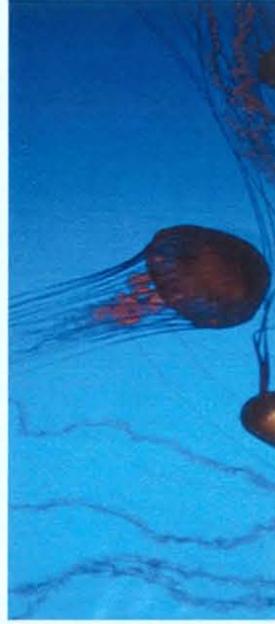




**For the fiscal year ended June 30, 2008**



### **The Georgia Aquarium**

The Georgia Aquarium opened in Atlanta, Georgia on November 23, 2005 and is the world's largest with more than eight million gallons of fresh and marine water and more aquatic life than found in any other aquarium. Georgia Aquarium is an entertaining, educational and scientific institution featuring exhibitions and programs of the highest standards, offering engaging and entertaining visitors' experiences, and promoting the conservation of aquatic biodiversity throughout the world. Additional information on the Georgia Aquarium can be found at [www.georgiaaquarium.org](http://www.georgiaaquarium.org).

The pictures on the cover are of some of the aquatic life that can be found at the Georgia Aquarium. They were provided by Tracey Cash of Jonesboro, Georgia and Amy Brothers of Inverness, Florida.

# State of Georgia

SONNY PERDUE, GOVERNOR

## Comprehensive Annual Financial Report

For the fiscal year ended  
June 30, 2008

Prepared by  
State Accounting Office



# State of Georgia

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For the Fiscal Year Ended June 30, 2008

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# State of Georgia

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# Introductory Section

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January 16, 2009

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
Citizens of the State of Georgia

The Comprehensive Annual Financial Report of the State of Georgia for the year ended June 30, 2008, is hereby submitted in accordance with the *Official Code of Georgia Annotated* 50-50b-3(7). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

**Internal Controls.** Management of the State is responsible for establishing and maintaining internal accounting controls designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by 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 accompanying financial statements for the State of Georgia have been prepared from the results of those examinations. The State Auditor's opinion thereon appears at the beginning of the Financial Section of this report.

Federal laws and regulations require that the State undergo an annual audit in conformity 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, which includes a schedule of expenditures of federal awards, a report on internal control and compliance applicable to each major program, and a schedule of findings and questioned costs, is included in a separately issued State of Georgia Single Audit Report. Also included is a report on internal control over financial reporting and compliance with certain laws, regulations, contracts and grants in accordance with *Government Auditing Standards*.

**Management's Discussion and Analysis (MD&A).** The discussion and analysis immediately following the report of the independent auditors provides an overview and analysis of the State's Basic Financial Statements, with a focus on the primary government and its activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

The State of Georgia was the last of the original 13 colonies, founded on February 12, 1733, and became the fourth state by ratifying the U. S. Constitution on January 2, 1788. Georgia is an economic hub of the southeast. The capital in Atlanta is the major economic and population center of the State with major regional economic and population centers in Augusta, Savannah, and Macon. Georgia'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 the busiest airport in the nation. Georgia is the ninth largest state with a population of 9.54 million people.

**Structure.** The *Constitution of the State of Georgia* provides the basic framework for the State's government, which is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution* and in the *Official Code of Georgia Annotated*. State government services provided to citizens include education, health and welfare, transportation, public safety, economic development, recreation and conservation.

This report presents information on the financial position and operations of state government as one reporting entity. The various agencies, departments, boards, commissions and other organizational units of Georgia state government which constitute the State financial reporting entity are included in the Comprehensive Annual Financial Report in accordance with criteria established by the Governmental Accounting Standards Board. Accordingly, this report contains information on Georgia's *primary government*, and on *component units* that are financially accountable to the State.

**Budgetary Control.** The State constitution requires the governor to submit an annual appropriation recommendation to the General Assembly within the first 5 days of the General Assembly convening in general session. The General Assembly appropriates funds in the general appropriations act to cover operations of the state. The *Constitution* limits the amount of the appropriations to the amount available in unappropriated surplus at the beginning of the fiscal year together with the anticipated treasury receipts to be collected during the fiscal year. Annual appropriated budgets are adopted at the departmental and program by funding source level and are applicable primarily to the general fund. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by the *Constitution* or statute. The *Constitution* further authorizes the passage of supplementary appropriations acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). In addition, the fund structure utilized to implement the annual budget differs extensively from the fund structure presented in these financial statements.

A separately published *Budgetary Compliance Report* is issued annually to provide the General Assembly with information concerning financial compliance with the Amended Appropriations Act.

## FACTORS AFFECTING FINANCIAL CONDITION

**Cash Management.** The State Depository Board is designated by State law as the oversight Board for Georgia's cash management and investment policies. The Office of Treasury and Fiscal Services ("OTFS") acts as the administrative agent of the Board. As more fully discussed in Notes 1 and 4 to the Basic Financial Statements, OTFS invests temporarily idle cash in statewide investment pools. All such funds are invested considering first the probable safety of capital and then probable income, while meeting daily cash flow requirements and conforming to all statutes governing the investment of public funds.

**Debt Administration.** The Georgia State Financing and Investment Commission, an agency of the State, is empowered by law to receive the proceeds from the issuance of State of Georgia general obligation and guaranteed revenue debt, to provide for the proper application and use of the debt proceeds, and to establish the procedures for protecting the holders of such debt. The Commission maintains a debt management plan used as a tool to help the State make funding decisions to meet its highest priority capital project requirements, while not exceeding debt affordability standards generally deemed important by the debt markets and rating agencies. The recommended debt levels are lower than the constitutional limits. Detailed information on outstanding bonds and other long-term debt is reflected in the Financial (Notes to the Financial Statements) and Statistical Sections of this report.

**Pension and Other Employee Benefit Trust Funds.** Total net assets of the State's defined benefit pension plans were \$66 billion at June 30, 2008, a decrease of \$4.4 billion over the prior fiscal year. Of the State's fourteen (14) defined benefit plans, the Employees' Retirement System and the Teachers Retirement System represent more than 96 percent of the total net assets. The State's deferred compensation plans reported net assets of \$915 million at June 30, 2008. Financial activities of the individual pension and other employee benefit trust funds are presented in the supplementary information for fiduciary funds. Additional disclosures relating to the State's pension and other employee benefit trust funds are provided in Note 17 to the basic financial statements.

**Risk Management.** The State is self-insured against certain property and liability claims, including workers' compensation and unemployment compensation. The Risk Management Funds were established to accumulate reserves for certain property and liability risks and to pay for commercial insurance coverage. Revenues are generated from premiums charged to state and local government organizations. Various risk control techniques are utilized to minimize accident-related losses; risk managers also identify unique loss exposures and develop strategies to reduce the cost of risk associated with individual business operations.

**Economic Conditions and Outlook.** Georgia's economic growth in fiscal year 2008 began to slow significantly as the U. S. economy also began to slow.

This growth slowdown was reflected in key components of the tax stream most closely associated with the State's economic trends and conditions. These include the individual income tax, the sales and use tax and corporate income tax. Based on revenues reported on the statutory basis for fiscal year 2008, individual income tax grew by 0.1 percent compared to 10.0 percent in the prior year. Sales and use tax revenue fell by 2.0 percent in fiscal year 2008 after growing by 3.6 percent the prior year. Corporate income tax fell by 7.6 percent in fiscal year 2008 after growing by 18.1 percent the prior fiscal year.

The weakness in Georgia's labor market is spread across the State. Of the eleven metro areas for which total employment is tracked, only one reported positive year over year employment growth as of October 2008. In addition, weakness in employment conditions is apparent across most industry sectors. Construction and manufacturing sectors are reporting the largest year over year percentage reductions in employment as of October.

The outlook for Georgia's economy is clouded by the downturn in the United States economy and the stress in the global financial markets. The stress in global financial markets began in August 2007 with problems associated with sub-prime mortgages and, despite unprecedented policy actions, these markets remain unsettled. The resulting seize-up in credit markets and the loss of business and consumer confidence have pushed the national economy into recession. The national recession is expected to continue to undermine economic growth in Georgia.

## MAJOR INITIATIVES

**Educated Georgia.** A major focus, demonstrated through continuous improvements to the quality of education in the State, is to ensure that Georgia students are well prepared for the future and that Georgia is prepared for continuous enrollment growth. The State, which provided nearly \$6.4 billion in funding for enrollment of over 1.6 million students, a 1.09 percent increase over fiscal year 2007, is committed to building public transparency and accountability through technology infrastructure upgrades and meeting critical needs with new bus purchases.

**Healthy Georgia.** Providing affordable health care access and controlling escalating costs are major challenges. Eligibility verification, utilization management and the implementation of managed care continue to allow Georgia to reduce Medicaid appropriations without service or eligibility reductions. This has allowed the State to continue to provide quality care to its most vulnerable and needy populations. Funding in fiscal year 2008 was also increased to ensure the State's child welfare system is able to provide for child victims of abuse and neglect and to provide enhanced support of the statewide trauma care network.

**Growing Georgia.** Georgia continues to grow rapidly. The State continues to emphasize investment in infrastructure maintenance and development with funding for reservoir and water system improvements, improvements for local roads (the second highest investment since fiscal year 1999), the Hazardous Waste Trust Fund for local government and abandoned site clean up and for upgrades of dams with the potential to serve as municipal water supply sources.

**Safe Georgia.** Protecting the public is one of the State's foremost priorities. Careful investment in preventative measures to manage crime, natural disasters, and other threats of harm and funding recovery needs of affected areas include the funding of trooper training and recruitment, increase in the corrections system capacity and repurposing facilities of the juvenile justice system to provide for better outcomes related to youth recidivism.

**Best Managed.** The State continues to focus on efforts to place Georgia on an efficient and effective foundation. Initiatives to improve government operations are focused on:

- security and management of drivers' license information and data to protect Georgia's citizens from instances of identity theft and other cases of fraud or misrepresentation,
- development of a data warehouse to increase the effectiveness and efficiency of tax collection and revenue dispersal, and
- expansion and enhancement of the State's call center to improve customer service experiences across the State.

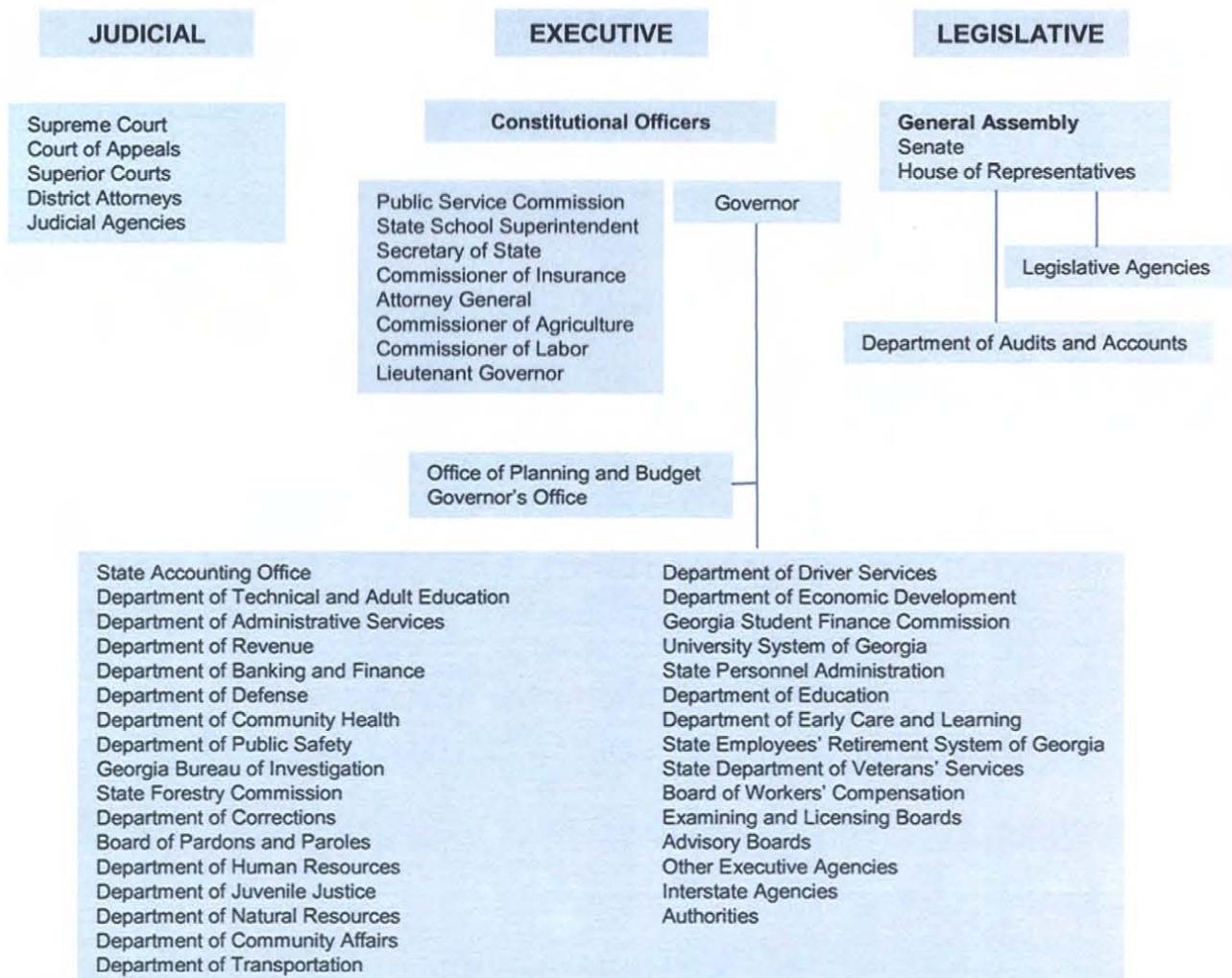
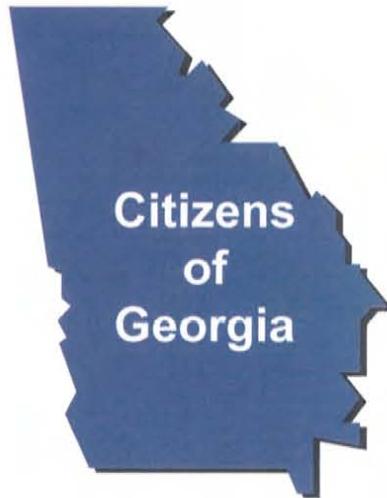
## CONCLUSION AND ACKNOWLEDGEMENTS

We hope this report provides information useful in evaluating the financial activity of the State of Georgia. We express our appreciation to the fiscal managers and staff throughout State government, and to the staff of the Department of Audits and Accounts for their dedicated efforts in assisting us in the completion of this report.

Respectfully submitted,



Greg S. Griffin, CPA  
State Accounting Officer



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# State of Georgia

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## Principal State Officials and Acknowledgements

June 30, 2008

### Executive:

Sonny Perdue..... *Governor*  
Karen C. Handel..... *Secretary of State*  
Thurbert E. Baker..... *Attorney General*  
Michael L. Thurmond..... *Commissioner of Labor*  
Kathy Cox..... *State Superintendent of Schools*  
John W. Oxendine..... *Commissioner of Insurance*  
Thomas T. Irvin..... *Commissioner of Agriculture*  
Chuck Eaton, Chairman..... *Public Service Commissioner*  
Robert “Bobby” Baker..... *Public Service Commissioner*  
H. Doug Everett..... *Public Service Commissioner*  
Angela Elizabeth Speir..... *Public Service Commissioner*  
Stan Wise..... *Public Service Commissioner*

### Legislative:

Casey Cagle..... *Lieutenant Governor/President of the Senate*  
Glenn Richardson..... *Speaker of the House of Representatives*

### Judicial:

Leah Ward Sears..... *Chief Justice of the Supreme Court*

### Acknowledgements:

Report prepared by  
Sandra A. Warr  
Ellen K. Tate  
Chuck Hoover  
Zeina Diallo  
Eddy A. Hicks  
Harriman C. Clemons  
Melesse Siratu  
Christina R. Palmer

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# Financial Section

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# DEPARTMENT OF AUDITS AND ACCOUNTS

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

**RUSSELL W. HINTON**

STATE AUDITOR  
(404) 656-2174

## INDEPENDENT AUDITOR'S REPORT

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
of the State of Georgia

We have audited the accompanying 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, 2008, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain organizations. These organizations reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities	11%	23%
Business-Type Activities	9%	25%
Aggregate Discretely Presented Component Units	93%	93%
Governmental Fund - General Fund	11%	18%
Governmental Fund - Georgia State Financing and Investment Commission	100%	100%
Proprietary Fund/Enterprise Fund - State Employees' Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	88%	9%

The financial statements of these organizations and component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 of material misstatement. The financial statements of the Georgia Lottery Corporation, Georgia College and State University Foundation, Georgia Southern University Housing Foundation, Inc., Georgia State University Foundation, Georgia Tech Athletic Association, Georgia Tech

Facilities, Inc., Georgia Tech Foundation, Inc., Kennesaw State University Foundation, Inc., Medical College of Georgia Foundation, Inc., Medical College of Georgia Physician's Practice Group Foundation, University of Georgia Athletic Association, Inc., and the University of Georgia Foundation were audited in accordance with auditing standards generally accepted in the United States of America but were not audited in accordance *Government Auditing Standards* issued by the Comptroller General of the United States. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions. Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities included 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 has also elected to not provide audit services for the Department of Community Health (DCH) due to a contractual obligation with DCH to conduct certain non-audit services.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the general fund reflect accounts payable in the amount of \$978,567,600.00 which represents the State of Georgia's liability for teachers salaries earned before June 30, 2008, but not paid until July and August, 2008. State appropriations for the subsequent fiscal year were available for obligation even though the period to which the appropriation applied had not begun. The recognition of this liability at June 30, 2008, however, is not in accordance with generally accepted accounting principles as promulgated by Governmental Accounting Standards Board (GASB) Statement 33 because the subsequent fiscal year had not begun. We believe, however, the omission of this liability would cause the financial statements of the State of Georgia to be misleading.

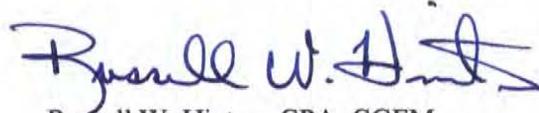
In accordance with *Government Auditing Standards*, we will issue our report dated January 16, 2009, on our consideration of the State of Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 7 through 18 and the required supplementary information on pages 102 through 120 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Georgia's basic financial statements. The Introductory Section, the Supplementary Information – Combining Statements, and the Statistical Section are presented for purposes of additional

analysis and are not a required part of the basic financial statements. The Supplementary Information - combining statements on pages 124 through 193 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section on pages i through vii and the Statistical Section on pages 197 through 223 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in blue ink that reads "Russell W. Hinton". The signature is stylized and cursive.

Russell W. Hinton, CPA, CGFM  
State Auditor

January 16, 2009

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MANAGEMENT'S  
DISCUSSION AND ANALYSIS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Georgia provides this *Management's Discussion and Analysis* of the State of Georgia's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Georgia is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found in the Introductory Section of this report, and with the State's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

#### Government-Wide

The assets of the State exceeded its liabilities at the close of the fiscal year by \$22.2 billion (reported as "*net assets*"). Of this amount, \$2.0 billion (reported as "*unrestricted net assets*") may be used to meet the State's ongoing obligations to citizens and creditors. Component units of the State reported net assets of \$6.1 billion for the fiscal year ended June 30, 2008. The State's total net assets (including restatement of the prior year balance) decreased by \$194 million.

#### Fund Level

*Governmental Funds* – As of the close of the current fiscal year, the State's governmental funds reported a combined ending fund balance of \$5.8 billion, with \$3.0 billion of this total available for spending at the government's discretion (*unreserved fund balance*).

*Proprietary Funds* – Net assets at the end of fiscal year 2008 totaled \$7.8 billion. Total net assets for the Enterprise Funds (including restatement of the prior year balance) increased by \$251 million during the fiscal year; Internal Service Funds (including restatement of the prior year balance) decreased by \$13 million.

#### Long-Term Liabilities

The State's long-term liabilities totaled \$12.2 billion at June 30, 2008. General obligation debt is the major component comprising 65 percent of these liabilities.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Georgia's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and supplementary information - combining and individual fund statements in addition to the basic financial statements.

#### Government-Wide Financial Statements: Reporting the State as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the State of Georgia's finances, in a manner similar to the private sector. These financial statements provide both short-term and long-term information about the State's financial status, which assists in assessing the State's financial condition at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, and report financial information about the entire government except fiduciary activities whose resources are not available to finance the government's programs. The government-wide financial statements include two statements:

The *Statement of Net Assets* presents all of the State's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases and decreases in net assets may serve as a useful indicator of the State's financial position.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave). This statement also presents a comparison between direct expenses and related program revenues for each function of the State.

Both of the above financial statements report three activities:

*Governmental Activities* – Taxes and intergovernmental revenues principally fund the activities reported within this section. 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, conservation, and interest on long-term debt.

*Business-Type Activities* – These activities normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The most significant business-type activities of the State include the operations of the Unemployment Compensation Fund (by the Georgia Department of Labor), the self-insured State Employees' Health Benefit Plan (by the Georgia Department of Community Health) and the programs of the Higher Education Fund (by the Board of Regents of the University System of Georgia and the Georgia Department of Technical and Adult Education).

*Discretely Presented Component Units* – Although these organizations are legally separate, the State is financially accountable for them. Financial information for these component units is reported on the government-wide statements separately from the financial information presented for the primary government. For the most part, these entities operate similar to private sector businesses and the business-type activities described above. The State's most significant discretely presented component units are Georgia Environmental Facilities Authority, Georgia Housing and Finance Authority, Georgia Lottery Corporation, and Georgia Tech Foundation, Incorporated.

The government-wide financial statements can be found immediately following this discussion and analysis.

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

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 of Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government (not on the State as a whole), reporting the State's operations in more detail than the government-wide statements. All of the funds of the State of Georgia can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

*Governmental Funds* – Most of the basic services provided by the State are financed through governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on short-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's short-term financing requirements. This approach is known as the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and the government-wide financial statements. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State of Georgia maintains ten individual governmental funds. The State's two major governmental funds are the General Fund and the Georgia State Financing and Investment Commission (GSFIC), which is a capital projects fund. Information for each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data for the remaining eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

*Proprietary Funds* – The State of Georgia maintains two different types of proprietary funds. When the State charges customers for the services it provides, whether to customers outside the State of Georgia reporting entity (*enterprise funds*) or to other organizations within the reporting entity (*internal service funds*), these services are reported in proprietary funds.

The State of Georgia's proprietary funds include four enterprise funds and seven internal service funds. The State's three major enterprise funds are the Higher Education Fund, the State Employees' Health Benefit Plan and the Unemployment Compensation Fund. As there is only one nonmajor enterprise fund, combining statements are not required. The enterprise funds are the same as the business-type activities reported in the government-wide financial statements, but more detail is provided for each of these funds in the proprietary fund statements. Conversely, all seven internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. Since the internal service funds benefit both the governmental functions and the business-type functions, they have been proportionately allocated within the governmental activities and the business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

*Fiduciary Funds and Similar Component Units: The State as Trustee* – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds 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; instead, the State is responsible for using the fiduciary assets for the fiduciary fund's intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The State's fiduciary funds are the Pension and Other Employee Benefit Trust Funds (fourteen separate defined benefit retirement systems, two deferred compensation/defined contribution pension plans, three other postemployment benefit plans and one other employee benefit plan), the Investment Trust Funds (which account for the transactions, assets, liabilities and fund equity of external investment pools), Private-Purpose Trust Funds (which account for assets held by the government in a trustee capacity), and Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals). Individual fund data for the fiduciary funds and similar component units can be found in the *combining statements* elsewhere in this report.

The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds and similar component units' financial statements.

### Required Supplementary Information

In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information. This section includes: 1) a budgetary comparison schedule and accompanying reconciliation to the governmental fund financial statements, and 2) pension and other postemployment benefit plan funding information.

### Supplementary Information – Combining and Individual Fund Statements

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, fiduciary funds and nonmajor component units are presented following the required supplementary information. The total columns of these combining financial statements carry forward to the applicable fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State of Georgia's combined assets (governmental and business-type activities) exceeded liabilities by \$22.2 billion at the end of fiscal year 2008.

### State of Georgia Net Assets as of June 30, 2008 and 2007 (expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and Other						
Non-current Assets	\$ 10,393,517	\$ 11,595,370	\$ 3,651,064	\$ 3,347,173	\$ 14,044,581	\$ 14,942,543
Net Capital Assets	18,995,098	17,110,136	6,602,133	5,791,696	25,597,231	22,901,832
<b>Total Assets</b>	<b>\$ 29,388,615</b>	<b>\$ 28,705,506</b>	<b>\$ 10,253,197</b>	<b>\$ 9,138,869</b>	<b>\$ 39,641,812</b>	<b>\$ 37,844,375</b>
Non-current Liabilities	\$ 9,992,822	\$ 9,064,434	\$ 2,182,580	\$ 1,434,074	\$ 12,175,402	\$ 10,498,508
Current Liabilities	4,390,972	4,205,437	919,849	769,309	5,310,821	4,974,746
<b>Total Liabilities</b>	<b>\$ 14,383,794</b>	<b>\$ 13,269,871</b>	<b>\$ 3,102,429</b>	<b>\$ 2,203,383</b>	<b>\$ 17,486,223</b>	<b>\$ 15,473,254</b>
<b>Net Assets</b>						
Invested in Capital Assets,						
Net of Related Debt	\$ 11,979,690	\$ 10,804,344	\$ 4,801,548	\$ 4,582,190	\$ 16,781,238	\$ 15,386,534
Restricted	1,641,507	2,398,250	1,745,185	1,877,790	3,386,692	4,276,040
Unrestricted	1,383,624	2,233,041	604,035	475,506	1,987,659	2,708,547
<b>Total Net Assets</b>	<b>\$ 15,004,821</b>	<b>\$ 15,435,635</b>	<b>\$ 7,150,768</b>	<b>\$ 6,935,486</b>	<b>\$ 22,155,589</b>	<b>\$ 22,371,121</b>

The largest portion of the State of Georgia's net assets (76 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. Infrastructure assets comprise 38 percent of the State's capital assets, net of accumulated depreciation. The State uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net assets (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used at the State's discretion to meet ongoing obligations to citizens and creditors, however, certain portions of unrestricted net assets have internal designations. Internally imposed designations of resources are not presented as restricted net assets.

At the end of the current fiscal year, the State is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Changes in Net Assets

The revenues and expenses information, shown in the table below and on the following page, was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year. The State of Georgia earned program revenues of \$22.3 billion and general revenues of \$18.0 billion, totaling \$40.3 billion during fiscal year 2008. Expenses for the State during fiscal year 2008 were \$40.5 billion.

The State's net assets (including restatement of the prior year balance) decreased by \$194 million during the current fiscal year. The economic information presented later in this discussion and analysis provides insight into the conditions of the State that have caused this to occur.

