents Retiree Health Benefit Fund** is used to account for the accumulation of resources necessary to meet employer costs of retiree post-employment health insurance benefits.

The **Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)** pays postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations and other entities authorized by law to contract with the Department of Community Health for inclusion in the plan. It also pays administrative expenses for the Fund. By law, no other use of assets of the State OPEB Fund is permitted.

The **Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund)** pays postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers including librarians and other certified employees of the public schools and regional educational service agencies, postemployment health benefits due under the group health plan for non-certificated public school employees, and administrative expenses of the Fund. By law, no other use of assets of the School OPEB Fund is permitted.

The **State Employees' Assurance Department – OPEB** is used to account for the accumulation of resources for the purpose of providing term life insurance – to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems.

The **State Employees' Assurance Department – Active** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, and Legislative Retirement Systems.



### INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Extended Asset Pool** is responsible for providing prudent management of public funds on behalf of the State and local governments seeking income higher than money market rates.

The **Georgia Fund 1** is a combination local and state government investment pool with primary objectives specific to safety of capital, investment income, liquidity and diversification while maintaining principal. This fund was established to enable local governments to voluntarily invest any idle local monies.

The **Regents Investment Pool** invests funds on behalf of units of the university system and their affiliated foundations.

### PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of education and research programs for the benefit of licensees and the public.

The **Real Estate Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.





### AGENCY FUNDS

Agency Funds are used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State's significant agency funds are described below:

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

The **County Medicaid Administrative Funds** are billed by the State on behalf of local governments, and represent eligible administrative costs paid at the county level. Amounts collected are distributed to county boards of health.

The **Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court-ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

The **Railroad Car Tax** fund is used to collect railroad car taxes on behalf of county governments and to remit the taxes back to the counties.

The **Real Estate Transfer Tax** fund is used to collect real estate transfer taxes on behalf of county governments and to remit the taxes back to the counties.

**Sales Tax Collections for Local Governments** for the **Education Local Option Sales Tax, Homestead Option Sales Tax, Local Option Sales Tax, MARTA Sales Tax, and Special Purpose Local Option Sales Tax**. These funds are used to account for the collection and disbursement of local option sales taxes on behalf of county and municipal governments.

**Sales Tax Collections for Local Governments** for the **Transportation Investment Act (TIA)** accounts for the State's collection of and disbursement to the special tax districts in which the tax has been imposed and collected in accordance with the TIA.

The **Telecommunications Relay Service Fund** was established to provide telecommunication services to hearing/speech impaired Georgians. All local exchange telephone companies in the State impose a monthly maintenance surcharge on residential and business local exchange access facilities, which are deposited into this fund solely for the provisions of the Dual Party Relay System.

The **Universal Service Fund** was established for the purpose of assisting low-income customers in times of emergency by providing energy conservation assistance to such customers; and to provide contributions in aid of construction to permit the electing distribution company to extend and expand its facilities from time to time as the commission deems to be in the public interest. Funding comes from rate refunds from interstate pipeline suppliers, funds deposited by marketers, and various other refunds, surcharges and earnings.

# State of Georgia

## Combining Statement of Fiduciary Net Position Pension and Other Employee Benefit Trust Funds June 30, 2013 (dollars in thousands)

	Defined Benefit Pension Plans (see combining)	Defined Contribution Plans		
		Georgia Defined Contribution Plan	Deferred Compensation Plans	
			401 (K) Plan	457 Plan
<b>Assets</b>				
Cash and Cash Equivalents	\$ 527,326	\$ 51,331	\$ 23	\$ 19
Receivables				
Interest and Dividends	215,948	131	-	-
Due from Brokers for Securities Sold	76,857	-	-	-
Other	170,819	1,124	1,467	399
Due from Other Funds	-	-	-	-
Investments				
Pooled Investments	13,373,808	15	-	4
Mutual Funds	525,874	-	509,279	548,142
Repurchase Agreements	1,525,000	-	-	-
Municipal, U. S. and Foreign Government Obligations	8,566,961	23,125	-	-
Corporate Bonds/Notes/Debentures	6,650,509	34,412	-	-
Stocks	41,847,258	-	-	-
Asset-Backed Securities	12,024	-	-	-
Mortgage Investments	92,213	-	-	-
Real Estate Investment Trusts	29,332	-	-	-
Capital Assets				
Land	2,071	-	-	-
Buildings	7,693	-	-	-
Software	29,325	-	-	-
Machinery and Equipment	5,595	-	-	-
Works of Art	114	-	-	-
Accumulated Depreciation	(34,985)	-	-	-
Other Assets	625	-	-	-
<b>Total Assets</b>	<b>73,624,367</b>	<b>110,138</b>	<b>510,769</b>	<b>548,564</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	34,926	575	5,082	731
Due to Other Funds	2,604	-	-	-
Due to Brokers for Securities Purchased	132,779	-	-	-
Salaries/Withholdings Payable	2	-	-	-
Benefits Payable	-	-	-	-
Unearned Revenue	4	-	-	-
Compensated Absences Payable	58	-	-	-
<b>Total Liabilities</b>	<b>170,373</b>	<b>575</b>	<b>5,082</b>	<b>731</b>
<b>Net Position</b>				
Held in Trust for:				
Pension Benefits	73,453,994	109,563	505,687	547,833
Other Postemployment Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
<b>Total Net Position</b>	<b>\$ 73,453,994</b>	<b>\$ 109,563</b>	<b>\$ 505,687</b>	<b>\$ 547,833</b>



Other Postemployment Benefit Plans

Board of Regents Retiree Health Benefit Fund	Georgia State Employees Postemployment Health Benefit Fund	Georgia School Personnel Postemployment Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department - Active	Total
\$ 4,075	\$ -	\$ -	\$ 24	\$ 58	\$ 582,856
-	-	-	-	-	216,079
-	-	-	-	-	76,857
5,822	7,177	13,394	-	-	200,202
-	12,374	29,106	2,346	136	43,962
-	-	-	905,461	204,585	14,483,873
-	-	-	-	-	1,583,295
-	-	-	-	-	1,525,000
-	-	-	-	-	8,590,086
-	-	-	-	-	6,684,921
-	-	-	-	-	41,847,258
-	-	-	-	-	12,024
-	-	-	-	-	92,213
-	-	-	-	-	29,332
-	-	-	-	-	2,071
-	-	-	-	-	7,693
-	-	-	-	-	29,325
-	-	-	-	-	5,595
-	-	-	-	-	114
-	-	-	-	-	(34,985)
-	-	-	-	-	625
<u>9,897</u>	<u>19,551</u>	<u>42,500</u>	<u>907,831</u>	<u>204,779</u>	<u>75,978,396</u>
352	1,154	2,553	-	-	45,373
-	-	-	-	-	2,604
-	-	-	-	-	132,779
-	-	-	-	-	2
9,327	14,171	31,317	-	-	54,815
-	4,226	8,630	-	-	12,860
-	-	-	-	-	58
<u>9,679</u>	<u>19,551</u>	<u>42,500</u>	<u>-</u>	<u>-</u>	<u>248,491</u>
-	-	-	-	-	74,617,077
218	-	-	907,831	-	908,049
-	-	-	-	204,779	204,779
<u>\$ 218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 907,831</u>	<u>\$ 204,779</u>	<u>\$ 75,729,905</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Position Pension and Other Employee Benefit Trust Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Defined Benefit Pension Plans (see combining)	Defined Contribution Plans		
		Georgia Defined Contribution Plan	Deferred Compensation Plans	
			401 (K) Plan	457 Plan
<b>Additions:</b>				
Contributions				
Employer	\$ 1,567,900	\$ -	\$ 18,279	\$ -
Plan Members	692,616	16,676	44,428	18,753
Other Contributions				
Fines and Bond Forfeitures	19,174	-	-	-
Insurance Company Premium Taxes	28,443	-	-	-
Insurance Premiums	-	-	-	-
Other Fees	4,901	-	-	-
Rebates	-	-	-	-
Interest and Other Investment Income				
Dividends and Interest	1,703,254	709	502	702
Net Appreciation (Depreciation) in Investments Reported at Fair Value	7,104,343	(515)	53,767	55,626
Less: Investment Expense	(45,141)	(57)	(1,434)	(591)
Other				
Transfers from Other Funds	(2,769)	-	-	-
Miscellaneous	503	-	948	-
<b>Total Additions</b>	<b>11,073,224</b>	<b>16,813</b>	<b>116,490</b>	<b>74,490</b>
<b>Deductions:</b>				
General and Administrative Expenses	40,420	1,160	2,457	996
Benefits	4,967,186	9	57,351	63,388
Refunds	90,360	14,415	-	-
<b>Total Deductions</b>	<b>5,097,966</b>	<b>15,584</b>	<b>59,808</b>	<b>64,384</b>
Change in Net Position Held in Trust for Pension and Other Employee Benefits	5,975,258	1,229	56,682	10,106
Net Position, July 1	67,478,736	108,334	449,005	537,727
Net Position, June 30	\$ 73,453,994	\$ 109,563	\$ 505,687	\$ 547,833



Other Postemployment Benefit Plans

Board of Regents Retiree Health Benefit Fund	Georgia State Employees Postemployment Health Benefit Fund	Georgia School Personnel Postemployment Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department - Active	Total
\$ 83,415	\$ 181,504	\$ 362,527	\$ -	\$ -	\$ 2,213,625
30,136	47,352	98,620	-	-	948,581
-	-	-	-	-	19,174
-	-	-	-	-	28,443
8,399	-	-	5,075	699	14,173
-	-	-	-	-	4,901
6,600	-	-	-	-	6,600
108	-	-	21,055	4,724	1,731,054
-	-	-	87,531	19,647	7,320,399
-	-	-	(438)	(98)	(47,759)
-	-	-	5,009	-	2,240
-	-	-	-	-	1,451
<u>128,658</u>	<u>228,856</u>	<u>461,147</u>	<u>118,232</u>	<u>24,972</u>	<u>12,242,882</u>
14,310	8,016	16,928	203	22	84,512
114,296	220,840	444,219	28,482	3,561	5,899,332
-	-	-	-	-	104,775
<u>128,606</u>	<u>228,856</u>	<u>461,147</u>	<u>28,685</u>	<u>3,583</u>	<u>6,088,619</u>
52	-	-	89,547	21,389	6,154,263
<u>166</u>	<u>-</u>	<u>-</u>	<u>818,284</u>	<u>183,390</u>	<u>69,575,642</u>
<u>\$ 218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 907,831</u>	<u>\$ 204,779</u>	<u>\$ 75,729,905</u>

# State of Georgia

## Combining Statement of Fiduciary Net Position Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans June 30, 2013 (dollars in thousands)

	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund
<b>Assets</b>						
Cash and Cash Equivalents	\$ 3	\$ 28,445	\$ 74	\$ 421	\$ 48	\$ 75
Receivables						
Interest and Dividends	-	42,971	1,534	-	-	-
Due from Brokers for Securities Sold	-	8,543	27,232	-	-	211
Other	-	29,649	16	289	-	-
Investments						
Pooled Investments	-	12,149,057	-	351,563	12,094	-
Mutual Funds	-	-	202,072	-	-	4,147
Repurchase Agreements	-	-	-	-	-	-
Municipal, U. S. and Foreign Government Obligations	-	-	51,271	-	-	3,408
Corporate Bonds/Notes/Debentures	-	-	80,656	-	-	6,465
Stocks	-	-	226,285	-	-	50,172
Asset-Backed Securities	-	-	3,029	-	-	1,567
Mortgage Investments	-	-	77,709	-	-	660
Real Estate Investment Trusts	-	-	27,371	-	-	462
Capital Assets						
Land	-	944	85	-	-	-
Buildings	-	2,799	1,534	-	-	-
Software	-	14,345	-	-	-	-
Machinery and Equipment	-	2,334	165	-	-	-
Works of Art	-	-	114	-	-	-
Accumulated Depreciation	-	(16,645)	(448)	-	-	-
Other Assets	-	-	3	-	-	-
<b>Total Assets</b>	<b>3</b>	<b>12,262,442</b>	<b>698,702</b>	<b>352,273</b>	<b>12,142</b>	<b>67,167</b>
<b>Liabilities</b>						
Accounts Payable and Other Accruals	1	23,194	1,646	363	12	-
Due to Other Funds	-	2,465	-	21	-	-
Due to Brokers for Securities Purchased	-	8,969	42,370	-	-	1,157
Salaries/Withholdings Payable	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Compensated Absences Payable	-	-	55	-	-	-
<b>Total Liabilities</b>	<b>1</b>	<b>34,628</b>	<b>44,071</b>	<b>384</b>	<b>12</b>	<b>1,157</b>
<b>Net Position</b>						
Held in Trust for Pension Benefits	\$ 2	\$ 12,227,814	\$ 654,631	\$ 351,889	\$ 12,130	\$ 66,010



Legislative Retirement System	Magistrates Retirement Fund	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers Retirement System	Total
\$ 59	\$ 38	\$ 149	\$ 100	\$ 241	\$ 11,260	\$ 28	\$ 486,385	\$ 527,326
-	30	110	-	218	284	-	170,801	215,948
-	-	7,231	-	-	99	-	33,541	76,857
35	-	-	-	-	278	-	140,552	170,819
29,440	-	87,446	728,236	5,894	10,077	-	1	13,373,808
-	7,268	295,357	-	17,030	-	-	-	525,874
-	-	-	-	-	-	-	1,525,000	1,525,000
-	1,680	81,547	-	6,193	50,791	-	8,372,071	8,566,961
-	1,382	40,037	-	11,712	-	-	6,510,257	6,650,509
-	3,883	105,557	-	39,022	26,633	-	41,395,706	41,847,258
-	-	7,428	-	-	-	-	-	12,024
-	-	13,844	-	-	-	-	-	92,213
-	-	1,499	-	-	-	-	-	29,332
-	-	98	-	-	-	-	944	2,071
-	-	560	-	-	-	-	2,800	7,693
-	-	-	-	-	-	-	14,980	29,325
-	-	155	-	-	-	-	2,941	5,595
-	-	-	-	-	-	-	-	114
-	-	(234)	-	-	-	-	(17,658)	(34,985)
-	-	-	-	-	-	-	622	625
29,534	14,281	640,784	728,336	80,310	99,422	28	58,638,943	73,624,367
47	202	-	1,069	19	94	25	8,254	34,926
3	-	-	-	-	-	-	115	2,604
-	-	36,027	-	-	8,521	-	35,735	132,779
-	-	2	-	-	-	-	-	2
-	-	-	-	-	4	-	-	4
-	-	-	-	3	-	-	-	58
50	202	36,029	1,069	22	8,619	25	44,104	170,373
\$ 29,484	\$ 14,079	\$ 604,755	\$ 727,267	\$ 80,288	\$ 90,803	\$ 3	\$ 58,594,839	\$ 73,453,994

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Position Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund
<b>Additions:</b>						
Contributions						
Employer	\$ 80	\$ 359,001	\$ -	\$ 2,279	\$ -	\$ -
Plan Members	-	38,956	2,616	4,408	-	153
Other Contributions						
Fines and Bond Forfeitures	-	-	-	-	-	530
Insurance Company Premium Taxes	-	-	28,443	-	-	-
Other Fees	-	-	-	-	-	760
Interest and Other Investment Income						
Dividends and Interest	-	291,503	14,563	8,197	267	1,530
Net Appreciation (Depreciation) in Investments Reported at Fair Value	-	1,211,862	78,288	34,078	1,112	6,213
Less: Investment Expense	-	(7,516)	(3,339)	(171)	(6)	(421)
Other						
Transfers from Other Funds	-	(5,009)	-	-	1,703	-
Miscellaneous	1	-	406	-	-	-
<b>Total Additions</b>	<b>81</b>	<b>1,888,797</b>	<b>120,977</b>	<b>48,791</b>	<b>3,076</b>	<b>8,765</b>
<b>Deductions:</b>						
General and Administrative Expenses	1	12,899	1,352	313	31	48
Benefits	80	1,269,201	35,919	16,250	772	3,489
Refunds	-	7,390	622	105	-	10
<b>Total Deductions</b>	<b>81</b>	<b>1,289,490</b>	<b>37,893</b>	<b>16,668</b>	<b>803</b>	<b>3,547</b>
Change in Net Position Held in Trust for Pension Benefits	-	599,307	83,084	32,123	2,273	5,218
Net Position, July 1	2	11,628,507	571,547	319,766	9,857	60,792
Net Position, June 30	<u>\$ 2</u>	<u>\$ 12,227,814</u>	<u>\$ 654,631</u>	<u>\$ 351,889</u>	<u>\$ 12,130</u>	<u>\$ 66,010</u>





Legislative Retirement System	Magistrates Retirement Fund	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers Retirement System	Total
\$ 128	\$ -	\$ -	\$ 24,829	\$ -	\$ -	\$ 1,629	\$ 1,179,954	\$ 1,567,900
373	142	3,449	1,538	126	110	-	640,745	692,616
-	-	15,471	-	2,338	835	-	-	19,174
-	-	-	-	-	-	-	-	28,443
-	1,682	-	-	-	2,459	-	-	4,901
696	266	13,117	17,145	1,909	2,706	-	1,351,355	1,703,254
2,892	1,191	67,177	71,278	7,903	5,409	-	5,616,940	7,104,343
(12)	(58)	(2,494)	(357)	(389)	(432)	-	(29,946)	(45,141)
-	-	-	-	-	-	-	537	(2,769)
-	-	84	-	6	-	6	-	503
<u>4,077</u>	<u>3,223</u>	<u>96,804</u>	<u>114,433</u>	<u>11,893</u>	<u>11,087</u>	<u>1,635</u>	<u>8,759,585</u>	<u>11,073,224</u>
119	37	651	2,021	206	130	6	22,606	40,420
1,824	-	25,416	55,041	4,887	4,529	1,629	3,548,149	4,967,186
88	75	391	492	25	20	-	81,142	90,360
<u>2,031</u>	<u>112</u>	<u>26,458</u>	<u>57,554</u>	<u>5,118</u>	<u>4,679</u>	<u>1,635</u>	<u>3,651,897</u>	<u>5,097,966</u>
2,046	3,111	70,346	56,879	6,775	6,408	-	5,107,688	5,975,258
<u>27,438</u>	<u>10,968</u>	<u>534,409</u>	<u>670,388</u>	<u>73,513</u>	<u>84,395</u>	<u>3</u>	<u>53,487,151</u>	<u>67,478,736</u>
<u>\$ 29,484</u>	<u>\$ 14,079</u>	<u>\$ 604,755</u>	<u>\$ 727,267</u>	<u>\$ 80,288</u>	<u>\$ 90,803</u>	<u>\$ 3</u>	<u>\$ 58,594,839</u>	<u>\$ 73,453,994</u>



## Combining Statement of Fiduciary Net Position

### Investment Trust Funds

June 30, 2013

(dollars in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 69,206	\$ 3,907,234	\$ -	\$ 3,976,440
Investments, at Fair Value				
Pooled Investments	106,705	1,928,743	23,357	2,058,805
Interest Receivable	-	-	34	34
<b>Total Assets</b>	<u>175,911</u>	<u>5,835,977</u>	<u>23,391</u>	<u>6,035,279</u>
<b>Net Position</b>				
Held in Trust for Pool Participants	<u>\$ 175,911</u>	<u>\$ 5,835,977</u>	<u>\$ 23,391</u>	<u>\$ 6,035,279</u>



## Combining Statement of Changes in Fiduciary Net Position Investment Trust Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Additions:</b>				
Pool Participant Deposits	\$ 60,000	\$ 7,420,789	\$ 3,485	\$ 7,484,274
Interest and Other Investment Income				
Dividends and Interest	620	12,831	433	13,884
Net Appreciation (Depreciation) in Investments				
Reported at Fair Value	72	-	357	429
Less: Investment Expense	(72)	(3,499)	(36)	(3,607)
Total Additions	<u>60,620</u>	<u>7,430,121</u>	<u>4,239</u>	<u>7,494,980</u>
<b>Deductions:</b>				
Pool Participant Withdrawals	<u>10,600</u>	<u>7,483,980</u>	<u>1,701</u>	<u>7,496,281</u>
Change in Net Position Held in Trust for Pool Participants	50,020	(53,859)	2,538	(1,301)
Net Position, July 1	<u>125,891</u>	<u>5,889,836</u>	<u>20,853</u>	<u>6,036,580</u>
Net Position, June 30	<u>\$ 175,911</u>	<u>\$ 5,835,977</u>	<u>\$ 23,391</u>	<u>\$ 6,035,279</u>



## Combining Statement of Fiduciary Net Position

### Private Purpose Trust Funds

June 30, 2013

(dollars in thousands)

	Auctioneers Education, Research and Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 432	\$ 806	\$ 4,114	\$ 5,352
Investments, at Fair Value				
Pooled Investments	179	728	1,416	2,323
Capital Assets				
Buildings	-	-	826	826
Machinery and Equipment	-	-	103	103
Accumulated Depreciation	-	-	(615)	(615)
<b>Total Assets</b>	<b>611</b>	<b>1,534</b>	<b>5,844</b>	<b>7,989</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	-	9	2	11
Due to Other Funds	-	-	3	3
Compensated Absences Payable	-	-	198	198
Other Liabilities	-	-	496	496
<b>Total Liabilities</b>	<b>-</b>	<b>9</b>	<b>699</b>	<b>708</b>
<b>Net Position</b>				
Held in Trust for Other Purposes	\$ 611	\$ 1,525	\$ 5,145	\$ 7,281



## Combining Statement of Changes in Fiduciary Net Position Private Purpose Trust Funds For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Auctioneers Education, Research and Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Additions:</b>				
Contributions/Assessments				
Participants	\$ 22	\$ 83	\$ 99,956	\$ 100,061
Interest and Other Investment Income				
Dividends and Interest	1	4	71	76
Total Additions	23	87	100,027	100,137
<b>Deductions:</b>				
General and Administrative Expenses	-	311	2,290	2,601
Benefits	-	-	99,262	99,262
Total Deductions	-	311	101,552	101,863
Change in Net Position Held in Trust for Other Purposes	23	(224)	(1,525)	(1,726)
Net Position, July 1	588	1,749	6,670	9,007
Net Position, June 30	\$ 611	\$ 1,525	\$ 5,145	\$ 7,281

# State of Georgia

## Combining Statement of Fiduciary Assets and Liabilities

### Agency Funds

June 30, 2013

(dollars in thousands)

	Child Support Recovery Program	County Medicaid Administrative Funds	Detainees' Accounts	Flexible Benefits Program	Railroad Car Tax	Real Estate Transfer Tax
<b>Assets</b>						
Cash and Cash Equivalents	\$ 21,243	\$ 2,827	\$ 30,976	\$ 9,429	\$ 5,566	\$ -
Accounts Receivable	-	4,608	-	-	-	-
Investments, at Fair Value						
Certificates of Deposit	-	-	-	-	-	-
Pooled Investments	-	-	-	3,501	2,836	-
Mutual Funds	-	-	-	-	-	-
Municipal, U. S. and Foreign Government Obligations	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 21,243</u>	<u>\$ 7,435</u>	<u>\$ 30,976</u>	<u>\$ 12,930</u>	<u>\$ 8,402</u>	<u>\$ -</u>
<b>Liabilities</b>						
Accounts Payable and Other Accruals	\$ -	\$ 6,923	\$ -	\$ 1,724	\$ -	\$ -
Funds Held for Others	21,243	512	30,976	11,206	8,402	-
Other Liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>\$ 21,243</u>	<u>\$ 7,435</u>	<u>\$ 30,976</u>	<u>\$ 12,930</u>	<u>\$ 8,402</u>	<u>\$ -</u>



Sales Tax Collections for Local Governments						Telecom-				
Education Local Option	Homestead Option	Local Option	MARTA	Special Purpose Local Option	Transportation Investment Act	munications Relay Service Fund	Universal Service Fund	Miscellaneous	Total	
\$ 181	\$ 65	\$ 174	\$ 193	\$ (67)	\$ -	\$ 6,497	\$ -	\$ 44,762	\$ 121,846	
-	-	-	-	-	2,753	-	-	361	7,722	
-	-	-	-	-	-	-	-	1,791	1,791	
90	32	86	95	(33)	-	3,157	-	11,187	20,951	
-	-	-	-	-	-	-	4,489	-	4,489	
-	-	-	-	-	-	-	51,692	-	51,692	
-	-	-	-	-	-	-	-	58,871	58,871	
<u>\$ 271</u>	<u>\$ 97</u>	<u>\$ 260</u>	<u>\$ 288</u>	<u>\$ (100)</u>	<u>\$ 2,753</u>	<u>\$ 9,654</u>	<u>\$ 56,181</u>	<u>\$ 116,972</u>	<u>\$ 267,362</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 606	\$ 9,253	
271	97	260	288	(100)	2,753	9,654	56,181	116,363	258,106	
-	-	-	-	-	-	-	-	3	3	
<u>\$ 271</u>	<u>\$ 97</u>	<u>\$ 260</u>	<u>\$ 288</u>	<u>\$ (100)</u>	<u>\$ 2,753</u>	<u>\$ 9,654</u>	<u>\$ 56,181</u>	<u>\$ 116,972</u>	<u>\$ 267,362</u>	



## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>Child Support Recovery Program</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 23,645	\$ 769,789	\$ 772,191	\$ 21,243
<b>Liabilities</b>				
Funds Held for Others	\$ 23,645	\$ 769,789	\$ 772,191	\$ 21,243
<b>County Medicaid Administrative Funds</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,688	\$ 124,313	\$ 124,174	\$ 2,827
Accounts Receivable	1,628	22,226	19,246	4,608
<b>Total Assets</b>	<b>\$ 4,316</b>	<b>\$ 146,539</b>	<b>\$ 143,420</b>	<b>\$ 7,435</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 1,225	\$ 28,178	\$ 22,480	\$ 6,923
Funds Held for Others	3,091	87,365	89,944	512
<b>Total Liabilities</b>	<b>\$ 4,316</b>	<b>\$ 115,543</b>	<b>\$ 112,424</b>	<b>\$ 7,435</b>
<b>Detainees' Accounts</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 27,536	\$ 136,411	\$ 132,971	\$ 30,976
<b>Liabilities</b>				
Funds Held for Others	\$ 27,536	\$ 136,411	\$ 132,971	\$ 30,976
<b>Flexible Benefits Program</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 7,016	\$ 245,109	\$ 242,696	\$ 9,429
Investments	2,238	3,501	2,238	3,501
<b>Total Assets</b>	<b>\$ 9,254</b>	<b>\$ 248,610</b>	<b>\$ 244,934</b>	<b>\$ 12,930</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 79	\$ 179,215	\$ 177,570	\$ 1,724
Funds Held for Others	9,175	182,370	180,339	11,206
<b>Total Liabilities</b>	<b>\$ 9,254</b>	<b>\$ 361,585</b>	<b>\$ 357,909</b>	<b>\$ 12,930</b>
<b>Railroad Car Tax</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 521	\$ 7,882	\$ 2,837	\$ 5,566
Investments	321	2,836	321	2,836
<b>Total Assets</b>	<b>\$ 842</b>	<b>\$ 10,718</b>	<b>\$ 3,158</b>	<b>\$ 8,402</b>
<b>Liabilities</b>				
Funds Held for Others	\$ 842	\$ 7,560	\$ -	\$ 8,402
<b>Real Estate Transfer Tax</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,823	\$ -	\$ 1,823	\$ -
<b>Liabilities</b>				
Funds Held for Others	\$ 1,823	\$ -	\$ 1,823	\$ -