### State of Georgia Changes in Net Assets for the Years Ended June 30, 2008 and 2007 (expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 2,480,680	\$ 2,751,043	\$ 1,855,474	\$ 1,715,445	\$ 4,336,154	\$ 4,466,488
Operating Grants and Contributions	11,886,083	10,041,218	4,509,566	4,214,533	16,395,649	14,255,751
Capital Grants and Contributions	1,426,839	1,213,420	111,055	48,490	1,537,894	1,261,910
General Revenues:						
Taxes	17,289,992	17,875,984	-	-	17,289,992	17,875,984
Unrestricted Investment Income	264,448	470,480	134,436	147,034	398,884	617,514
Unclaimed Property	58,857	140,367	-	-	58,857	140,367
Other	247,322	54,317	-	47	247,322	54,364
<b>Total Revenues</b>	<b>\$ 33,654,221</b>	<b>\$ 32,546,829</b>	<b>\$ 6,610,531</b>	<b>\$ 6,125,549</b>	<b>\$ 40,264,752</b>	<b>\$ 38,672,378</b>

(continued)

**State of Georgia**  
**Changes in Net Assets for the Years Ended June 30, 2008 and 2007 (continued)**  
**(expressed in thousands)**

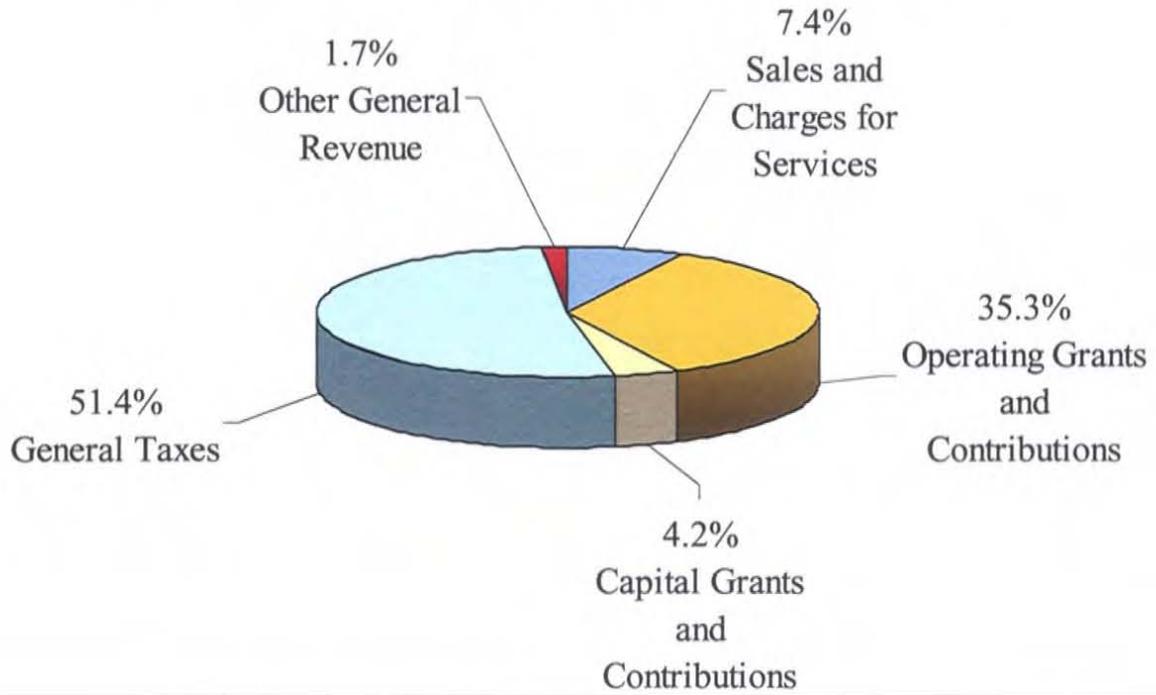
	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2008	2007	2008	2007	2008	2007
<b>Expenses:</b>						
General Government	\$ 1,896,438	\$ 1,830,659	\$ -	\$ -	\$ 1,896,438	\$ 1,830,659
Education	10,812,665	9,948,891	-	-	10,812,665	9,948,891
Health and Welfare	12,256,789	11,764,652	-	-	12,256,789	11,764,652
Transportation	3,056,226	1,705,285	-	-	3,056,226	1,705,285
Public Safety	2,130,454	1,891,555	-	-	2,130,454	1,891,555
Economic Development and Assistance	504,897	759,979	-	-	504,897	759,979
Culture and Recreation	251,055	286,132	-	-	251,055	286,132
Conservation	69,836	102,149	-	-	69,836	102,149
Interest and Other Charges on Long-Term Debt	405,255	385,449	-	-	405,255	385,449
Higher Education Fund	-	-	6,242,687	5,592,755	6,242,687	5,592,755
State Employees' Health Benefit Fund	-	-	2,043,604	1,868,431	2,043,604	1,868,431
Unemployment Compensation	-	-	774,030	626,058	774,030	626,058
State Road and Tollway Authority	-	-	15,110	12,845	15,110	12,845
<b>Total Expenses</b>	<b>\$ 31,383,615</b>	<b>\$ 28,674,751</b>	<b>\$ 9,075,431</b>	<b>\$ 8,100,089</b>	<b>\$ 40,459,046</b>	<b>\$ 36,774,840</b>
Increase (Decrease) in Net Assets Before Transfers	\$ 2,270,606	\$ 3,872,078	\$ (2,464,900)	\$ (1,974,540)	\$ (194,294)	\$ 1,897,538
Transfers	(2,670,418)	(2,478,882)	2,670,418	2,478,882	-	-
<b>Change in Net Assets</b>	<b>\$ (399,812)</b>	<b>\$ 1,393,196</b>	<b>\$ 205,518</b>	<b>\$ 504,342</b>	<b>\$ (194,294)</b>	<b>\$ 1,897,538</b>
<b>Net Assets, July 1 - Restated</b>	<b>15,404,633</b>	<b>14,042,439</b>	<b>6,945,250</b>	<b>6,431,144</b>	<b>22,349,883</b>	<b>20,473,583</b>
<b>Net Assets, June 30</b>	<b>\$ 15,004,821</b>	<b>\$ 15,435,635</b>	<b>\$ 7,150,768</b>	<b>\$ 6,935,486</b>	<b>\$ 22,155,589</b>	<b>\$ 22,371,121</b>

**Governmental Activities**

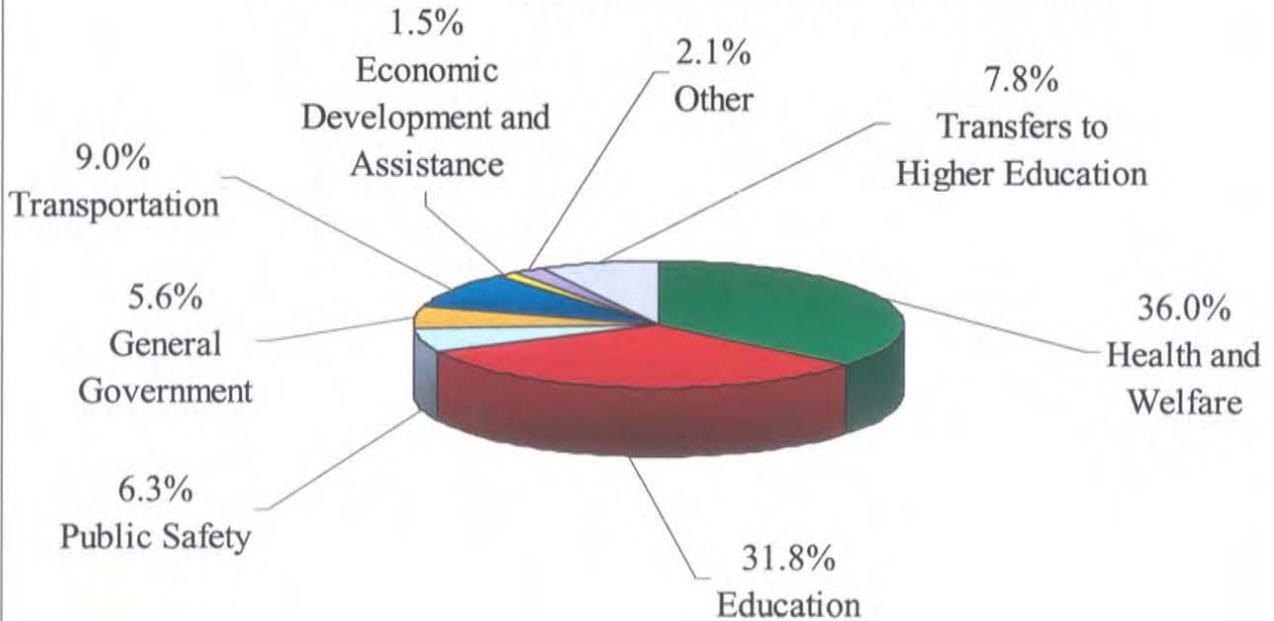
Governmental activities decreased the State's net assets (including restatement of the prior year balance) by \$400 million. The decrease in the net assets of governmental funds resulted primarily from governmental fund revenue estimates exceeding tax revenues. The beginning balance for net assets of the State's governmental activities was restated by \$31 million. The majority of the prior year restatement resulted from the addition of a loan payable by the Department of Transportation to the Federal Right of Way Revolving Fund that was not previously reported.

Governmental revenues account for approximately 84 percent of total revenue. Approximately 51 percent of governmental revenue came from taxes, while 40 percent resulted from grants and contributions (87 percent of which are federal revenues). Charges for various goods and services provided 7 percent of the revenues. The State's expenses cover a range of services. The largest outlays were for education (40 percent), including transfers to higher education (8 percent), and health and welfare (36 percent) which, combined, accounted for 76 percent of total governmental activity expenses and transfers. In fiscal year 2008, governmental activity expenses and transfers were funded 46 percent, or \$15.8 billion, from program revenues and 54 percent from general revenues (97 percent of which are taxes).

### Governmental Activities - Sources of Revenue



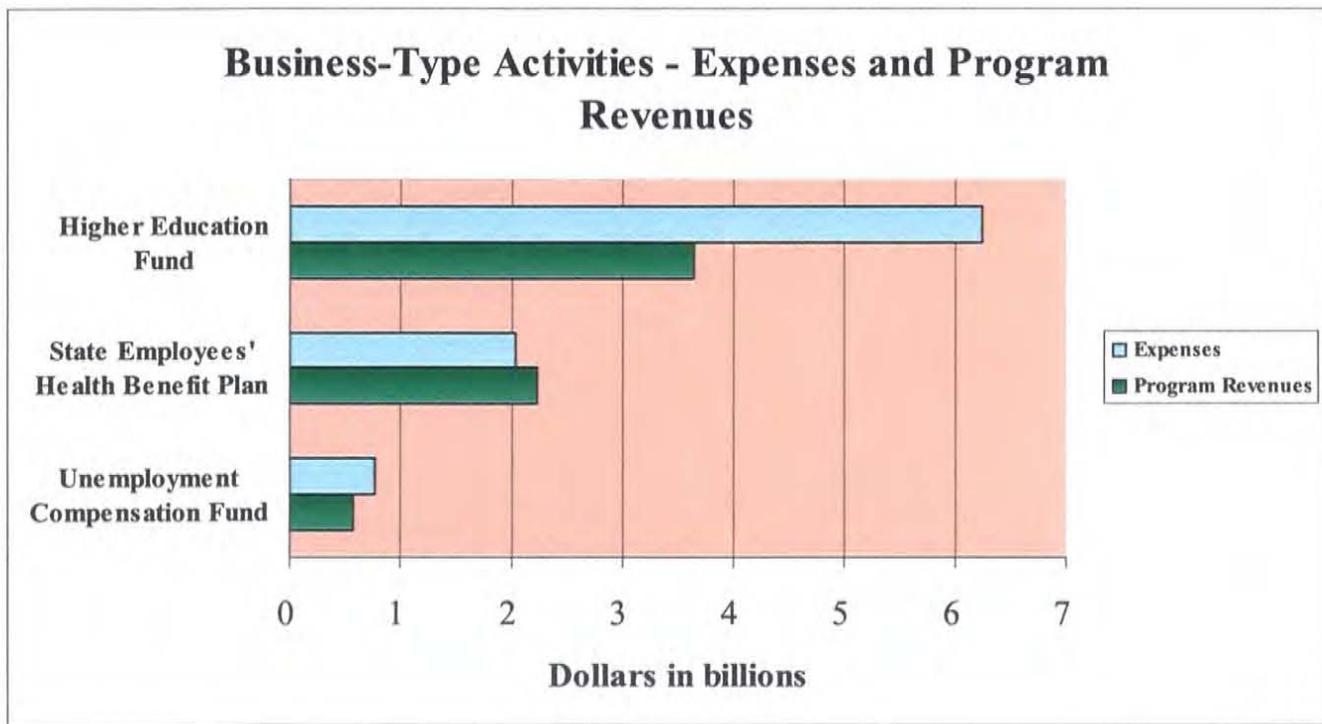
### Governmental Activities - Expenses by Program



### Business-Type Activities

Business-type activities increased the State of Georgia's net assets (including restatement of the prior year balance) by \$206 million. The increase is a result of transfers of general obligation bond proceeds from governmental activities for construction of additional facilities of various colleges and universities, as well as current year employees' health benefit plan contributions and interest revenue in excess of employees' health benefits expense. Grants and Contributions accounted for 50 percent of revenues and transfers and Higher Education (69 percent) and State Employees' Health Benefit Plan (22 percent) accounted for 91 percent of expense.

In fiscal year 2008, business-type activities expenses were funded 71.4 percent, or \$6.5 billion, from program revenues and 28.6 percent from general revenues, which include tax revenues transferred from governmental activities to fund higher education. The significant business-type activities are included in the chart below:



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

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2008, the State of Georgia's governmental funds reported combined ending fund balances of \$5.8 billion, a decrease of \$1.4 billion in comparison with the prior fiscal year (after restatement of the prior year balance). Approximately 51 percent of this total amount (\$3.0 billion) constitutes *unreserved fund balance*, the majority of which is \$1.2 billion in the General Fund for revenue shortfall (\$187 million to fund education programs, \$50 million and \$408 million released for appropriation in fiscal years 2009 and 2010, respectively, and \$566 million for revenue shortfalls as required by State Law) and \$1.2 billion in the Capital Projects Fund which is designated to fund capital acquisitions. The remainder of fund balance is *reserved* to

indicate that it is restricted for specific purposes. These reservations include commitments 1) to liquidate contracts and purchase orders (\$950 million), 2) to provide and maintain an adequate system of public roads and bridges in the State (\$409 million appropriated to the Georgia Department of Transportation), 3) to administer education programs funded by the State's lottery (\$994 million), and 4) for a variety of other restricted purposes (\$484 million).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year the General Fund reflected no unreserved, undesignated fund balance, while total fund balance amounted to \$4.3 billion.

Economic growth slowed during the current fiscal year, resulting in revenue estimates used in the budget exceeding collections of general revenues by \$770 million. The State maintained moderate growth in expenditures which contributed to a decrease (\$1.2 billion) in fund balance for the General Fund. By the end of the year, fund balance for the General Fund had decreased 22.2 percent from the prior year restated amount.

The Capital Projects Fund, in total, has a fund balance of \$1.196 billion, most of which is designated for future capital outlay. The State has four capital projects funds, with one being considered a major fund for presentation purposes for fiscal year 2008. The major capital projects fund, as mentioned earlier, is the Georgia State Financing and Investment Commission (GSFIC); the total fund balance for GSFIC is \$1.195 billion. The total net decrease in fund balance during the current year in the capital projects fund (\$281 million) resulted from expenditures and transfers for capital construction costs exceeding proceeds from bonds issued during the fiscal year.

#### **Proprietary Funds**

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

### **BUDGETARY HIGHLIGHTS**

The final budget exceeded original appropriations by approximately \$5.3 billion. This increase resulted primarily from \$1.7 billion of federal revenues, and \$3.3 billion of other revenues being amended into the budget by the State organizations that anticipated earning the funds. Additionally, the State's Supplementary Appropriations Act increased budgeted state general revenues by \$82 million.

At fiscal year end, funds available were approximately \$1.4 billion less than final budgetary estimates and expenditures were approximately \$4.2 billion less than final budgetary estimates, resulting in an excess of funds available over expenditures of approximately \$2.8 billion.

Excesses of state funds existing as of the end of each fiscal year are reserved and added to the budgetary Revenue Shortfall Reserve. The reserve cannot exceed 10 percent of the previous fiscal year net budgetary revenue for any given fiscal year, and up to 1 percent of the preceding fiscal year's budgetary net revenue collections may be appropriated from the reserve to fund increased K-12 educational needs. The slowing of the State's economic growth, as described above, contributed to a decrease of \$521 million in the Revenue Shortfall Reserve for the current year, resulting in the fiscal year 2008 balance of \$1.21 billion. The reserve amount was 6.5 percent of budgetary net revenue collections and \$187 million of the reserve is available to fund increased K-12 needs. The Governor may release reserve funds in excess of 4 percent of net revenue collections for appropriation. In his January 2009 budget address, the Governor elected to release \$50 million for appropriation in fiscal year 2009, and \$408 million for appropriation in fiscal year 2010.

A budgetary comparison schedule and accompanying reconciliation to the governmental fund financial statements can be found following the notes to the financial statements.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The State of Georgia's investment in capital assets for its governmental and business-type activities as of June 30, 2008, was \$40.4 billion, less accumulated depreciation of \$14.8 billion (net book value of \$25.6 billion). Investment in capital assets includes land, buildings and building improvements, improvements other than buildings, personal property (machinery and equipment), infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

As shown in Note 6 to the financial statements, the total increase in the State of Georgia's investment in capital assets for the current fiscal year was \$3.9 billion, or 10.7 percent. This represents a 10.4 percent increase for governmental activities and an 11.7 percent increase for business-type activities. Accumulated depreciation increased \$1.2 billion or 9.0 percent, a 9.4 percent increase for governmental activities and a 7.3 percent increase for business-type activities.

Capital assets, net of accumulated depreciation, the balances of which are reflected below, changed from the prior year as follows: land increased \$358 million or 14.5 percent (primarily purchases for transportation), buildings and building improvements increased \$308 million or 5.3 percent, improvements other than buildings increased \$3.9 million or 2.0 percent, machinery and equipment increased \$317 million or 27.6 percent, software increased \$40 million or 145.2 percent, library collections increased \$6.5 million or 3.9 percent, works of art and collections increased \$2.46 million or 7.3 percent, infrastructure increased \$27.3 million or 0.3 percent and construction in progress increased \$1.63 billion or 49.6 percent.

### State of Georgia Capital Assets, Net of Accumulated Depreciation as of June 30, 2008 and 2007 (expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land	\$ 2,570,400	\$ 2,222,763	\$ 245,556	\$ 235,655	\$ 2,815,956	\$ 2,458,418
Buildings and Building Improvements	1,853,913	1,858,250	4,304,792	3,992,256	6,158,705	5,850,506
Improvements Other Than Buildings	38,163	40,367	168,080	161,935	206,243	202,302
Machinery and Equipment	266,266	255,219	1,197,894	891,831	1,464,160	1,147,050
Software	66,747	27,099	755	432	67,502	27,531
Library Collections	-	-	172,151	165,650	172,151	165,650
Works of Art and Collections	1,801	1,872	34,599	32,068	36,400	33,940
Infrastructure	9,590,669	9,610,019	163,151	116,497	9,753,820	9,726,516
Construction in Progress	4,607,139	3,094,547	315,155	195,372	4,922,294	3,289,919
<b>Total</b>	<b>\$ 18,995,098</b>	<b>\$ 17,110,136</b>	<b>\$ 6,602,133</b>	<b>\$ 5,791,696</b>	<b>\$ 25,597,231</b>	<b>\$ 22,901,832</b>

Additional information on the State's capital assets can be found in Note 6 of the notes to the financial statements of this report.

### Debt Administration

At the end of the current fiscal year, the State had total bonded debt outstanding of \$9.6 billion. As illustrated below, substantially all of this amount is backed by the full faith and credit of the government (*general obligation debt*). The remaining debt represents guaranteed revenue bonds (\$599 million) which are to be repaid from specified revenue sources, but the full payment of which is guaranteed by the State in accordance with the State's Constitution, and revenue bonds (\$1.05 billion) secured solely by specified revenue sources.

Moody's Investors Service, Fitch Investors Service, L.P., and Standard and Poor's Corporation rated the State's most current general obligation bonds Aaa, AAA and AAA, respectively. Under the State's Constitution the highest aggregate annual debt service requirement (general obligation and guaranteed revenue debt) may not exceed 10 percent of the previous fiscal year's revenue collections. The State's current highest annual debt service requirement is 5.5 percent of the previous fiscal year's revenue collections.

## State of Georgia

### Outstanding Bond Debt as of June 30, 2008 and 2007 (expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 7,927,420	\$ 7,688,919	\$ -	\$ -	\$ 7,927,420	\$ 7,688,919
Revenue Bonds	1,617,932	1,037,993	31,628	38,540	1,649,560	1,076,533
	<u>\$ 9,545,352</u>	<u>\$ 8,726,912</u>	<u>\$ 31,628</u>	<u>\$ 38,540</u>	<u>\$ 9,576,980</u>	<u>\$ 8,765,452</u>

The State of Georgia's total long-term liabilities increased by \$1.7 billion (16.0 percent) during the current fiscal year. The key factors contributing to this change are a net increase of \$239 million in general obligation bonds due to the new bond issues exceeding maturities, the issuance of Federal Highway Grant Anticipation Revenue Bonds of \$516 million, the issuance of Federal Highway Reimbursement Revenue Bonds of \$124 million and a net increase of \$591 million in capital lease obligations. The increase in capital lease obligations was in the Higher Education Fund.

Additional information on the State of Georgia's long-term debt can be found in Note 12 of the notes to the financial statements of this report.

## ECONOMIC FACTORS

The trend for slowed economic growth in the U. S. has been similar for the State of Georgia. On January 9, 2009, the Department of Revenue announced that net revenue collections during the month of December for fiscal year 2009, decreased by \$145.718 million or 8.913 percent from the same period in fiscal year 2008. The year-to-date collections for December 2008 decreased by \$236.871 million or 2.742 percent from the prior year.

The Georgia Department of Labor reported the November 2008 unemployment rate to be 7.5 percent, or 365,244 of a civilian labor force of 4.9 million, up from the prior month's rate of 6.9 percent. The November 2008 rate also indicated an increase of 4.5 percent from the same month of the prior year.

Economic indicators show the slowdown in the State's economy. At the end of fiscal year 2008, the unemployment rate for the State reached 5.6 percent compared to 5.5 percent for the United States. Since that time, the rate has reached 7.5 percent in November compared to 6.7 percent for the United States. Concurrent with the increase in unemployment, Georgia has experienced net declines in total non-farm employment. Employment peaked in February 2008. Total employment fell by about 15,500 jobs from the peak through the end of fiscal year 2008. Subsequently total employment has fallen by an additional 99,160 jobs through November, 2008.

Total personal income is another key indicator of economic conditions in Georgia. Total personal income in Georgia continues to expand despite the economic slowdown. For fiscal year 2008, total personal income grew by 4.9 percent compared to 5.3 percent for the United States. While Georgia's personal income growth lagged that of the United States for the overall fiscal year, Georgia's personal income grew faster than in the United States in the last two quarters of the fiscal year.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the State of Georgia's finances for all of Georgia'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, Atlanta, Georgia 30334-9010.

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# BASIC FINANCIAL STATEMENTS

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# State of Georgia

## Statement of Net Assets

June 30, 2008

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,209,388	\$ 2,344,816	\$ 4,554,204	\$ 802,114
Investments	4,475,970	744,718	5,220,688	3,095,077
Accounts Receivable (Net)				
Interest and Dividends	65,927	—	65,927	24,245
Notes and Loans	1,510	48,021	49,531	1,731,319
Taxes	1,635,080	—	1,635,080	303
Other	419,179	323,314	742,493	1,508,715
Internal Balances	181,268	(181,268)	0	—
Due From Primary Government	—	—	0	3,373
Due From Component Units	51,991	113,555	165,546	93,282
Intergovernmental Receivables	1,143,755	69,692	1,213,447	16,811
Inventories	54,438	33,501	87,939	18,414
Prepaid Items	52,453	92,877	145,330	15,229
Other Assets	5,391	21,934	27,325	153,227
Restricted Assets				
Cash and Cash Equivalents	60,753	15,218	75,971	299,776
Investments	5,292	23,037	28,329	610,669
Receivables				
Loans (Net)	—	—	0	596,588
Interest and Dividends	—	—	0	5,795
Other	—	—	0	165
Advances to Component Units	10,848	1,649	12,497	—
Deferred Charges	20,274	—	20,274	15,088
Capital Assets				
Nondepreciable	7,178,865	594,316	7,773,181	594,454
Depreciable (Net of Accumulated Depreciation)	11,816,233	6,007,817	17,824,050	1,297,526
<b>Total Assets</b>	<b>\$ 29,388,615</b>	<b>\$ 10,253,197</b>	<b>\$ 39,641,812</b>	<b>\$ 10,882,170</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 2,465,784	\$ 194,681	\$ 2,660,465	\$ 317,812
Due to Primary Government	—	—	0	165,546
Due to Component Units	57	3,316	3,373	93,282
Salaries/Withholdings Payable	35,570	22,782	58,352	9,889
Benefits Payable	675,942	246,934	922,876	—
Accrued Interest Payable	136,969	—	136,969	4,350
Contracts Payable	139,512	14,717	154,229	12,065
Commercial Paper Payable	39,500	—	39,500	—
Undistributed Local Government Sales Tax	104,100	—	104,100	—
Funds Held for Others	137,172	58,971	196,143	1,521
Unearned Revenue	194,373	333,399	527,772	494,425
Deposits	44,485	26,855	71,340	21,347
Claims and Judgments Payable	415,752	—	415,752	—
Liabilities Payable from Restricted Assets	—	11,456	11,456	24,701
Other Liabilities	1,756	6,738	8,494	86,479
Noncurrent Liabilities:				
Due within one year	842,735	160,944	1,003,679	238,114
Due in more than one year	9,150,087	2,021,636	11,171,723	3,318,942
<b>Total Liabilities</b>	<b>\$ 14,383,794</b>	<b>\$ 3,102,429</b>	<b>\$ 17,486,223</b>	<b>\$ 4,788,473</b>

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

# State of Georgia

## Statement of Net Assets

June 30, 2008

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 11,979,690	\$ 4,801,548	\$ 16,781,238	\$ 1,051,140
Restricted for:				
Bond Covenants/Debt Service	—	—	0	48,516
Construction	—	—	0	12,605
Guaranteed Revenue Debt Common Reserve Fund	71,691	—	71,691	—
Loan and Grant Programs	—	—	0	57,456
Lottery for Education	994,067	—	994,067	—
Motor Fuel Tax Funds	409,494	—	409,494	—
Permanent Trusts:				
Nonexpendable	14	126,305	126,319	920,100
Expendable	—	219,201	219,201	866,784
Unemployment Compensation Benefits	—	1,325,595	1,325,595	—
Other Purposes	166,241	74,084	240,325	278
Unrestricted	1,383,624	604,035	1,987,659	3,136,818
<b>Total Net Assets</b>	<b>\$ 15,004,821</b>	<b>\$ 7,150,768</b>	<b>\$ 22,155,589</b>	<b>\$ 6,093,697</b>

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

# State of Georgia

## Statement of Activities

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

<u>Functions/Programs</u>	<u>Program</u>		
	<u>Expenses</u>	<u>Sales and Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary Government</b>			
Governmental Activities:			
General Government	\$ 1,896,438	\$ 1,634,855	\$ 122,476
Education	10,812,665	1,544	1,782,037
Health and Welfare	12,256,789	321,172	8,151,015
Transportation	3,056,226	38,165	1,320,387
Public Safety	2,130,454	278,675	104,833
Economic Development and Assistance	504,897	53,177	316,863
Culture and Recreation	251,055	141,887	88,322
Conservation	69,836	11,205	150
Interest and Other Charges on Long-Term Debt	405,255	—	—
Total Governmental Activities	<u>\$ 31,383,615</u>	<u>\$ 2,480,680</u>	<u>\$ 11,886,083</u>
Business-Type Activities:			
Higher Education Fund	\$ 6,242,687	\$ 1,834,826	\$ 1,693,038
State Employees' Health Benefit Plan	2,043,604	—	2,240,598
Unemployment Compensation Fund	774,030	—	575,930
State Road and Tollway Authority	15,110	20,648	—
Total Business-Type Activities	<u>\$ 9,075,431</u>	<u>\$ 1,855,474</u>	<u>\$ 4,509,566</u>
Total Primary Government	<u>\$ 40,459,046</u>	<u>\$ 4,336,154</u>	<u>\$ 16,395,649</u>
<b>Component Units</b>			
Georgia Environmental Facilities Authority	\$ 64,195	\$ 42,730	\$ 100,198
Georgia Housing and Finance Authority	144,414	45,536	91,163
Georgia Lottery Corporation	3,285,176	3,276,345	—
Georgia Tech Foundation, Incorporated	109,617	18,636	57,488
Nonmajor Component Units	1,919,811	1,162,953	638,517
Total Component Units	<u>\$ 5,523,213</u>	<u>\$ 4,546,200</u>	<u>\$ 887,366</u>

### 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 Assets
Net Assets - Beginning - Restated (Note 3)
Net Assets - Ending

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

Revenues		Changes in Net Assets			
Capital	Primary Government				Component
Grants and Contributions	Governmental Activities	Business-Type Activities	Total		Units
\$ 27,187	\$ (111,920)	\$ —	\$ (111,920)	\$	—
—	(9,029,084)	—	(9,029,084)		—
5,822	(3,778,780)	—	(3,778,780)		—
1,330,513	(367,161)	—	(367,161)		—
64	(1,746,882)	—	(1,746,882)		—
—	(134,857)	—	(134,857)		—
63,188	42,342	—	42,342		—
65	(58,416)	—	(58,416)		—
—	(405,255)	—	(405,255)		—
<u>\$ 1,426,839</u>	<u>\$ (15,590,013)</u>	<u>\$ —</u>	<u>\$ (15,590,013)</u>	\$	—
\$ 111,055	\$ —	\$ (2,603,768)	\$ (2,603,768)	\$	—
—	—	196,994	196,994		—
—	—	(198,100)	(198,100)		—
—	—	5,538	5,538		—
<u>\$ 111,055</u>	<u>\$ —</u>	<u>\$ (2,599,336)</u>	<u>\$ (2,599,336)</u>	\$	—
<u>\$ 1,537,894</u>	<u>\$ (15,590,013)</u>	<u>\$ (2,599,336)</u>	<u>\$ (18,189,349)</u>	\$	—
\$ 59,415	\$ —	\$ —	\$ —	\$	138,148
—	—	—	—		(7,715)
—	—	—	—		(8,831)
—	—	—	—		(33,493)
19,225	—	—	—		(99,116)
<u>\$ 78,640</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	\$	<u>(11,007)</u>
	\$ 8,834,591	\$ —	\$ 8,834,591	\$	—
	5,760,691	—	5,760,691		—
	2,694,710	—	2,694,710		27,820
	264,448	134,436	398,884		48,719
	58,857	—	58,857		—
	247,322	—	247,322		26,735
	—	—	0		99,836
	—	—	0		59,185
	(2,670,418)	2,670,418	0		—
	<u>\$ 15,190,201</u>	<u>\$ 2,804,854</u>	<u>\$ 17,995,055</u>	\$	<u>262,295</u>
	<u>\$ (399,812)</u>	<u>\$ 205,518</u>	<u>\$ (194,294)</u>	\$	<u>251,288</u>
	<u>15,404,633</u>	<u>6,945,250</u>	<u>22,349,883</u>		<u>5,842,409</u>
	<u>\$ 15,004,821</u>	<u>\$ 7,150,768</u>	<u>\$ 22,155,589</u>	\$	<u>6,093,697</u>

# State of Georgia

## Balance Sheet Governmental Funds June 30, 2008 (expressed in thousands)

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,810,597	\$ —	\$ 297,498	\$ 2,108,095
Investments	2,522,042	1,414,834	306,960	4,243,836
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,635,080	—	—	1,635,080
Interest and Dividends	65,927	—	—	65,927
Notes and Loans	1,510	—	—	1,510
Other	342,319	—	197	342,516
Due from Other Funds	359,938	—	1,661	361,599
Due from Component Units	49,730	—	—	49,730
Intergovernmental Receivables	1,143,742	—	—	1,143,742
Inventories	45,244	—	—	45,244
Prepaid Items	48,120	—	6	48,126
Restricted Assets				
Cash and Cash Equivalents	—	—	60,752	60,752
Investments	—	—	5,292	5,292
Advances to Component Units	12,973	—	—	12,973
Other Assets	5,294	—	—	5,294
<b>Total Assets</b>	<b>\$ 8,042,516</b>	<b>\$ 1,414,834</b>	<b>\$ 672,366</b>	<b>\$ 10,129,716</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Cash Overdraft	\$ —	\$ 6,648	\$ —	\$ 6,648
Accounts Payable and Other Accruals	2,316,553	150,872	213	2,467,638
Due to Other Funds	138,303	—	345,460	483,763
Due to Component Units	57	—	—	57
Salaries/Withholdings Payable	26,609	—	—	26,609
Benefits Payable	675,942	—	—	675,942
Contracts Payable	121,864	17,648	—	139,512
Undistributed Local Government Sales Tax	104,100	—	—	104,100
Funds Held for Others	136,418	—	—	136,418
Deferred Revenue	193,796	—	—	193,796
Commercial Paper Payable	—	—	39,500	39,500
Other Liabilities	1,582	44,460	174	46,216
<b>Total Liabilities</b>	<b>\$ 3,715,224</b>	<b>\$ 219,628</b>	<b>\$ 385,347</b>	<b>\$ 4,320,199</b>
<b>Fund Balances:</b>				
Reserved for Advances	\$ 12,973	\$ —	\$ —	\$ 12,973
Reserved for Encumbrances	950,285	—	—	950,285
Reserved for Georgia Academy for the Blind	—	—	14	14
Reserved for Guaranteed Revenue Debt Common Reserve Fund	71,691	—	—	71,691
Reserved for Inventories	40,377	—	—	40,377
Reserved for Lottery for Education	994,067	—	—	994,067
Reserved for Roads and Bridges (Motor Fuel Tax Funds)	409,494	—	—	409,494
Reserved for Unissued Debt/Debt Service	169,868	—	—	169,868
Reserved for Other Specific Purposes	189,037	—	—	189,037
Unreserved				
Designated for Capital Outlay	—	1,195,206	—	1,195,206
Designated for Revenue Shortfall				
Education (K - 12) - Fiscal Year 2009	187,278	—	—	187,278
Fiscal Year 2009 Appropriation	50,000	—	—	50,000
Fiscal Year 2010 Appropriation	408,598	—	—	408,598
Other	565,907	—	—	565,907
Designated for Other Specific Purposes (Tobacco Settlement Funds and Other)	277,717	—	—	277,717
Unreserved, Undesignated, Reported in				
General Fund	—	—	—	0
Special Revenue Funds	—	—	286,451	286,451
Capital Projects Funds	—	—	554	554
<b>Total Fund Balances</b>	<b>\$ 4,327,292</b>	<b>\$ 1,195,206</b>	<b>\$ 287,019</b>	<b>\$ 5,809,517</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,042,516</b>	<b>\$ 1,414,834</b>	<b>\$ 672,366</b>	<b>\$ 10,129,716</b>

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

# State of Georgia

## Reconciliation of the Balance Sheet - Governmental Funds To the Statement of Net Assets June 30, 2008 (expressed in thousands)

<b>Total Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>5,809,517</b>
Amounts reported for governmental activities in the Statement of Net Assets 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	\$	2,548,909
Buildings and Building Improvements		2,616,736
Improvements Other Than Buildings		73,058
Equipment		773,490
Infrastructure		19,097,644
Construction in Progress		4,607,139
Works of Art		706
Software		128,474
Accumulated Depreciation		<u>(11,165,113)</u>
		18,681,043
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 Assets.		
		20,274
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of a majority of the internal service funds are included in governmental activities in the Statement of Net Assets.		
		612,112
Certain long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds	\$	(7,839,575)
Premiums		(183,614)
Deferred Amount on Refunding		95,769
Accrued Interest Payable		(126,968)
Revenue Bonds		(1,539,250)
Premiums		(78,682)
Accrued Interest Payable		(10,001)
Capital Leases		(2,560)
Compensated Absences		(343,827)
Long-Term Notes		(32,820)
Arbitrage Rebate		<u>(56,597)</u>
		<u>(10,118,125)</u>
<b>Total Net Assets - Governmental Activities</b>	<b>\$</b>	<b><u>15,004,821</u></b>

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

# State of Georgia

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

### Governmental Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$ 17,289,992	\$ —	\$ —	\$ 17,289,992
Licenses and Permits	682,940	—	—	682,940
Intergovernmental - Federal	11,623,735	—	—	11,623,735
Intergovernmental - Other	404,295	230	552	405,077
Sales and Services	376,470	—	204	376,674
Fines and Forfeits	321,804	—	—	321,804
Interest and Other Investment Income	114,032	111,436	14,869	240,337
Rents and Royalties	12,896	—	—	12,896
Contributions and Donations	23,530	—	216	23,746
Penalties and Interest on Taxes	5,437	—	—	5,437
Unclaimed Property	58,857	—	—	58,857
Lottery Proceeds	867,686	—	—	867,686
Nursing Home Provider Fees	133,974	—	—	133,974
Other	110,198	—	19	110,217
<b>Total Revenues</b>	<b>\$ 32,025,846</b>	<b>\$ 111,666</b>	<b>\$ 15,860</b>	<b>\$ 32,153,372</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	\$ 1,246,412	\$ 4,839	\$ 14	\$ 1,251,265
Education	10,481,853	—	1	10,481,854
Health and Welfare	12,475,474	—	—	12,475,474
Transportation	3,184,847	—	71,384	3,256,231
Public Safety	2,035,807	—	—	2,035,807
Economic Development and Assistance	815,890	—	876	816,766
Culture and Recreation	315,578	—	—	315,578
Conservation	69,883	—	—	69,883
Capital Outlay	—	471,251	—	471,251
Debt Service				
Principal	—	—	750,909	750,909
Interest	—	—	434,494	434,494
Accrued Interest on Bonds Retired in Advance	—	—	653	653
Discount on Bonds Retired in Advance	—	—	(31,844)	(31,844)
Other Debt Service Expenditures	—	4,139	24,710	28,849
Intergovernmental	—	341,524	—	341,524
<b>Total Expenditures</b>	<b>\$ 30,625,744</b>	<b>\$ 821,753</b>	<b>\$ 1,251,197</b>	<b>\$ 32,698,694</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 1,400,102</b>	<b>\$ (710,087)</b>	<b>\$ (1,235,337)</b>	<b>\$ (545,322)</b>
<b>Other Financing Sources (Uses):</b>				
Debt Issuance - General Obligation Bonds	\$ —	\$ 946,035	\$ —	\$ 946,035
Debt Issuance - Revenue Bonds	—	—	600,000	600,000
Debt Issuance - General Obligation Bonds - Premium	—	16,828	—	16,828
Debt Issuance - Revenue Bonds - Premium	—	—	39,911	39,911
Proceeds from Sale of Capital Assets	—	—	1,661	1,661
Capital Leases	825	—	—	825
Transfers In	942,959	8,221	1,170,682	2,121,862
Transfers Out	(3,580,049)	(538,770)	(480,806)	(4,599,625)
<b>Net Other Financing Sources (Uses)</b>	<b>\$ (2,636,265)</b>	<b>\$ 432,314</b>	<b>\$ 1,331,448</b>	<b>\$ (872,503)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,236,163)</b>	<b>\$ (277,773)</b>	<b>\$ 96,111</b>	<b>\$ (1,417,825)</b>
Fund Balances, July 1	5,564,787	1,472,979	190,908	7,228,674
Adjustments (Note 3)	(1,332)	—	—	(1,332)
<b>Fund Balances, June 30</b>	<b>\$ 4,327,292</b>	<b>\$ 1,195,206</b>	<b>\$ 287,019</b>	<b>\$ 5,809,517</b>

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

# State of Georgia

## 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, 2008 (expressed in thousands)

**Net Change in Fund Balances - Governmental Funds** **\$ (1,417,825)**

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.	\$ 2,799,235	
Depreciation expense	(973,671)	1,825,564

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		63,317
--	--	--------

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 Assets.		(1,540,810)
---	--	-------------

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 Assets, the lease obligation is reported as a liability.		(825)
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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 Assets. Payments were made on the following long-term liabilities:		
General Obligation Bonds	\$ 716,900	
Revenue Bonds	55,620	
Notes	362	
Capital Leases	1,531	774,413

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.		32,839
--	--	--------

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	\$ (32,049)	
Accrued Interest on Bonds Payable	(10,793)	
Arbitrage Rebate	(48,130)	
Amortization of Deferred Amount on Refunding	(12,014)	
Amortization of Bond Premiums	(38,136)	
Allocation of Deferred Bond Issuance Costs	4,637	(136,485)

**Change in Net Assets - Governmental Activities** **\$ (399,812)**

# State of Georgia

## Statement of Net Assets Proprietary Funds June 30, 2008 (expressed in thousands)

	Business-Type Activities			Nonmajor Fund
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	State Road and Tollway Authority
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 651,366	\$ 404,038	\$ 1,278,974	\$ 10,434
Investments	250,113	303,376	—	7,141
Accounts Receivable (Net of Allowances for Uncollectibles)	178,252	34,673	110,327	60
Due From Other Funds	—	—	—	—
Due From Component Units	113,555	—	—	—
Intergovernmental Receivables	69,607	—	85	—
Inventories	31,709	—	—	1,792
Prepaid Items	92,849	—	—	28
Other Assets	56	—	—	21,878
<b>Noncurrent Assets:</b>				
Investments	111,966	72,122	—	—
Notes Receivable	48,021	—	—	—
Advances to Component Units	1,649	—	—	—
<b>Restricted Assets</b>				
Cash and Cash Equivalents	9,047	—	—	6,171
Investments	4,150	—	—	18,887
<b>Capital Assets:</b>				
Land	245,556	—	—	—
Buildings and Building Improvements	5,985,757	—	—	4,938
Improvements Other Than Buildings	286,349	—	—	2,517
Machinery and Equipment	2,149,460	—	—	5,237
Software	—	—	—	1,126
Library Collections	683,248	—	—	—
Works of Art and Collections	35,073	—	—	—
Infrastructure	223,623	—	—	—
Construction in Progress	315,155	—	—	—
Accumulated Depreciation	(3,324,717)	—	—	(11,189)
<b>Total Assets</b>	<b>\$ 8,161,844</b>	<b>\$ 814,209</b>	<b>\$ 1,389,386</b>	<b>\$ 69,020</b>

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 2,344,812	\$ 107,941
560,630	77,591
323,312	76,648
0	187,778
113,555	136
69,692	13
33,501	9,194
92,877	4,326
21,934	97
184,088	154,546
48,021	—
1,649	—
15,218	—
23,037	—
245,556	21,491
5,990,695	408,825
288,866	5,160
2,154,697	116,607
1,126	58,138
683,248	—
35,073	1,240
223,623	—
315,155	—
<u>(3,335,906)</u>	<u>(297,406)</u>
<u>\$ 10,434,459</u>	<u>\$ 932,325</u>

(continued)

# State of Georgia

## Statement of Net Assets Proprietary Funds (continued) June 30, 2008 (expressed in thousands)

	Business-Type Activities			
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Fund State Road and Tollway Authority
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Other Accruals	\$ 128,144	\$ 57,316	\$ 8,090	\$ 1,022
Due to Other Funds	51,050	—	14,478	—
Due to Component Units	1,360	—	—	—
Salaries/Withholdings Payable	22,764	18	—	—
Benefits Payable	24,049	200,353	22,532	—
Contracts Payable	14,717	—	—	—
Funds Held for Others	58,971	—	—	—
Unearned Revenue	223,357	83,402	18,691	—
Deposits	26,855	—	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	108,845	125	—	49
Capital Leases/Installment Purchases Payable - Current	51,399	—	—	—
Notes Payable - Current	309	—	—	—
Other Current Liabilities	6,955	—	—	—
<b>Current Liabilities Payable from Restricted Assets</b>				
Unearned Revenue	—	—	—	3,033
Deposits	—	—	—	105
Accrued Interest Payable	—	—	—	758
Revenue Bonds Payable - Current	—	—	—	7,560
<b>Noncurrent Liabilities:</b>				
Due to Component Units	1,956	—	—	—
Unearned Revenue	7,949	—	—	—
Compensated Absences Payable	85,878	122	—	102
Capital Leases/Installment Purchases Payable	1,743,835	—	—	—
Notes Payable	8,861	—	—	—
Revenue Bonds Payable	—	—	—	24,835
Unamortized Premium	—	—	—	307
Deferred Amount on Refunding	—	—	—	(1,074)
Other Postemployment Benefit Obligation	158,241	—	—	—
Other Noncurrent Liabilities	529	—	—	—
<b>Total Liabilities</b>	<b>\$ 2,726,024</b>	<b>\$ 341,336</b>	<b>\$ 63,791</b>	<b>\$ 36,697</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 4,798,919	\$ —	\$ —	\$ 2,629
<b>Restricted for:</b>				
Capital Projects	74,084	—	—	—
Distance Learning and Telemedicine	—	—	—	—
<b>Permanent Trusts:</b>				
Nonexpendable	126,305	—	—	—
Expendable	219,201	—	—	—
Surplus Property Working Capital	—	—	—	—
Unemployment Compensation Benefits	—	—	1,325,595	—
Unrestricted	217,311	472,873	—	29,694
<b>Total Net Assets</b>	<b>\$ 5,435,820</b>	<b>\$ 472,873</b>	<b>\$ 1,325,595</b>	<b>\$ 32,323</b>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Net Assets of Business-Type Activities

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 194,572	\$ 7,145
65,528	69
1,360	—
22,782	71
246,934	—
14,717	—
58,971	773
325,450	576
26,855	6
0	415,752
109,019	4,197
51,399	1,440
309	—
6,955	—
3,033	—
105	—
758	—
7,560	—
1,956	—
7,949	—
86,102	4,845
1,743,835	1,184
8,861	—
24,835	—
307	—
(1,074)	—
158,241	—
529	—
<u>\$ 3,167,848</u>	<u>\$ 436,058</u>
\$ 4,801,548	\$ 314,055
74,084	—
0	847
126,305	—
219,201	—
0	1,317
1,325,595	—
<u>719,878</u>	<u>180,048</u>
\$ 7,266,611	<u>\$ 496,267</u>
<u>(115,843)</u>	
<u>\$ 7,150,768</u>	

# State of Georgia

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

### Proprietary Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Business-Type Activities		
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund
<b>Operating Revenues:</b>			
Operating Grants and Contributions/Premiums	\$ 1,473,508	\$ 2,240,598	\$ 575,930
Rents and Royalties	5,977	—	—
Sales and Services	712,798	—	—
Tuition and Fees	1,340,987	—	—
Less: Scholarship Allowances	(268,861)	—	—
Other	43,925	—	—
<b>Total Operating Revenues</b>	<b>\$ 3,308,334</b>	<b>\$ 2,240,598</b>	<b>\$ 575,930</b>
<b>Operating Expenses:</b>			
Personal Services	\$ 3,830,338	\$ 5,992	\$ —
Services and Supplies	1,704,727	175,401	—
Scholarships and Fellowships	253,356	—	—
Benefits	—	1,804,921	774,030
Claims and Judgments	—	—	—
Depreciation	309,776	—	—
Amortization	—	—	—
<b>Total Operating Expenses</b>	<b>\$ 6,098,197</b>	<b>\$ 1,986,314</b>	<b>\$ 774,030</b>
<b>Operating Income (Loss)</b>	<b>\$ (2,789,863)</b>	<b>\$ 254,284</b>	<b>\$ (198,100)</b>
<b>Nonoperating Revenues (Expenses):</b>			
Grants and Contributions	\$ 219,530	\$ —	\$ —
Interest and Other Investment Income	42,508	28,171	62,565
Interest Expense	(87,598)	—	—
Other	(10,878)	—	—
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 163,562</b>	<b>\$ 28,171</b>	<b>\$ 62,565</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$ (2,626,301)</b>	<b>\$ 282,455</b>	<b>\$ (135,535)</b>
<b>Capital Contributions</b>	<b>\$ 307,106</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Transfers:</b>			
Transfers In	\$ 2,515,803	\$ —	\$ —
Transfers Out	(28,107)	(57,290)	(13,414)
<b>Net Transfers</b>	<b>\$ 2,487,696</b>	<b>\$ (57,290)</b>	<b>\$ (13,414)</b>
<b>Change in Net Assets</b>	<b>\$ 168,501</b>	<b>\$ 225,165</b>	<b>\$ (148,949)</b>
<b>Net Assets, July 1 (Restated)</b>	<b>5,267,319</b>	<b>247,708</b>	<b>1,474,544</b>
<b>Net Assets, June 30</b>	<b>\$ 5,435,820</b>	<b>\$ 472,873</b>	<b>\$ 1,325,595</b>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Change in Net Assets of Business-Type Activities

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

<u>Nonmajor Fund</u>			<u>Governmental</u>
<u>State</u>		<u>Total</u>	<u>Activities -</u>
<u>Road and</u>			<u>Internal</u>
<u>Tollway</u>			<u>Service</u>
<u>Authority</u>			<u>Funds</u>
\$ —	\$	4,290,036	\$ 114,148
44		6,021	49,158
20,604		733,402	215,119
—		1,340,987	—
—		(268,861)	—
—		43,925	1,971
<u>\$ 20,648</u>	<u>\$</u>	<u>6,145,510</u>	<u>\$ 380,396</u>
\$ 2,660	\$	3,838,990	\$ 80,239
4,898		1,885,026	206,599
—		253,356	—
—		2,578,951	—
—		0	224,673
886		310,662	23,616
5,150		5,150	—
<u>\$ 13,594</u>	<u>\$</u>	<u>8,872,135</u>	<u>\$ 535,127</u>
<u>\$ 7,054</u>	<u>\$</u>	<u>(2,726,625)</u>	<u>\$ (154,731)</u>
\$ —	\$	219,530	\$ —
1,192		134,436	18,424
(1,516)		(89,114)	(248)
—		(10,878)	116,330
<u>\$ (324)</u>	<u>\$</u>	<u>253,974</u>	<u>\$ 134,506</u>
<u>\$ 6,730</u>	<u>\$</u>	<u>(2,472,651)</u>	<u>\$ (20,225)</u>
<u>\$ —</u>	<u>\$</u>	<u>307,106</u>	<u>\$ 6,703</u>
\$ —	\$	2,515,803	\$ 2,753
—		(98,811)	(2,321)
<u>\$ 0</u>	<u>\$</u>	<u>2,416,992</u>	<u>\$ 432</u>
\$ 6,730	\$	251,447	\$ (13,090)
<u>25,593</u>			<u>509,357</u>
<u>\$ 32,323</u>			<u>\$ 496,267</u>
		<u>(45,929)</u>	
	<u>\$</u>	<u>205,518</u>	

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	<u>Business-Type Activities</u>	
	<u>Higher Education Fund</u>	<u>State Employees' Health Benefit Plan</u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 732,512	\$ —
Cash Received from Grants and Required Contributions/Premiums	1,468,199	2,262,316
Cash Received from Tuition and Fees	1,094,550	—
Cash Paid to Vendors	(2,442,425)	(120,842)
Cash Paid to Employees	(2,891,504)	(5,986)
Cash Paid for Benefits	—	(1,784,475)
Cash Paid for Claims and Judgments	—	—
Cash Paid for Scholarships, Fellowships and Loans	(271,704)	—
Other Operating Items (Net)	(3,618)	—
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (2,313,990)</b>	<b>\$ 351,013</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers from Other Funds	\$ 2,515,803	\$ —
Transfers to Other Funds	(3,397)	(57,290)
Other Noncapital Items (Net)	237,500	—
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>\$ 2,749,906</b>	<b>\$ (57,290)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital Contributions	\$ 152,245	\$ —
Proceeds from Sale of Capital Assets	7,592	—
Proceeds from Capital Debt	217	—
Acquisition and Construction of Capital Assets	(444,012)	—
Principal Paid on Capital Debt	(54,160)	—
Interest Paid on Capital Debt	(82,478)	—
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>\$ (420,596)</b>	<b>\$ 0</b>
<b>Cash Flows from Investing Activities:</b>		
Sale (Purchase) of Investments (Net)	\$ (126,484)	\$ (255,215)
Interest and Dividends Received	51,289	28,171
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>\$ (75,195)</b>	<b>\$ (227,044)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (59,875)</b>	<b>\$ 66,679</b>
<b>Cash and Cash Equivalents, July 1</b>	<b>720,288</b>	<b>337,359</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 660,413</b>	<b>\$ 404,038</b>
<b>Statement of Net Assets Reconciliation:</b>		
Current Assets	\$ 651,366	\$ 404,038
Noncurrent Assets	9,047	—
<b>Total Cash and Cash Equivalents, June 30</b>	<b>\$ 660,413</b>	<b>\$ 404,038</b>

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

- Enterprise Funds

Unemployment Compensation Fund	Nonmajor Fund		Total	Governmental Activities - Internal Service Funds
	State	Road and Tollway Authority		
\$ —	\$ 29,207	\$ 761,719	\$ 274,282	
585,164	—	4,315,679	99,407	
—	—	1,094,550	—	
—	(5,313)	(2,568,580)	(215,348)	
—	(2,509)	(2,899,999)	(79,707)	
(764,884)	—	(2,549,359)	—	
—	—	0	(151,279)	
—	—	(271,704)	—	
—	—	(3,618)	1,823	
<u>\$ (179,720)</u>	<u>\$ 21,385</u>	<u>\$ (2,121,312)</u>	<u>\$ (70,822)</u>	
\$ —	\$ —	\$ 2,515,803	\$ 2,753	
—	—	(60,687)	(2,321)	
—	—	237,500	61,645	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,692,616</u>	<u>\$ 62,077</u>	
\$ —	\$ —	\$ 152,245	\$ 1,196	
—	—	7,592	1,360	
—	—	217	—	
—	(891)	(444,903)	(4,885)	
—	(7,200)	(61,360)	(3,775)	
—	(1,696)	(84,174)	(248)	
<u>\$ 0</u>	<u>\$ (9,787)</u>	<u>\$ (430,383)</u>	<u>\$ (6,352)</u>	
\$ —	\$ (3,064)	\$ (384,763)	\$ (66,284)	
62,565	1,192	143,217	17,616	
<u>\$ 62,565</u>	<u>\$ (1,872)</u>	<u>\$ (241,546)</u>	<u>\$ (48,668)</u>	
\$ (117,155)	\$ 9,726	\$ (100,625)	\$ (63,765)	
1,396,129	6,879	2,460,655	171,706	
<u>\$ 1,278,974</u>	<u>\$ 16,605</u>	<u>\$ 2,360,030</u>	<u>\$ 107,941</u>	
\$ 1,278,974	\$ 10,434	\$ 2,344,812	\$ 107,941	
—	6,171	15,218	—	
<u>\$ 1,278,974</u>	<u>\$ 16,605</u>	<u>\$ 2,360,030</u>	<u>\$ 107,941</u>	

(continued)

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	<u>Business-Type Activities</u>	
	<u>Higher Education Fund</u>	<u>State Employees' Health Benefit Plan</u>
Operating Income (Loss)	\$ (2,789,863)	\$ 254,284
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation/Amortization Expense	309,776	—
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(44,369)	(5,605)
Decrease (Increase) in Due From Other Funds	—	—
Decrease in Due From Component Units	—	—
Decrease in Intergovernmental Receivables	—	—
Increase in Inventories	(3,454)	—
Decrease (Increase) in Prepaid Items	(682)	—
Decrease (Increase) in Other Assets	519	—
Increase in Notes Receivable	(2,039)	—
Increase (Decrease) in Accounts Payable and Other Accruals	24,196	54,559
Increase (Decrease) in Due to Other Funds	—	—
Increase (Decrease) in Salaries/Withholdings Payable	(439)	6
Increase in Benefits Payable	158,241	20,446
Increase in Funds Held for Others	—	—
Increase in Unearned Revenue	30,043	27,323
Decrease in Deposits	—	—
Increase in Claims and Judgments Payable	—	—
Increase in Compensated Absences Payable	11,309	—
Decrease in Other Liabilities	(7,228)	—
Net Cash Provided by (Used) in Operating Activities	<u>\$ (2,313,990)</u>	<u>\$ 351,013</u>
Noncash Investing, Capital, and Financing Activities:		
Acquisition of Capital and Other Assets through Capital Leases	\$ 558,330	\$ —
Donation of Capital Assets	148,091	—
Net Increase (Decrease) in Fair Value of Investments	(8,781)	—
Other Noncash Items	1,799	—

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

- Enterprise Funds

Unemployment Compensation Fund	Nonmajor Fund State Road and Tollway Authority	Total	Governmental Activities - Internal Service Funds
\$ (198,100)	\$ 7,054	\$ (2,726,625)	\$ (154,731)
—	6,036	315,812	23,616
2,896	(4)	(47,082)	(706)
—	8,447	8,447	(5,300)
—	—	0	62
246	—	246	60
—	(934)	(4,388)	(592)
—	(28)	(710)	287
—	—	519	(97)
—	—	(2,039)	—
(511)	968	79,212	(7,565)
1,064	—	1,064	(699)
—	—	(433)	42
9,146	—	187,833	—
—	—	0	771
5,539	124	63,029	229
—	(8)	(8)	—
—	—	0	73,394
—	151	11,460	407
—	(421)	(7,649)	—
<u>\$ (179,720)</u>	<u>\$ 21,385</u>	<u>\$ (2,121,312)</u>	<u>\$ (70,822)</u>

\$ —	\$ —	\$ 558,330	\$ 1,439
—	—	148,091	5,507
—	—	(8,781)	808
—	—	1,799	—

# State of Georgia

## Statement of Fiduciary Net Assets

### Fiduciary Funds

June 30, 2008

(expressed in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Agency	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 37,115	\$ 3,435,276	\$ 13,759	\$ 194,004	\$ 3,680,154
<b>Receivables</b>					
Interest and Dividends	292,721	59	—	—	292,780
Due from Brokers for Securities Sold	95,531	—	—	—	95,531
Other	236,732	—	—	441	237,173
Due from Other Funds	1,367	—	—	—	1,367
<b>Investments, at Fair Value</b>					
Certificates of Deposit	—	—	—	2,762	2,762
Investment Accounts	398	—	—	—	398
Pooled Investments	15,251,367	3,606,225	12,874	177,038	19,047,504
Mutual Funds	1,156,723	—	—	24,325	1,181,048
Repurchase Agreements	880,769	—	—	—	880,769
<b>Municipal, U. S. and Foreign</b>					
Government Obligations	16,112,007	—	—	13,802	16,125,809
Corporate Bonds/Notes/Debentures	4,115,215	—	—	—	4,115,215
Stocks	30,115,274	—	—	—	30,115,274
Asset-Backed Securities	30,268	—	—	—	30,268
Mortgage Investments	61,930	—	—	—	61,930
Real Estate Investment Trusts	752	—	—	—	752
<b>Capital Assets</b>					
Land	2,066	—	—	—	2,066
Buildings	7,697	—	—	—	7,697
Software	29,325	—	—	—	29,325
Machinery and Equipment	3,098	—	186	—	3,284
Accumulated Depreciation	(19,989)	—	(160)	—	(20,149)
Other Assets	35	—	—	3,191	3,226
<b>Total Assets</b>	<b>\$ 68,410,401</b>	<b>\$ 7,041,560</b>	<b>\$ 26,659</b>	<b>\$ 415,563</b>	<b>\$ 75,894,183</b>
<b>Liabilities</b>					
Accounts Payable and Other Accruals	\$ 412,356	\$ —	\$ 7	\$ 2,043	\$ 414,406
Due to Other Funds	1,384	—	—	—	1,384
Due to Brokers for Securities Purchased	259,330	—	—	—	259,330
Salaries/Withholdings Payable	17,989	—	—	—	17,989
Benefits Payable	59,374	—	—	—	59,374
Funds Held for Others	—	—	—	412,420	412,420
Notes Payable	18	—	—	—	18
Unearned Revenue	12,416	—	—	—	12,416
Compensated Absences Payable	67	—	213	—	280
Other Liabilities	—	—	—	1,100	1,100
<b>Total Liabilities</b>	<b>\$ 762,934</b>	<b>\$ 0</b>	<b>\$ 220</b>	<b>\$ 415,563</b>	<b>\$ 1,178,717</b>
<b>Net Assets</b>					
<b>Held in Trust for:</b>					
Pension Benefits	\$ 66,561,206	\$ —	\$ —	\$ —	\$ 66,561,206
Other Postemployment Benefits	913,666	—	—	—	913,666
Other Employee Benefits	172,595	—	—	—	172,595
Pool Participants	—	7,041,560	—	—	7,041,560
Other Purposes	—	—	26,439	—	26,439
<b>Total Net Assets</b>	<b>\$ 67,647,467</b>	<b>\$ 7,041,560</b>	<b>\$ 26,439</b>	<b>\$ 0</b>	<b>\$ 74,715,466</b>

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

# State of Georgia

## Statement of Changes in Fiduciary Net Assets

### Fiduciary Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Total
<b>Additions:</b>				
Contributions/Assessments				
Employer	\$ 1,910,267	\$ —	\$ —	\$ 1,910,267
Plan Members/Participants	842,445	—	202,026	1,044,471
Other Contributions				
Fines and Bond Forfeitures	21,854	—	—	21,854
Insurance Company Premium Taxes	25,415	—	—	25,415
Insurance Premiums	8,620	—	—	8,620
Other Fees	4,338	—	—	4,338
Interest and Other Investment Income				
Dividends and Interest	2,186,252	261,733	4,467	2,452,452
Net Appreciation (Depreciation) in Investments Reported at Fair Value	(4,586,231)	763	—	(4,585,468)
Less: Investment Expense	(76,185)	(2,015)	—	(78,200)
Pool Participant Deposits	—	9,708,583	—	9,708,583
Other				
Transfers from Other Funds	60,339	—	—	60,339
Miscellaneous	2,703	—	—	2,703
<b>Total Additions</b>	<b>\$ 399,817</b>	<b>\$ 9,969,064</b>	<b>\$ 206,493</b>	<b>\$ 10,575,374</b>
<b>Deductions:</b>				
General and Administrative Expenses	\$ 84,553	\$ —	\$ 3,083	\$ 87,636
Benefits	4,591,424	—	181,714	4,773,138
Pool Participant Withdrawals	—	8,930,979	—	8,930,979
Refunds	75,020	—	—	75,020
<b>Total Deductions</b>	<b>\$ 4,750,997</b>	<b>\$ 8,930,979</b>	<b>\$ 184,797</b>	<b>\$ 13,866,773</b>
<b>Change in Net Assets Held in Trust for:</b>				
Pension and Other Employee Benefits	\$ (4,351,180)	\$ —	\$ —	\$ (4,351,180)
Pool Participants	—	1,038,085	—	1,038,085
Other Purposes	—	—	21,696	21,696
<b>Net Assets, July 1</b>	<b>71,998,647</b>	<b>6,003,475</b>	<b>4,743</b>	<b>78,006,865</b>
<b>Net Assets, June 30</b>	<b>\$ 67,647,467</b>	<b>\$ 7,041,560</b>	<b>\$ 26,439</b>	<b>\$ 74,715,466</b>