(continued)





## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>Sales Tax Collections for Local Governments</b>				
<i>Education Local Option Sales Tax</i>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 549	\$ 1,607,469	\$ 1,607,837	\$ 181
Investments	253	90	253	90
<b>Total Assets</b>	<u>\$ 802</u>	<u>\$ 1,607,559</u>	<u>\$ 1,608,090</u>	<u>\$ 271</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 802</u>	<u>\$ 1,607,216</u>	<u>\$ 1,607,747</u>	<u>\$ 271</u>
<i>Homestead Option Sales Tax</i>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 42	\$ 121,573	\$ 121,550	\$ 65
Investments	19	32	19	32
<b>Total Assets</b>	<u>\$ 61</u>	<u>\$ 121,605</u>	<u>\$ 121,569</u>	<u>\$ 97</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 61</u>	<u>\$ 121,554</u>	<u>\$ 121,518</u>	<u>\$ 97</u>
<i>Local Option Sales Tax</i>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 352	\$ 1,361,834	\$ 1,362,012	\$ 174
Investments	219	86	219	86
<b>Total Assets</b>	<u>\$ 571</u>	<u>\$ 1,361,920</u>	<u>\$ 1,362,231</u>	<u>\$ 260</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 571</u>	<u>\$ 1,361,615</u>	<u>\$ 1,361,926</u>	<u>\$ 260</u>
<i>MARTA Sales Tax</i>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 105	\$ 344,115	\$ 344,027	\$ 193
Investments	48	95	48	95
<b>Total Assets</b>	<u>\$ 153</u>	<u>\$ 344,210</u>	<u>\$ 344,075</u>	<u>\$ 288</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 153</u>	<u>\$ 344,067</u>	<u>\$ 343,932</u>	<u>\$ 288</u>
<i>Special Purpose Local Option Sales Tax</i>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 396	\$ 1,191,138	\$ 1,191,601	\$ (67)
Investments	182	(33)	182	(33)
<b>Total Assets</b>	<u>\$ 578</u>	<u>\$ 1,191,105</u>	<u>\$ 1,191,783</u>	<u>\$ (100)</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 578</u>	<u>\$ 1,190,956</u>	<u>\$ 1,191,634</u>	<u>\$ (100)</u>

(continued)



## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<i>Transportation Investment Act</i>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 13,496	\$ 13,496	\$ -
Investments	-	2,753	-	2,753
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 16,249</u>	<u>\$ 13,496</u>	<u>\$ 2,753</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ -</u>	<u>\$ 16,249</u>	<u>\$ 13,496</u>	<u>\$ 2,753</u>
 <b>Telecommunications Relay Service Fund</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 8,860	\$ 4,055	\$ 6,418	\$ 6,497
Investments	4,022	3,157	4,022	3,157
<b>Total Assets</b>	<u>\$ 12,882</u>	<u>\$ 7,212</u>	<u>\$ 10,440</u>	<u>\$ 9,654</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 12,882</u>	<u>\$ 32</u>	<u>\$ 3,260</u>	<u>\$ 9,654</u>
 <b>Universal Service Fund</b>				
<b>Assets</b>				
Investments	<u>\$ 48,427</u>	<u>\$ 11,485</u>	<u>\$ 3,731</u>	<u>\$ 56,181</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 48,427</u>	<u>\$ 11,485</u>	<u>\$ 3,731</u>	<u>\$ 56,181</u>
 <b>Miscellaneous</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 69,500	\$ 117,187	\$ 141,925	\$ 44,762
Accounts Receivable	651	3,526	3,816	361
Investments	9,736	11,289	8,047	12,978
Other Assets	34,647	24,224	-	58,871
<b>Total Assets</b>	<u>\$ 114,534</u>	<u>\$ 156,226</u>	<u>\$ 153,788</u>	<u>\$ 116,972</u>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 942	\$ 15,140	\$ 15,476	\$ 606
Funds Held for Others	113,573	131,546	128,756	116,363
Other Liabilities	19	1,168	1,184	3
<b>Total Liabilities</b>	<u>\$ 114,534</u>	<u>\$ 147,854</u>	<u>\$ 145,416</u>	<u>\$ 116,972</u>
 <b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 143,033	\$ 6,044,371	\$ 6,065,558	\$ 121,846
Accounts Receivable	2,279	28,505	23,062	7,722
Investments	65,465	32,538	19,080	78,923
Other Assets	34,647	24,224	-	58,871
<b>Total Assets</b>	<u>\$ 245,424</u>	<u>\$ 6,129,638</u>	<u>\$ 6,107,700</u>	<u>\$ 267,362</u>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 2,246	\$ 222,533	\$ 215,526	\$ 9,253
Funds Held for Others	243,159	5,968,215	5,953,268	258,106
Other Liabilities	19	1,168	1,184	3
<b>Total Liabilities</b>	<u>\$ 245,424</u>	<u>\$ 6,191,916</u>	<u>\$ 6,169,978</u>	<u>\$ 267,362</u>

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## NONMAJOR COMPONENT UNITS

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## Description of Nonmajor Component Units

Component units are legally separate organizations for which the State's elected officials are considered to be financially accountable. Nonmajor component units are described below:

### Economic Development Organizations

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for operating and maintaining a comprehensive international trade and convention center consisting of a complex of facilities suitable for multipurpose use. The Governor appoints the fifteen members of the Board.

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

The **Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes, and to construct, operate and maintain the Savannah International Trade and Convention Center. State officials appoint nine of the twelve members of the Board.

The **Georgia Medical Center Authority** is a body corporate and politic. The general nature of the business of the Authority is the provision of life sciences industry research and development and manufacturing facilities and programs based in the State of Georgia, the commercialization of biomedical and biotechnical research results, the promotion of closer ties between academic institutions of the state and the biomedical industry, the facilitation of the development of a life sciences industrial cluster in the State, and the advancement of local and state economic growth. The seven Authority members are appointed by State officials. During the year ended June 30, 2013, the Authority was instructed by the Governor to cease its operations effective July 1, 2013. The Authority's board is currently awaiting instruction from the State for the official closing of the Authority, and for instructions related to the delivery of its remaining assets. It is anticipated that this will occur no earlier than January 2014.

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The Commission consists of eleven members who are accountable as trustees. Of the eleven members serving on the Board, six members are State officials or are appointed by State officials.

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute.

The **Georgia Foundation for Public Education** is a nonprofit organization established to solicit and accept contributions of money and in-kind contributions of services and property for the purpose of supporting educational excellence in Georgia.



## Description of Nonmajor Component Units

The **Georgia Higher Education Assistance Corporation** is a public authority, body corporate and politic. The Corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The Corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of thirteen members appointed by the Governor.

The **Georgia Highway Authority** is a body corporate and politic. This Authority was created to build, rebuild, relocate, construct, reconstruct, surface, resurface, layout, grade, repair, improve, widen, straighten, operate, own, maintain, lease and manage roads, bridges and approaches. The three members of the Authority are State officials designated by statute.

The **Georgia Military College** is a public authority, body corporate and politic, and an instrumentality and public corporation of the State. Georgia Military College is dedicated to providing a high-quality military education to the youth of the State. The Board of Trustees consists of the mayor of the City of Milledgeville and six additional members, one of which is elected from each of the six municipal voting districts of the City, as required by statute. The government, control, and management of Georgia Military College are vested in the Board of Trustees. Georgia Military College receives any designated funds appropriated by the General Assembly through the Board of Regents of the University System of Georgia.

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This Commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the Commission must be approved by the State. The Board consists of nine members appointed by the Governor. Financial information presented for the Commission includes its component unit, Foundation for Public Broadcasting in Georgia, Inc.

The **Georgia Rail Passenger Authority** is a body corporate and politic. This Authority is responsible for construction, financing, operation and development of rail passenger service and other public transportation projects. The Board includes one member from each congressional district appointed by the Governor, as well as two appointed members from the State at large.

The **Georgia Regional Transportation Authority** is a body corporate and politic. The purpose of the Authority is to manage land transportation and air quality within certain areas of the State. The Governor appoints the fifteen members of the Authority.

The **Georgia Student Finance Authority** is a body corporate and politic. This Authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the Authority by the State. State officials comprise four of the fifteen members of the Board, and the Governor appoints the remaining eleven.

The **Higher Education Foundations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities for units of the University System of Georgia.

The **Regional Educational Service Agencies** are agencies established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has sixteen of these agencies.

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution



## Description of Nonmajor Component Units

of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the ten members of the Board, the Governor appoints four. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

### **Tourism / State Attractions**

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members.

The **Georgia Sports Hall of Fame Authority** is a body corporate and politic. This Authority was created to construct and maintain a facility to house the Georgia Sports Hall of Fame to honor those who have made outstanding and lasting contributions to sports and athletics, and to operate, advertise and promote the Sports Hall of Fame. State officials appoint the nine members of the Board. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor. Financial information presented for the Authority includes its component unit, Jekyll Island Foundation, Inc.

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board.

The **Sapelo Island Heritage Authority** is a body corporate and politic. The purpose of the authority is the preservation of the cultural and historic values of Hog Hammock Community located on Greater Sapelo Island. The Board consists of four State officials designated by statute and one member appointed by the Governor.

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the preservation and protection of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and eight members appointed by the Governor.

# State of Georgia

## Combining Statement of Net Position

### Nonmajor Component Units

June 30, 2013

(dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Foundation for Public Education	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Military College	Georgia Public Telecommunications Commission
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 115,519	\$ 736	\$ 15,020	\$ 311	\$ 5,961	\$ 1,463
Investments	16,702	309	-	153	1,078	6,126
Receivables						
Accounts (Net)	19,194	-	-	-	3,308	1,304
Capital Leases from Primary Government	-	-	-	-	-	-
Interest and Dividends	1,344	-	-	-	-	-
Notes and Loans (Net)	29,593	-	-	-	-	-
Taxes	679	-	-	-	-	-
Due from Primary Government	-	-	-	-	-	221
Due from Component Units	-	-	-	-	-	-
Intergovernmental Receivables	1,187	-	307	-	818	-
Other Current Assets	3,947	42	-	-	9,830	10
<b>Noncurrent Assets:</b>						
Investments	-	-	-	-	-	-
Receivables (Net)						
Capital Leases from Primary Government	-	-	-	-	-	-
Notes and Loans	61,899	-	-	-	-	-
Other	(1,675)	-	-	-	-	-
Due from Component Units	-	-	-	-	-	-
Restricted Assets						
Cash and Cash Equivalents	18,382	-	-	-	27	-
Investments	9,255	-	-	-	854	-
Receivables						
Non-depreciable Capital Assets	37,716	-	-	-	1,977	1,479
Depreciable Capital Assets (Net)	94,556	-	-	-	57,584	7,286
Other Noncurrent Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>408,298</b>	<b>1,087</b>	<b>15,327</b>	<b>464</b>	<b>81,437</b>	<b>17,889</b>
<b>Deferred Outflows</b>						
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-





<u>Georgia Rail Passenger Authority</u>	<u>Georgia Regional Transportation Authority</u>	<u>Georgia Student Finance Authority</u>	<u>Higher Education Foundations</u>	<u>Regional Educational Service Agencies</u>	<u>Superior Court Clerks' Cooperative Authority</u>	<u>Tourism / State Attractions (see combining)</u>	<u>Total</u>
\$ 99	\$ 6,978	\$ 44,502	\$ 222,387	\$ 21,657	\$ 6,156	\$ 16,138	\$ 456,927
48	3,455	-	157,362	1,942	-	2,974	190,149
-	178	1,192	182,652	675	1,044	2,436	211,983
-	-	-	18,784	-	-	-	18,784
-	-	698	-	-	-	-	2,042
-	-	309,752	-	-	-	-	339,345
-	-	-	-	-	-	-	679
-	-	-	4,337	-	-	-	4,558
-	-	180	8,716	-	-	-	8,896
-	2,693	-	-	8,070	-	-	13,075
-	695	453	88,183	3,076	31	1,015	107,282
-	-	-	515,882	-	-	684	516,566
-	-	-	926,506	-	-	-	926,506
-	-	-	-	-	-	-	61,899
-	-	-	46,318	-	-	-	44,643
-	-	-	91,806	-	-	-	91,806
-	-	-	178,712	-	11,011	-	208,132
-	-	-	660,104	-	-	-	670,213
-	-	392	137,235	229	-	27,361	206,389
-	30,709	1,125	673,878	3,472	1,520	244,117	1,114,247
-	-	-	77,300	-	-	-	77,300
<u>147</u>	<u>44,708</u>	<u>358,294</u>	<u>3,990,162</u>	<u>39,121</u>	<u>19,762</u>	<u>294,725</u>	<u>5,271,421</u>
-	-	-	7,722	-	-	-	7,722

(continued)