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

# State of Georgia

## Statement of Net Assets

### Component Units

June 30, 2008

(expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 140,449	\$ 40,378	\$ 2,416
Investments	126,243	12,004	1,699
Receivables			
Accounts (Net)	6,258	—	142,007
Taxes	—	—	—
Interest and Dividends	19,339	698	—
Notes and Loans	—	—	—
Due from Primary Government	—	—	—
Due from Component Units	—	—	—
Intergovernmental Receivables	3,025	—	—
Inventories	—	—	—
Prepaid Items	—	—	3,059
Other Current Assets	—	18,973	—
<b>Noncurrent Assets:</b>			
Investments	143,581	100,835	—
Receivables (Net)			
Notes and Loans	1,259,769	266,075	—
Other	—	—	—
Due from Primary Government	—	—	—
Due from Component Units	—	—	—
<b>Restricted Assets</b>			
Cash and Cash Equivalents	—	52,161	4,285
Investments	—	176,165	260,855
Receivables			
Loans (Net)	—	596,588	—
Interest and Dividends	—	5,795	—
Other	—	—	—
Deferred Charges	—	15,088	—
<b>Capital Assets:</b>			
Land	—	800	—
Buildings and Building Improvements	—	3,865	2,513
Improvements Other Than Buildings	—	2,514	—
Machinery and Equipment	118	752	16,523
Software	—	—	1,867
Works of Art and Collections	—	—	—
Infrastructure	—	—	—
Construction in Progress	—	—	—
Accumulated Depreciation	(65)	(3,541)	(16,029)
Other Noncurrent Assets	34	—	—
<b>Total Assets</b>	<b>\$ 1,698,751</b>	<b>\$ 1,289,150</b>	<b>\$ 419,195</b>

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

Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
\$ 7,442	\$ 611,429	\$ 802,114
—	332,738	472,684
28,963	229,394	406,622
—	303	303
—	4,208	24,245
1,235	200,180	201,415
—	1,417	1,417
—	4,138	4,138
—	13,786	16,811
—	18,414	18,414
—	12,170	15,229
—	58,733	77,706
1,334,684	1,043,293	2,622,393
—	4,060	1,529,904
208,229	893,864	1,102,093
—	1,956	1,956
—	89,144	89,144
—	243,330	299,776
—	173,649	610,669
—	—	596,588
—	—	5,795
—	165	165
—	—	15,088
2,553	328,904	332,257
38,051	1,070,564	1,114,993
—	338,151	340,665
7,530	592,730	617,653
—	—	1,867
—	1,064	1,064
—	195,757	195,757
—	261,204	261,204
(10,467)	(943,378)	(973,480)
27,560	47,927	75,521
<u>\$ 1,645,780</u>	<u>\$ 5,829,294</u>	<u>\$ 10,882,170</u>

(continued)

# State of Georgia

## Statement of Net Assets

### Component Units (continued)

June 30, 2008

(expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable and Other Accruals	\$ 4,986	\$ 12,830	\$ 140,968
Due to Primary Government	40,000	2	9,334
Due to Component Units	—	—	—
Salaries/Withholdings Payable	—	—	—
Accrued Interest Payable	660	3,690	—
Contracts Payable	—	—	—
Funds Held for Others	—	—	—
Unearned Revenue	21,792	—	—
Deposits	—	—	—
Compensated Absences Payable - Current	99	—	201
Capital Leases/Installment Purchases Payable - Current	16	—	—
Notes and Loans Payable - Current	—	—	—
Revenue Bonds Payable - Current	7,115	39,335	—
Grand Prizes Payable - Current	—	—	17,803
Other Current Liabilities	—	68,685	—
<b>Current Liabilities Payable from Restricted Assets:</b>			
Accrued Interest Payable	—	—	—
Revenue Bonds Payable - Current	—	—	—
Other	—	—	4,108
<b>Noncurrent Liabilities:</b>			
Unearned Revenue	—	267,733	—
Compensated Absences Payable	298	—	2,063
Capital Leases/Installment Purchases Payable	24	—	—
Notes and Loans Payable	—	—	—
Revenue/Mortgage Bonds Payable	20,910	751,775	—
Grand Prizes Payable	—	—	234,281
Advances from Primary Government	—	—	—
Due to Component Units	—	—	—
Other Noncurrent Liabilities	—	—	768
<b>Total Liabilities</b>	<b>\$ 95,900</b>	<b>\$ 1,144,050</b>	<b>\$ 409,526</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 14	\$ 4,390	\$ 4,874
<b>Restricted for:</b>			
Bond Covenants/Debt Service	13,950	—	—
Construction	—	—	—
Higher Education	—	—	—
Expendable	—	—	—
Nonexpendable	—	—	—
Loan and Grant Programs	57,456	—	—
Other Purposes	—	—	177
Unrestricted	1,531,431	140,710	4,618
<b>Total Net Assets</b>	<b>\$ 1,602,851</b>	<b>\$ 145,100</b>	<b>\$ 9,669</b>

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

Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
\$ 9,499	\$ 149,529	\$ 317,812
—	116,210	165,546
437	3,701	4,138
—	9,889	9,889
—	—	4,350
—	12,065	12,065
—	1,521	1,521
2,418	114,773	138,983
—	21,347	21,347
264	15,722	16,286
—	3,048	3,064
61,537	27,141	88,678
4,825	52,560	103,835
—	—	17,803
2,616	23,626	94,927
—	4,152	4,152
—	7,665	7,665
—	8,776	12,884
40,894	46,815	355,442
—	3,422	5,783
—	13,657	13,681
—	122,854	122,854
202,570	1,866,412	2,841,667
—	—	234,281
—	12,497	12,497
89,144	—	89,144
24,035	63,376	88,179
<u>\$ 438,239</u>	<u>\$ 2,700,758</u>	<u>\$ 4,788,473</u>
\$ (246)	\$ 1,042,108	\$ 1,051,140
—	34,566	48,516
12,605	—	12,605
418,704	448,080	866,784
385,632	534,468	920,100
—	—	57,456
—	101	278
390,846	1,069,213	3,136,818
<u>\$ 1,207,541</u>	<u>\$ 3,128,536</u>	<u>\$ 6,093,697</u>

# State of Georgia

## Statement of Activities

### Component Units

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority
Expenses	\$ 64,195	\$ 144,414
Program Revenues:		
Sales and Charges for Services	\$ 42,730	\$ 45,536
Operating Grants and Contributions	100,198	91,163
Capital Grants and Contributions	59,415	—
Total Program Revenues	\$ 202,343	\$ 136,699
Net (Expenses) Revenue	\$ 138,148	\$ (7,715)
General Revenues:		
Taxes	\$ —	\$ —
Unrestricted Investment Income	1,936	15,367
Payments from the State of Georgia	—	—
Contributions to Permanent Endowments	—	—
Other	271	—
Total General Revenues	\$ 2,207	\$ 15,367
Change in Net Assets	\$ 140,355	\$ 7,652
Net Assets, July 1 - Restated (Note 3)	1,462,496	137,448
Net Assets, June 30	\$ 1,602,851	\$ 145,100

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

<u>Georgia Lottery Corporation</u>	<u>Georgia Tech Foundation, Incorporated</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
\$ 3,285,176	\$ 109,617	\$ 1,919,811	\$ 5,523,213
\$ 3,276,345	\$ 18,636	\$ 1,162,953	\$ 4,546,200
—	57,488	638,517	887,366
—	—	19,225	78,640
\$ 3,276,345	\$ 76,124	\$ 1,820,695	\$ 5,512,206
\$ (8,831)	\$ (33,493)	\$ (99,116)	\$ (11,007)
\$ —	\$ —	\$ 27,820	\$ 27,820
18,242	5,352	7,822	48,719
—	—	99,836	99,836
—	34,420	24,765	59,185
—	—	26,464	26,735
\$ 18,242	\$ 39,772	\$ 186,707	\$ 262,295
\$ 9,411	\$ 6,279	\$ 87,591	\$ 251,288
258	1,201,262	3,040,945	5,842,409
\$ 9,669	\$ 1,207,541	\$ 3,128,536	\$ 6,093,697

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# State of Georgia

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# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 1. Summary of Significant Accounting Policies

#### A. Basis of Presentation

The financial statements of the State of Georgia have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (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.

#### B. Financial Reporting Entity

For financial reporting purposes, the State of Georgia 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 of Georgia. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, 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 an organization is fiscally dependent upon the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

#### Blended Component Units

Blended component units provide services entirely or almost entirely to the primary government. 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 are as follows:

#### *Special Revenue Funds*

Georgia Economic Development Foundation, Inc.  
Georgia Tourism Foundation  
State Road and Tollway Authority

#### *Capital Projects Funds*

Georgia Building Authority (Hospital)  
Georgia Building Authority (Markets)  
Georgia Building Authority (Penal)  
Georgia Education Authority (University)  
Georgia Higher Education Facilities Authority

#### *Enterprise Funds*

Higher Education Fund  
Georgia Military College  
State Road and Tollway Authority

#### *Internal Service Funds*

Georgia Building Authority  
Georgia Correctional Industries Administration  
Georgia Technology Authority

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

#### *Authorities and Similar Organizations*

Geo. L. Smith II Georgia World Congress Center Authority  
Georgia Agricultural Exposition Authority  
Georgia Agrirama Development Authority  
Georgia Development Authority  
Georgia Environmental Facilities Authority  
Georgia Golf Hall of Fame Authority  
Georgia Higher Education Assistance Corporation  
Georgia Highway Authority  
Georgia Housing and Finance Authority  
Georgia International and Maritime Trade Center Authority  
Georgia Lottery Corporation  
Georgia Medical Center Authority  
Georgia Music Hall of Fame Authority  
Georgia Ports Authority  
Georgia Public Telecommunications Commission  
Georgia Rail Passenger Authority  
Georgia Regional Transportation Authority  
Georgia Seed Development Commission  
Georgia Sports Hall of Fame Authority  
Georgia Student Finance Authority  
Jekyll Island State Park Authority  
Lake Lanier Islands Development Authority  
North Georgia Mountains Authority  
Oconee River Greenway Authority  
OneGeorgia Authority  
Regional Educational Service Agencies  
Sapelo Island Heritage Authority  
Southwest Georgia Railroad Excursion Authority  
Stone Mountain Memorial Association  
Superior Court Clerks' Cooperative Authority

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 1. Summary of Significant Accounting Policies (continued)

*Higher Education Foundations and Similar Organizations*  
Georgia College and State University Foundation  
Georgia Southern University Housing Foundation,  
Incorporated

Georgia State University Foundation  
Georgia Tech Athletic Association  
Georgia Tech Facilities, Incorporated  
Georgia Tech Foundation, Incorporated  
Georgia Tech Research Corporation  
Kennesaw State University Foundation, Incorporated  
Medical College of Georgia Foundation, Incorporated  
Medical College of Georgia Health, Incorporated  
Medical College of Georgia Physician's Practice Group  
Foundation  
University of Georgia Athletic Association, Incorporated  
University of Georgia Foundation  
University of Georgia Research Foundation, Incorporated

#### **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 fiduciary component units are as follows:

#### *Pension Trust Funds*

Employees' Retirement System of Georgia  
Georgia Military Pension Fund  
Legislative Retirement System  
Public School Employees Retirement System  
Teachers Retirement System of Georgia

The State's significant component units issue separate audited financial statements. The financial statements for fiduciary component units and authorities and similar organizations can be obtained from their respective administrative offices or from the Georgia Department of Audits and Accounts, 270 Washington Street, S.W., Suite 1-156, Atlanta, Georgia 30334. The financial statements for the higher education foundations and similar organizations can be obtained from their respective administrative offices or from the Board of Regents of the University System of Georgia, 270 Washington Street, S.W., Atlanta, Georgia 30334.

### C. Government-Wide and Fund Financial Statements

#### **Government-Wide Financial Statements**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

#### **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.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 1. Summary of Significant Accounting Policies (continued)

#### 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.

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.

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 and claims and judgments, 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 follow all GASB pronouncements, and all Financial Accounting Standards

Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

When both restricted and unrestricted net assets 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.

Generally accepted accounting principles require 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. The Higher Education Fund (major enterprise fund) reports summer revenues and expenses in the year in which the predominant activity takes place.

The State reports the following major governmental funds:

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

The **Georgia State Financing and Investment Commission (Capital Projects Fund)** accounts for the construction of projects for state agencies financed through the issuance of public debt, including educational facilities for county and independent school systems.

The State reports the following major enterprise funds:

The **Higher Education Fund** accounts for the operations of State colleges and universities and State technical colleges.

The **State Employees' Health Benefit Plan** is a self-insured program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia.

The **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 and nonmajor funds:

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 1. Summary of Significant Accounting Policies (continued)

#### Governmental Fund Types:

**Special Revenue Funds** – These 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.

**Debt Service Fund** – This fund accounts for the payment of principal and interest on general long-term debt. The primary government debt service fund is the General Obligation Debt Sinking Fund. The Debt Sinking Fund is a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt.

**Capital Projects Funds** – These funds account for the acquisition or construction of capital facilities.

**Permanent Fund** – This fund is used to report resources of the Pupils Trust Fund at Georgia Academy for the Blind. The resources of this fund are legally restricted to the extent that only earnings, and not principal, may be used for Academy student activities.

#### Proprietary Fund Types:

**Enterprise Fund** – This fund accounts for those activities for which fees are charged to external users for goods or services. This fund is also used when the activity is financed with debt that is secured by a pledge of the net revenues from fees. The State Road and Tollway Authority's Georgia 400 Project Fund is the State's nonmajor enterprise fund.

**Internal Service Funds** – These 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 Fund Types:

**Pension and Other Employee Benefit Trust Funds** – These funds account for the retirement systems and plans administered by the Employees' Retirement System, for the Teachers Retirement System, 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 accumulation of resources for, and payment of, other postemployment benefits.

**Investment Trust Funds** – These 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** – These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Auctioneers and Real Estate Recovery Trust Funds, and the Subsequent Injury Trust Fund are reported in this category.

**Agency Funds** – These funds report 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.

#### Discretely Presented Component Units:

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units' column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Certain higher education foundations and similar organizations report under FASB standards; including FASB Statement No. 117, *Financial Reporting for Not-for Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to GASB presentation in these financial statements.

### E. Assets, Liabilities, and Net Assets/Fund Balances

#### Cash and Cash Equivalents

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 1. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents also include short-term, highly liquid investments with maturity dates within three months of the date acquired.

#### Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue. Investments are presented at fair value. 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 Director of the Office of Treasury and Fiscal Services as revenues of the State of Georgia. 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 Director of the Office of Treasury and Fiscal Services for the purpose of pooled investment (OCGA 50-17-63). Such cash is managed in a pooled investment fund 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 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. At June 30, 2008, the weighted average maturity of the Fund was 40 days.

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 of Georgia 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, which at June 30, 2008,

was \$2.03 per share. 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. The average investment duration at June 30, 2008, was 0.81 years.

Units of the University System of Georgia and their affiliated organizations may participate in the Regents Investment Pool. 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 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, 2008, the Department held surety bonds in the amount of \$37.179 million, and cash bonds in the amount of \$14.689 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 of Georgia 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, 2008, securities valued at \$213.177 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 1. Summary of Significant Accounting Policies (continued)

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of \$14.931 billion for construction performance to ensure proper completion and complete performance of construction contracts, and \$16.424 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.

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, 2008, the Department held surety bonds in the amount of \$65.795 million. These bonds are not recorded on the Statement of Net Assets.

#### 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 when either the asset or revenue recognition criteria (See Note 1-D) have been met. Estimates of allowances for uncollectible receivables have not been made for the majority of receivables included within the financial statements. Receivables from the Federal government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

#### Inventories

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.

Under the purchase method, a portion of the fund balance is reserved for inventories to indicate that it is not available for appropriation. Organizations using the consumption method normally reserve a portion of fund balance equal to the average monthly inventories on hand for the fiscal year.

#### Prepaid Items

Prepaid items include payments made to vendors and local government organizations for services that will benefit periods beyond June 30, 2008. Also, the employer's portion of health insurance benefits applicable to coverage effective after June 30, 2008, is recorded as a prepaid item.

#### Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Balance Sheet and/or Statement of Net Assets 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 Assets. 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. Donated capital assets are stated at fair market value at the time of donation. All land and non-depreciable land improvements are capitalized regardless of cost. Buildings and Improvements Other Than Buildings are capitalized when the cost or value exceeds \$100 thousand. Machinery and Equipment is capitalized when costs or value exceeds \$5 thousand. The State's bridges and roadways included in the state highway system are capitalized regardless of cost. All other infrastructure assets are capitalized when project costs exceed \$1 million. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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 the collections 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.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 1. Summary of Significant Accounting Policies (continued)

All depreciable capital assets are 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
Library Collections	10 years
Works of Art and Collections	5-40 years

#### 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 forty-five 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 ten hours of sick leave each month with a maximum accumulation of ninety 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 one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

#### Unearned Revenue

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, all deferred revenue reported represents revenue that is unearned, rather than unavailable.

#### 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 assets and on the proprietary fund statement of net assets 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.

#### Net Assets

Net assets are reported as invested in capital assets, net of related debt, restricted or unrestricted. "Invested in capital assets, net of related debt" consists of capital assets, net of accumulated 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 assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. The governmental activities column on the government-wide statement of net assets reports \$1.641 billion of restricted net assets, of which \$1.6 billion is restricted by enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 1. Summary of Significant Accounting Policies (continued)

#### Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans for future use of financial resources. Unreserved, undesignated fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated.

#### F. Revenues

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are recorded at their federally reported value. Commodity inventories of \$6.676 million are reported on the Balance Sheet – Governmental Funds. For the fiscal year ended June 30, 2008, revenues of \$141.101 million and expenditures of \$140.788 million relating to commodities are reported in the General Fund.

#### G. 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 short-term obligations on goods sold or services rendered.

Noncurrent portions of long-term interfund loans receivable are reported as advances and are recorded with a fund balance reserve account of equal amount to indicate that they do not constitute expendable available financial resources and therefore are not available for appropriation.

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 a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers and balances between funds are made to accomplish various provisions of law.

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

#### H. Fiscal Reporting Periods

The fiscal year end for the primary government and component units is June 30, except for the Stone Mountain Memorial Association (component unit), which has a fiscal year end of December 31.

### Note 2: Budgetary Control and Legal Compliance

#### Budgetary Process

Article III of the State Constitution provides, “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.” Compliance with this requirement is demonstrated in the Governor’s budget report and the Appropriation Acts for each fiscal year. Expenditures of State funds may not exceed the amount appropriated as provided by the Constitution. Total State funds expenditures did not exceed appropriated amounts.

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.

The annual budget of the State of Georgia 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

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 2: Budgetary Control and Legal Compliance (continued)

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

At the departmental summary level, expenditures did not exceed appropriations of State funds. However, budget units were unable to consistently demonstrate budgetary compliance at the "funding source within program" level as prescribed by the 2008 Appropriations Act, although some improvement from the previous fiscal year was noted.

### Note 3. Accounting Changes

#### Financial Reporting Entity

Operations and balances relating to the Jekyll Island Foundation, Inc., a component unit of the Jekyll Island State Park Authority (discretely presented component unit) not previously included in the financial reporting entity, were reported beginning in fiscal year 2008. The inclusion of this organization resulted in an increase in the beginning net assets of component units of \$2.594 million.

The tables on page 57 summarize the changes in fund equities as previously reported for the funds, activities, and component units at June 30, 2007, including adjustments and correction of prior year errors as indicated.

#### Recently Issued Pronouncements

In fiscal year 2008, the State implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes uniform reporting standards for employers participating in other postemployment benefit (OPEB)

plans. The statement requires the State, as an employer providing postemployment benefits other than pensions, to actuarially determine an annual required contribution (ARC) and an unfunded actuarial accrued liability (UAAL) for the healthcare and life insurance benefits provided to retirees. Required disclosures include plan descriptions, funding policy, information about contributions made in comparison to the annual OPEB cost, changes in the net OPEB liability, the funded status of each plan as of the most recent actuarial valuation date, and the nature of the actuarial valuation process and significant methods and assumptions used. Required Supplementary Information includes a schedule of funding progress for the most recent valuation and the two preceding valuations accompanied by notes regarding factors that significantly affect the identification of trends in the amounts reported. For the State's single-employer OPEB plans (Board of Regents Retiree Health Benefit Fund and State Employees' Assurance Department - OPEB), if the State does not contribute the ARC, it will record a liability for the difference between the contribution for retirees' benefits and the ARC. The statement was implemented prospectively with a zero net OPEB obligation at transition.

In addition, the State has implemented GASB Statement 48, *Sales and Pledges of receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement established criteria that governments will use to ascertain whether a transaction should be regarded as a sale or as collateralized borrowings and if the resulting proceeds received should be reported as revenue or as a liability. The criteria should be used to determine the extent to which a transferor government either retains or relinquishes control over the receivables or future revenues. This statement also establishes criteria for the valuation of assets that are transferred within the reporting entity. Implementation of this statement did not require any modification to the financial statements.

The State has also implemented GASB Statement 50, *Pension Disclosures*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information by pension plans and by employers that provide pension benefits.

In fiscal year 2009, the State will be implementing GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and Statement 52, *Land and Other Real Estate Held as Investments by Endowments*. As of the date of this report, the State has not determined the financial impact of implementing these statements.

# State of Georgia

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2008

### Note 3. Accounting Changes (continued)

	June 30, 2007 As Previously Reported	Adjustments	June 30, 2007 (Restated)
<b>Governmental Funds and Activities</b>			
<b>Major Funds:</b>			
General Fund (Adjustment to Repayment of Advances)	\$ 5,564,787	\$ (1,332)	\$ 5,563,455
Georgia State Financing and Investment Commission	1,472,979	—	1,472,979
<b>Nonmajor Funds:</b>			
Special Revenue Funds	187,585	—	187,585
Debt Service Fund	0	—	0
Capital Projects Funds	3,309	—	3,309
Permanent Fund	14	—	14
<b>Total Governmental Funds</b>	<b>\$ 7,228,674</b>	<b>\$ (1,332)</b>	<b>\$ 7,227,342</b>
Capital Assets, net of depreciation	16,792,165	—	16,792,165
Other Noncurrent Assets	15,637	—	15,637
Long-Term Liabilities (Correction of Prior Year Errors)	(9,177,015)	(32,767)	(9,209,782)
Inclusion of Internal Service Funds in Governmental Activities	576,174	3,097	579,271
<b>Total Governmental Funds and Activities</b>	<b>\$ 15,435,635</b>	<b>\$ (31,002)</b>	<b>\$ 15,404,633</b>
<b>Proprietary Funds and Business-Type Activities</b>			
<b>Major Funds:</b>			
Higher Education Fund (Correction of Prior Year Errors)	\$ 5,257,555	\$ 9,764	\$ 5,267,319
State Employees' Health Benefit Plan	247,708	—	247,708
Unemployment Compensation Fund	1,474,544	—	1,474,544
<b>Nonmajor Funds:</b>			
Enterprise Fund	25,593	—	25,593
Internal Service Funds (Correction of Prior Year Errors)	506,260	3,097	509,357
Internal Service Funds Look-Back Adjustments			
Removal of Internal Service Funds Relating to Governmental Activities	(576,174)	(3,097)	(579,271)
<b>Total Proprietary Funds and Business-Type Activities</b>	<b>\$ 6,935,486</b>	<b>\$ 9,764</b>	<b>\$ 6,945,250</b>
<b>Fiduciary Funds</b>			
Pension and Other Employee Benefit Trust Funds	\$ 71,998,647	\$ —	\$ 71,998,647
Investment Trust Funds	6,003,475	—	6,003,475
Private Purpose Trust Funds	4,743	—	4,743
<b>Total Fiduciary Funds</b>	<b>\$ 78,006,865</b>	<b>\$ 0</b>	<b>\$ 78,006,865</b>
<b>Discretely Presented Component Units</b>			
Addition to Reporting Entity (Jekyll Island Foundation, Inc.)	\$ 5,824,422	\$ 2,594	\$ 5,824,422
Adjustment to Repayment of Advances		1,332	1,332
Correction of Prior Year Errors (Net)		14,061	14,061
<b>Total Discretely Presented Component Units</b>	<b>\$ 5,824,422</b>	<b>\$ 17,987</b>	<b>\$ 5,842,409</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

	Primary Government and Fiduciary Funds	Component Units	Total
Cash and Cash Equivalents	\$ 4,554,204	\$ 802,114	\$ 5,356,318
Investments	5,220,688	3,095,077	8,315,765
Restricted Assets			
Cash and Cash Equivalents	75,971	299,776	375,747
Investments	28,329	610,669	638,998
Fiduciary Funds			
Cash and Cash Equivalents	3,680,154	—	3,680,154
Investments	71,561,729	—	71,561,729
<b>Total Cash and Investments</b>	<b>\$ 85,121,075</b>	<b>\$ 4,807,636</b>	<b>\$ 89,928,711</b>

Cash and investments as of June 30, 2008 consist of the following:

	Primary Government and Fiduciary Funds	Component Units	Total
Cash on Hand	\$ 6,867	\$ 47	\$ 6,914
Deposits with Financial Institutions (Note 4A)	2,766,138	724,016	3,490,154
Investments (Note 4B)	83,206,037	3,225,606	86,431,643
Assets Held at the Office of Treasury and Fiscal Services on Behalf of Other Organizations	(857,967)	857,967	0
<b>Total</b>	<b>\$ 85,121,075</b>	<b>\$ 4,807,636</b>	<b>\$ 89,928,711</b>

#### A. Deposits

Deposits include bank accounts and short-term investments, especially certificates of deposit. Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59:

- 1) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
- 3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- 4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- 5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

Home Loan Mortgage Corporation and the Federal National Mortgage Association.

The Director of the Office of Treasury and Fiscal Services (OTFS) 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 Director, a combination of the methods above may be utilized by a depository to secure deposits.

As authorized in OCGA 50-17-53, the State Depository Board has adopted policies that allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

#### *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.

#### **Primary Government**

At year-end, the carrying amounts of the State's deposits were \$2.766 billion, and the bank balances were \$2.907 billion. Of these bank balances, \$79.346 million were insured, \$214.164 million were collateralized with securities held by the pledging financial institutions, \$2.019 billion were collateralized with securities held by pledging institutions' trust departments or agents, but not in the State's name and \$594.762 million were uncollateralized.

#### **Component Units**

At year-end, the carrying amounts of the component units' deposits were \$493.544 million and the bank balances were \$517.482 million. Of these bank balances, \$22.255 million were insured, \$241.420 million were collateralized with securities held by the pledging financial institutions, \$145.633 million were collateralized with securities held by pledging institutions' trust departments or agents, but not in the State's name and \$108.174 million were uncollateralized.

The carrying amounts of the deposits of certain higher education foundations which utilize FASB standards were \$230.472 million. These deposits are not included in the balances reflected above.

### **B. Investments**

#### **Primary Government (Other than Pension and Other Employee Benefit Trust Funds)**

The investment policy of the State of Georgia is to maximize the protection of State funds on deposit while accruing an advantageous yield on those funds in excess of those required for current operating expenses (Official Code of Georgia Annotated [OCGA] 50-17-51).

Authorized pool investments are limited to the following in accordance with State statutes:

- 1) Obligations of the State of Georgia or of other states;
- 2) Obligations issued by the United States government;
- 3) Obligations fully insured or guaranteed by the United States government or a United States government agency;
- 4) Obligations of any corporation of the United States government;
- 5) Prime banker's acceptances;
- 6) Repurchase Agreements;
- 7) Obligations of other political subdivisions of the State; and
- 8) Commercial paper issued by domestic corporations.

Authorized investments are subject to certain restrictions.

Pooled cash and cash equivalents and investments are grouped into portfolios for investment purposes according to the operating needs of the State of Georgia and other pool contributors.

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

In accordance with Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems may invest in the following:

- 1) United States 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 United States government and for obligations unconditionally guaranteed by agencies.
- 3) FDIC insured cash assets or deposits.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

- 4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the United States 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 government of the United States of America.
- 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 United States of America 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 United States of America 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.
- 11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the United States of America, and the right to receive determinated 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.

#### Component Units

Component units follow applicable investing criteria described above for the primary government.

Certain higher education foundations utilize FASB standards; therefore, only the June 30, 2008, balances are available as follows (in thousands):

	Fair Value
Alternative Strategies	\$ 37,646
Cash Held by Investment Organization	87,682
Certificates of Deposit	1,107
Corporate Bonds	45,702
Diversifying Strategies	361,601
Equity Securities	644,786
Government and Agency Securities	37,723
Fixed Income	21,417
Investment Pools	527,704
Joint Ventures/Partnerships	597
Money Market Accounts	57,892
Mutual Funds	108,988
Real Estate	78,997
Split-interest Investments	16,727
Venture Capital	298,148
Total Investments	\$ <u>2,326,717</u>

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

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. 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.

#### Primary Government (Other than Pension and Other Employee Benefit Trust Funds)

The State manages interest rate risk by attempting to match investments with expected cash requirements. Certificates of deposit may not have a term exceeding five years. The Director of OTFS may establish duration or maturity limitations for other investments. The following table provides information about the State'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	\$ 45,187	\$ —	\$ —	\$ 44,210	\$ 977	\$ —
Banker's Acceptances	919,532	719,735	199,797	—	—	—
Corporate Debt						
Domestic	135,911	5,409	994	116,956	4,535	8,017
International Government Obligations	5,000	—	—	5,000	—	—
Mortgage-Backed Securities						
Commercial	56,456	—	—	—	5,793	50,663
Municipal Bonds	1,058	—	5	149	613	291
Mutual Funds - Debt	39,731	—	—	37,163	2,568	—
Repurchase Agreements	3,515,106	3,515,106	—	—	—	—
U. S. Agency Obligations	9,038,422	5,170,562	1,251,935	2,442,129	91,764	82,032
U. S. Treasury Obligations	198,606	9,073	73,463	105,254	10,635	181
<b>Total Debt Securities</b>	<b>\$ 13,955,009</b>	<b>\$ 9,419,885</b>	<b>\$ 1,526,194</b>	<b>\$ 2,750,861</b>	<b>\$ 116,885</b>	<b>\$ 141,184</b>
Equity Securities - Domestic	118,060					
Funds on Deposit with U. S. Treasury for Unemployment Compensation	1,280,173					
Mutual Funds - Equity	115,099					
Real Estate	242					
Real Estate Investment Fund	4,419					
<b>Total Investments</b>	<b>\$ 15,473,002</b>					

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

#### 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 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).

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
<b>Asset-Backed Securities</b>						
Domestic	\$ 30,650	\$ —	\$ —	\$ 6,987	\$ 1,942	\$ 21,721
<b>Corporate Debt</b>						
Domestic	132,569	85	4,740	40,232	30,298	57,214
International	9,130	—	—	2,223	1,647	5,260
<b>Mortgage-Backed Securities</b>						
Commercial	61,930	—	—	775	3,178	57,977
Municipal Bonds	1,566	—	—	24	934	608
Mutual Funds - Debt*	266	266	—	—	—	—
Repurchase Agreements	11,575	11,575	—	—	—	—
U. S. Agency Obligations	137,899	—	58	24,558	15,101	98,182
U. S. Treasury Obligations	121,827	—	13,854	61,171	42,743	4,059
<b>Total Debt Securities</b>	<b>\$ 507,412</b>	<b>\$ 11,926</b>	<b>\$ 18,652</b>	<b>\$ 135,970</b>	<b>\$ 95,843</b>	<b>\$ 245,021</b>
<b>Equity Securities</b>						
Domestic	648,230					
International	22,017					
Mutual Funds - Equity	250,876					
Real Estate Investment Trust	752					
<b>Total Investments</b>	<b>\$ 1,429,287</b>					

\* Maturity period is weighted average maturity.