# State of Georgia

## Combining Statement of Net Position

### Nonmajor Component Units

June 30, 2013

(dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Foundation for Public Education	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Military College	Georgia Public Telecommunications Commission
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Accruals	11,713	39	2	-	2,256	663
Due to Primary Government	-	-	-	-	-	-
Due to Component Units	-	-	180	-	-	-
Funds Held for Others	-	-	-	-	140	-
Unearned Revenue	35,924	-	-	-	3,394	162
Notes and Loans Payable	-	-	-	-	302	-
Revenue/Mortgage Bonds Payable	-	-	-	-	-	-
Other Current Liabilities	5,629	-	165	-	523	322
Current Liabilities Payable from Restricted Assets:						
Accrued Interest Payable	1,585	-	-	-	-	-
Revenue Bonds Payable	11,175	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Noncurrent Liabilities:</b>						
Unearned Revenue	-	-	-	-	-	-
Notes and Loans Payable	-	-	-	-	3,510	-
Revenue/Mortgage Bonds Payable	88,800	-	-	-	-	-
Due to Primary Government	-	-	-	-	-	-
Derivative Instrument Payable	-	-	-	-	-	-
Other Noncurrent Liabilities	30,989	-	2,425	-	156	753
<b>Total Liabilities</b>	<b>185,815</b>	<b>39</b>	<b>2,772</b>	<b>-</b>	<b>10,281</b>	<b>1,900</b>
<b>Net Position</b>						
Net Investment in Capital Assets,	31,714	-	-	-	55,508	8,765
Restricted for:						
Bond Covenants/Debt Service	25,262	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Permanent Trusts						
Expendable	-	-	-	-	-	-
Nonexpendable	-	-	-	-	881	-
Other Purposes	4,115	1,037	-	-	-	-
Unrestricted	161,392	11	12,555	464	14,767	7,224
<b>Total Net Position</b>	<b>\$ 222,483</b>	<b>\$ 1,048</b>	<b>\$ 12,555</b>	<b>\$ 464</b>	<b>\$ 71,156</b>	<b>\$ 15,989</b>



<u>Georgia Rail Passenger Authority</u>	<u>Georgia Regional Transportation Authority</u>	<u>Georgia Student Finance Authority</u>	<u>Higher Education Foundations</u>	<u>Regional Educational Service Agencies</u>	<u>Superior Court Clerks' Cooperative Authority</u>	<u>Tourism / State Attractions (see combining)</u>	<u>Total</u>
-	1,696	6,086	90,126	6,373	3,201	2,675	124,830
-	19	-	136,729	4	-	7	136,759
-	-	-	-	-	-	-	180
-	-	-	-	549	-	-	689
-	-	380	69,299	392	-	1,077	110,628
-	-	-	4,442	-	-	2,949	7,693
-	-	-	39,310	395	-	378	40,083
-	469	938	49,700	111	-	369	58,226
-	-	-	-	-	-	-	1,585
-	-	-	-	-	-	-	11,175
-	-	-	-	-	8,609	-	8,609
-	-	-	1,410	-	-	-	1,410
-	-	-	102,068	-	-	13,051	118,629
-	-	-	1,640,301	3,265	-	8,021	1,740,387
-	-	-	4,909	-	-	-	4,909
-	-	-	42,607	-	-	-	42,607
-	1,493	257,750	53,522	933	-	767	348,788
-	3,677	265,154	2,234,423	12,022	11,810	29,294	2,757,187
-	29,062	1,517	168,071	2,711	1,520	260,710	559,578
-	-	-	-	-	-	-	25,262
-	-	-	72,359	-	-	-	72,359
-	-	-	427,867	-	-	-	427,867
-	-	-	552,904	-	-	-	553,785
-	-	39,044	-	-	-	139	44,335
147	11,969	52,579	542,260	24,388	6,432	4,582	838,770
<u>\$ 147</u>	<u>\$ 41,031</u>	<u>\$ 93,140</u>	<u>\$ 1,763,461</u>	<u>\$ 27,099</u>	<u>\$ 7,952</u>	<u>\$ 265,431</u>	<u>\$ 2,521,956</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Foundation for Public Education	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Military College	Georgia Public Telecommunications Commission
Expenses	\$ 161,876	\$ 198	\$ 8,305	\$ -	\$ 61,175	\$ 53,936
<b>Program Revenues:</b>						
Sales and Charges for Services	93,467	1,001	5,904	-	31,635	5,758
Operating Grants and Contributions	1,439	150	22	1	32,087	9,509
Capital Grants and Contributions	-	42	-	-	-	1,633
Total Program Revenues	94,906	1,193	5,926	1	63,722	16,900
Net (Expenses) Revenue	(66,970)	995	(2,379)	1	2,547	(37,036)
<b>General Revenues:</b>						
Taxes	27,826	-	-	-	-	-
Payments from the State of Georgia	9,337	-	-	-	2,270	13,370
Contributions to Permanent Endowments	-	-	-	-	-	-
Total General Revenues	37,163	-	-	-	2,270	13,370
Change in Net Position	(29,807)	995	(2,379)	1	4,817	(23,666)
Net Position, July 1 (Restated - Note 3)	252,290	53	14,934	463	66,339	39,655
Net Position, June 30	\$ 222,483	\$ 1,048	\$ 12,555	\$ 464	\$ 71,156	\$ 15,989



<u>Georgia Rail Passenger Authority</u>	<u>Georgia Regional Transportation Authority</u>	<u>Georgia Student Finance Authority</u>	<u>Higher Education Foundations</u>	<u>Regional Educational Service Agencies</u>	<u>Superior Court Clerks' Cooperative Authority</u>	<u>Tourism / State Attractions (see combining)</u>	<u>Total</u>
\$ -	\$ 34,724	\$ 8,676	\$ 1,802,303	\$ 84,122	\$ 16,201	\$ 56,414	\$ 2,287,930
-	7,118	6,819	893,769	17,432	17,945	46,455	1,127,303
-	13,950	19,947	965,756	66,493	20	599	1,109,973
-	490	-	31,853	-	-	2,254	36,272
-	21,558	26,766	1,891,378	83,925	17,965	49,308	2,273,548
-	(13,166)	18,090	89,075	(197)	1,764	(7,106)	(14,382)
-	-	-	-	-	-	1,338	29,164
-	10,468	-	28,297	-	-	1,144	64,886
-	-	-	18,583	-	-	-	18,583
-	10,468	-	46,880	-	-	2,482	112,633
-	(2,698)	18,090	135,955	(197)	1,764	(4,624)	98,251
147	43,729	75,050	1,627,506	27,296	6,188	270,055	2,423,705
<u>\$ 147</u>	<u>\$ 41,031</u>	<u>\$ 93,140</u>	<u>\$ 1,763,461</u>	<u>\$ 27,099</u>	<u>\$ 7,952</u>	<u>\$ 265,431</u>	<u>\$ 2,521,956</u>

# State of Georgia

## Combining Statement of Net Position Nonmajor Component Units Economic Development Organizations June 30, 2013 (dollars in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority	Georgia Medical Center Authority
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 67,475	\$ 3,162	\$ 5,440	\$ 130
Investments	197	813	-	-
Receivables				
Accounts (Net)	18,531	-	368	-
Taxes	-	-	679	-
Interest and Dividends	-	1,344	-	-
Notes and Loans (Net)	-	13,028	-	-
Due from Primary Government				
Intergovernmental Receivables	-	-	1,187	-
Other Current Assets	456	3,163	177	2
<b>Noncurrent Assets:</b>				
Receivables (Net)				
Notes and Loans	-	61,899	-	-
Other	-	(1,675)	-	-
Restricted Assets				
Cash and Cash Equivalents	18,382	-	-	-
Investments	9,255	-	-	-
Non-depreciable Capital Assets	37,283	50	114	-
Depreciable Capital Assets (Net)	90,018	458	1,244	6
<b>Total Assets</b>	<b>241,597</b>	<b>82,242</b>	<b>9,209</b>	<b>138</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Other Accruals	10,621	485	424	-
Unearned Revenue	35,880	-	-	-
Other Current Liabilities	525	4,922	-	-
Current Liabilities Payable from Restricted Assets:				
Accrued Interest Payable	1,585	-	-	-
Revenue Bonds Payable	11,175	-	-	-
<b>Noncurrent Liabilities:</b>				
Revenue/Mortgage Bonds Payable	88,800	-	-	-
Other Noncurrent Liabilities	8,828	22,161	-	-
<b>Total Liabilities</b>	<b>157,414</b>	<b>27,568</b>	<b>424</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	26,743	508	1,358	6
Restricted for:				
Bond Covenants/Debt Service	25,262	-	-	-
Other Purposes	61	4,054	-	-
Unrestricted	32,117	50,112	7,427	132
<b>Total Net Position</b>	<b>\$ 84,183</b>	<b>\$ 54,674</b>	<b>\$ 8,785</b>	<b>\$ 138</b>



<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
\$ 4,941	\$ 34,371	\$ 115,519
-	15,692	16,702
295	-	19,194
-	-	679
-	-	1,344
-	16,565	29,593
-	-	1,187
149	-	3,947
-	-	61,899
-	-	(1,675)
-	-	18,382
-	-	9,255
269	-	37,716
<u>2,830</u>	<u>-</u>	<u>94,556</u>
<u>8,484</u>	<u>66,628</u>	<u>408,298</u>
183	-	11,713
44	-	35,924
-	182	5,629
-	-	1,585
-	-	11,175
-	-	88,800
<u>-</u>	<u>-</u>	<u>30,989</u>
<u>227</u>	<u>182</u>	<u>185,815</u>
3,099	-	31,714
-	-	25,262
-	-	4,115
<u>5,158</u>	<u>66,446</u>	<u>161,392</u>
<u>\$ 8,257</u>	<u>\$ 66,446</u>	<u>\$ 222,483</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Economic Development Organizations For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority	Georgia Medical Center Authority
Expenses	\$ 101,338	\$ 2,055	\$ 2,810	\$ 262
<b>Program Revenues:</b>				
Sales and Charges for Services	84,807	2,706	766	27
Operating Grants and Contributions	1,067	-	17	-
Total Program Revenues	85,874	2,706	783	27
Net (Expenses) Revenue	(15,464)	651	(2,027)	(235)
<b>General Revenues:</b>				
Taxes	25,077	-	2,749	-
Payments from the State of Georgia	-	-	-	122
Total General Revenues	25,077	-	2,749	122
Change in Net Position	9,613	651	722	(113)
Net Position, July 1 (Restated - Note 3)	74,570	54,023	8,063	251
Net Position, June 30	\$ 84,183	\$ 54,674	\$ 8,785	\$ 138





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<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
\$ 5,296	\$ 50,115	\$ 161,876
5,161	-	93,467
<u>-</u>	<u>355</u>	<u>1,439</u>
5,161	355	94,906
<u>(135)</u>	<u>(49,760)</u>	<u>(66,970)</u>
-	-	27,826
<u>-</u>	<u>9,215</u>	<u>9,337</u>
-	9,215	37,163
(135)	(40,545)	(29,807)
<u>8,392</u>	<u>106,991</u>	<u>252,290</u>
<u>\$ 8,257</u>	<u>\$ 66,446</u>	<u>\$ 222,483</u>

# State of Georgia

## Combining Statement of Net Position Nonmajor Component Units Tourism/State Attractions June 30, 2013 (dollars in thousands)

	Georgia Agricultural Exposition Authority	Georgia Sports Hall of Fame Authority	Jekyll Island State Park Authority	Lake Lanier Islands Development Authority
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 679	\$ 4	\$ 4,036	\$ 5,625
Investments	-	-	124	-
Receivables				
Accounts (Net)	13	-	1,874	276
Other Current Assets	-	-	546	-
<b>Noncurrent Assets:</b>				
Investments	-	-	-	-
Restricted Assets				
Non-depreciable Capital Assets	4,890	-	1,954	-
Depreciable Capital Assets (Net)	33,309	-	89,408	33,399
<b>Total Assets</b>	<b>38,891</b>	<b>4</b>	<b>97,942</b>	<b>39,300</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Other Accruals	-	-	1,215	57
Due to Primary Government	-	-	7	-
Unearned Revenue	313	-	764	-
Notes and Loans Payable	-	-	475	821
Revenue/Mortgage Bonds Payable	-	-	-	378
Other Current Liabilities	-	-	350	19
<b>Noncurrent Liabilities:</b>				
Notes and Loans Payable	-	-	159	12,892
Revenue/Mortgage Bonds Payable	-	-	-	8,021
Other Noncurrent Liabilities	230	-	444	93
<b>Total Liabilities</b>	<b>543</b>	<b>-</b>	<b>3,414</b>	<b>22,281</b>
<b>Net Position</b>				
Net Investment in Capital Assets	38,199	-	90,728	24,919
Restricted for:				
Other Purposes	-	-	139	-
Unrestricted	149	4	3,661	(7,900)
<b>Total Net Position</b>	<b>\$ 38,348</b>	<b>\$ 4</b>	<b>\$ 94,528</b>	<b>\$ 17,019</b>



North Georgia Mountains Authority	Sapelo Island Heritage Authority	Stone Mountain Memorial Association	Total
\$ 610	\$ 3	\$ 5,181	\$ 16,138
315	-	2,535	2,974
24	-	249	2,436
-	-	469	1,015
-	-	684	684
2,673	4,765	13,079	27,361
14,851	-	73,150	244,117
<u>18,473</u>	<u>4,768</u>	<u>95,347</u>	<u>294,725</u>
132	-	1,271	2,675
-	-	-	7
-	-	-	1,077
1,653	-	-	2,949
-	-	-	378
-	-	-	369
-	-	-	13,051
-	-	-	8,021
-	-	-	767
<u>1,785</u>	<u>-</u>	<u>1,271</u>	<u>29,294</u>
15,870	4,765	86,229	260,710
-	-	-	139
818	3	7,847	4,582
<u>\$ 16,688</u>	<u>\$ 4,768</u>	<u>\$ 94,076</u>	<u>\$ 265,431</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Tourism/State Attractions For the Fiscal Year Ended June 30, 2013 (dollars in thousands)

	Georgia Agricultural Exposition Authority	Georgia Sports Hall of Fame Authority	Jekyll Island State Park Authority	Lake Lanier Islands Development Authority
Expenses	\$ 9,724	\$ 3	\$ 23,119	\$ 3,397
<b>Program Revenues:</b>				
Sales and Charges for Services	7,184	-	17,511	3,819
Operating Grants and Contributions	5	-	569	1
Capital Grants and Contributions	-	-	2,254	-
Total Program Revenues	7,189	-	20,334	3,820
Net (Expenses) Revenue	(2,535)	(3)	(2,785)	423
<b>General Revenues:</b>				
Taxes	-	-	1,338	-
Payments from the State of Georgia	1,144	-	-	-
Total General Revenues	1,144	-	1,338	-
Change in Net Position	(1,391)	(3)	(1,447)	423
Net Position, July 1 (Restated - Note 3)	39,739	7	95,975	16,596
Net Position, June 30	\$ 38,348	\$ 4	\$ 94,528	\$ 17,019



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North Georgia Mountains Authority	Sapelo Island Heritage Authority	Stone Mountain Memorial Association	Total
<u>\$ 7,860</u>	<u>\$ -</u>	<u>\$ 12,311</u>	<u>\$ 56,414</u>
7,645	-	10,296	46,455
4	-	20	599
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,254</u>
<u>7,649</u>	<u>-</u>	<u>10,316</u>	<u>49,308</u>
<u>(211)</u>	<u>-</u>	<u>(1,995)</u>	<u>(7,106)</u>
-	-	-	1,338
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,144</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,482</u>
(211)	-	(1,995)	(4,624)
<u>16,899</u>	<u>4,768</u>	<u>96,071</u>	<u>270,055</u>
<u>\$ 16,688</u>	<u>\$ 4,768</u>	<u>\$ 94,076</u>	<u>\$ 265,431</u>



# *Statistical Section*



*"Low Gap Road"*  
Artist: Cheryl Williams, Clarkesville, GA







This part of the *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State’s overall financial health.

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**Sources:** Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year.

# State of Georgia

## Schedule 1

### Net Position by Component For the Last Ten Fiscal Years (accrual basis of accounting) (dollars in thousands)

	2013	2012	2011	2010
<b>Governmental Activities</b> <sup>(1) (2)</sup>				
Net Investment in Capital Assets	\$ 13,737,276	\$ 13,355,209	\$ 12,880,313	\$ 12,550,617
Restricted	3,301,316	3,968,493	4,031,347	2,605,116
Unrestricted	<u>(1,781,096)</u>	<u>(2,456,411)</u>	<u>(2,106,699)</u>	<u>(648,171)</u>
Total Governmental Activities Net Position	<u>\$ 15,257,496</u>	<u>\$ 14,867,291</u>	<u>\$ 14,804,961</u>	<u>\$ 14,507,562</u>
<b>Business-type Activities</b> <sup>(1) (2)</sup>				
Net Investment in Capital Assets	\$ 6,502,029	\$ 6,257,436	\$ 5,952,035	\$ 5,426,787
Restricted	816,428	457,265	489,736	423,325
Unrestricted	<u>(1,063,406)</u>	<u>(1,293,130)</u>	<u>(1,069,413)</u>	<u>(546,363)</u>
Total Business-type Activities Net Position	<u>\$ 6,255,051</u>	<u>\$ 5,421,571</u>	<u>\$ 5,372,358</u>	<u>\$ 5,303,749</u>
<b>Total Primary Government</b> <sup>(2)</sup>				
Net Investment in Capital Assets	\$ 20,239,305	\$ 19,612,645	\$ 18,832,348	\$ 17,977,404
Restricted	4,117,744	4,425,758	4,521,083	3,028,441
Unrestricted	<u>(2,844,502)</u>	<u>(3,749,541)</u>	<u>(3,176,112)</u>	<u>(1,194,534)</u>
Total Primary Government Net Position	<u>\$ 21,512,547</u>	<u>\$ 20,288,862</u>	<u>\$ 20,177,319</u>	<u>\$ 19,811,311</u>

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-type Activities. Beginning in fiscal year 2009, the Business-type Activities of the State Road and Tollway Authority (as previously reported in Governmental Activities) are included in nonmajor enterprise funds along with the Georgia Higher Education Facilities Authority. Beginning in fiscal year 2012, some business-type activities of the State Road and Tollway Authority (as previously reported in nonmajor Enterprise Funds) are included in the Internal Service Funds.

(3) Beginning in fiscal year 2013, the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc., the Georgia State University Foundation, Inc., the Georgia State University Research Foundation, Inc., the Georgia Tech Facilities, Inc., the University System of Georgia Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., component units, are blended with those of the nonmajor enterprise funds (previously discretely presented).

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*



**Fiscal Year**

2009	2008	2007	2006	2005	2004
\$ 12,066,578	\$ 11,979,690	\$ 10,804,344	\$ 11,274,666	\$ 10,914,903	\$ 10,073,116
2,254,051	1,641,507	2,398,250	2,164,233	2,248,834	2,166,594
(468,978)	1,383,624	2,233,041	994,617	1,332,716	1,381,037
<u>\$ 13,851,651</u>	<u>\$ 15,004,821</u>	<u>\$ 15,435,635</u>	<u>\$ 14,433,516</u>	<u>\$ 14,496,453</u>	<u>\$ 13,620,747</u>
\$ 5,178,579	\$ 4,801,548	\$ 4,582,190	\$ 4,387,218	\$ 4,214,124	\$ 3,849,935
1,022,564	1,745,185	1,877,790	1,767,054	1,599,878	1,269,663
(152,768)	604,035	475,506	374,831	366,419	604,687
<u>\$ 6,048,375</u>	<u>\$ 7,150,768</u>	<u>\$ 6,935,486</u>	<u>\$ 6,529,103</u>	<u>\$ 6,180,421</u>	<u>\$ 5,724,285</u>
\$ 17,245,157	\$ 16,781,238	\$ 15,386,534	\$ 15,661,884	\$ 15,129,027	\$ 13,923,051
3,276,615	3,386,692	4,276,040	3,931,287	3,848,712	3,436,257
(621,746)	1,987,659	2,708,547	1,369,448	1,699,135	1,985,724
<u>\$ 19,900,026</u>	<u>\$ 22,155,589</u>	<u>\$ 22,371,121</u>	<u>\$ 20,962,619</u>	<u>\$ 20,676,874</u>	<u>\$ 19,345,032</u>

# State of Georgia

## Schedule 2

### Changes in Net Position For the Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	2013	2012	2011	2010
<b>Expenses</b>				
Governmental Activities				
General Government <sup>(1)</sup>	\$ 1,606,626	\$ 1,326,657	\$ 1,222,954	\$ 1,467,147
Education	10,770,532	10,100,155	10,002,351	10,731,693
Health and Welfare	16,033,221	15,657,704	14,745,268	14,210,928
Transportation <sup>(2)</sup>	1,656,662	1,519,707	1,517,213	1,752,933
Public Safety	2,012,501	1,912,814	1,974,964	1,834,315
Economic Development and Assistance	515,874	783,308	843,912	808,742
Culture and Recreation	240,018	233,043	233,608	287,860
Conservation	51,038	50,334	59,159	62,059
Interest and Other Charges on Long-Term Debt <sup>(2)</sup>	616,328	638,775	462,602	446,520
Total Governmental Activities	<u>33,502,800</u>	<u>32,222,497</u>	<u>31,062,031</u>	<u>31,602,197</u>
Business-type Activities				
Georgia Technology Authority <sup>(1)</sup>	-	-	-	-
Higher Education Fund	7,931,918	7,916,281	7,622,542	7,067,724
State Employees' Health Benefit Plan	2,193,829	2,362,677	2,224,280	2,298,354
Unemployment Compensation Fund	1,858,989	2,240,295	2,954,208	4,011,802
Nonmajor Enterprise Funds <sup>(2)</sup>	191,949	35,735	26,613	26,174
Total Business-type Activities	<u>12,176,685</u>	<u>12,554,988</u>	<u>12,827,643</u>	<u>13,404,054</u>
Total Primary Government Expenses	<u>\$ 45,679,485</u>	<u>\$ 44,777,485</u>	<u>\$ 43,889,674</u>	<u>\$ 45,006,251</u>
<b>Program Revenues</b>				
Governmental Activities <sup>(1)(2)</sup>				
Sales and Charges for Services				
General Government	\$ 2,205,860	\$ 1,912,183	\$ 1,887,736	\$ 1,763,847
Health and Welfare	576,110	489,289	473,934	245,953
Public Safety	161,190	162,970	160,161	135,736
Other Sales and Charges for Services	235,067	264,309	248,385	263,202
Operating Grants and Contributions	15,317,258	14,764,360	14,029,675	15,656,694
Capital Grants and Contributions	1,310,696	1,142,924	1,473,052	1,599,721
Total Governmental Activities	<u>19,806,181</u>	<u>18,736,035</u>	<u>18,272,943</u>	<u>19,665,153</u>
Business-type Activities <sup>(1)(2)</sup>				
Sales and Charges for Services				
Georgia Technology Authority	-	-	-	-
Higher Education Fund	2,992,037	2,922,710	2,647,604	2,408,042
Unemployment Compensation Fund	-	-	-	-
State Road and Tollway Authority	114,152	38,716	35,476	34,142
Operating Grants and Contributions	7,251,162	7,245,740	7,557,366	7,837,041
Capital Grants and Contributions	90,665	36,157	106,217	41,634
Total Business-type Activities	<u>10,448,016</u>	<u>10,243,323</u>	<u>10,346,663</u>	<u>10,320,859</u>
Total Primary Government Program Revenues	<u>\$ 30,254,197</u>	<u>\$ 28,979,358</u>	<u>\$ 28,619,606</u>	<u>\$ 29,986,012</u>
<b>Net (Expense) Revenue</b>				
Governmental Activities <sup>(1)(2)</sup>	\$ (13,696,619)	\$ (13,486,462)	\$ (12,789,088)	\$ (11,937,044)
Business-type Activities <sup>(1)(2)</sup>	(1,728,669)	(2,311,665)	(2,480,980)	(3,083,195)
Total Primary Government	<u>\$ (15,425,288)</u>	<u>\$ (15,798,127)</u>	<u>\$ (15,270,068)</u>	<u>\$ (15,020,239)</u>



**Fiscal Year**

	2009	2008	2007	2006	2005	2004
\$	1,904,893	\$ 1,896,438	\$ 1,830,659	\$ 1,562,693	\$ 1,354,451	\$ 1,900,816
	10,085,766	10,812,665	9,948,891	9,030,145	8,376,252	8,007,435
	13,118,680	12,256,789	11,764,652	11,238,207	11,847,414	11,370,543
	1,786,808	3,056,226	1,705,285	1,624,369	2,316,638	1,844,281
	1,972,187	2,130,454	1,891,555	1,715,838	1,781,048	1,712,346
	735,415	504,897	759,979	696,800	702,879	738,425
	273,401	251,055	286,132	263,813	225,821	237,831
	69,726	69,836	102,149	60,660	48,791	49,089
	466,077	405,255	385,449	326,741	318,860	319,034
	<u>30,412,953</u>	<u>31,383,615</u>	<u>28,674,751</u>	<u>26,519,266</u>	<u>26,972,154</u>	<u>26,179,800</u>
	-	-	-	176,153	193,918	198,937
	6,728,721	6,242,687	5,592,755	5,292,112	5,310,815	4,762,820
	2,211,087	2,043,604	1,868,431	2,182,743	2,092,457	1,850,125
	2,435,344	774,030	626,058	582,171	584,260	877,555
	17,835	15,110	12,845	-	-	-
	<u>11,392,987</u>	<u>9,075,431</u>	<u>8,100,089</u>	<u>8,233,179</u>	<u>8,181,450</u>	<u>7,689,437</u>
\$	<u>41,805,940</u>	<u>40,459,046</u>	<u>36,774,840</u>	<u>34,752,445</u>	<u>35,153,604</u>	<u>33,869,237</u>
\$	1,654,486	\$ 1,634,855	\$ 1,653,554	\$ 787,894	\$ 267,756	\$ 214,580
	367,829	321,172	504,520	706,876	1,435,224	1,198,094
	232,579	278,675	334,033	141,432	412,572	395,988
	225,419	245,978	258,936	284,498	437,569	448,103
	12,714,639	11,886,083	10,041,218	9,393,686	9,213,591	9,457,170
	1,286,969	1,426,839	1,213,420	1,032,961	1,014,144	828,453
	<u>16,481,921</u>	<u>15,793,602</u>	<u>14,005,681</u>	<u>12,347,347</u>	<u>12,780,856</u>	<u>12,542,388</u>
	-	-	-	177,137	204,246	198,869
	2,103,284	1,834,826	1,694,368	1,567,385	1,730,328	1,349,989
	-	-	223	-	-	530,481
	27,669	20,648	20,854	-	-	-
	5,376,243	4,509,566	4,214,533	4,374,153	4,050,853	3,330,386
	45,385	111,055	48,490	45,965	40,029	148,407
	<u>7,552,581</u>	<u>6,476,095</u>	<u>5,978,468</u>	<u>6,164,640</u>	<u>6,025,456</u>	<u>5,558,132</u>
\$	<u>24,034,502</u>	<u>22,269,697</u>	<u>19,984,149</u>	<u>18,511,987</u>	<u>18,806,312</u>	<u>18,100,520</u>
\$	(13,931,032)	\$ (15,590,013)	\$ (14,669,070)	\$ (14,171,919)	\$ (14,191,298)	\$ (13,637,412)
	(3,840,406)	(2,599,336)	(2,121,621)	(2,068,539)	(2,155,994)	(2,131,305)
\$	<u>(17,771,438)</u>	<u>(18,189,349)</u>	<u>(16,790,691)</u>	<u>(16,240,458)</u>	<u>(16,347,292)</u>	<u>(15,768,717)</u>