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

	Total Fair Value	Effective Duration (Years)
Corporate and Other Bonds	\$ 5,090,743	5.1
Repurchase Agreements	1,109,689	0.0
U. S. Agency Obligations	2,878,321	3.6
U. S. Treasury Obligations	17,832,508	5.2
<b>Total Debt Securities</b>	<b>\$ 26,911,261</b>	
Common Stock	38,477,367	
Mutual Funds - Equity	915,120	
<b>Total Investments</b>	<b>\$ 66,303,748</b>	

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government.

The component units' exposure to interest rate risk is presented below (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	\$ 19,108	\$ —	\$ —	\$ 3,562	\$ 602	\$ 14,944
Commercial Paper	47,600	—	47,600	—	—	—
Corporate Debt						
Domestic	59,004	—	22,737	32,661	3,507	99
International	6,298	—	—	2,350	2,411	1,537
International Government						
Obligations	1,675	—	—	1,282	393	—
Investment Agreements	63,610	—	—	19,120	—	44,490
Money Market Mutual Funds	611	—	611	—	—	—
Mortgage-Backed Securities						
Commercial	159,181	—	2,645	13,980	3,096	139,460
Municipal Bonds	3,249	—	—	1,910	—	1,339
U. S. Agency Obligations	118,018	(3,363)	27,718	72,564	9,299	11,800
U. S. Treasury Obligations	299,496	26,952	30,383	122,628	68,513	51,020
<b>Total Debt Securities</b>	<b>\$ 777,850</b>	<b>\$ 23,589</b>	<b>\$ 131,694</b>	<b>\$ 270,057</b>	<b>\$ 87,821</b>	<b>\$ 264,689</b>
Equity Securities						
Domestic	27,736					
International	2,584					
Joint Venture	863					
Managed Futures and						
Hedge Funds	4,504					
Mutual Funds - Equity	85,352					
<b>Total Investments</b>	<b>\$ 898,889</b>					

#### 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.

#### Primary Government (Other than Pension and Other Employee Benefit Trust Funds)

The State's investment policies include the following investing restrictions to manage credit risk:

- 1) Repurchase agreements and reverse repurchase agreements may be transacted only with authorized dealers and banks of a certain size with other restrictions requiring approval of the Director of OTFS.
- 2) Commercial paper issued by domestic corporations may carry ratings no lower than P-1 by Moody's

Investors Service and A-1 by Standard & Poor's Corporation.

- 3) Prime bankers acceptances must carry the highest rating assigned to such investments by a nationally recognized rating agency.
- 4) Obligations issued by this State or its agencies or other political subdivisions of this State, if meeting statutory requirements, may be approved for investment by the Director of OTFS.
- 5) Obligations of domestic corporations must be rated investment grade or higher by a nationally recognized rating agency.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

- 6) Direct obligations of the government of any foreign country and obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation must be rated A or higher by a nationally recognized rating agency.
- 7) Such other limitations as determined by the Director of

OTFS necessary for the preservation of principal, liquidity, or marketability of any of the State's portfolios.

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

	Total Fair Value	AAA	AA	A	BAA	BBB	Not Rated
Asset-Backed Securities	\$ 45,187	\$ 45,187	\$ —	\$ —	\$ —	\$ —	—
Banker's Acceptances	919,532	—	—	919,532	—	—	—
Corporate Debt							
Domestic	135,911	17,304	27,515	81,930	5,512	3,634	16
International Government Obligations	5,000	—	—	—	—	—	5,000
Mortgage-Backed Securities							
Commercial	56,456	56,455	—	—	—	—	1
Municipal Bonds	1,058	1,058	—	—	—	—	—
Mutual Funds - Debt	39,731	—	—	—	—	—	39,731
Repurchase Agreements	3,450,000	—	—	3,450,000	—	—	—
U. S. Agency Obligations	9,033,216	8,842,290	4,424	5,050	—	—	181,452
<b>Total Credit Risk - Investments</b>	<b>\$ 13,686,091</b>	<b>\$ 8,962,294</b>	<b>\$ 31,939</b>	<b>\$ 4,456,512</b>	<b>\$ 5,512</b>	<b>\$ 3,634</b>	<b>\$ 226,200</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 described above and in Note 1. 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):

	Total Fair Value	Asset- Backed Securities - Domestic	Corporate Debt Domestic	Inter- national	Mortgage- Backed Securities	Municipal Bonds	Mutual Funds - Debt	Repurchase Agreements	U. S. Agency Obligations
AAA	\$ 6,542,902	\$ 13,996	\$ 3,497,998	\$ —	\$ 28,430	\$ 188	\$ 232	\$ —	\$ 3,002,058
AA	1,619,322	2,835	1,608,437	757	7,126	159	8	—	—
A	1,175,063	1,626	53,958	3,898	5,100	785	7	1,109,689	—
BAA	13,654	2,835	8,221	706	1,751	141	—	—	—
BBB	67,910	1,201	48,181	3,493	14,728	293	14	—	—
BB	5,867	626	4,963	276	—	—	2	—	—
B	1,144	943	198	—	—	—	3	—	—
CAA	4	—	4	—	—	—	—	—	—
CCC	386	386	—	—	—	—	—	—	—
Unrated	30,497	6,202	1,352	—	4,795	—	—	11,575	6,573
<b>Total Credit Risk - Investments</b>	<b>\$ 9,456,749</b>	<b>\$ 30,650</b>	<b>\$ 5,223,312</b>	<b>\$ 9,130</b>	<b>\$ 61,930</b>	<b>\$ 1,566</b>	<b>\$ 266</b>	<b>\$ 1,121,264</b>	<b>\$ 3,008,631</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. The exposure

of the component units' debt securities to credit risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BAA	BBB	BB	Not Rated
Asset-backed Securities	\$ 19,108	\$ 18,962	\$ —	\$ —	\$ —	\$ —	\$ 146	\$ —
Commercial Paper	47,600	—	—	47,600	—	—	—	—
Corporate Debt								
Domestic	59,004	4,811	17,147	20,844	723	14,960	435	84
International	6,298	3,840	1,078	533	—	847	—	—
International Government Obligations	1,675	1,675	—	—	—	—	—	—
Investment Agreements	63,610	6,390	41,356	13,965	—	—	1,899	—
Money Market Mutual Funds	611	—	—	—	—	—	—	611
Mortgage-backed Securities								
Commercial	159,181	157,953	755	373	—	—	—	100
Municipal Bonds	3,249	771	2,478	—	—	—	—	—
U. S. Agency Obligations	116,152	107,028	—	—	—	—	—	9,124
<b>Total Credit Risk Investments</b>	<b>\$ 476,488</b>	<b>\$ 301,430</b>	<b>\$ 62,814</b>	<b>\$ 83,315</b>	<b>\$ 723</b>	<b>\$ 15,807</b>	<b>\$ 2,480</b>	<b>\$ 9,919</b>

#### Custodial Credit Risk – Investments

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered.

At June 30, 2008, \$241.797 million of the State's investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Primary Government (Other than Pension and Other Employee Benefit Trust Funds)

The State's investment policies include the following restrictions to manage custodial credit risk for investments:

- 1) Repurchase agreements must be collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government having a market value of at least 102% of the investment. Collateral must be held by a third party custodian approved by the Director of OTFS and marked-to-market daily.
- 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 marked-to-market at least monthly with depositories required to initially pledge to OTFS, and thereafter maintain upon notification of any shortfall, collateral having a market value equal to 110 % of CD's.

#### 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 and in Note 1. At June 30, 2008, \$940.113 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 described above for the primary government. At June 30, 2008, \$144.924 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.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

#### **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 (Other than Pension and Other Employee Benefit Trust Funds)**

The State does not have a formally adopted policy for managing concentration of credit risk. At June 30, 2008, more than 5 percent of the primary government's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented 80.677 percent of total investments.

#### **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 percent of total net assets in any one corporation. At June 30, 2008, no more than 5 percent 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 described above for the primary government. At June 30, 2008, more than 5 percent of the component units' total investments were investments in commercial paper and securities of U. S. Agencies not explicitly guaranteed by the U. S. government. These investments represented 5.295 percent and 12.920 percent, respectively of total investments.

### **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 \$620.996 million at June 30, 2008, 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 Assets because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, 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 110% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$ 22.572 billion at June 30, 2008, and the collateral value was equal to 104.9%. 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 Assets because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

#### D. 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, 2008, and related risk disclosures for investments are as follows:

	<u>Georgia Fund 1</u> <u>Statement of Net Assets</u> <u>June 30, 2008</u> (expressed in thousands)	
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$	5,712,779
Investments		<u>5,928,438</u>
Net Assets	\$	<u><u>11,641,217</u></u>
 <b><u>Distribution of Net Assets</u></b>		
External Participant Account Balances	\$	6,922,981
Internal Participant Account Balances		<u>4,718,236</u>
Total Net Assets	\$	<u><u>11,641,217</u></u>

#### 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

#### Georgia Fund 1

The Primary Liquidity portfolio is a stable net asset value investment pool that follows Standard and Poor's criteria for AAAM rated money market funds. 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.

	<u>Georgia Fund 1</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2008</u> (expressed in thousands)	
<b><u>Additions</u></b>		
Pool Participant Deposits	\$	30,024,955
Investment Income		
Interest		450,973
Less: Investment Expense		<u>(2,737)</u>
Total Additions	\$	30,473,191
 <b><u>Deductions</u></b>		
Pool Participant Withdrawals		<u>29,828,765</u>
Net Increase	\$	644,426
 <b><u>Net Assets</u></b>		
July 1, 2007		<u>10,996,791</u>
June 30, 2008	\$	<u><u>11,641,217</u></u>

amount of the Fund's deposits as of June 30, 2008, was \$1.358 billion. This amount is included in the deposit disclosures of the Primary Government.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

#### Investments

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

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Fund's investments are presented below (in thousands):

	Total Fair Value	Maturity Period		Range of Yields
		Less than 3 Months	4 - 12 Months	
Banker's Acceptances	\$ 919,532	\$ 719,735	\$ 199,797	2.428% - 2.839%
Repurchase Agreements	3,147,849	3,147,849	—	2.400% - 2.750%
U. S. Agency Obligations	6,216,211	5,133,359	1,082,852	1.854% - 2.850%
Total Investments	\$ 10,283,592	\$ 9,000,943	\$ 1,282,649	

#### Credit Risk

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

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

	Total Fair Value	Credit Rating	
		AAA	A
Banker's Acceptances	\$ 919,532	—	\$ 919,532
Repurchase Agreements	3,147,849	—	3,147,849
U. S. Agency Obligations	6,216,211	6,216,211	—
	\$ 10,283,592	\$ 6,216,211	\$ 4,067,381

#### 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. At June 30, 2008, more than 5 percent 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 91.06 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

#### Georgia Extended Asset Pool

The Extended Term Portfolio is a variable net asset value investment pool that follows Standard and Poor's criteria for

AAAf money market rated funds. The pool is not registered with the SEC as an investment company.

<u>Georgia Extended Asset Pool</u>	
<u>Statement of Net Assets</u>	
<u>June 30, 2008</u>	
(expressed in thousands)	
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 405,777
Investments	<u>549,016</u>
Net Assets	\$ <u><u>954,793</u></u>

#### Distribution of Net Assets

External Participant Account Balances	\$ 89,205
Internal Participant Account Balances	<u>865,588</u>
Total Net Assets	\$ <u><u>954,793</u></u>

#### **Deposits**

Because the State does not maintain separate bank accounts for Georgia Extended Asset Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented.

The carrying amount of the Pool's deposits as of June 30, 2008, was \$103.626 million. This amount is included in the deposit disclosures of the Primary Government.

<u>Georgia Extended Asset Pool</u>	
<u>Statement of Changes in Net Assets</u>	
<u>For the Fiscal Year Ended June 30, 2008</u>	
(expressed in thousands)	
<b><u>Additions</u></b>	
Pool Participant Deposits	\$ 336,500
Investment Income	
Interest	37,634
Fair Value Increases	12,592
Less: Investment Expense	<u>(305)</u>
Total Additions	\$ 386,421

#### **Deductions**

Pool Participant Withdrawals	<u>333,581</u>
Net Increase	\$ 52,840

#### **Net Assets**

July 1, 2007	<u>901,953</u>
June 30, 2008	\$ <u><u>954,793</u></u>

#### **Investments**

Georgia Extended Asset Pool follows applicable investing criteria and investment risk management policies described above for the primary government. In addition, the fund managers restrict investments of the Pool in order to maintain the Standard and Poor's AAAf rating.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. 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. The Pool's investments are presented below (in thousands):

	Total Fair Value	Maturity Period		Range of Yields
		Less than 3 Months	1 - 5 Years	
Repurchase Agreements	\$ 302,151	\$ 302,151	\$ —	2.600%
U. S. Agency Obligations	496,995	8,521	488,474	2.646% - 5.625%
U. S. Treasury Obligations	52,021	—	52,021	4.552%
<b>Total Investments</b>	<b>\$ 851,167</b>	<b>\$ 310,672</b>	<b>\$ 540,495</b>	

#### *Credit Risk*

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

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

	Total Fair Value	Credit Rating	
		AAA	A
Repurchase Agreements	\$ 302,151	\$ —	\$ 302,151
U. S. Agency Obligations	496,995	496,995	—
	<b>\$ 799,146</b>	<b>\$ 496,995</b>	<b>\$ 302,151</b>

#### *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. At June 30, 2008, more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies

not explicitly guaranteed by the U. S. government. These investments represented approximately 93.89 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

#### Regents Investment Pool

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

<u>Regents Investment Pool</u> <u>Statement of Net Assets</u> June 30, 2008 (expressed in thousands)		<u>Regents Investment Pool</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2008</u> (expressed in thousands)	
<b><u>Assets</u></b>		<b><u>Additions</u></b>	
Investments	\$ 198,521	Pool Participant Deposits	\$ 89,030
Interest Receivable	<u>400</u>	Investment Income	
		Interest	5,750
Net Assets	<u>\$ 198,921</u>	Fair Value Decreases	(8,397)
		Less: Investment Expense	<u>(378)</u>
		Total Additions	\$ 86,005
		<b><u>Deductions</u></b>	
		Pool Participant Withdrawals	<u>\$ 17,192</u>
		Net Increase	\$ 68,813
		<b><u>Net Assets</u></b>	
		July 1, 2007	<u>130,108</u>
		June 30, 2008	<u>\$ 198,921</u>
<b><u>Distribution of Net Assets</u></b>			
External Participant Account Balances	\$ 29,374		
Internal Participant Account Balances	<u>169,547</u>		
Total Net Assets	<u>\$ 198,921</u>		

#### **Deposits**

Because the State does not maintain separate bank accounts for Regents Investment Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented. The carrying amount of the Pool's deposits as of June 30, 2008, was \$400 thousand. This amount is included in the deposit disclosures of the Primary Government.

#### **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.

#### ***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Pool's funds policy guidelines restrict average maturities of their holdings. The Pool's investments are presented in the following table (in thousands):

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 4. Deposits and Investments (continued)

	Total Fair Value	Maturity Period		
		Less than 1 Year	1 - 5 Years	6 - 10 Years
Mutual Bond Fund	\$ 26,941	\$ —	\$ 24,831	\$ 2,110
U. S. Agency Obligations	111,373	45,082	66,291	—
U. S. Treasury Obligations	6,400	—	4,051	2,349
<b>Total Debt Securities</b>	<b>\$ 144,714</b>	<b>\$ 45,082</b>	<b>\$ 95,173</b>	<b>\$ 4,459</b>
Equity Securities				
Domestic	12,604			
Mutual Funds - Equity	38,606			
Real Estate Investment Fund	2,597			
<b>Total Investments</b>	<b>\$ 198,521</b>			

#### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The 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. At June 30, 2008, the Pool's applicable U. S. Agency Obligations and Mutual Bond Fund were unrated.

#### ***Custodial Credit Risk – Investments***

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered. 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, 2008, \$130.377 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***

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. 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, 2008 more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented 51.6 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 5. Receivables

Receivables at June 30, 2008, consisted of the following (in thousands):

	<u>Gross</u> <u>Receivables</u>	<u>Allowance</u> <u>For</u> <u>Uncollectibles</u>	<u>Allowance</u> <u>For Possible</u> <u>Loan Losses</u>	<u>Allowance</u> <u>For Service</u> <u>Repayments</u>	<u>Deferred</u> <u>Loan Fees</u>	<u>Net Total</u> <u>Receivables</u>
<b>Governmental Activities:</b>						
General Fund	\$ 3,210,056	\$ (21,478)	\$ —	\$ —	\$ —	\$ 3,188,578
Nonmajor Governmental Funds	197	—	—	—	—	197
Total Governmental Funds	\$ 3,210,253	\$ (21,478)	\$ 0	\$ 0	\$ 0	\$ 3,188,775
Internal Service Funds	77,336	(677)	—	—	—	76,659
Receivables from Fiduciary Funds	17	—	—	—	—	17
Total Governmental Activities	<u>\$ 3,287,606</u>	<u>\$ (22,155)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,265,451</u>
<b>Business-Type Activities:</b>						
Higher Education Fund	\$ 312,927	\$ (17,047)	\$ —	\$ —	\$ —	\$ 295,880
State Employees' Health Benefit Plan	38,478	(3,805)	—	—	—	34,673
Unemployment Compensation Fund	123,130	(12,718)	—	—	—	110,412
State Road and Tollway Authority	74	(14)	—	—	—	60
Internal Service Funds	2	—	—	—	—	2
Total Business-Type Activities	<u>\$ 474,611</u>	<u>\$ (33,584)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 441,027</u>
Component Units	<u>\$ 3,938,254</u>	<u>\$ (5,874)</u>	<u>\$ (3,721)</u>	<u>\$ (44,505)</u>	<u>\$ (213)</u>	<u>\$ 3,883,941</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 5. Receivables (continued)

A reconciliation of receivables at June 30, 2008, to financial statement categories follows (in thousands):

ASSET CATEGORIES	Governmental Funds		Proprietary Funds					Component Units
	General Fund	Nonmajor Governmental Funds	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	State Road and Tollway Authority	Internal Service Funds	
<b>Current Assets:</b>								
Receivables (Net)								
Taxes	\$ 1,635,080	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 303
Interest and Dividends	65,927	—	—	—	—	—	—	24,245
Notes and Loans	1,510	—	—	—	—	—	—	201,415
Other	342,319	197	178,252	34,673	110,327	60	76,648	406,622
Intergovernmental Receivables	1,143,742	—	69,607	—	85	—	13	16,811
<b>Noncurrent Assets:</b>								
Receivables (Net)								
Notes and Loans	—	—	48,021	—	—	—	—	1,529,904
Other	—	—	—	—	—	—	—	1,102,093
Restricted Assets								
Receivables								
Loans (Net)	—	—	—	—	—	—	—	596,588
Interest and Dividends	—	—	—	—	—	—	—	5,795
Other	—	—	—	—	—	—	—	165
<b>Total Receivables</b>	<b>\$ 3,188,578</b>	<b>\$ 197</b>	<b>\$ 295,880</b>	<b>\$ 34,673</b>	<b>\$ 110,412</b>	<b>\$ 60</b>	<b>\$ 76,661</b>	<b>\$ 3,883,941</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 6. Capital Assets

#### Primary Government

Capital asset activity for the year ended June 30, 2008, was as follows (in thousands):

	Balance July 1, 2007	Adjustments	Increases	Decreases	Balance June 30, 2008
<b>Governmental Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 2,222,763	\$ —	\$ 351,727	\$ (4,090)	\$ 2,570,400
Works of Art and Collections	1,376	—	8	(58)	1,326
Construction in Progress	3,094,547	—	2,401,073	(888,481)	4,607,139
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 5,318,686</b>	<b>\$ 0</b>	<b>\$ 2,752,808</b>	<b>\$ (892,629)</b>	<b>\$ 7,178,865</b>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 18,230,608	\$ —	\$ 868,062	\$ (1,026)	\$ 19,097,644
Buildings	2,954,551	—	74,756	(3,746)	3,025,561
Improvements Other Than Buildings	77,626	—	600	(8)	78,218
Machinery and Equipment	860,351	—	75,173	(46,007)	889,517
Software	140,786	—	45,826	—	186,612
Works of Art and Collections	620	—	—	—	620
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 22,264,542</b>	<b>\$ 0</b>	<b>\$ 1,064,417</b>	<b>\$ (50,787)</b>	<b>\$ 23,278,172</b>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (8,620,589)	\$ —	\$ (886,421)	\$ 35	\$ (9,506,975)
Buildings	(1,096,301)	—	(76,957)	1,610	(1,171,648)
Improvements Other Than Buildings	(37,259)	—	(2,799)	3	(40,055)
Machinery and Equipment	(605,132)	—	(57,242)	39,123	(623,251)
Software	(113,687)	3,097	(10,149)	874	(119,865)
Works of Art and Collections	(124)	—	(21)	—	(145)
<b>Total Accumulated Depreciation</b>	<b>\$ (10,473,092)</b>	<b>\$ 3,097</b>	<b>\$ (1,033,589)</b>	<b>\$ 41,645</b>	<b>\$ (11,461,939)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 11,791,450</b>	<b>\$ 3,097</b>	<b>\$ 30,828</b>	<b>\$ (9,142)</b>	<b>\$ 11,816,233</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 17,110,136</b>	<b>\$ 3,097</b>	<b>\$ 2,783,636</b>	<b>\$ (901,771)</b>	<b>\$ 18,995,098</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 6. Capital Assets (continued)

#### Primary Government (continued)

	Balance July 1, 2007	Transfers and Other Adjustments	Increases	Decreases	Balance June 30, 2008
<b>Business-Type Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 235,655	\$ —	\$ 10,107	\$ (206)	\$ 245,556
Works of Art and Collections	31,154	—	3,178	(727)	33,605
Construction in Progress	195,372	—	234,059	(114,276)	315,155
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 462,181</b>	<b>\$ 0</b>	<b>\$ 247,344</b>	<b>\$ (115,209)</b>	<b>\$ 594,316</b>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 170,383	\$ (100)	\$ 53,361	\$ (21)	\$ 223,623
Buildings	5,562,235	40,481	429,688	(41,709)	5,990,695
Improvements Other Than Buildings	275,498	25	14,658	(1,315)	288,866
Machinery and Equipment	1,777,614	49,627	398,968	(70,932)	2,155,277
Software	685	—	441	—	1,126
Library Collections	650,187	68	35,688	(2,695)	683,248
Works of Art and Collections	1,358	—	110	—	1,468
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 8,437,960</b>	<b>\$ 90,101</b>	<b>\$ 932,914</b>	<b>\$ (116,672)</b>	<b>\$ 9,344,303</b>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (53,886)	\$ (975)	\$ (5,647)	\$ 36	\$ (60,472)
Buildings	(1,569,979)	9,796	(141,514)	15,794	(1,685,903)
Improvements Other Than Buildings	(113,563)	169	(8,382)	990	(120,786)
Machinery and Equipment	(885,783)	(3,239)	(126,067)	57,706	(957,383)
Software	(253)	—	(118)	—	(371)
Library Collections	(484,537)	(303)	(28,904)	2,647	(511,097)
Works of Art and Collections	(444)	—	(30)	—	(474)
<b>Total Accumulated Depreciation</b>	<b>\$ (3,108,445)</b>	<b>\$ 5,448</b>	<b>\$ (310,662)</b>	<b>\$ 77,173</b>	<b>\$ (3,336,486)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 5,329,515</b>	<b>\$ 95,549</b>	<b>\$ 622,252</b>	<b>\$ (39,499)</b>	<b>\$ 6,007,817</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 5,791,696</b>	<b>\$ 95,549</b>	<b>\$ 869,596</b>	<b>\$ (154,708)</b>	<b>\$ 6,602,133</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 6. Capital Assets (continued)

#### Primary Government (continued)

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

General Government	\$	11,740
Education		1,368
Health and Welfare		12,557
Transportation		897,135
Public Safety		52,535
Economic Development		19,054
Culture and Recreation		10,780
Conservation		3,729
Internal Service Funds		1,075
(Depreciation on capital assets held by the state's internal service funds are charged to the various functions based on their usage of the assets)		<u>23,616</u>
<b>Depreciation Expense - Governmental Activities</b>	<b>\$</b>	<b><u>1,033,589</u></b>

#### Component Units

Capital asset activity for the year ended June 30, 2008, was as follows (in thousands):

	Balance July 1, 2007	Transfers and Other Adjustments	Increases	Decreases	Balance June 30, 2008
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 224,203	\$ 15,722	\$ 66,107	\$ (122)	\$ 305,910
Works of Art and Collections	971	—	22	—	993
Construction in Progress	87,594	225	164,962	(81,339)	171,442
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 312,768</b>	<b>\$ 15,947</b>	<b>\$ 231,091</b>	<b>\$ (81,461)</b>	<b>\$ 478,345</b>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 191,770	\$ —	\$ 5,816	\$ (1,829)	\$ 195,757
Buildings	851,567	(1,699)	210,063	(161,787)	898,144
Improvements Other Than Buildings	319,137	—	21,662	(134)	340,665
Machinery and Equipment	547,412	184	64,477	(14,227)	597,846
Software	1,554	—	313	—	1,867
Works of Art and Collections	71	—	—	—	71
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 1,911,511</b>	<b>\$ (1,515)</b>	<b>\$ 302,331</b>	<b>\$ (177,977)</b>	<b>\$ 2,034,350</b>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (72,804)	\$ —	\$ (6,357)	\$ 1,374	\$ (77,787)
Buildings	(295,451)	(261)	(22,511)	1,143	(317,080)
Improvements Other Than Buildings	(115,660)	—	(12,893)	130	(128,423)
Machinery and Equipment	(370,154)	(134)	(41,694)	13,989	(397,993)
Works of Art and Collections	(2)	—	(2)	—	(4)
<b>Total Accumulated Depreciation</b>	<b>\$ (854,071)</b>	<b>\$ (395)</b>	<b>\$ (83,457)</b>	<b>\$ 16,636</b>	<b>\$ (921,287)</b>
<b>Capital Assets, Net (GASB presentation)</b>	<b>\$ 1,370,208</b>	<b>\$ 14,037</b>	<b>\$ 449,965</b>	<b>\$ (242,802)</b>	<b>\$ 1,591,408</b>

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 6. Capital Assets (continued)

#### Component Units (continued)

Certain higher education foundations and other similar organizations utilize FASB standards; therefore, only the June 30, 2008, balances are available as follows (in thousands):

<b>Capital Assets Not Being Depreciated:</b>	
Land	\$ 26,347
Construction in Progress	89,762
Total Capital Assets, Not Being Depreciated	<u>\$ 116,109</u>
<b>Capital Assets Being Depreciated:</b>	
Buildings	\$ 216,849
Machinery and Equipment	19,807
Total Capital Assets Being Depreciated	<u>\$ 236,656</u>
<b>Less: Accumulated Depreciation</b>	<u>\$ (52,193)</u>
<b>Capital Assets, Net (FASB presentation)</b>	<u>\$ 300,572</u>
<b>Total Capital Assets, Net - All Component Units</b>	<u>\$ 1,891,980</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 7. Risk Management

#### A. Public Entity Risk Pool

The Department of Community Health administers the States Health Benefit Plan for the State. Participants include State agencies, component units, participating county governments and local educational agencies. This plan is funded by participating employer and employee contributions and appropriations from the General Assembly of Georgia. The Department of Community Health has contracted with Blue Cross Blue Shield of Georgia, Cigna, United Health Care and Express Scripts to process claims in accordance with the State Health Benefit Plan as established by the Board of Community Health.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2008, and 2007, is shown below (in thousands):

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007
Unpaid Claims and Claim Adjustments July 1	\$ 179,907	\$ 247,350
Current Year Claims and Changes in Estimates	1,804,921	1,837,329
Claims Payments	<u>(1,784,475)</u>	<u>(1,904,772)</u>
Unpaid Claims and Claim Adjustments June 30	<u>\$ 200,353</u>	<u>\$ 179,907</u>

#### B. Board of Regents Employee Health Benefits Plan

The Board of Regents of the University System of Georgia 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 Board of Regents and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The Board of Regents has contracted with Blue Cross Blue Shield of Georgia and Express Scripts to process all claims in accordance with guidelines as established by the Board of Regents.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2008, and 2007, is shown below (in thousands):

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007
Unpaid Claims and Claim Adjustments July 1	\$ 27,147	\$ 27,984
Current Year Claims and Changes in Estimates	204,893	264,356
Claims Payments	<u>(207,991)</u>	<u>(265,193)</u>
Unpaid Claims and Claim Adjustments June 30	<u>\$ 24,049</u>	<u>\$ 27,147</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 7. Risk Management (continued)

#### C. Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia 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 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, 2008, of \$198.949 million was charged back to the contributing funds. Expenditures of \$129.317 million are reported in the general fund, and expenses of \$49.737 million are reported in the Higher Education (enterprise) Fund relating to this charge-back.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2008, and 2007, is shown below (in thousands):

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007
Unpaid Claims and Claim Adjustments July 1	\$ 342,358	\$ 373,248
Current Year Claims and Changes in Estimates	224,673	76,715
Claims Payments	<u>(151,279)</u>	<u>(107,605)</u>
Unpaid Claims and Claim Adjustments June 30	\$ <u>415,752</u>	\$ <u>342,358</u>

### Note 8. Construction and Other Significant Commitments

#### Primary Government

The Georgia State Financing and Investment Commission 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, 2008, the undisbursed balance remaining on these agreements approximated \$1.306 billion.