(continued)

# State of Georgia

## Schedule 2

### Changes in Net Position For the Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	2013	2012	2011	2010
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities <sup>(1)(2)</sup>				
General Revenues				
Taxes				
Personal Income	\$ 8,854,916	\$ 8,196,187	\$ 7,797,739	\$ 7,109,984
Sales - General	5,082,342	5,141,871	5,133,404	5,196,117
Other Taxes	2,708,094	2,636,648	2,330,338	2,334,928
Unrestricted Investment Income	323	6,183	(3,066)	993
Unclaimed Property	138,832	83,215	98,098	85,277
Other	126,862	12,909	30,285	44,183
Special Items	-	-	288,000	(10,090)
Transfers	(2,377,595)	(2,346,986)	(2,532,118)	(2,269,701)
Total Governmental Activities	<u>14,533,774</u>	<u>13,730,027</u>	<u>13,142,680</u>	<u>12,491,691</u>
Business-type Activities <sup>(1)(2)</sup>				
General Revenues				
Unrestricted Investment Income	-	-	-	-
Contributions to Permanent Endowments	1,231	-	-	-
Transfers	2,377,595	2,346,986	2,532,118	2,269,701
Total Business-type Activities	<u>2,378,826</u>	<u>2,346,986</u>	<u>2,532,118</u>	<u>2,269,701</u>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<u>\$ 16,912,600</u>	<u>\$ 16,077,013</u>	<u>\$ 15,674,798</u>	<u>\$ 14,761,392</u>
<b>Changes in Net Position</b>				
Governmental Activities <sup>(1)(2)</sup>	\$ 837,155	\$ 243,565	\$ 353,592	\$ 554,647
Business-type Activities <sup>(1)(2)(3)</sup>	650,157	35,321	51,138	(813,494)
Total Primary Government	<u>\$ 1,487,312</u>	<u>\$ 278,886</u>	<u>\$ 404,730</u>	<u>\$ (258,847)</u>

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-type Activities. Beginning in fiscal year 2009, the Business-Type Activities of the State Road and Tollway Authority (previously reported in Governmental Activities) are included in nonmajor enterprise funds along with the Georgia Higher Education Facilities Authority. Beginning in fiscal year 2012, some business-type activities of the State Road and Tollway Authority (as previously reported in nonmajor Enterprise Funds) are included in the Internal Service Funds.

(3) Beginning in fiscal year 2013, the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc., the Georgia State University Foundation, Inc., the Georgia State University Research Foundation, Inc., the Georgia Tech Facilities, Inc., the University System of Georgia Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., component units, are blended with those of the nonmajor enterprise funds (previously discretely presented).

Source: Financial Statements included in Current and Prior Years' Comprehensive Annual Financial Reports and supporting working papers (certain amounts restated for purposes of comparability)



**Fiscal Year**

	2009	2008	2007	2006	2005	2004
\$	7,794,606	\$ 8,834,591	\$ 8,831,753	\$ 8,104,465	\$ 7,133,515	\$ 6,876,663
	5,080,946	5,760,691	6,234,221	5,603,743	5,309,167	4,799,239
	2,370,848	2,694,710	2,810,010	2,451,385	2,385,602	2,058,832
	63,074	264,448	470,480	196,422	208,656	116,615
	35,356	58,857	140,367	107,149	75,353	54,074
	112,681	247,322	54,317	958,131	1,011,803	1,094,450
	-	-	-	-	-	-
	(2,679,135)	(2,670,418)	(2,478,882)	(2,306,278)	(2,340,526)	(2,294,450)
	<u>12,778,376</u>	<u>15,190,201</u>	<u>16,062,266</u>	<u>15,115,017</u>	<u>13,783,570</u>	<u>12,705,423</u>
	76,060	134,436	147,034	110,942	88,207	58,647
	-	-	47	-	-	-
	<u>2,679,135</u>	<u>2,670,418</u>	<u>2,478,882</u>	<u>2,306,278</u>	<u>2,340,526</u>	<u>2,294,450</u>
	<u>2,755,195</u>	<u>2,804,854</u>	<u>2,625,963</u>	<u>2,417,220</u>	<u>2,428,733</u>	<u>2,353,097</u>
\$	<u>15,533,571</u>	<u>17,995,055</u>	<u>18,688,229</u>	<u>17,532,237</u>	<u>16,212,303</u>	<u>15,058,520</u>
\$	(1,152,656)	\$ (399,812)	\$ 1,393,196	\$ 943,098	\$ (407,728)	\$ (931,989)
	(1,085,211)	205,518	504,342	348,681	272,739	221,792
\$	<u>(2,237,867)</u>	<u>(194,294)</u>	<u>1,897,538</u>	<u>1,291,779</u>	<u>(134,989)</u>	<u>(710,197)</u>

# State of Georgia

## Schedule 3

### Fund Balances of Governmental Funds

#### For the Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	2013	2012	2011	2010
<b>General Fund</b>				
Nonspendable	\$ 56,937	\$ 74,206	\$ 94,810	\$ -
Restricted	3,177,010	3,004,697	2,951,729	-
Unrestricted				
Committed	4,954	7,695	9,403	-
Assigned	365,985	298,557	256,676	-
Unassigned	798,630	334,655	401,414	-
Reserved	-	-	-	3,737,311
Unreserved	-	-	-	(41,837)
<b>Total General Fund</b>	<b>\$ 4,403,516</b>	<b>\$ 3,719,810</b>	<b>\$ 3,714,032</b>	<b>\$ 3,695,474</b>
<b>All Other Governmental Funds</b> <sup>(1)(2)</sup>				
Nonspendable	\$ 14	\$ 8,398	\$ 68	\$ -
Restricted	1,065,153	963,782	1,079,604	-
Unrestricted				
Assigned	55,061	18,227	20,442	-
Reserved	-	-	-	43,114
Unreserved, Reported in				
Special Revenue Funds	-	-	-	33,319
Capital Projects Funds	-	-	-	1,323,352
<b>Total All Other Governmental Funds</b>	<b>\$ 1,120,228</b>	<b>\$ 990,407</b>	<b>\$ 1,100,114</b>	<b>\$ 1,399,785</b>

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, the balances of its General Fund are included in the State's Special Revenue Funds. The Georgia Higher Education Facilities Authority, a blended component unit, was reported in the State's Capital Projects Funds in fiscal year 2008. Beginning in fiscal year 2009, the balances of this fund are included in the State's Nonmajor Enterprise Funds.

(2) Beginning in fiscal year 2011, fund balance categories were reclassified as a result of implementing GASB Statement No. 54. Fund balance was not restated to the new categories for prior years.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*  
(certain amounts restated for purposes of comparability)





**Fiscal Year**

2009	2008	2007	2006	2005	2004
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,520,953	2,837,792	3,487,699	3,342,233	3,430,424	3,319,425
(492,520)	1,489,500	2,077,088	924,590	335,828	228,852
<u>\$ 3,028,433</u>	<u>\$ 4,327,292</u>	<u>\$ 5,564,787</u>	<u>\$ 4,266,823</u>	<u>\$ 3,766,252</u>	<u>\$ 3,548,277</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
14	14	14	1,028	1,027	1,639
436,838	286,451	187,585	1,219	-	-
<u>1,496,019</u>	<u>1,195,760</u>	<u>1,476,288</u>	<u>1,207,665</u>	<u>804,079</u>	<u>1,236,105</u>
<u>\$ 1,932,871</u>	<u>\$ 1,482,225</u>	<u>\$ 1,663,887</u>	<u>\$ 1,209,912</u>	<u>\$ 805,106</u>	<u>\$ 1,237,744</u>

# State of Georgia

## Schedule 4

### Changes in Fund Balances of Governmental Funds For the Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	2013	2012	2011	2010
<b>Revenues</b>				
Taxes				
Personal Income	\$ 8,854,916	\$ 8,196,187	\$ 7,797,739	\$ 7,109,984
Sales - General	5,082,342	5,141,871	5,133,404	5,196,117
Other Taxes	2,708,094	2,636,648	2,330,338	2,334,928
Licenses and Permits	753,517	593,541	581,994	507,764
Intergovernmental - Federal	15,935,839	15,294,531	14,709,708	16,456,059
Intergovernmental - Other	626,723	505,974	652,244	569,179
Sales and Services	483,606	440,951	471,236	490,954
Fines and Forfeits	607,862	450,457	458,341	300,032
Interest and Other Investment Income	7,244	18,580	12,930	41,535
Unclaimed Property	138,832	83,215	98,098	85,277
Lottery Proceeds	927,479	901,329	846,106	883,882
Nursing Home Provider Fees	176,864	132,393	128,771	122,047
Hospital Provider Payments	232,080	225,260	215,080	-
Other	75,148	72,657	94,327	96,393
<b>Total Revenues</b>	<b>36,610,546</b>	<b>34,693,594</b>	<b>33,530,316</b>	<b>34,194,151</b>
<b>Expenditures</b>				
Current				
General Government	1,045,120	920,513	873,658	860,558
Education	10,768,786	10,099,224	9,981,903	10,719,216
Health and Welfare	16,031,121	15,668,820	14,721,528	14,211,763
Transportation	1,879,877	1,664,812	1,699,712	2,127,591
Public Safety	2,033,814	1,921,717	1,874,257	1,895,659
Economic Development and Assistance	494,016	782,055	836,341	787,261
Culture and Recreation	263,636	258,472	275,974	275,746
Conservation	51,314	54,694	51,573	62,430
Capital Outlay	600,128	674,905	882,731	500,166
Debt Service				
Principal	774,855	803,600	845,300	804,560
Interest	461,432	475,208	493,845	485,195
Other Charges	155,290	98,368	57,923	42,203
Intergovernmental	138,161	239,879	153,190	220,118
<b>Total Expenditures</b>	<b>34,697,550</b>	<b>33,662,267</b>	<b>32,747,935</b>	<b>32,992,466</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,912,996	1,031,327	782,381	1,201,685



**Fiscal Year**

	2009	2008	2007	2006	2005	2004
\$	7,794,606	\$ 8,834,591	\$ 8,831,754	\$ 8,104,465	\$ 7,133,515	\$ 6,876,663
	5,080,946	5,760,691	6,234,221	5,603,743	5,309,167	4,799,240
	2,370,848	2,694,710	2,810,010	2,451,385	2,385,603	2,058,832
	667,363	682,940	649,930	539,158	496,178	452,008
	13,417,524	11,623,735	10,648,457	10,024,646	10,152,667	10,226,522
	360,531	405,077	401,637	117,040	-	-
	392,097	376,674	687,277	994,996	1,732,902	1,657,989
	335,485	321,804	344,139	303,788	265,708	238,662
	138,077	240,337	443,226	186,974	103,155	36,427
	35,356	58,857	140,367	107,149	75,353	54,074
	872,136	867,686	853,641	822,797	802,083	801,381
	122,623	133,974	111,768	95,607	99,271	92,768
	-	-	-	-	-	-
	157,741	152,296	258,313	386,791	212,886	108,653
	<u>31,745,333</u>	<u>32,153,372</u>	<u>32,414,740</u>	<u>29,738,539</u>	<u>28,768,488</u>	<u>27,403,219</u>
	1,250,409	1,251,265	1,207,057	1,158,810	1,088,655	978,666
	10,083,963	10,481,854	9,945,327	9,031,188	8,359,398	8,014,842
	13,097,393	12,475,474	11,724,373	11,270,055	11,861,217	11,374,111
	2,725,244	3,256,231	2,628,075	2,079,873	1,804,448	1,701,666
	1,976,831	2,035,807	1,841,350	1,788,074	1,696,260	1,692,289
	718,858	816,766	739,998	685,680	688,658	728,330
	306,434	315,578	293,620	282,422	246,261	240,504
	65,007	69,883	101,773	61,041	57,677	48,624
	560,229	471,251	474,050	478,109	485,995	837,904
	801,565	750,909	679,216	570,042	524,583	507,110
	469,281	434,494	409,632	324,893	332,808	343,489
	36,059	(2,342)	(10,855)	(2,497)	1,037	3,802
	377,607	341,524	324,056	243,347	-	-
	<u>32,468,880</u>	<u>32,698,694</u>	<u>30,357,672</u>	<u>27,971,037</u>	<u>27,146,997</u>	<u>26,471,337</u>
	<u>(723,547)</u>	<u>(545,322)</u>	<u>2,057,068</u>	<u>1,767,502</u>	<u>1,621,491</u>	<u>931,882</u>

(continued)