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, 2008, the Department of Transportation had contractual commitments of \$3.956 billion for construction of various highway projects. Funding of these future expenditures is expected to be provided from federal grants, motor fuel tax funds, general obligation bond proceeds, and debt instruments issued by the State Road and Tollway Authority. A portion (\$456 million) of the motor fuel tax funds appropriated for fiscal year 2009 will be needed to fund these contractual commitments.

### Note 9. Operating Leases

#### A. Lessee

The State leases land, office facilities, office and computer equipment, and other assets. 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 \$122.225 million, \$36.134 million, and \$5.683 million, respectively, for the year ended June 30, 2008. Future minimum commitments for operating leases as of June 30, 2008, are listed below (in thousands). Amounts are included for renewable leases for which the option to renew for the subsequent fiscal year has been exercised.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 9. Operating Leases (continued)

<u>Fiscal Year Ended June 30</u>	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
2009	\$ 101,957	\$ 33,405	\$ 13,548
2010	79,916	14,285	11,103
2011	66,749	12,687	10,854
2012	57,575	10,623	10,000
2013	51,123	9,500	9,582
2014-2018	106,329	15,872	28,450
2019-2023	50,522	12,304	8,263
2024-2028	25,556	10,684	8,263
2029-2033	3,205	3,627	231
2034-2038	7,749	—	—
2039-2043	7,749	—	—
2044-2048	6,937	—	—
2049-2053	5,721	—	—
2054-2058	42	—	—
2059-2063	34	—	—
	<u>\$ 571,164</u>	<u>\$ 122,987</u>	<u>\$ 100,294</u>
Less: Sublease Revenues	<u>—</u>	<u>—</u>	<u>(7,215)</u>
<b>Total Minimum Commitments</b>	<u><b>\$ 571,164</b></u>	<u><b>\$ 122,987</b></u>	<u><b>\$ 93,079</b></u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 9. Operating Leases (continued)

#### B. Lessor

The State leases certain facilities and land for use by others for terms varying from 1 to 65 years. The majority of the governmental activities leases are for facilities controlled by the State Properties Commission. 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 \$11.220 million, \$44.432 thousand, and \$13.145 million, respectively, for the year ended June 30, 2008. Minimum future revenues and rentals to be received under operating leases as of June 30, 2008, are as follows (in thousands):

<u>Fiscal Year Ended June 30</u>	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
2009	\$ 18,669	\$ 49	\$ 34,941
2010	18,978	49	27,604
2011	17,541	49	27,748
2012	12,075	44	23,969
2013	12,247	—	18,099
2014-2018	56,286	—	80,331
2019-2023	25,646	—	70,684
2024-2028	8,362	—	66,119
2029-2033	7,743	—	58,962
2034-2038	7,571	—	13,162
2039-2043	8,440	—	11,187
2044-2048	4,597	—	11,530
2049-2053	3,094	—	4,822
2054-2058	3,180	—	—
2059-2063	3,280	—	—
2064-2068	3,380	—	—
2069-2073	2,076	—	—
<b>Total Minimum Revenues</b>	<b>\$ 213,165</b>	<b>\$ 191</b>	<b>\$ 449,158</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 10. Capital Leases

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. The majority of these agreements contain fiscal funding clauses in accordance with OCGA 50-5-64 which prohibits the creation of a debt to the State of Georgia for the payment of any sums under such agreements beyond the fiscal year of execution if appropriated funds are not

available. If renewal of such agreements is reasonably assured, however, capital leases requiring appropriation by the General Assembly are considered noncancellable for financial reporting purposes. At June 30, 2008, the historical cost of assets acquired through capital leases was as follows (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Land	\$ —	\$ 14,461	\$ —
Infrastructure	—	47,146	—
Buildings	—	1,699,344	—
Improvements Other Than Buildings	—	400	—
Machinery and Equipment	5,904	47,779	4,511
<b>Total Assets Held Under Capital Lease</b>	<b>\$ 5,904</b>	<b>\$ 1,809,130</b>	<b>\$ 4,511</b>

At June 30, 2008, future commitments under capital leases were as follows (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
<b>Fiscal Year Ended June 30</b>			
2009	\$ 2,529	\$ 142,839	\$ 3,782
2010	1,652	142,749	3,777
2011	1,010	139,692	3,690
2012	688	134,463	1,841
2013	437	133,766	1,221
2014-2018	126	672,740	4,706
2019-2023	—	673,721	691
2024-2028	—	630,478	—
2029-2033	—	474,057	—
2034-2038	—	163,518	—
2039-2043	—	12,785	—
<b>Total Capital Lease Payments</b>	<b>\$ 6,442</b>	<b>\$ 3,320,808</b>	<b>\$ 19,708</b>
<b>Less: Interest and Executory Costs</b>	<b>(1,258)</b>	<b>(1,525,574)</b>	<b>(2,963)</b>
<b>Present Value of Capital Lease Payments</b>	<b>\$ 5,184</b>	<b>\$ 1,795,234</b>	<b>\$ 16,745</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 11. Short-Term Debt

#### Primary Government

On August 1, 2006, the State Road and Tollway Authority (nonmajor governmental fund) was authorized to issue and sell a maximum of \$150 million aggregate principal of Federal Highway Reimbursement Revenue Commercial Paper Notes, Series A, with an initial issuance of \$50 million. Maturities are up to 270 days from date of issue.

The commercial paper notes were issued to provide interim or short-term financing for the planning, engineering, design, acquisition, and construction of various transportation projects. Short-term debt activity for the fiscal year ended June 30, 2008, is shown below (in thousands):

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Governmental Fund/Activities:</b>				
Commercial Paper Payable	\$ 45,000	\$ 50,000	\$ (55,500)	\$ 39,500

### Note 12. Long-Term Liabilities

#### Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2008, is shown in the table below (in thousands):

	<u>Balance</u> <u>July 1, 2007</u>	<u>Restatement</u> <u>of Prior</u> <u>Year Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts Due</u> <u>Within One Year</u>
<b>Governmental Activities:</b>						
Compensated Absences Payable	\$ 320,325	\$ 88	\$ 160,507	\$ (128,051)	\$ 352,869	\$ 116,392
Capital Lease Obligations	8,162	65	2,264	(5,307)	5,184	2,848
Notes and Loans Payable	568	32,614	—	(362)	32,820	5,122
Revenue Bonds Payable	994,870	—	600,000	(55,620)	1,539,250	92,980
Net Unamortized Premiums	43,123	—	39,910	(4,351)	78,682	—
General Obligation Bonds Payable	7,615,665	—	940,810	(716,900)	7,839,575	622,195
Net Unamortized Premiums	181,037	—	16,828	(14,251)	183,614	—
Deferred Amount on Refunding	(107,783)	—	—	12,014	(95,769)	—
Arbitrage	8,467	—	52,056	(3,926)	56,597	3,198
<b>Total Governmental Activities</b>	<b>\$ 9,064,434</b>	<b>\$ 32,767</b>	<b>\$ 1,812,375</b>	<b>\$ (916,754)</b>	<b>\$ 9,992,822</b>	<b>\$ 842,735</b>
<b>Business-Type Activities:</b>						
Compensated Absences Payable	\$ 183,581	\$ —	\$ 135,375	\$ (123,835)	\$ 195,121	\$ 109,019
Capital Lease Obligations	1,201,524	87,371	560,448	(54,109)	1,795,234	51,399
Notes and Loans Payable	9,477	—	—	(307)	9,170	309
Revenue Bonds Payable	39,595	—	—	(7,200)	32,395	7,560
Net Unamortized Premiums	422	—	—	(115)	307	—
Deferred Amount on Refunding	(1,477)	—	—	403	(1,074)	—
Other Postemployment Benefit Obligation	—	—	158,241	—	158,241	—
U. S. DOE Settlement	952	—	—	(206)	746	217
<b>Total Business-Type Activities</b>	<b>\$ 1,434,074</b>	<b>\$ 87,371</b>	<b>\$ 854,064</b>	<b>\$ (185,369)</b>	<b>\$ 2,190,140</b>	<b>\$ 168,504</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 12. Long-Term Liabilities (continued)

The governmental funds in which the leases are recorded will liquidate the capital lease obligations for governmental activities. The liabilities for compensated absences will be liquidated by the applicable funds that account for the salaries and wages of the related employees.

Included in the primary government revenue bonds payable are \$575.730 million guaranteed by the State (\$543.355 million and \$32.395 million in governmental and business-type activities, respectively). The governmental activities guaranteed revenue bonds will be liquidated with motor fuel tax collections, and the business-type activities guaranteed revenue bonds will be liquidated with toll revenues.

Primary government revenue bonds currently outstanding are as follows (in thousands):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities		
Transportation Projects	2.250% - 5.375%	\$ 1,539,250
Business-Type Activities		
Georgia 400 Project	3.500% - 5.000%	<u>32,395</u>
		<u>\$ 1,571,645</u>

Annual debt service requirements to maturity for primary government revenue bonds are as follows (in thousands):

Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 92,980	\$ 79,486	\$ 172,466	\$ 7,560	\$ 1,357	\$ 8,917
2010	101,135	71,326	172,461	7,880	1,001	8,881
2011	106,200	66,262	172,462	8,270	598	8,868
2012	111,305	61,106	172,411	8,685	195	8,880
2013	117,425	55,503	172,928	—	—	0
2014-2018	677,465	184,830	862,295	—	—	0
2019-2023	308,930	36,974	345,904	—	—	0
2024	23,810	595	24,405	—	—	0
	<u>\$ 1,539,250</u>	<u>\$ 556,082</u>	<u>\$ 2,095,332</u>	<u>\$ 32,395</u>	<u>\$ 3,151</u>	<u>\$ 35,546</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 12. Long-Term Liabilities (continued)

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. As of June 30, 2008, the State had \$591.810 million of authorized but unissued general obligation bonds and total outstanding defeased general obligation bonds of \$1.108 billion.

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

At June 30, 2008, the noncurrent liabilities of the governmental activities include general obligation bonds currently outstanding as follows (in thousands):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government	1.00% - 7.45%	\$ 6,717,420
General Government - Refunding	5.00% - 5.50%	<u>1,122,155</u>
Total General Obligation Bonds Outstanding		<u>\$ 7,839,575</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (in thousands):

<u>Year</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 622,195	\$ 369,986	\$ 992,181
2010	644,245	336,138	980,383
2011	645,510	300,835	946,345
2012	584,905	267,485	852,390
2013	538,470	236,773	775,243
2014-2018	2,253,025	816,932	3,069,957
2019-2023	1,705,880	337,860	2,043,740
2024-2028	<u>845,345</u>	<u>58,767</u>	<u>904,112</u>
Total General Obligation Bonds	<u>\$ 7,839,575</u>	<u>\$ 2,724,776</u>	<u>\$ 10,564,351</u>

\* Includes \$294.140 million of bonds with variable interest rates based on the weekly rate determination of the Remarketing Agent. The interest rate at June 30, 2008, for these variable rate bonds was as follows: 1.400 percent for \$98.045 million, 1.450 percent for \$98.045 million and 1.320 percent for \$98.050 million.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 12. Long-Term Liabilities (continued)

#### Component Units

Changes in long-term liabilities for the year ended June 30, 2008, were as follows (in thousands):

	Balance	Retroactive Restatement of Prior	Increases	Decreases	Balance	Amounts Due
	July 1, 2007	Year Balance			June 30, 2008	Within One Year
Compensated Absences Payable	\$ 21,564	\$ —	\$ 8,507	\$ (8,002)	\$ 22,069	\$ 16,286
Capital Lease Obligations	31,129	—	4,181	(18,565)	16,745	3,064
Notes and Loans Payable	169,339	—	213,820	(169,626)	213,533	89,031
Prizes Payable	236,390	—	27,460	(11,766)	252,084	17,803
Revenue/Mortgage Bonds Payable	2,407,158	—	745,164	(199,155)	2,953,167	111,500
Other	77,522	(1,332)	47,809	(14,398)	109,601	10,573
<b>Total Component Units</b>	<b>\$ 2,943,102</b>	<b>\$ (1,332)</b>	<b>\$ 1,046,941</b>	<b>\$ (421,512)</b>	<b>\$ 3,567,199</b>	<b>\$ 248,257</b>

#### Statement of Net Assets Reconciliation:

##### Current Liabilities

Due to Primary Government	\$ 2,478	\$ 2,478
Compensated Absences Payable	16,286	16,286
Capital Leases/Installment Purchases Payable	3,064	3,064
Notes and Loans Payable	88,678	88,678
Revenue Bonds Payable	103,835	103,835
Grand Prizes Payable	17,803	17,803
Other Current Liabilities	8,448	8,448

##### Current Liabilities Payable from Restricted Assets

Revenue Bonds Payable	7,665	7,665
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##### Noncurrent Liabilities

Compensated Absences Payable	5,783	—
Capital Leases/Installment Purchases Payable	13,681	—
Notes and Loans Payable	122,854	—
Revenue/Mortgage Bonds Payable	2,841,667	—
Grand Prizes Payable	234,281	—
Advances from Primary Government	12,497	—
Other Noncurrent Liabilities	88,179	—

<b>Total Component Units</b>	<b>\$ 3,567,199</b>	<b>\$ 248,257</b>
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# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 12. Long-Term Liabilities (continued)

The Georgia Development Authority reported three long-term notes payable to banks with a combined outstanding balance at June 30, 2008, of \$19.302 million. One note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments of \$385 thousand that includes interest at LIBOR plus one percent, and has an outstanding balance at June 30, 2008, of \$3.000 million. This loan expires March 31, 2013. Another note, secured by various fixed rate mortgage loans financed through the note, bears interest at a rate of 6.6 percent per annum, and has an outstanding balance at June 30, 2008, of \$13.611 million. This loan expires September 30, 2011. The final note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments at a rate of LIBOR plus 1.35 percent, and has an outstanding balance at June 30, 2008, of \$2.692 million. This loan expires July 31, 2018.

Three higher education foundations also reported significant amounts of notes and loans payable as of June 30, 2008. First, the Georgia Tech Foundation, Inc. has two \$30 million revolving lines of credit. As of June 30, 2008, \$45.955 million was outstanding on these lines of credit. Interest is calculated using the 30-day LIBOR rate plus 0.25 percent, which was 2.73 percent at June 30, 2008. Both lines of credit expire on June 30, 2009. The Foundation also has a \$20 million line of credit for the purpose of funding the construction of the Nanotechnology Research Center Building on the Georgia Tech campus. As of June 30, 2008, \$15.582 million was outstanding on the line of credit. Interest on this line of credit is also calculated using the 30-day LIBOR rate plus 0.25 percent. This line of credit expires on June 30, 2009.

Secondly, the Medical College of Georgia Physician's Practice Group Foundation's Cancer Research Center, LLC (CRC) has a loan agreement with the Development Authority of Richmond County (the Authority), 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 center

building on the campus of the Medical College of Georgia. As of June 30, 2008, \$31.550 million was outstanding on the loan payable. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5 to 5.0 percent. Principal payments are due annually through December 2034.

Finally, notes and loans payable included a revolving credit agreement for the University of Georgia's Research Foundation which provides for borrowings or letters of credit at the Research Foundation's option. At June 30, 2008, amounts outstanding or issued under this agreement included borrowings of \$18.227 million and letters of credit and bank reserves of \$8.160 million, resulting in \$23.613 million available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day LIBOR plus 0.325 percent. At June 30, 2008, the rates applicable to the borrowings were 2.796 percent.

Revenue/mortgage bonds outstanding of \$2.946 billion at June 30, 2008, consisted primarily of the following: mortgage bonds issued by the Georgia Housing and Finance Authority for financing the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia, and revenue bonds issued by various University System of Georgia foundations totaling \$1.873 billion to fund acquisitions and improvements of properties and facilities. The significant revenue and mortgage bonds outstanding at June 30, 2008, consist of the following (in thousands):

	Georgia Housing and Finance Authority	University System of Georgia Foundations
Interest Rates	1.10% - 8.00%	1.53% - 6.60%
Bonds Outstanding	\$ 791,065	\$ 1,857,345
Unamortized Premium	45	15,480
Net Bonds Outstanding	\$ <u>791,110</u>	\$ <u>1,872,825</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 12. Long-Term Liabilities (continued)

Annual debt service requirements to maturity for revenue/mortgage bonds are as follows (in thousands):

Year	Georgia Housing and Finance Authority			University System of Georgia Foundations		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 39,335	\$ 37,440	\$ 76,775	\$ 37,478	\$ 81,028	\$ 118,506
2010	23,025	35,603	58,628	43,925	82,731	126,656
2011	24,415	34,631	59,046	48,822	81,277	130,099
2012	32,715	33,573	66,288	51,056	79,604	130,660
2013	23,040	32,291	55,331	61,815	77,388	139,203
2014-2018	121,105	146,300	267,405	259,619	361,404	621,023
2019-2023	142,440	114,941	257,381	316,863	292,799	609,662
2024-2028	139,740	80,174	219,914	380,470	208,287	588,757
2029-2033	144,200	44,939	189,139	444,588	103,125	547,713
2034-2038	98,520	11,922	110,442	203,114	26,321	229,435
2039-2043	2,530	281	2,811	9,595	1,449	11,044
Future Accretion - Capital Appreciation Bonds	45		45	—	—	—
<b>Total Revenue/Mortgage Bonds</b>	<b>\$ 791,110</b>	<b>\$ 572,095</b>	<b>\$ 1,363,205</b>	<b>\$ 1,857,345</b>	<b>\$ 1,395,413</b>	<b>\$ 3,252,758</b>

Various series of bonds under Resolution 1 at the Georgia Housing and Finance Authority include capital appreciation bonds that require no payments of principal or interest until maturity. Capital appreciation bonds accrete to their maturity values at an effective yield of 8.00%.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 13. Interfund Balances

Due To/From Other Funds at June 30, 2008, consist of the following (in thousands):

	Due To:				
	General Fund	Nonmajor Governmental Fund	Internal Service Funds	Fiduciary Funds	Total Due To
<b>Due From:</b>					
General Fund	\$ —	\$ 1,661	\$ 136,642	\$ —	\$ 138,303
Nonmajor Governmental Fund	345,460	—	—	—	345,460
Higher Education Fund	—	—	51,050	—	51,050
Unemployment Compensation Fund	14,478	—	—	—	14,478
Internal Service Funds	—	—	69	—	69
Fiduciary Funds	—	—	17	1,367	1,384
<b>Total Due From</b>	<b>\$ 359,938</b>	<b>\$ 1,661</b>	<b>\$ 187,778</b>	<b>\$ 1,367</b>	<b>\$ 550,744</b>

Interfund receivables and payables result from billings for goods/services provided between funds. All interfund receivables and payables are considered short term in nature.

Interfund transfers at June 30, 2008, consist of the following (in thousands):

	Transfers In:			Transfers Out:			
	General Fund	Governmental Funds Georgia State Financing and Investment Commission	Nonmajor Governmental Fund	Higher Education Fund	Internal Service Funds	Fiduciary Funds	Total Transfers Out
General Fund	\$ —	\$ 8,221	\$ 1,050,648	\$ 2,515,378	\$ 2,753	\$ 3,049	\$ 3,580,049
Georgia State Financing and Investment Commission	443,447	—	95,323	—	—	—	538,770
Nonmajor Governmental Funds	480,381	—	—	425	—	—	480,806
Higher Education Fund	3,396	—	24,711	—	—	—	28,107
State Health Benefit Plan	—	—	—	—	—	57,290	57,290
Unemployment Compensation Fund	13,414	—	—	—	—	—	13,414
Internal Service Funds	2,321	—	—	—	—	—	2,321
<b>Total Transfers In</b>	<b>\$ 942,959</b>	<b>\$ 8,221</b>	<b>\$ 1,170,682</b>	<b>\$ 2,515,803</b>	<b>\$ 2,753</b>	<b>\$ 60,339</b>	<b>\$ 4,700,757</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 use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 14. Nonmonetary Transactions

#### Primary Government

The Georgia Department of Administrative Services operates the Donation of Federal Surplus Personal Property program for the purpose of distributing surplus properties made available by the General Services Administration to eligible institutions, organizations and agencies. The value of surplus property received and distributed is not reported as revenues and expenses on the combined statement of revenues, expenditures and changes in fund balances, and the inventory on hand at June 30, 2008, is not reported on the combined balance sheet. The changes in Federal surplus personal property inventory during the fiscal year ended June 30, 2008, were as follows (in thousands):

Balance July 1, 2007	\$	6,863
Additions		
Property Received		<u>19,561</u>
	\$	26,424
Deductions		
Property Donated and Other Distributions		<u>19,080</u>
Balance June 30, 2008	\$	<u><u>7,344</u></u>

### Note 15. Contingencies

#### A. Grants and Contracts

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 the 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

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, the ultimate disposition of these proceedings would not have a material adverse effect on the financial condition of the State, with the following exceptions:

#### Primary Government

A civil action has been filed against the Teachers' Retirement System of Georgia ("TRS") seeking additional benefits retroactive to the time of their retirement dates for a class of retirees who elected survivorship options and who retired between 1983 and February 1, 2003. Plaintiffs allege that the failure of TRS to use updated mortality tables resulted in miscalculations of monthly benefits and therefore additional monies are due to plaintiffs for underpayment of benefits. The plaintiff class numbers approximately 15,000. The Superior Court granted summary judgment for TRS; however, the judgment was reversed on appeal by the Georgia Supreme Court in October 2006. The case was remanded back to the trial court to determine liability to plaintiffs and whether any part of their claim was barred by applicable statute of limitations. The court ruled on February 29, 2008, for the plaintiffs citing a twenty-year statute of limitations and awarding interest and attorneys' fees. The judgment is being appealed by both TRS and the plaintiffs. TRS is appealing the twenty-year statute of limitations and the attorney fees. The plaintiffs are appealing the interest rate granted. Also on February 29, 2008, the Court issued an uncontested claims order using a six-year statute of limitations. The Georgia Court of Appeals heard oral argument on these issues on September 10, 2008, but has not yet issued its ruling. The ultimate liability to TRS cannot be reasonably estimated as it is impacted by certain variables that are uncertain until the final decision by the Court, most notably, the applicable statute of limitations and any applicable interest rates on such liability. During fiscal year 2008, TRS paid approximately \$93 million in retroactive benefits and attorneys' fees on the uncontested claims order using a six-year statute of limitations. A liability of \$100 million had been accrued in fiscal year 2007 for such claims. TRS has recorded an estimated additional liability of approximately \$377 million using the twenty-year statute of limitations ruling and interest rates used during that time period. This amount is recorded in accounts payable and other accruals in the accompanying statement of fiduciary net assets as of June 30, 2008. Although the ultimate liability may vary from the amount recorded, management believes that it will not have a material impact on the financial statements.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 15. Contingencies (continued)

In a related case, in January 2007, multiple retirees filed a civil action against the Employees' Retirement System of Georgia ("ERS") in Fulton County Superior Court which set forth exactly the same issues as were presented in the TRS case described above. This case will be heard after the TRS case has concluded, the parties having agreed that the TRS rulings will apply in this case as well. The ultimate potential liability is impacted by certain variables that are uncertain until the final decision by the Court, most notably the applicable statute of limitations and any applicable interest rates on such liability. As such, management cannot reasonably estimate the potential possible outcomes and therefore has not recorded a liability on the statement of fiduciary net assets. Although the ultimate liability cannot be estimated at this time, management believes that it will not have material adverse effect on the financial statements.

In an additional related case, in August 2008, multiple retirees filed a civil action against the Public School Employees Retirement System ("PSERS") in Fulton County Superior Court which set forth exactly the same issues as were presented in the TRS case described above. This case will be heard after the TRS case has concluded, the parties having agreed that the TRS rulings will apply in this case as well. The ultimate potential liability is impacted by certain variables that are uncertain until the final decision by the Court, most notably the applicable statute of limitations and any applicable interest rates on such liability. As such, management cannot reasonably estimate the potential possible outcomes and therefore has not recorded a liability on the statement of fiduciary net assets. Although the ultimate liability cannot be estimated at this time, management believes that it will not have material adverse effect on the financial statements.

A suit was filed in July 2007, against the Department of Revenue asserting a claim for the Port Tax Credit. The plaintiff asserts that its increase in imports through Georgia ports during the tax years 2002 through 2004 inclusive qualifies the plaintiff to receive a credit-based income tax refund. The total credit claimed is in excess of \$50 million, although the amount of refund for each taxable year is capped with excess credits carrying forward to subsequent tax years. The State has answered the complaint asserting that the plaintiff does not satisfy the statutory requirements to qualify for the credit. Discovery in this case is complete and the parties anticipate filing a consent scheduling order and cross-motions for summary judgment on stipulated facts.

A suit was filed in Fulton County Superior Court in September 2007, against the Department of Revenue, seeking a sales tax refund of \$10 million. It involves a legal issue decided in the Department's favor in a previous case which was filed December 2, 2005, to obtain a \$2 million refund. The plaintiff's application for discretionary appeal in the first lawsuit was denied by the Georgia Court of Appeals. The issues in the second case are fully briefed, and a decision is pending.

A suit has been filed against the Department of Transportation ("DOT") by a plaintiff alleging two breach of contract causes of action related to price escalations of asphalt. The plaintiff also alleges a claim under the Prompt Payment Act. DOT filed an answer on May 7, 2008. The case is currently in discovery and the plaintiff has not stated an amount of damages.

DOT is the condemner in numerous pending property condemnations which are at various stages of procedure. It is not currently reasonable to evaluate the potential loss on a case by case basis. Based on historical trend analysis it is reasonably possible that certain of the numerous lawsuits will be found in favor of the condemnees and that DOT will be bound to pay additional sums awarded by the judgments over the amount estimated by DOT and paid into court when DOT filed the condemnation. It is believed that additional awards of the pending condemnation lawsuits, in the aggregate, could be between \$80 million and \$120 million.

A class action lawsuit filed in June 2002, on behalf of 2,200 children in State custody asserted systemic deficiencies in foster care in Fulton and DeKalb counties. A consent decree was entered wherein the Department of Human Resources ("DHR") agreed to make a number of specific system-wide management and infrastructure reforms. The District Court appointed two independent accountability agents to monitor DHR's progress and awarded attorneys' fees to the plaintiffs in the amount of \$10.5 million. DHR appealed the award of attorneys' fees to the Eleventh Circuit Court of Appeals. On July 3, 2008, the Court of Appeals affirmed the entire award. However, the majority opinion noted that the panel grudgingly affirmed the \$4.5 million multiplier applied by the district court because they were bound by Eleventh Circuit precedent which may conflict with that of the United States Supreme Court. In light of the tone of the majority and concurring opinions, DHR filed a petition for rehearing *en banc* in the Eleventh Circuit which was denied on November 5, 2008. The next level of appeal would be application for a Writ of Certiorari to the U. S. Supreme Court.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 15. Contingencies (continued)

#### C. Guaranteed Loans

##### Component Units

The Federal Government, through the Guaranteed Student Loan Programs of the U. S. Department of Education, fully reinsured loans guaranteed through September 30, 1993, unless the State's rate of annual losses (defaults) exceeded five percent (5%). In the event of future adverse loss experience, the State could be liable for up to (1) twenty percent (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 (2) twenty-two percent (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.

### Note 16. Subsequent Events

#### Primary Government

##### *General Obligation Bonds Issued*

The State issued General Obligation Bonds in the amount of \$522.49 million on July 1, 2008 (Series 2008A1, 2008A2 and 2008B). Proceeds of the bonds will be used to finance various capital acquisitions.

##### *Revenue Bonds*

On June 30, 2008, the State Road and Tollway Authority ("SRTA") entered into an Intergovernmental Agreement with the Georgia Department of Transportation ("DOT") whereby SRTA, during fiscal year 2009, will borrow and, for a period not to exceed five years, provide funds to DOT through the issuance of grant anticipation revenue bonds or similar obligations not to exceed \$600 million.

##### *Financial Markets*

Investments are reported at fair value as of June 30, 2008. In the months subsequent to the fiscal year-end, there has been a significant decline in the world's financial markets. Due to the highly conservative nature of the investments in the pooled investment funds managed by the Office of Treasury and Fiscal Services, these investment pools have not experienced the significant declines reported in the overall markets.

Similarly, the State's retirement systems' investment programs are conservatively designed and administered to fare better than overall market conditions. However, since this long-term investment strategy includes diversification among high-quality bonds and stocks, the systems' investments have experienced declines in fair value since June 30, 2008. As of the date of this report, it is difficult to determine the long-term effect market conditions may have on these plans.

### Note 17. Retirement Systems

The State administers various retirement plans under two major retirement systems: Employees' Retirement System of Georgia ("ERS System") and Teachers Retirement System of Georgia. These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective system offices. The 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.

#### Plan Descriptions and Contribution Information

##### *Employees' Retirement System of Georgia*

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

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 17. Retirement Systems (continued)

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

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines, which were significantly modified on July 1, 1982. 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. All other members are "new plan" members subject to the modified plan provisions. . (A different plan for new hires and electing members will take effect January 1, 2009, with both defined benefit and defined contribution aspects.)

Under both the old and new plans, a member may retire and receive normal retirement benefits after completion of ten (10) years of creditable service and attainment of age sixty (60) or thirty (30) years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after twenty-five (25) years of creditable service for members under age sixty (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 twenty-four (24) consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Post-retirement cost-of-living adjustments may be made to members' benefits. 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 four percent (4%) of annual compensation up to \$4,200 plus six percent (6%) of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of one and one-quarter percent (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 are one and one-quarter percent (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 determined annually in accordance with actuarial valuation and minimum funding standards as provided by law. The State contributions are not at any time refundable to the member or his/her beneficiary.

#### *Teachers Retirement System of Georgia*

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

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

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

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 17. Retirement Systems (continued)

Normal retirement (pension) benefits paid to members are equal to two percent (2%) of the average of the member's two (2) highest paid consecutive years of service, multiplied by the number of years of creditable service up to forty (40) years. Early retirement benefits are reduced by the lesser of one-twelfth (1/12) of seven percent (7%) for each month the member is below age sixty (60), or by seven percent (7%) for each year or fraction thereof by which the member has less than thirty (30) years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. 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. Member contributions are limited by State law to not less than five or more than six percent of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2008, were five percent (5%) of annual salary, and employer contributions required for fiscal year 2008 were nine and twenty-eight one-hundredths percent (9.28%), as required by the June 30, 2005, actuarial valuation. The State's contributions to TRS for the years ending June 30, 2008, 2007, and 2006 were \$142.523 million, \$134.510 million, and \$128.265 million, respectively, and were equal to the required contributions for each year.

#### Funded Status and Funding Progress

The funded status of the ERS and TRS plans at June 30, 2007, the most recent actuarial valuation date, is as follows (dollars in thousands):

Retirement System	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/(c))
ERS	\$ 13,843,689	\$ 14,885,179	\$ 1,041,490	93.0%	\$ 2,680,972	38.8%
TRS	52,099,171	54,996,570	2,897,399	94.7	9,482,003	30.6

Multiyear trend information about the funding progress is presented in the *Required Supplementary Information* (RSI) section of the CAFR. These schedules indicate whether the actuarial value of assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The following table summarizes membership information by plan as of June 30, 2008:

	ERS	TRS
<b>Employee Groups</b>		
Retirees and beneficiaries currently receiving benefits	35,186	78,633
Terminated employees entitled to benefits but not yet receiving them	68,815	73,687
Active plan members	74,935	225,024
<b>Total</b>	<b>178,936</b>	<b>377,344</b>

#### Summary of Significant Accounting Policies

##### *Basis of Accounting*

The ERS and TRS financial statements are prepared on the accrual basis of accounting. Contributions from the plan members are recognized as additions in the period in which the members provide services and are due. Employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement 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 except the U. S. Government represents five percent (5%) or more of the net assets available for pension benefits.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 17. Retirement Systems (continued)

Additional information as of the latest actuarial valuations follows:

	ERS	TRS
Valuation date	June 30, 2007	June 30, 2007
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of pay	Level percent of pay
Remaining amortization period	15 years	30 years
Period Open/Closed	Open	Open
Asset valuation method	7-year smoothed	7-year smoothed
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	5.45-9.25%	3.2-8.6%
Postretirement cost of living adjustment	None	3% annually

#### ***Regents Retirement Plan***

##### **Plan Description**

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the General Assembly of Georgia in Chapter 21 of Title 47 of the Official Code of Georgia Annotated and administered by the Board of Regents of the University System of Georgia (Proprietary Fund – Higher Education), under which an eligible faculty member or principal administrator may purchase annuity contracts for the purpose of receiving retirement and death benefits. The four (4) approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) have separately issued financial reports, which 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 Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2008, the employer contribution was eight and thirteen one-hundredths percent (8.13%) for the first six months and

eight and fifteen one-hundredths percent (8.15%) for the last six months of the participating employee's earnable compensation. Employees contribute five percent (5%) of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. In 2008, employer and employee contributions were \$66.5 million (8.13% or 8.15%) and \$40.8 million (5%), respectively.

#### **Note 18. Postemployment Benefits**

The State administers two postemployment benefit plans, the Georgia Retiree Health Benefit Fund and the State Employees' Assurance Department – OPEB. In addition, the State provides a separate postemployment benefit plan for eligible employees of the University System of Georgia administered by the University System Office (Board of Regents). The financial statements and other required disclosures for these plans are presented in the *Fiduciary Funds* section and the *Required Supplementary Information* section of this report.

##### **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.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 18. Postemployment Benefits (continued)

#### Plan Descriptions and Contribution Information

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

Georgia Retiree Health Benefit Fund (“GRHBF”) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the State including all departments, agencies and local school systems. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries through the health insurance plan for state employees. The Official Code of the State of Georgia assigns the authority to establish and amend the benefit provisions of the employees’ health insurance plan (including benefits for retirees) to the Board of Community Health (“Board”).

The contribution requirements of the 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 vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately 25 percent of the cost of the health insurance coverage

Participating employers are statutorily required to contribute in accordance with the employer contribution rate established by the Board. The contribution rate is established to fund both the active and retired employee health insurance plans based on projected “pay-as-you-go” financing requirements. The combined rate for the active and retiree plans for the fiscal year ended June 30, 2008, was 18.534% of covered payroll. An additional contribution of 4.309% of covered payroll was required by the Board for fiscal year 2008, and was contributed to GRBHF to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other postemployment benefits and are subject to appropriation. For fiscal year 2008, employer contributions to GRBHF totaled \$550.3 million. The actuarially required employer contribution was \$1.26 billion. Plan members receiving benefits contributed \$125.0 million.

##### *State Employees’ Assurance Department – OPEB*

State Employees’ Assurance Department – OPEB (“SEAD-OPEB”) is a single-employer defined benefit postemployment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance

to retired and vested inactive members of Employees’, Judicial, and Legislative Retirement Systems. Pursuant to Title 47 of the OCGA, the authority to establish and amend the benefit provisions of the plan is assigned to the Boards of Trustees of the Employees’ and Judicial Retirement Systems.

Contributions by plan members are established by the Boards of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The Boards of Trustees of the Employees’ and Judicial Retirement Systems establish employer contribution rates, such rates which, when added to members’ contributions, shall not exceed one percent of earnable compensation. For the fiscal year ended June 30, 2008, contributions of ERS “old plan” members were 0.45% of earnable compensation. Contributions of ERS “new plan” members and of members of the Judicial and Legislative Retirement Systems were 0.23% of earnable compensation. There were no required employer contributions for the fiscal year ended June 30, 2008.

##### *Board of Regents Retiree Health Benefit Fund*

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

Pursuant to the general powers conferred by OCGA Section 20-3-31, the Board of Regents of the University System of Georgia (college and university fund) has established group health and life insurance programs for regular employees of the University System. It is the policy of the Board of Regents to permit employees of the University System eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System pay the employer portion for health insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board of Regents for the upcoming plan year. For the 2008 plan year, the employer rate was approximately 75% of the total health insurance cost for eligible retirees and the retiree rate was approximately 25%. With regard to life insurance, the employer covers the total cost for \$25,000 of basic life

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 18. Postemployment Benefits (continued)

insurance. If an individual elects to have supplemental and/or dependent life insurance coverage, such costs are borne entirely by the employee.

**Annual OPEB Cost and Net OPEB Obligation** – The annual other postemployment benefit cost (expense) for the Regents Plan is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period

not to exceed thirty years. The following table presents the components of the annual OPEB cost, the amount actually contributed to the Regents Plan, and the changes in the net OPEB obligation to the Regents Plan for 2008, which is the transition year (dollars in millions):

Annual required contribution	\$224.9
Interest on net OPEB obligation	0.0
Adjustment to annual required contribution	0.0
Annual OPEB cost (expense)	<u>224.9</u>
Less: Contributions made	<u>(66.7)</u>
Increase in net OPEB obligation	158.2
Net OPEB obligation - beginning of year	<u>0.0</u>
Net OPEB obligation - end of year	<u><u>\$158.2</u></u>
Percentage of annual OPEB cost contributed	<u><u>29.7%</u></u>

The following table summarizes membership information by plan:

	<u>GRFBH</u>	<u>SEAD-OPEB</u>	<u>Regents Plan</u>
	June 30, 2008	June 30, 2007	June 30, 2008
<b>Date of membership data</b>			
<b>Employee Groups</b>			
Retirees and beneficiaries currently receiving benefits	85,997	24,429	18,909
Disabled members receiving long-term benefits	n/a	4,569	n/a
Terminated members entitled to but not yet receiving benefits	405	—	—
Active plan members	<u>262,429</u>	<u>74,549</u>	<u>33,794</u>
Total	<u><u>348,831</u></u>	<u><u>103,547</u></u>	<u><u>52,703</u></u>

### Funded Status and Funding Progress – OPEB Plans

The funded status of each plan as of the most recent actuarial valuation date is as follows (dollars in thousands):

	<u>Actuarial</u>	<u>Actuarial</u>	<u>Actuarial</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Annual</u>	<u>UAAL as a</u>
	<u>Valuation</u>	<u>Value of</u>	<u>Accrued</u>	<u>AAL</u>	<u>Ration</u>	<u>Covered</u>	<u>Percentage of</u>
	<u>Date</u>	<u>Assets</u>	<u>Liability</u>	<u>(UAAL)</u>	<u>(a)/(b)</u>	<u>Payroll</u>	<u>Covered Payroll</u>
		<i>(a)</i>	<i>(b)</i>	<i>(b-a)</i>		<i>(c)</i>	<i>((b-a)/(c))</i>
GRHBF	6/30/2007	\$ -	\$ 16,472,441	\$ 16,472,441	0.0%	\$ 13,141,956	125.3%
SEAD-OPEB	6/30/2007	778,048	642,530	(135,518)	121.1	2,720,772	(5.0)
Regents Plan	7/1/2007	-	1,985,200	1,985,200	0.0	2,201,804	90.2

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 18. Postemployment Benefits (continued)

#### Actuarial Methods and Assumptions

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 estimates are made about the future. The schedules of funding progress, presented as *Required Supplementary Information* following the Notes to the Financial Statements, present trend information about 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 calculations.

Additional information as of the latest actuarial valuation follows:

	<u>GRHBF</u>	<u>SEAD-OPEB</u>	<u>Regents Plan</u>
Valuation date	June 30, 2007	June 30, 2007	July 1, 2007
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, open	Level percentage of pay, open	Level dollar, closed
Remaining amortization period	30 years	36 years	30 years
Asset valuation method	Market Value	Market Value	Market Value
Actuarial assumptions:			
Investment rate of return	4.5%*	7.5%*	6.00%**
Healthcare cost trend rate	9.5% initial* 5.0% ultimate	n/a	8.5%** 5.50% ultimate

\* Includes an inflation assumption of 3.75%

\*\* Includes an inflation assumption of 2.5%

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2008

### Note 19. Fund Balances/Net Assets

#### *General Fund Reserves*

General Fund reserves for Other Specific Purposes are legally or externally restricted for the following programs/projects (in thousands):

Natural Resources	\$	61,971
Health and Welfare		52,233
Public Safety		41,617
General Government		15,451
Economic Development		6,180
Transportation		5,257
Education		5,187
Judicial		1,141
		<hr/>
Total Reserve for Other Specific Purposes	\$	<u>189,037</u>

#### *Deficit Fund Balances/Net Assets*

The following organizations/funds had deficit balances at June 30, 2008.

##### **Primary Government**

##### *Internal Service Funds*

*Agency for Removal of Hazardous Materials* – At June 30, 2008, the agency had an unrestricted net assets deficit (total net assets deficit) of \$103 thousand.

##### **Component Units**

*Georgia Agricultural Exposition Authority* – At June 30, 2008, the Authority had an unrestricted net assets deficit of \$49 thousand.

*North Georgia Mountains Authority* – At June 30, 2008, the Authority had an unrestricted net assets deficit of \$8.723 million, and a total net assets deficit of \$898 thousand.

*Georgia College and State University Foundation* – At June 30, 2008, the Foundation had an unrestricted net assets deficit of \$4.549 million, and a total net assets deficit of \$1.783 million.

*Georgia Southern University Housing Foundation, Incorporated* – At June 30, 2008, the Foundation had an unrestricted net assets deficit of \$8.360 million.

*Georgia Tech Athletic Association* - At June 30, 2008, the Association had an unrestricted net assets deficit of \$3.090 million.

*Georgia Tech Facilities, Incorporated* – At June 30, 2008, the Corporation had an unrestricted net assets deficit of \$21.113 million, and a total net assets deficit of \$6.286 million.

*Kennesaw State University Foundation, Incorporated* – At June 30, 2008, the Foundation had an unrestricted net assets deficit of \$6.471 million.

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REQUIRED SUPPLEMENTARY INFORMATION

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# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2008

### Employees' Retirement System of Georgia (Pension)

#### *Schedule of Funding Progress*

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a) / c]
6/30/02	\$ 12,124,414	\$ 11,994,850	\$ (129,564)	101.1%	\$ 2,408,306	(5.4%)
6/30/03	12,428,736	12,370,563	(58,173)	100.5%	2,489,490	(2.3%)
6/30/04	12,797,389	13,106,648	309,259	97.6%	2,445,619	12.6%
6/30/05	13,134,472	13,512,773	378,301	97.2%	2,514,430	15.0%
6/30/06	13,461,132	14,242,845	781,713	94.5%	2,630,167	29.7%
6/30/07	13,843,689	14,885,179	1,041,490	93.0%	2,680,972	38.8%

#### *Schedule of Employer Contributions*

(dollars in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	\$ 233,229	100.0%
2003	246,172	100.0%
2004	245,388	100.0%
2005	243,074	100.0%
2006	258,482	100.0%
2007	270,141	100.0%

### Teachers Retirement System of Georgia (Pension)

#### *Schedule of Funding Progress*

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a) / c]
6/30/02	\$ 40,502,333	\$ 39,706,523	\$ (795,810)	102.0%	\$ 7,617,869	(10.4%)
6/30/03	42,372,661	41,905,676	(466,985)	101.1%	8,261,961	(5.7%)
6/30/04	44,617,956	44,230,031	(387,925)	100.9%	8,083,118	(4.8%)
6/30/05	46,836,895	47,811,214	974,319	98.0%	8,252,598	11.8%
6/30/06	49,263,027	51,059,681	1,796,654	96.5%	8,785,985	20.4%
6/30/07	52,099,171	54,996,570	2,897,399	94.7%	9,482,003	30.6%

# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2008

### Teachers Retirement System of Georgia (Pension)

#### *Schedule of Employer Contributions*

(dollars in thousands)

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2002	\$ 716,917	100.0%
2003	768,673	100.0%
2004	782,301	100.0%
2005	815,693	100.0%
2006	855,626	100.0%
2007	927,371	100.0%

### Board of Regents Retiree Health Benefit Fund (OPEB)

#### *Schedule of Funding Progress*

(dollars in thousands)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets (a)</b>	<b>Actuarial Accrued Liability ("AAL") - 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>
7/1/07	\$ 0	\$ 1,985,200	\$ 1,985,200	0.0%	\$ 2,201,804	90.2%

Note: The allocation and transfer of assets to the Fund took place subsequent to the July 1, 2007, actuarial valuation.

#### *Schedule of Employer Contributions*

(dollars in thousands)

<b>Year Ended June 30</b>	<b>Actuarial Annual Required Contribution</b>	<b>Actual Employer Contribution</b>	<b>Percentage Contributed</b>
2008	\$ 224,900	\$ 66,717	29.7%

# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2008

### Georgia Retiree Health Benefit Fund (OPEB)

#### Schedule of Funding Progress

(dollars in thousands)

Actuarial Valuation Date		Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Projected Unit Credit (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a) / c]
6/30/05	(1)	\$ 0	\$ 15,035,227	\$ 15,035,227	0.0%	\$ 11,613,237	129.5%
6/30/06	(2)	0	19,184,356	19,184,356	0.0%	12,878,985	149.0%
6/30/07	(3)	0	16,472,441	16,472,441	0.0%	13,141,956	125.3%

Since individual Public School Employees Retirement System (PSERS) salary is not available, assumes annual salary for PSERS members of \$21,788 for 2005, \$22,605 for 2006 and \$23,453 for 2007.

- (1) Assumptions were changed due to experience study.
- (2) Discount rate changed to reflect established financing and funding policies. Actual retiree plan elections were incorporated and future participation and coverage assumptions updated accordingly. Retiree premiums future increases assumed.
- (3) Consumer Driven Health/Medicare Advantage (CDH/MA) options offered with retiree premiums set to encourage participation in these options. Indemnity and Consumer Choice Options discontinued. Discount rate lowered from 5.0 percent to 4.5 percent.

#### Schedule of Employer Contributions

(dollars in thousands)

Year Ended June 30	Actuarial Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
2007	\$ 1,583,008	\$ 422,157	26.7%
2008	1,262,370	550,290	43.6%

# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2008

### State Employees' Assurance Department – OPEB

#### *Schedule of Funding Progress*

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Projected Unit Credit (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a) / c]
6/30/06	\$ 0	\$ 568,476	\$ 568,476	0.0%	\$ 2,667,159	21.3%
6/30/07	778,048	642,530	(135,518)	121.1%	2,720,772	(5.0%)

#### *Schedule of Employer Contributions*

(dollars in thousands)

Year Ended June 30	Actuarial Annual Required Contribution	Percentage Contributed
2007	\$ 0	n/a
2008	0	n/a