# State of Georgia

## Schedule 4

### Changes in Fund Balances of Governmental Funds For the Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	2013	2012	2011	2010
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issuance	834,870	803,615	653,925	793,855
Refunding Bonds Issuance	486,825	719,465	344,420	640,825
Revenue Bond Issuance	-	-	-	-
Premium on General Obligation Bonds Sold	124,742	78,781	32,170	25,206
Premium on Refunding Bonds Sold	102,681	86,523	55,821	112,131
Premium on Revenue Bonds Sold	-	-	-	-
Accrued Interest on Refunding Bonds Sold	-	-	-	-
Accrued Interest on Revenue Bonds Sold	-	-	-	-
Payment to Refunded Bond Escrow Agent	(587,396)	(805,945)	(398,339)	(750,209)
Proceeds from Disposition of General Capital Assets	-	-	-	-
Capital Leases	5,847	11,179	25,851	6,201
Other Financing Agreements	-	-	-	-
Transfers In	1,424,420	1,414,093	1,467,443	1,959,530
Transfers Out	(3,481,263)	(3,409,603)	(3,532,786)	(3,923,140)
<b>Net Other Financing Sources (Uses)</b>	(1,089,274)	(1,101,892)	(1,351,495)	(1,135,601)
Special Item	-	-	288,000	-
Other Adjustments to Fund Balance	-	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ 823,722</u>	<u>\$ (70,565)</u>	<u>\$ (281,114)</u>	<u>\$ 66,084</u>
Debt Service Expenditures as a Percentage of Noncapital Expenditures <sup>(1)</sup>	4.26%	4.41%	4.67%	4.32%

(1) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers



**Fiscal Year**

2009	2008	2007	2006	2005	2004
1,445,645	946,035	1,410,648	1,236,010	206,875	955,395
149,730	-	213,720	425,000	458,605	-
600,000	600,000	450,000	-	-	-
84,867	16,828	3,894	4,040	4,815	-
21,730	-	18,922	46,399	61,957	-
57,683	39,911	19,967	-	-	-
-	-	742	-	-	-
538	-	-	-	-	-
(171,307)	-	(235,516)	(469,479)	(519,316)	-
-	1,661	-	600	-	2,191
2,259	825	777	1,085	1,644	323
-	-	-	-	-	-
2,151,031	2,121,862	1,925,552	1,022,503	1,023,279	943,719
<u>(4,466,328)</u>	<u>(4,599,625)</u>	<u>(4,211,954)</u>	<u>(3,165,858)</u>	<u>(3,050,444)</u>	<u>(2,906,674)</u>
(124,152)	(872,503)	(403,248)	(899,700)	(1,812,585)	(1,005,046)
-	-	-	-	-	-
	<u>(1,332)</u>	<u>98,119</u>	<u>37,112</u>	<u>(23,569)</u>	<u>(461)</u>
<u>\$ (847,699)</u>	<u>\$ (1,419,157)</u>	<u>\$ 1,751,939</u>	<u>\$ 904,914</u>	<u>\$ (214,663)</u>	<u>\$ (73,625)</u>
4.37%	3.98%	3.85%	3.44%	3.28%	3.45%

# State of Georgia

## Schedule 5

### Revenue Base - Personal Income by Industry

### For the Last Ten Calendar Years

(dollars in millions)

	2012	2011	2010	2009
Accommodation and Food Services	\$ 8,447	\$ 8,106	\$ 7,763	\$ 7,478
Administrative and Waste Management Services	12,810	12,466	11,752	11,133
Arts, Entertainment and Recreation	2,211	2,195	2,106	2,047
Construction	12,658	12,538	12,593	13,221
Educational Services	4,267	4,145	3,953	3,889
Farm Earnings	2,536	1,966	1,847	2,015
Federal Government - Civilian	11,144	11,204	10,965	10,265
Federal Government - Military	9,636	9,651	9,303	8,954
Finance and Insurance	16,706	16,732	15,970	15,749
Forestry, Fishing and Related Activities	855	827	793	694
Health Care and Social Assistance	26,084	25,199	24,498	23,464
Information	12,460	11,581	10,970	11,228
Management of Companies and Enterprises	6,656	5,978	5,540	5,443
Manufacturing	25,621	24,766	23,461	22,889
Mining	406	424	414	375
Other Services, Except Public Administration	9,423	9,274	9,032	8,708
Professional, Scientific and Technical Services	26,331	24,769	23,488	22,947
Real Estate, Rental and Leasing	4,909	5,054	4,896	4,061
Retail Trade	17,052	16,196	15,657	15,422
State and Local Government	29,577	29,626	29,542	29,618
Transportation and Warehousing	12,475	12,091	11,505	10,943
Utilities	2,534	2,431	2,189	2,377
Wholesale Trade	18,245	17,543	16,813	16,392
Other	92,697	88,380	80,321	76,710
<b>Total Personal Income</b>	<b>\$ 365,740</b>	<b>\$ 353,142</b>	<b>\$ 335,371</b>	<b>\$ 326,022</b>
Average Effective Rate <sup>(1)</sup>	2.2%	2.0%	2.3%	2.7%

(1) The total direct rate for personal income is not available. The average effective rate was calculated by dividing personal income tax collections on a fiscal year basis (see Schedule 4) by total personal income on a calendar year basis.

Source: U. S. Department of Commerce, Bureau of Economic Analysis



**Calendar Year**

	2008	2007	2006	2005	2004	2003
\$	7,771	\$ 7,900	\$ 7,436	\$ 7,038	\$ 6,734	\$ 6,249
	11,894	11,908	11,521	10,943	9,916	8,978
	2,068	2,093	1,905	1,843	1,766	1,841
	15,836	16,525	16,528	15,419	14,544	13,444
	3,649	3,464	3,243	2,842	2,734	2,520
	2,642	1,872	1,589	2,478	2,163	2,147
	9,640	9,311	8,832	8,382	7,834	7,458
	8,447	7,510	7,017	6,590	5,849	5,420
	16,081	16,222	15,590	14,411	13,466	12,504
	709	713	722	664	649	584
	22,701	21,436	20,069	18,986	17,959	16,631
	12,145	12,850	12,099	11,476	11,330	11,170
	5,413	5,777	5,432	5,792	4,883	4,351
	25,655	26,208	26,508	25,513	25,153	24,121
	476	581	583	532	521	478
	8,747	9,127	8,516	8,121	7,591	7,318
	24,692	22,956	21,152	19,435	17,782	16,966
	4,552	5,099	5,792	5,698	5,240	4,819
	16,184	16,910	16,425	15,677	14,963	14,641
	29,588	27,990	26,451	24,937	23,662	22,826
	11,570	11,776	10,402	10,335	10,489	9,872
	2,352	2,398	2,492	2,178	2,181	2,105
	17,850	17,937	16,986	15,974	14,878	13,875
	80,157	72,138	64,565	57,280	50,666	48,849
<b>\$</b>	<b>340,819</b>	<b>\$ 330,701</b>	<b>\$ 311,855</b>	<b>\$ 292,544</b>	<b>\$ 272,953</b>	<b>\$ 259,167</b>
	2.6%	2.5%	2.3%	2.4%	2.3%	2.5%



## Schedule 6

### Personal Income Tax Rates by Filing Status and Income Level For the Last Ten Calendar Years

**Filing Status**

<b><u>Georgia Taxable Net Income Level</u></b>	<b><u>2004-2013</u></b>
<b>Single</b>	
Not Over \$750	1%
Over \$750 But Not Over \$2,250	\$7.50 Plus 2% of Amount Over \$750
Over \$2,250 But Not Over \$3,750	\$37.50 Plus 3% of Amount Over \$2,250
Over \$3,750 But Not Over \$5,250	\$82.50 Plus 4% of Amount Over \$3,750
Over \$5,250 But Not Over \$7,000	\$142.50 Plus 5% of Amount Over \$5,250
Over \$7,000	\$230.00 Plus 6% of Amount Over \$7,000
<b>Married Filing Separately</b>	
Not Over \$500	1%
Over \$500 But Not Over \$1,500	\$5.00 Plus 2% of Amount Over \$500
Over \$1,500 But Not Over \$2,500	\$25.00 Plus 3% of Amount Over \$1,500
Over \$2,500 But Not Over \$3,500	\$55.00 Plus 4% of Amount Over \$2,500
Over \$3,500 But Not Over \$5,000	\$95.00 Plus 5% of Amount Over \$3,500
Over \$5,000	\$170.00 Plus 6% of Amount Over \$5,000
<b>Head of Household and Married Filing Jointly</b>	
Not Over \$1,000	1%
Over \$1,000 But Not Over \$3,000	\$10.00 Plus 2% of Amount Over \$1,000
Over \$3,000 But Not Over \$5,000	\$50.00 Plus 3% of Amount Over \$3,000
Over \$5,000 But Not Over \$7,000	\$110.00 Plus 4% of Amount Over \$5,000
Over \$7,000 But Not Over \$10,000	\$190.00 Plus 5% of Amount Over \$7,000
Over \$10,000	\$340.00 Plus 6% of Amount Over \$10,000

Source: OCGA Section 48-7-20, Paragraph (b)(1)





## Schedule 7

### Personal Income Tax Filers and Liability by Income Level For Calendar Years 2011(1) and 2002

(dollars, except income level, are in thousands)

Income Level	2011(1)			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$1,000 and under (2)	679,679	16.5%	\$ 460,065	5.9%
\$1,001 to \$5,000	213,806	5.2%	5	0.0%
\$5,001 to \$10,000	330,993	8.1%	9,624	0.0%
\$10,001 to \$15,000	358,428	8.7%	44,598	0.6%
\$15,001 to \$20,000	326,187	7.9%	94,295	1.2%
\$20,001 to \$25,000	273,751	6.7%	137,534	1.8%
\$25,001 to \$30,000	229,322	5.6%	167,471	2.2%
\$30,001 to \$50,000	608,972	14.8%	766,000	9.9%
\$50,001 to \$100,000	665,761	16.2%	1,805,790	23.2%
\$100,001 to \$500,000	403,127	9.8%	2,987,893	38.5%
\$500,001 to \$1,000,000	13,810	0.3%	465,075	6.0%
\$1,000,001 and higher	6,172	0.2%	827,101	10.7%
<b>Totals</b>	<b>4,110,008</b>	<b>100.0%</b>	<b>\$ 7,765,451</b>	<b>100.0%</b>

Income Level	2002			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$1,000 and under (2)	468,413	12.8%	\$ 328,568	5.6%
\$1,001 to \$5,000	272,860	7.5%	15	0.0%
\$5,001 to \$10,000	336,932	9.2%	8,279	0.1%
\$10,001 to \$15,000	310,781	8.5%	40,117	0.7%
\$15,001 to \$20,000	287,056	7.8%	91,204	1.6%
\$20,001 to \$25,000	261,864	7.2%	141,614	2.4%
\$25,001 to \$30,000	221,754	6.1%	170,273	2.9%
\$30,001 to \$50,000	596,229	16.3%	759,578	12.9%
\$50,001 to \$100,000	629,577	17.2%	1,655,151	28.1%
\$100,001 to \$500,000	260,560	7.1%	1,871,286	31.8%
\$500,001 to \$1,000,000	8,821	0.2%	305,328	5.2%
\$1,000,001 and higher	3,858	0.1%	508,479	8.7%
<b>Totals</b>	<b>3,658,705</b>	<b>100.0%</b>	<b>\$ 5,879,892</b>	<b>100.0%</b>

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Georgia Department of Revenue

# State of Georgia

## Schedule 8

### Ratios of Outstanding Debt by Type For the Last Ten Fiscal Years

(dollars in thousands, except per capita amounts)

Fiscal Year	Governmental Activities <sup>(1)</sup>				
	General Obligation	General State	Revenue <sup>(2)</sup>	Capital	Notes and
	Bonds	Bond Debt	Bonds	Leases	Loans
2013	\$ 9,072,784	\$ -	\$ 1,503,925	\$ 255,763	\$ 4,000
2012	8,889,868	-	1,678,744	262,111	14,600
2011	8,774,586	-	1,848,570	223,429	19,600
2010	8,837,728	-	2,009,489	242,430	27,614
2009	8,725,198	-	2,169,235	3,266	27,698
2008	7,927,420	-	1,617,932	5,184	32,820
2007	7,688,919	-	1,037,993	8,162	568
2006	6,909,343	-	-	4,748	796
2005	6,238,934	-	-	5,122	3,583
2004	6,513,380	16	-	4,892	2,506

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-type Activities.

(2) The Governmental Activities Revenue Bonds include \$374.4 million of bonds secured by a joint resolution between the Department of Transportation (DOT) (General Fund) and the SRTA (Nonmajor Governmental Fund) whereby DOT has pledged to provide sufficient motor fuel tax funds to pay the principal and interest of the revenue bonds. According to the State Constitution, motor fuel tax funds are imposed and appropriated for all activities incident to maintaining an adequate system of roads and bridges in the State. In fiscal year 2013, the State collected \$1.0 billion of motor fuel tax funds. The principal and interest on the revenue bonds for fiscal year 2013 was \$48.8 million. The debt service requirements to maturity on these bonds is included in the Notes to the Financial Statements.

(3) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*



<b>Business-type Activities <sup>(1)</sup></b>			<b>Less:</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>(3)</sup></b>	<b>Outstanding Debt Per Capita<sup>(3)</sup></b>
<b>Revenue Bonds</b>	<b>Capital Leases</b>	<b>Notes and Loans</b>	<b>Net Position Restricted to Guaranteed Revenue Debt</b>				
\$ 1,211,200	\$ 2,370,028	\$ 397,692	\$ (54,003)	\$ 14,761,389	4.0%	\$ 1,488	
319,247	3,436,099	751,299	(54,003)	15,297,965	4.3%	1,559	
328,597	3,170,521	734,189	(54,003)	15,045,489	4.5%	1,549	
213,814	2,648,321	424,424	(62,886)	14,340,934	4.4%	1,459	
121,736	2,240,418	8,733	(62,887)	13,233,397	3.9%	1,365	
31,628	1,795,234	9,170	(63,084)	11,356,304	3.4%	1,191	
38,540	1,201,524	9,477	(63,084)	9,922,099	3.2%	1,064	
-	839,926	2,618	-	7,757,431	2.7%	853	
-	678,055	4,244	-	6,929,938	2.5%	778	
-	479,272	2,512	-	7,002,578	2.7%	802	





## Schedule 9

### Ratios of General Bonded Debt Outstanding For the Last Ten Fiscal Years

(dollars in thousands, except per capita amounts)

Fiscal Year	Net Net General Bonded Debt <sup>(1)</sup>	Percentage of Personal Personal Income <sup>(2)</sup>	Outstanding Debt Debt Per Capita <sup>(2)</sup>
2013	\$ 9,427,553	2.58%	\$ 950.36
2012	9,278,490	2.63%	945.58
2011	9,197,267	2.74%	946.73
2010	9,280,726	2.85%	944.20
2009	9,200,175	2.70%	948.68
2008	8,431,520	2.55%	884.39
2007	8,219,971	2.64%	881.02
2006	6,909,343	2.36%	759.48
2005	6,238,934	2.29%	699.93
2004	6,513,396	2.51%	745.64

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-type Activities.

(2) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*

# State of Georgia

## Schedule 10 Computation of Legal Debt Margin For the Last Ten Fiscal Years (in whole dollars)

	2013	2012	2011	2010
<b>Revenue Base:</b>				
Treasury Receipts for the Preceding Fiscal Year <sup>(1)</sup>	<u>\$ 18,316,792,805</u>	<u>\$ 17,546,374,291</u>	<u>\$ 16,251,240,187</u>	<u>\$ 17,841,693,806</u>
<b>Debt Limit Amount:</b>				
Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above)	\$ 1,831,679,280	\$ 1,754,637,429	\$ 1,625,124,019	\$ 1,784,169,381
<b>Debt Applicable to the Limit:</b>				
Highest Total Annual Commitments in Current or any Subsequent Fiscal Year <sup>(3)</sup>	<u>1,289,411,544</u>	<u>1,310,228,303</u>	<u>1,328,679,199</u>	<u>1,369,585,101</u>
<b>Legal Debt Margin</b>	<u>\$ 542,267,736</u>	<u>\$ 444,409,126</u>	<u>\$ 296,444,820</u>	<u>\$ 414,584,280</u>
<b>Total Debt Applicable to the Limit as a Percentage of Debt Limit Amount</b>	70.4%	74.7%	81.8%	76.8%

(1) Includes Indigent Care Trust Fund Receipts, Brain and Spinal Injury Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Funds.

(2) Interest on Guaranteed Revenue Debt Common Reserve Funds included from this point forward.

(3) Includes issued and outstanding debt as of the end of each fiscal year and appropriated debt service for any authorized but unissued general obligation (and guaranteed revenue) bonds.

Source: Prior Year's Comprehensive Annual Financial Reports, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia.

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10 percent of the prior year's revenue collections.



**Fiscal Year**

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005<sup>(2)</sup></u>	<u>2004</u>
<u>\$ 19,789,800,881</u>	<u>\$ 19,895,976,559</u>	<u>\$ 18,343,186,033</u>	<u>\$ 16,789,925,631</u>	<u>\$ 15,530,262,707</u>	<u>\$ 14,737,541,220</u>
\$ 1,978,980,088	\$ 1,989,597,656	\$ 1,834,318,603	\$ 1,678,992,563	\$ 1,553,026,271	\$ 1,473,754,122
<u>1,307,083,843</u>	<u>1,245,513,776</u>	<u>1,144,843,403</u>	<u>1,091,329,526</u>	<u>1,119,589,122</u>	<u>959,876,954</u>
<u>\$ 671,896,245</u>	<u>\$ 744,083,880</u>	<u>\$ 689,475,200</u>	<u>\$ 587,663,037</u>	<u>\$ 433,437,149</u>	<u>\$ 513,877,168</u>
66.0%	62.6%	62.4%	65.0%	72.1%	65.1%



## Schedule 11 Population/Demographics For the Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (in millions)</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate</u>
2012	9,919,945	\$ 365,740	\$ 36,869	1,693,374	9.0%
2011	9,812,460	353,142	35,989	1,673,740	9.9%
2010	9,714,748	335,371	34,522	1,665,557	10.2%
2009	9,829,211	326,022	33,169	1,656,689	9.8%
2008	9,697,838	340,819	35,144	1,642,033	6.3%
2007	9,533,761	330,702	34,687	1,634,255	4.7%
2006	9,330,086	311,855	33,425	1,618,869	4.7%
2005	9,097,428	292,544	32,157	1,588,803	5.2%
2004	8,913,676	272,953	30,622	1,544,044	4.7%
2003	8,735,259	259,167	29,669	1,513,521	4.8%

Sources: Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)  
 Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis  
 Public School Enrollment - Georgia Department of Education (March of each school year)  
 Unemployment Rate - U. S. Department of Labor (annual average)





## Schedule 12

### Principal Private Sector Employers

### Fiscal Year 2013 and Nine Years Previous (2004)

#### 2013 Employers

At&T Services, Incorporated  
Delta Air Lines, Incorporated  
Emory Health Care, Incorporated  
Emory University  
Georgia Power Company  
Home Depot USA, Incorporated  
The Kroger Company  
Lowe's Home Centers, Incorporated  
Northside Hospital, Incorporated  
Publix Supermarkets, Incorporated  
Rare Hospitality International, Incorporated  
Shaw Industries, Incorporated  
United Parcel Service, Incorporated  
Wal-Mart Associates, Incorporated  
WellStar Health System, Incorporated

#### 2004 Employers

BellSouth Corporation  
Cox Enterprises, Incorporated  
Delta Air Lines, Incorporated  
Emory System of Health Care  
Georgia-Pacific Corporation  
The Home Depot, Incorporated  
The Kroger Company  
Mohawk Industries, Incorporated  
Publix Supermarkets, Incorporated  
Shaw Industries, Incorporated  
The Southern Company/Georgia Power Company  
Target Corporation  
United Parcel Service, Incorporated  
Wal-Mart Stores, Incorporated  
WellStar Health System

To protect employer confidentiality, Georgia law prohibits the release of employee numbers by employer.

Sources: 2013 - Georgia Department of Labor (1st quarter 2013)

2004 - *Comprehensive Annual Financial Report* - Fiscal Year Ended June 30, 2004

# State of Georgia

## Schedule 13

### State Government Employment by Function For the Last Ten Fiscal Years (1)

	2013	2012	2011	2010
<b>Governmental Activities</b>				
General Government	8,194	7,729	9,658	9,103
Education	1,422	1,371	1,213	1,399
Health and Welfare	20,463	18,007	18,616	27,653
Transportation	4,385	4,577	5,273	5,363
Public Safety	21,418	20,449	21,997	25,014
Economic Development and Assistance	2,459	4,802	5,144	5,375
Culture and Recreation	2,403	3,169	2,548	3,184
Conservation	647	664	686	845
	<u>61,391</u>	<u>60,768</u>	<u>65,135</u>	<u>77,936</u>
<b>Business-Type Activities</b> <sup>(2)</sup>				
Georgia Technology Authority <sup>(3)</sup>	-	-	-	-
Higher Education Fund <sup>(5)</sup>	74,503	82,109	79,174	96,739
State Road and Tollway Authority <sup>(4)</sup>	79	71	52	64
	<u>74,582</u>	<u>82,180</u>	<u>79,226</u>	<u>96,803</u>
<b>Total Employment</b>	<u>135,973</u>	<u>142,948</u>	<u>144,361</u>	<u>174,739</u>

(1) Includes employees that were active at any time during the Fiscal Year. An individual employee may, therefore, be included in multiple functions if the employee transferred among functions during the fiscal year. This does not represent the number of active employees at the end of the year.

(2) Employees of certain Business-type Activities organizations are included in Governmental Activities as follows:  
 Employees of the State Employees' Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.  
 Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(3) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its employees are included in Governmental Activities - General Government.

(4) Beginning in fiscal year 2007, the State Road and Tollway Authority, formerly a discretely presented component unit, is blended with the primary government. Although the Authority performs both governmental and business-type activities, the majority of its employee are involved in the business-type activities.

(5) Beginning in fiscal year 2013, Georgia Military College, formally a blended component unit included in the Higher Education Fund, is reported as a discretely presented component unit and is no longer included in this schedule.

Source: Georgia Department of Audits and Accounts



**Fiscal Year**

2009	2008	2007	2006	2005	2004
8,425	9,151	9,240	6,779	7,352	6,927
1,156	1,186	1,160	1,129	1,156	1,011
22,629	23,430	22,732	22,170	22,081	19,918
5,340	5,745	5,849	5,769	5,850	5,844
21,829	23,850	23,115	23,266	22,949	23,077
4,636	4,650	4,584	4,589	4,614	4,675
2,785	3,160	3,023	2,945	2,927	2,864
746	776	776	742	726	1,065
<u>67,546</u>	<u>71,948</u>	<u>70,479</u>	<u>67,389</u>	<u>67,655</u>	<u>65,381</u>
-	-	-	562	630	650
85,193	86,579	84,795	82,200	81,893	79,160
53	43	51	-	-	-
<u>85,246</u>	<u>86,622</u>	<u>84,846</u>	<u>82,762</u>	<u>82,523</u>	<u>79,810</u>
<u>152,792</u>	<u>158,570</u>	<u>155,325</u>	<u>150,151</u>	<u>150,178</u>	<u>145,191</u>

# State of Georgia

## Schedule 14

### Operating Indicators and Capital Assets by Function For the Last Ten Years (1)

	2013	2012	2011	2010
General Government				
Department of Revenue				
Number of Personal Income Tax Filers	NCA	NCA	4,110,008	4,266,318
Education				
Department of Education				
Public School Enrollment (March FTE Count)				
Pre Kindergarten through Grade 5	836,627	829,900	828,005	825,044
Grades 6 through 8	388,542	383,553	376,315	371,759
Grades 9 through 12	468,205	460,287	461,237	459,886
Board of Regents of the University System of Georgia				
Number of Separate Institutions	31	35	35	35
Number of Active Educators	13,903	13,855	13,311	12,828
Number of Students	314,365	318,027	311,442	301,892
Health and Welfare				
Department of Human Services				
Food Stamp Recipients	1,957,886	1,875,000	1,737,545	1,389,935
Temporary Assistance for Needy Families Recipients	35,185	35,887	36,534	90,581
Transportation				
Department of Transportation				
Miles of State Highway	17,967	17,985	17,985	18,093
Public Safety				
Department of Corrections				
Number of Inmates	53,168	54,336	55,162	52,291
Number of Probationers	164,051	163,265	156,630	154,989
Economic Development and Assistance				
Department of Economic Development				
Economic Impact of Tourism (in millions):				
Domestic Traveler Spending - Direct	NCA	\$ 21,489	\$ 20,537	\$ 18,906
Domestic Travel-Generated State Tax Revenues	NCA	\$ 949	\$ 919	\$ 855
Culture and Recreation:				
Department of Natural Resources				
Number of State Parks	49	48	48	48
Number of Historic Sites	15	18	18	15
Acreage of State Parks and Historic Sites (in acres)	92,880	86,000+	86,000+	84,000+
Conservation				
Forestry Commission				
Economic Impact of Forestry Industry				
Output (in millions)	NCA	NCA	15,100	\$ 14,500
Employment	NCA	NCA	46,378	43,425
Compensation (in millions )	NCA	NCA	2,900	\$ 2,600

(1) Data is presented by either fiscal year or calendar year based on availability of information.

Source: NCA - Not Currently Available

Information obtained from the individual organizations listed.



**Fiscal Year**

2009	2008	2007	2006	2005	2004
4,166,498	4,229,929	4,273,200	4,046,275	3,838,000	3,777,000
818,709	812,311	801,307	782,428	757,383	745,115
367,453	368,734	371,020	369,809	367,122	364,051
455,871	453,210	446,539	436,566	419,539	404,355
35	35	35	35	35	34
11,654	11,422	11,082	9,721	9,335	8,981
282,978	270,022	259,945	253,552	250,659	247,020
1,202,181	986,245	947,146	947,683	908,073	847,886
38,824	40,609	47,395	68,993	99,370	135,515
18,095	18,096	18,066	18,084	18,084	18,084
54,049	54,016	53,226	52,635	47,304	48,619
154,218	148,629	142,663	136,175	115,177	128,395
\$ 17,570	\$ 19,026	\$ 18,680	\$ 17,743	\$ 16,572	\$ 15,390
\$ 816	\$ 851	\$ 845	\$ 812	\$ 779	\$ 740
48	48	48	48	48	48
15	15	15	15	15	15
85,000+	82,000+	82,000+	72,835	72,835	72,835
\$ 16,900	\$ 18,300	\$ 18,500	\$ 17,760	\$ 16,150	\$ 14,163
48,519	57,812	64,192	67,733	67,694	67,633
\$ 2,800	\$ 3,100	\$ 3,400	\$ 3,513	\$ 3,422	\$ 3,299