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Funds Available (Inflows)</b>				
<b>Revenues</b>				
State Appropriation				
State General Funds	\$ 18,300,205	\$ 18,382,286	\$ 18,348,362	\$ (33,924)
Brain and Spinal Injury Trust Fund	3,063	1,969	1,969	0
Lottery Funds	841,555	841,554	824,578	(16,976)
Revenue Shortfall Reserve for K-12 Needs	—	188,404	188,404	0
State Motor Fuel Funds	919,427	987,910	987,910	0
Tobacco Settlement Funds	148,344	148,344	148,344	0
Federal Funds				
CCDF Mandatory & Matching Funds	92,809	111,445	95,874	(15,571)
Child Care and Development Block Grant	81,489	88,555	74,559	(13,996)
Community Mental Health Services Block Grant	12,840	16,069	16,234	165
Community Services Block Grant	17,189	17,872	17,872	0
Federal Highway Administration Highway Planning and Construction	1,310,433	1,310,433	972,554	(337,879)
Foster Care Title IV-E	104,398	81,940	79,596	(2,344)
Low-Income Home Energy Assistance	18,970	34,937	31,372	(3,565)
Maternal and Child Health Services Block Grant	17,348	20,450	15,539	(4,911)
Medical Assistance Program	5,494,374	5,418,362	4,900,128	(518,234)
Prevention and Treatment of Substance Abuse Block Grant	50,960	58,012	56,110	(1,902)
Preventive Health and Health Services Block Grant	4,204	4,391	3,634	(757)
Social Services Block Grant	50,567	63,992	57,008	(6,984)
State Children's Insurance Program	241,441	289,391	252,545	(36,846)
Temporary Assistance for Needy Families	368,025	370,551	352,994	(17,557)
TANF Transfers to Child Care Development Fund	—	28,372	28,372	0
TANF Unobligated Balance	73,288	147,347	54,752	(92,595)
Federal Funds Not Specifically Identified	2,074,274	3,641,679	3,439,393	(202,286)
Other Funds	7,159,183	10,415,853	8,878,916	(1,536,937)
<b>Total Revenues</b>	<b>\$ 37,384,386</b>	<b>\$ 42,670,118</b>	<b>\$ 39,827,019</b>	<b>\$ (2,843,099)</b>
Prior Year Reserves Available for Expenditure	—	0	1,478,026	1,478,026
<b>Total Funds Available</b>	<b>\$ 37,384,386</b>	<b>\$ 42,670,118</b>	<b>\$ 41,305,045</b>	<b>\$ (1,365,073)</b>
<b>Expenditures (outflows)</b>				
<b>Section 1: Georgia Senate</b>				
Lieutenant Governor's Office	\$ 1,327	\$ 1,328	\$ 1,268	\$ 60
Secretary of the Senate's Office	1,307	1,380	1,061	319
Senate	7,261	8,079	7,191	888
Senate Budget and Evaluation Office	1,048	1,051	983	68
<b>Total Georgia Senate</b>	<b>\$ 10,943</b>	<b>\$ 11,838</b>	<b>\$ 10,503</b>	<b>\$ 1,335</b>
<b>Section 2: Georgia House of Representatives</b>				
House of Representatives	\$ 18,996	\$ 20,368	\$ 18,756	\$ 1,612
<b>Section 3: Georgia General Assembly Joint Offices</b>				
Ancillary Activities	\$ 4,234	\$ 4,592	\$ 3,531	\$ 1,061
Legislative Fiscal Office	2,688	2,776	2,416	360
Office of Legislative Counsel	3,004	3,004	2,794	210
<b>Total Georgia General Assembly Joint Offices</b>	<b>\$ 9,926</b>	<b>\$ 10,372</b>	<b>\$ 8,741</b>	<b>\$ 1,631</b>
<b>Section 4: Audits and Accounts, Department of Administration</b>				
Administration	\$ 1,698	\$ 1,698	\$ 1,590	\$ 108
Audit and Assurance Services	30,554	30,342	29,904	438
Legislative Services	122	122	112	10
Statewide Equalized Adjusted Property Tax Digest	2,268	2,268	2,088	180
<b>Total Audits and Accounts, Department of Administration</b>	<b>\$ 34,642</b>	<b>\$ 34,430</b>	<b>\$ 33,694</b>	<b>\$ 736</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 5: Appeals, Court of</b>				
Court of Appeals	\$ 13,958	\$ 14,327	\$ 14,327	\$ 0
<b>Section 6: Judicial Council</b>				
Georgia Office of Dispute Resolution	\$ 294	\$ 497	\$ 431	\$ 66
Institute of Continuing Judicial Education	1,229	1,364	1,364	0
Judicial Council	14,949	17,929	16,720	1,209
Judicial Qualifications Commission	303	303	303	0
Resource Center	800	800	800	0
<b>Total Judicial Council</b>	<b>\$ 17,575</b>	<b>\$ 20,893</b>	<b>\$ 19,618</b>	<b>\$ 1,275</b>
<b>Section 7: Juvenile Courts</b>				
Council of Juvenile Court Judges	\$ 1,701	\$ 2,999	\$ 2,406	\$ 593
Grants to Counties for Juvenile Court Judges	5,003	5,003	5,003	0
<b>Total Juvenile Courts</b>	<b>\$ 6,704</b>	<b>\$ 8,002</b>	<b>\$ 7,409</b>	<b>\$ 593</b>
<b>Section 8: Prosecuting Attorneys</b>				
District Attorneys	\$ 52,961	\$ 62,939	\$ 62,907	\$ 32
Prosecuting Attorney's Council	6,208	6,362	6,358	4
<b>Total Prosecuting Attorneys</b>	<b>\$ 59,169</b>	<b>\$ 69,301</b>	<b>\$ 69,265</b>	<b>\$ 36</b>
<b>Section 9: Superior Courts</b>				
Council of Superior Court Clerks	\$ 258	\$ 258	\$ 258	\$ 0
Council of Superior Court Judges	1,079	1,079	1,072	7
Judicial Administrative Districts	2,379	2,379	2,379	0
Superior Court Judges	57,130	57,572	57,367	205
<b>Total Superior Courts</b>	<b>\$ 60,846</b>	<b>\$ 61,288</b>	<b>\$ 61,076</b>	<b>\$ 212</b>
<b>Section 10: Supreme Court</b>				
Supreme Court of Georgia	\$ 8,700	\$ 8,768	\$ 8,768	\$ 0
<b>Section 11: Accounting Office, State</b>				
State Accounting Office	\$ 16,179	\$ 19,124	\$ 18,996	\$ 128
<b>Section 12: Administrative Services, Department of</b>				
Administration	\$ 4,348	\$ 5,205	\$ 4,866	\$ 339
Fiscal Services	325	325	289	36
Fleet Management	2,154	2,154	574	1,580
Mail and Courier	1,399	1,399	1,051	348
Risk Management	137,429	189,714	180,659	9,055
State Purchasing	7,623	20,172	19,831	341
Surplus Property	2,333	2,490	2,478	12
U.S. Post Office	177	177	137	40
Administrative Hearings, Office of State	4,651	4,761	4,586	175
Hazardous Materials, Agency for the Removal of	85	85	85	0
Health Planning Review Board	60	60	60	0
Payments to Georgia Technology Authority	1,397	1,397	1,397	0
Treasury and Fiscal Services, Office of	3,123	3,501	3,076	425
Compensation Per General Assembly Resolutions	825	925	887	38
<b>Total Administrative Services, Department of</b>	<b>\$ 165,929</b>	<b>\$ 232,365</b>	<b>\$ 219,976</b>	<b>\$ 12,389</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 13: Agriculture, Department of</b>				
Administration	\$ 7,111	\$ 7,871	\$ 7,471	\$ 400
Athens/Tifton Veterinary Labs	3,651	3,651	3,651	0
Consumer Protection	31,685	34,945	35,039	(94)
Marketing and Promotion	8,991	9,977	9,990	(13)
Poultry Veterinary Diagnostic Labs	3,489	3,493	3,493	0
<b>Total Agriculture, Department of</b>	<b>\$ 54,927</b>	<b>\$ 59,937</b>	<b>\$ 59,644</b>	<b>\$ 293</b>
<b>Section 14: Banking and Finance, Department of</b>				
Administration	\$ 1,877	\$ 2,050	\$ 2,044	\$ 6
Chartering, Licensing and Applications/Non-Mortgage Entities	1,251	539	521	18
Consumer Protection and Assistance	565	649	635	14
Financial Institution Supervision	6,734	7,358	7,313	45
Mortgage Supervision	1,792	1,804	1,757	47
<b>Total Banking and Finance, Department of</b>	<b>\$ 12,219</b>	<b>\$ 12,400</b>	<b>\$ 12,270</b>	<b>\$ 130</b>
<b>Section 15: Community Affairs, Department of</b>				
Administration	\$ 4,932	\$ 6,126	\$ 5,893	\$ 233
Building Construction	482	631	596	35
Coordinated Planning	5,234	5,293	5,118	175
Environmental Education and Assistance	1,048	5,115	3,809	1,306
Federal Community and Economic Development Programs	39,085	53,326	52,609	717
Homeownership Programs	3,919	4,717	4,340	377
Local Assistance Grants	6,529	6,529	6,396	133
Regional Services	2,305	2,905	2,886	19
Rental Housing Programs	62,854	126,997	122,936	4,061
Research and Surveys	621	687	669	18
Special Housing Initiatives	4,607	5,846	5,506	340
State Community Development Programs	1,378	1,397	1,377	20
State Economic Development Program	10,726	10,937	10,903	34
Payments to Georgia Environmental Facilities Authority	49,824	90,324	50,324	40,000
Payments to OneGeorgia Authority	47,123	47,926	47,799	127
Payments to Georgia Regional Transportation Authority	4,868	4,868	4,868	0
<b>Total Community Affairs, Department of</b>	<b>\$ 245,535</b>	<b>\$ 373,624</b>	<b>\$ 326,029</b>	<b>\$ 47,595</b>
<b>Section 16: Community Health, Department of</b>				
Administration	\$ 412,356	\$ 443,890	\$ 401,859	\$ 42,031
Health Care Access and Improvement	17,949	22,804	21,357	1,447
Indigent Care Trust Fund	419,414	422,428	410,197	12,231
Medicaid: Aged, Blind, and Disabled	4,323,888	4,220,055	3,706,360	513,695
Medicaid: Low-Income Medicaid	2,912,193	3,061,924	2,794,878	267,046
Nursing Home Provider Fees	324,922	360,493	360,493	0
PeachCare	314,661	365,078	316,851	48,227
State Health Benefit Plan	2,687,375	2,717,721	2,536,492	181,229
Composite Board of Medical Examiners	2,367	2,579	2,490	89
Physician Workforce, Georgia Board of:				
Board Administration	592	592	572	20
Graduate Medical Education	7,212	7,212	7,123	89
Mercer School of Medicine Grant	24,561	24,561	24,561	0
Morehouse School of Medicine Grant	11,247	11,247	11,247	0
Undergraduate Medical Education	3,539	3,539	3,539	0
Medical Education Board, State	1,428	1,428	1,367	61
<b>Total Community Health, Department of</b>	<b>\$ 11,463,704</b>	<b>\$ 11,665,551</b>	<b>\$ 10,599,386</b>	<b>\$ 1,066,165</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 17: Corrections, Department of</b>				
Administration	\$ 57,041	\$ 61,592	\$ 58,095	\$ 3,497
Bainbridge Probation Substance Abuse Treatment Center	6,263	6,556	6,262	294
County Jail Subsidy	6,197	6,197	6,197	0
Detention Centers	47,398	53,684	52,302	1,382
Food and Farm Operations	13,356	16,492	15,991	501
Health	203,602	220,497	219,920	577
Offender Management	44,725	43,387	43,365	22
Parole Revocation Centers	4,465	5,207	5,198	9
Private Prisons	80,710	79,642	79,642	0
Probation Diversion Centers	16,023	15,461	12,584	2,877
Probation Supervision	82,168	82,140	81,769	371
State Prisons	536,302	558,702	553,342	5,360
Transitional Centers	26,376	26,781	26,596	185
<b>Total Corrections, Department of</b>	<b>\$ 1,124,626</b>	<b>\$ 1,176,338</b>	<b>\$ 1,161,263</b>	<b>\$ 15,075</b>
<b>Section 18: Defense, Department of</b>				
Administration	\$ 1,461	\$ 1,706	\$ 1,668	\$ 38
Military Readiness	39,089	34,768	34,081	687
Youth Educational Services	12,147	11,952	11,929	23
<b>Total Defense, Department of</b>	<b>\$ 52,697</b>	<b>\$ 48,426</b>	<b>\$ 47,678</b>	<b>\$ 748</b>
<b>Section 19: Driver Services, Department of</b>				
Customer Service Support	\$ 9,158	\$ 9,193	\$ 9,193	\$ 0
License Issuance	48,087	51,308	51,173	135
Regulatory Compliance	4,896	5,011	5,011	0
<b>Total Driver Services, Department of</b>	<b>\$ 62,141</b>	<b>\$ 65,512</b>	<b>\$ 65,377</b>	<b>\$ 135</b>
<b>Section 20: Early Care and Learning, Department of</b>				
Child Care Services	\$ 8,410	\$ 8,663	\$ 8,662	\$ 1
Nutrition	93,000	101,601	101,601	0
Pre-Kindergarten Program	325,525	325,400	325,390	10
Quality Initiatives	22,370	18,168	18,168	0
<b>Total Early Care and Learning, Department of</b>	<b>\$ 449,305</b>	<b>\$ 453,832</b>	<b>\$ 453,821</b>	<b>\$ 11</b>
<b>Section 21: Economic Development, Department of</b>				
Administration	\$ 6,627	\$ 6,627	\$ 6,609	\$ 18
Business Recruitment and Expansion	13,404	11,404	11,403	1
Film, Video and Music	1,209	1,209	1,209	0
International Relations and Trade	2,358	3,758	3,726	32
Innovation and Technology	1,710	1,710	1,692	18
Small and Minority Business Development	963	963	905	58
Tourism	21,129	18,731	18,445	286
Payments to Aviation Hall of Fame	50	50	50	0
Payments to Georgia Medical Center Authority	409	409	409	0
Payments to Georgia Music Hall of Fame Authority	841	841	841	0
Payments to Georgia Sports Hall of Fame Authority	793	793	793	0
Civil War Commission	50	50	49	1
<b>Total Economic Development, Department of</b>	<b>\$ 49,543</b>	<b>\$ 46,545</b>	<b>\$ 46,131</b>	<b>\$ 414</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 22: Education, Department of</b>				
Academic Coach Program	\$ 5,706	\$ 4,437	\$ 2,756	\$ 1,681
Agricultural Education	10,145	16,829	11,962	4,867
Central Office	86,632	117,935	76,043	41,892
Charter Schools	9,950	10,586	4,698	5,888
Communities in Schools	2,446	2,446	2,437	9
Curriculum Development	2,275	2,275	2,269	6
Dropout Prevention	45,453	44,463	40,525	3,938
Federal Programs	817,561	1,009,958	980,697	29,261
Foreign Language	1,591	0	0	0
Georgia Learning Resources System	7,367	8,509	8,183	326
Georgia Virtual School	2,199	4,522	4,286	236
Georgia Youth Science and Technology	500	500	500	0
Governor's Honors Program	1,431	1,432	1,501	(69)
Information Technology Services	7,417	7,417	7,417	0
National Board Certification	12,295	13,432	13,421	11
National Science Center and Foundation	1,417	1,417	1,417	0
Non-Quality Basic Education Formula Grants	25,638	24,960	24,940	20
Nutrition	227,120	508,903	499,359	9,544
Preschool Handicapped	29,135	29,135	29,135	0
Pupil Transportation	168,869	168,869	168,869	0
Quality Basic Education Equalization	458,324	485,779	485,779	0
Quality Basic Education Local Five Mill Share	(1,543,476)	(1,542,898)	(1,542,898)	0
Quality Basic Education Program	8,017,518	8,126,610	8,125,815	795
Regional Education Service Agencies	12,458	12,458	12,458	0
School Improvement	11,312	11,312	10,979	333
School Nurses	30,000	30,000	30,000	0
Severely Emotionally Disturbed	81,194	82,885	81,156	1,729
State Interagency Transfers	307,164	343,230	339,110	4,120
State Schools	23,632	25,066	24,140	926
Technology/Career Education	40,994	47,598	40,167	7,431
Testing	35,097	38,492	36,268	2,224
Tuition for the Multi-Handicapped	1,659	1,659	1,659	0
<b>Total Education, Department of</b>	<b>\$ 8,941,023</b>	<b>\$ 9,640,216</b>	<b>\$ 9,525,048</b>	<b>\$ 115,168</b>
<b>Section 23: Employees' Retirement System of Georgia</b>				
Administration	\$ 17,710	\$ 18,413	\$ 17,476	\$ 937
Deferred Compensation	2,559	2,641	2,641	0
Georgia Military Pension Fund	1,103	1,103	1,103	0
Public School Employee's Retirement System	3,572	3,453	3,453	0
<b>Total Employees' Retirement System of Georgia</b>	<b>\$ 24,944</b>	<b>\$ 25,610</b>	<b>\$ 24,673</b>	<b>\$ 937</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 24: Forestry Commission, State</b>				
Administration	\$ 4,545	\$ 4,592	\$ 4,587	\$ 5
Forest Management	4,870	11,762	11,690	72
Forest Protection	31,850	38,262	38,244	18
Tree Improvement	122	263	259	4
Tree Seedling Nursery	1,386	1,236	1,232	4
<b>Total Forestry Commission, State</b>	<b>\$ 42,773</b>	<b>\$ 56,115</b>	<b>\$ 56,012</b>	<b>\$ 103</b>
<b>Section 25: Governor, Office of the</b>				
Governor's Emergency Fund	\$ 3,470	\$ 0	\$ 0	\$ 0
Governor's Office	7,653	23,819	14,699	9,120
Arts, Georgia Council for the	4,858	4,920	4,804	116
Child Advocate, Office of the	783	999	946	53
Consumer Affairs, Governor's Office of	8,714	11,433	11,295	138
Emergency Management Agency, Georgia	6,936	164,841	121,931	42,910
Equal Opportunity, Georgia Commission on	1,102	1,542	1,272	270
Office of Homeland Security	535	535	534	1
Office of the State Inspector General	833	833	718	115
Professional Standards Commission, Georgia	7,255	10,139	9,619	520
Student Achievement, Office of	1,540	1,495	1,213	282
Planning and Budget, Governor's Office of	9,475	9,527	9,416	111
<b>Total Governor, Office of the</b>	<b>\$ 53,154</b>	<b>\$ 230,083</b>	<b>\$ 176,447</b>	<b>\$ 53,636</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 26: Human Resources, Department of</b>				
Administration	\$ 261,719	\$ 256,687	\$ 220,461	\$ 36,226
Adolescent and Adult Health Promotion	47,312	58,887	55,774	3,113
Adoption Services	69,772	86,690	86,282	408
Adult Addictive Disease Services	74,547	106,296	104,424	1,872
Adult Developmental Disabilities Services	381,574	301,829	286,876	14,953
Adult Essential Health Treatment Services	12,044	16,916	15,754	1,162
Adult Forensic Services	39,537	44,131	44,005	126
Adult Mental Health Services	192,678	262,932	253,006	9,926
Adult Nursing Home Services	3,945	11,543	11,091	452
After School Care	42,000	43,073	15,058	28,015
Child and Adolescent Addictive Disease Services	27,804	16,549	16,419	130
Child and Adolescent Development Disabilities Services	29,308	23,866	23,579	287
Child and Adolescent Forensic Services	4,252	2,132	2,075	57
Child and Adolescent Mental Health Services	161,477	88,122	83,934	4,188
Child Care Services	233,417	261,528	229,841	31,687
Child Fatality Review Panel	371	448	443	5
Child Support Services	75,591	94,501	85,376	9,125
Child Welfare Services	251,208	321,246	292,044	29,202
Direct Care and Support Services	161,597	183,876	160,266	23,610
Elder Abuse Investigations and Prevention	17,225	17,532	16,874	658
Elder Community Living Services	115,355	123,992	124,154	(162)
Elder Support Services	9,028	9,534	7,930	1,604
Eligibility Determination	51,320	100,672	90,487	10,185
Emergency Preparedness/Trauma System Improvement	14,495	117,954	103,949	14,005
Energy Assistance	18,624	43,222	39,813	3,409
Epidemiology	6,489	11,661	10,408	1,253
Facility and Provider Regulation	14,628	16,001	15,190	811
Family Connection	11,875	11,945	11,847	98
Family Violence Services	10,551	12,870	12,789	81
Federal Unobligated Balances	39,024	87,619	0	87,619
Food Stamp Eligibility and Benefits	55,241	89,222	85,764	3,458
Immunization	20,544	27,277	26,821	456
Infant and Child Essential Health Treatment Services	50,458	65,679	63,203	2,476
Infant and Child Health Promotion	115,951	342,443	335,026	7,417
Infectious Disease Control	50,498	103,109	96,960	6,149
Injury Prevention	1,330	2,686	2,141	545
Inspections and Environmental Hazard Control	15,569	21,709	21,495	214
Out of Home Care	213,533	271,171	271,151	20
Refugee Assistance	3,184	7,012	6,994	18
Substance Abuse Prevention	11,641	17,902	16,760	1,142
Support for Needy Families - Basic Assistance	87,968	59,828	56,395	3,433
Support for Needy Families - Family Assistance	87,087	64,641	71,730	(7,089)
Support for Needy Families - Family Assistance - Special Project	—	721	0	721
Support for Needy Families - Work Assistance	66,587	27,444	27,400	44
Vital Records	3,191	4,152	3,763	389
Brain and Spinal Injury Trust Fund	3,063	3,534	3,399	135
Children's Trust Fund Commission	7,783	16,503	16,658	(155)
Council on Aging	193	193	193	0
Developmental Disabilities, Governor's Council on	2,320	2,802	2,337	465
Sexual Offender Review Board	336	336	336	0
<b>Total Human Resources, Department of</b>	<b>\$ 3,175,244</b>	<b>\$ 3,862,618</b>	<b>\$ 3,528,675</b>	<b>\$ 333,943</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 27: Insurance, Department of</b>				
Administration	\$ 2,445	\$ 2,445	\$ 2,444	\$ 1
Enforcement	866	866	863	3
Fire Safety	6,577	6,497	5,867	630
Industrial Loan	769	784	770	14
Insurance Regulation	5,982	5,982	5,975	7
Special Fraud	3,278	3,278	3,268	10
<b>Total Insurance, Department of</b>	<b>\$ 19,917</b>	<b>\$ 19,852</b>	<b>\$ 19,187</b>	<b>\$ 665</b>
<b>Section 28: Investigation, Georgia Bureau of</b>				
Administration	\$ 11,046	\$ 11,059	\$ 11,059	\$ 0
Centralized Scientific Services	13,825	16,976	16,973	3
Criminal Justice Information Services	10,461	13,492	13,492	0
Georgia Information Sharing and Analysis Center	891	1,580	1,566	14
Regional Forensic Services	8,487	8,485	8,484	1
Regional Investigative Services	25,750	27,835	27,836	(1)
Special Operations Unit	784	2,239	2,233	6
State Healthcare Fraud Unit	1,170	4,306	4,197	109
Task Forces	1,178	1,178	1,165	13
Criminal Justice Coordinating Council	35,447	58,918	58,903	15
<b>Total Investigation, Georgia Bureau of</b>	<b>\$ 109,039</b>	<b>\$ 146,068</b>	<b>\$ 145,908</b>	<b>\$ 160</b>
<b>Section 29: Juvenile Justice, Department of</b>				
Administration	\$ 28,250	\$ 30,733	\$ 29,526	\$ 1,207
Community Non-Secure Commitment	56,672	51,558	48,262	3,296
Community Supervision	54,883	54,590	51,339	3,251
Secure Commitment (YDCs)	97,247	99,179	98,017	1,162
Secure Detention (RYDCs)	102,980	105,013	102,889	2,124
Children and Youth Coordinating Council	3,160	12,456	4,778	7,678
<b>Total Juvenile Justice, Department of</b>	<b>\$ 343,192</b>	<b>\$ 353,529</b>	<b>\$ 334,811</b>	<b>\$ 18,718</b>
<b>Section 30: Labor, Department of</b>				
Administration - Department of Labor	\$ 14,088	\$ 55,139	\$ 53,842	\$ 1,297
Administration - Division of Rehabilitation	3,680	4,210	4,163	47
Business Enterprise Program	1,757	2,607	2,585	22
Disability Adjudication Section	55,599	55,599	48,403	7,196
Georgia Industries for the Blind	12,159	12,459	12,450	9
Labor Market Information	2,994	3,384	3,375	9
Roosevelt Warm Springs Institute	32,523	33,818	31,631	2,187
Safety Inspections	3,102	3,125	3,124	1
Unemployment Insurance	47,692	67,366	67,362	4
Vocational Rehabilitation Program	86,142	92,142	92,001	141
Workforce Development	93,811	156,670	128,116	28,554
Commission on Women	93	93	93	0
<b>Total Labor, Department of</b>	<b>\$ 353,640</b>	<b>\$ 486,612</b>	<b>\$ 447,145</b>	<b>\$ 39,467</b>
<b>Section 31: Law, Department of</b>				
Law	\$ 40,273	\$ 62,993	\$ 62,675	\$ 318
<b>Section 32: State Personnel Administration</b>				
Administration	\$ 5,843	\$ 5,927	\$ 5,329	\$ 598
Recruitment and Staffing Services	1,245	1,331	1,271	60
Total Compensation and Rewards	4,281	5,994	4,967	1,027
Workforce Development and Alignment	3,783	5,697	4,567	1,130
<b>Total State Personnel Administration</b>	<b>\$ 15,152</b>	<b>\$ 18,949</b>	<b>\$ 16,134</b>	<b>\$ 2,815</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 33: Natural Resources, Department of</b>				
Administration	\$ 10,180	\$ 11,212	\$ 11,039	\$ 173
Coastal Resources	4,358	10,621	10,253	368
Environmental Protection	41,131	145,790	122,113	23,677
Hazardous Waste Trust Fund	7,600	13,900	10,222	3,678
Historic Preservation	2,627	3,341	3,207	134
Land Conservation	509	509	410	99
Parks, Recreation and Historic Sites	43,012	69,475	67,737	1,738
Pollution Prevention Assistance	720	1,760	1,191	569
Solid Waste Trust Fund	6,000	6,000	6,000	0
Wildlife Resources	46,179	88,576	79,544	9,032
Payments to Georgia Agricultural Exposition Authority	2,245	2,245	2,245	0
Payments to Georgia Agrirama Development Authority	1,178	1,178	1,178	0
Payments to Lake Allatoona Preservation Authority	100	100	100	0
Payments to Southwest Georgia Railroad Excursion Authority	372	372	372	0
<b>Total Natural Resources, Department of</b>	<b>\$ 166,211</b>	<b>\$ 355,079</b>	<b>\$ 315,611</b>	<b>\$ 39,468</b>
<b>Section 34: Pardons and Paroles, State Board of</b>				
Administration	\$ 5,975	\$ 6,143	\$ 6,133	\$ 10
Clemency	10,935	10,996	10,876	120
Parole Supervision	38,150	39,043	38,428	615
Victim Services	553	553	543	10
<b>Total Pardons and Paroles, State Board of</b>	<b>\$ 55,613</b>	<b>\$ 56,735</b>	<b>\$ 55,980</b>	<b>\$ 755</b>
<b>Section 35: Properties Commission, State</b>				
Leasing	\$ 407	\$ 488	\$ 368	\$ 120
Properties Commission, State	593	1,410	1,307	103
Payments to Georgia Building Authority	1,250	1,250	1,250	0
<b>Total Properties Commission, State</b>	<b>\$ 2,250</b>	<b>\$ 3,148</b>	<b>\$ 2,925</b>	<b>\$ 223</b>
<b>Section 36: Public Defender Standards Council, Georgia</b>				
Public Defender Standards Council	\$ 8,705	\$ 11,317	\$ 11,353	\$ (36)
Public Defenders	31,560	59,696	59,696	0
<b>Total Public Defender Standards Council, Georgia</b>	<b>\$ 40,265</b>	<b>\$ 71,013</b>	<b>\$ 71,049</b>	<b>\$ (36)</b>
<b>Section 37: Public Safety, Department of</b>				
Administration	\$ 9,435	\$ 9,534	\$ 9,388	\$ 146
Aviation	2,631	3,272	3,254	18
Capitol Police Services	3,152	7,504	7,416	88
Executive Security Services	1,467	1,488	1,488	0
Field Offices and Services	78,567	83,367	83,222	145
Motor Carrier Compliance	17,602	23,238	22,962	276
Specialized Collision Reconstruction Team	2,517	3,255	3,220	35
Troop J Specialty Units	2,460	2,473	2,444	29
Firefighter Standards and Training Council, Georgia	905	905	879	26
Highway Safety, Office of	3,688	24,910	16,808	8,102
Peace Officer Standards and Training Council, Georgia	2,127	2,305	2,288	17
Public Safety Training Center, Georgia	14,393	20,262	18,520	1,742
<b>Total Public Safety, Department of</b>	<b>\$ 138,944</b>	<b>\$ 182,513</b>	<b>\$ 171,889</b>	<b>\$ 10,624</b>
<b>Section 38: Public Service Commission</b>				
Administration	\$ 1,258	\$ 1,262	\$ 1,262	\$ 0
Facility Protection	1,127	1,498	1,498	0
Utilities Regulation	7,853	7,934	7,932	2
<b>Total Public Service Commission</b>	<b>\$ 10,238</b>	<b>\$ 10,694</b>	<b>\$ 10,692</b>	<b>\$ 2</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 39: Regents, University System of Georgia</b>				
Advanced Technology Development Center / Economic Development Institute	\$ 27,975	\$ 29,575	\$ 27,176	\$ 2,399
Agricultural Experiment Station	75,377	86,016	80,354	5,662
Athens and Tifton Veterinary Laboratories	4,882	6,268	5,909	359
Cooperative Extension Service	58,486	68,439	65,093	3,346
Forestry Cooperative Extension	988	1,170	1,008	162
Forestry Research	5,826	7,707	7,646	61
Georgia Radiation Therapy Center	3,626	3,626	3,626	0
Georgia Tech Research Institute	130,786	154,736	149,870	4,866
Marine Institute	1,732	1,787	1,421	366
Marine Resources Extension Center	2,762	4,316	3,684	632
Medical College of Georgia Hospital and Clinics	33,181	33,181	33,181	0
Office of Minority Business Enterprise	884	884	883	1
Payments to the Georgia Cancer Coalition	14,588	14,588	14,588	0
Public Libraries	45,538	44,852	44,658	194
Public Service / Special Funding Initiatives	46,081	45,856	45,762	94
Regents Central Office	7,684	7,763	8,443	(680)
Research Consortium	36,745	36,745	36,735	10
Skidaway Institute of Oceanography	7,371	6,471	6,443	28
Student Education Enrichment Program	315	315	315	0
Teaching	4,507,411	4,852,246	4,629,055	223,191
Veterinary Medicine Experiment Station	3,384	3,384	3,384	0
Veterinary Medicine Teaching Hospital	7,203	12,253	10,068	2,185
Payments to Georgia Military College	3,062	3,062	3,062	0
Payments to Public Telecommunications Commission, Georgia	18,070	18,070	18,070	0
Georgia Eminent Scholars Endowment Trust Fund	500	500	500	0
<b>Total Regents, University System of Georgia</b>	<b>\$ 5,044,457</b>	<b>\$ 5,443,810</b>	<b>\$ 5,200,934</b>	<b>\$ 242,876</b>
<b>Section 40: Revenue, Department of</b>				
Administration	\$ 4,071	\$ 4,528	\$ 4,532	\$ (4)
Customer Service	13,399	14,344	14,177	167
Homeowner Tax Relief Grants	428,291	430,024	430,020	4
Industry Regulation	4,879	5,728	5,596	132
Local Tax Officials Retirement and FICA	5,149	5,149	5,149	0
Revenue Processing	42,065	42,338	42,496	(158)
Salvage Inspection	1,671	1,671	1,668	3
State Board of Equalization	5	5	5	0
Tag and Title Registration	23,838	29,868	25,086	4,782
Tax Compliance	37,879	46,022	46,036	(14)
<b>Total Revenue, Department of</b>	<b>\$ 561,247</b>	<b>\$ 579,677</b>	<b>\$ 574,765</b>	<b>\$ 4,912</b>
<b>Section 41: Secretary of State</b>				
Administration	\$ 5,333	\$ 6,174	\$ 5,684	\$ 490
Archives and Records	6,715	6,921	6,649	272
Capitol Tours	166	166	132	34
Corporations	2,045	2,577	2,390	187
Elections	5,319	6,225	6,006	219
Professional Licensing Boards	12,122	11,962	11,176	786
Securities	2,241	3,053	2,636	417
Drugs and Narcotics Agency, Georgia	1,454	1,528	1,478	50
State Ethics Commission	1,869	1,875	1,871	4
Commission on the Holocaust, Georgia	341	405	403	2
Real Estate Commission	3,535	3,655	3,580	75
<b>Total Secretary of State</b>	<b>\$ 41,140</b>	<b>\$ 44,541</b>	<b>\$ 42,005</b>	<b>\$ 2,536</b>

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 42: Soil and Water Conservation Commission</b>				
Administration	\$ 640	\$ 640	\$ 640	\$ 0
Conservation of Agricultural Water Supplies	9,794	7,470	7,462	8
Conservation of Soil and Water Resources	2,691	3,228	2,281	947
USDA Flood Control Watershed Structures	107	607	606	1
Water Resources and Land Use Planning	877	877	877	0
<b>Total Soil and Water Conservation Commission</b>	<b>\$ 14,109</b>	<b>\$ 12,822</b>	<b>\$ 11,866</b>	<b>\$ 956</b>
<b>Section 43: Student Finance Commission and Authority, Georgia</b>				
Accel	\$ 6,000	\$ 6,000	\$ 4,430	\$ 1,570
Engineer Scholarship	760	760	593	167
Georgia Military College Scholarship	1,229	1,229	1,012	217
Governor's Scholarship Program	2,329	2,329	2,329	0
Guaranteed Educational Loans	4,050	4,050	4,050	0
HERO Scholarship	918	918	918	0
HOPE Administration	5,887	5,887	5,887	0
HOPE GED	2,462	2,462	2,129	333
HOPE Grant	104,972	111,825	105,217	6,608
HOPE Scholarships - Private Schools	45,652	45,652	35,624	10,028
HOPE Scholarships - Public Schools	338,951	332,098	314,365	17,733
Law Enforcement Dependents Grant	51	51	51	0
Leveraging Educational Assistance Partnership Program	1,487	1,489	1,489	0
North Georgia Military Scholarship Grants	684	925	925	0
North Georgia ROTC Grants	432	489	489	0
Promise Scholarship	5,855	5,855	5,732	123
Public Memorial Safety Grant	256	256	183	73
Teacher Scholarship	5,333	5,333	5,029	304
Tuition Equalization Grants	34,966	34,966	34,966	0
Nonpublic Postsecondary Education Commission	790	821	821	0
<b>Total Student Finance Commission and Authority, Georgia</b>	<b>\$ 563,064</b>	<b>\$ 563,395</b>	<b>\$ 526,239</b>	<b>\$ 37,156</b>
<b>Section 44: Teachers' Retirement System</b>				
Floor/COLA, Local System Fund	\$ 1,555	\$ 1,555	\$ 1,358	\$ 197
System Administration	24,934	26,518	25,377	1,141
<b>Total Teachers' Retirement System</b>	<b>\$ 26,489</b>	<b>\$ 28,073</b>	<b>\$ 26,735</b>	<b>\$ 1,338</b>
<b>Section 45: Technical and Adult Education, Department of</b>				
Administration	\$ 12,910	\$ 15,692	\$ 15,691	\$ 1
Adult Literacy	23,808	34,551	33,699	852
Quick Start and Customized Services	16,368	25,652	23,767	1,885
Technical Education	400,279	546,612	519,267	27,345
<b>Total Technical and Adult Education, Department of</b>	<b>\$ 453,365</b>	<b>\$ 622,507</b>	<b>\$ 592,424</b>	<b>\$ 30,083</b>
<b>Section 46: Transportation, Department of</b>				
Administration	\$ 75,613	\$ 103,102	\$ 102,380	\$ 722
Air Transportation	2,440	4,115	3,727	388
Airport Aid	17,646	24,339	24,048	291
Data Collection, Compliance and Reporting	12,831	13,892	13,515	377
Local Road Assistance	206,349	293,853	269,861	23,992
Payments to State Road and Tollway Authority	47,799	100,109	100,109	0
Ports and Waterways	1,523	3,124	2,586	538
Rail	386	5,920	3,410	2,510
State Highway System Construction and Improvement	1,318,022	2,989,331	1,059,575	1,929,756
State Highway System Maintenance	342,141	571,751	566,916	4,835
State Highway System Operations	65,382	90,382	88,851	1,531
Transit	26,131	40,163	38,758	1,405
<b>Total Transportation, Department of</b>	<b>\$ 2,116,263</b>	<b>\$ 4,240,081</b>	<b>\$ 2,273,736</b>	<b>\$ 1,966,345</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 47: Veterans Service, Department of</b>				
Administration	\$ 696	\$ 1,620	\$ 1,064	\$ 556
Georgia Veterans Memorial Cemetery	610	7,358	7,331	27
Georgia War Veterans Nursing Home - Augusta	9,065	10,543	10,543	0
Georgia War Veterans Nursing Home - Milledgeville	20,177	21,369	21,376	(7)
Veterans Benefits	6,658	6,565	6,643	(78)
<b>Total Veterans Service, Department of</b>	<b>\$ 37,206</b>	<b>\$ 47,455</b>	<b>\$ 46,957</b>	<b>\$ 498</b>
<b>Section 48: Workers' Compensation, State Board of</b>				
Administration	\$ 6,466	\$ 6,834	\$ 4,892	\$ 1,942
Administer the Workers' Compensation Laws	10,802	11,042	11,037	5
<b>Total Workers' Compensation, State Board of</b>	<b>\$ 17,268</b>	<b>\$ 17,876</b>	<b>\$ 15,929</b>	<b>\$ 1,947</b>
<b>Section 49: State of Georgia General Obligation Debt Sinking Fund</b>				
General Obligation Bonds - Issued	\$ 940,174	\$ 957,391	\$ 858,970	\$ 98,421
General Obligation Bonds - New	99,468	117,422	91,644	25,778
<b>Total State of Georgia General Obligation Debt Sinking Fund</b>	<b>\$ 1,039,642</b>	<b>\$ 1,074,813</b>	<b>\$ 950,614</b>	<b>\$ 124,199</b>
<b>Total Expenditures</b>	<b>\$ 37,384,386</b>	<b>\$ 42,670,118</b>	<b>\$ 38,489,793</b>	<b>\$ 4,180,325</b>
<b>Excess of Funds Available over Expenditures</b>			<b>\$ 2,815,252</b>	<b>\$ 2,815,252</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget-To-GAAP Reconciliation For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	<u>General Fund</u>
<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	\$ 41,305,045
Differences - budget to GAAP:	
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	19,795,528
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(5,964,357)
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(1,478,026)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(922,260)
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.	1,737,668
Accrual of taxpayer assessed receivables and revenues.	(116,347)
Proceeds from the sale of land and equipment are budgetary resources but are regarded as other financing sources under GAAP.	
State appropriation revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(20,499,567)
Some federal financial assistance is reported as revenue when received in the Budget Fund, but these funds are not earned at year end, and are shown as deferred revenue for GAAP purposes.	1,322
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(325,252)
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	(2,956,750)
Revenue reported for nonbudgetary food stamp program.	1,220,286
Revenue reported for nonbudgetary donated commodities.	174,494
Other net accrued receivables and revenues.	<u>54,062</u>
Total Revenues (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 32,025,846</u>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget-To-GAAP Reconciliation For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	<u>General Fund</u>
<b>Uses/Outflows of Resources</b>	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 38,489,793
Differences - budget to GAAP:	
Expenditures of Nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	97,290
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(8,693,415)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(1,061,439)
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.	1,913,883
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(325,252)
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	(1,312,075)
Change in expenditure accrual for nonbudgetary Medicaid claims	(34,300)
Expenditures reported for nonbudgetary food stamp program.	1,220,286
Expenditures reported for nonbudgetary donated commodities.	174,181
Accrual of teacher salaries not included in current budget year.	65,473
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	825
Other net accrued liabilities and expenditures.	<u>90,494</u>
Total Expenditures (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 30,625,744</u>

# State of Georgia

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## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2008

### **Budgetary Process**

The Official Code of Georgia Annotated (OCGA), Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State of Georgia. Not later than September 1 of each year, the head of each executive branch budget unit must submit estimates of the financial requirements for the subsequent fiscal year to the Office of Planning and Budget, which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to the Office of Planning and Budget for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by the Office of Planning and Budget.

The Governor, through the Office of Planning and Budget, 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 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 Constitution of the State of Georgia, Article III, Section IX, Paragraph IV, the General Assembly is prohibited from appropriating funds for any given fiscal year which, in the aggregate, exceeds the amount of unappropriated surplus funds expected to have accrued at the beginning of the subsequent fiscal year together with the total estimated amount of receipts from existing revenue sources, less refunds, anticipated to be collected in the subsequent fiscal year. The Constitution further authorizes the passage of additional Supplementary Appropriation Acts, provided sufficient unappropriated surplus is available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

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 the Office of Planning and Budget, 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 quarterly 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 the Office of Planning and Budget.

Budget units (i.e., agencies, commissions) 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 demonstrate compliance at the legal level of budgetary control.

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.

### **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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# State of Georgia

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## 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 represent the blended component units that conduct general governmental functions as described below:

**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.

**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.

**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 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.

### DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest on the State's general long-term debt.

### CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the acquisition or construction of governmental capital assets. The State's nonmajor capital projects funds are described below:

**Georgia Building Authority (Markets)** accounts for the construction and renovation of farmers markets and related facilities.

**Georgia Education Authority (University)** accounts for the construction and improvement of buildings and facilities of institutions under the authority of the Board of Regents of the University System of Georgia. As of October 31, 2007, the Authority ceased operations due to inactivity and closed its accounts. The Authority's remaining funds were transferred to the Georgia Higher Education Facilities Authority (described below) and to the Board of Regents (Higher Education Fund).

**Georgia Higher Education Facilities Authority** accounts for construction, renovation, improvement, rehabilitation or restoration projects for the Board of Regents of the University System of Georgia and the Department of Technical and Adult Education through the issuance of revenue bonds.

# State of Georgia

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## Nonmajor Governmental 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, 2008 (expressed in thousands)

	Special Revenue			
	Georgia Economic Development Foundation, Inc.	Georgia Tourism Foundation	State Road and Tollway Authority	Debt Service
<b>Assets</b>				
Cash and Cash Equivalents	\$ 422	\$ 186	\$ 296,604	\$ —
Investments	—	—	306,678	—
Accounts Receivable	—	—	197	—
Due From Other Funds	—	—	1,661	—
Prepaid Items	—	—	6	—
Restricted Assets				
Cash and Cash Equivalents	—	—	60,752	—
Investments	—	—	5,292	—
<b>Total Assets</b>	<b>\$ 422</b>	<b>\$ 186</b>	<b>\$ 671,190</b>	<b>\$ 0</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable and Other Accruals	\$ —	\$ —	\$ 213	\$ —
Due to Other Funds	—	—	345,460	—
Commercial Paper Payable	—	—	39,500	—
Other Liabilities	—	—	174	—
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 385,347</b>	<b>\$ 0</b>
<b>Fund Balances:</b>				
Reserved for Georgia Academy for the Blind	\$ —	\$ —	\$ —	\$ —
Unreserved, Undesignated	422	186	285,843	—
<b>Total Fund Balances</b>	<b>\$ 422</b>	<b>\$ 186</b>	<b>\$ 285,843</b>	<b>\$ 0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 422</b>	<b>\$ 186</b>	<b>\$ 671,190</b>	<b>\$ 0</b>

**Capital Projects**

<u>Georgia Building Authority (Markets)</u>	<u>Georgia Education Authority (University)</u>	<u>Georgia Higher Education Facilities Authority</u>	<u>Permanent Fund</u>	<u>Total</u>
\$ 20	\$ —	\$ 252	\$ 14	\$ 297,498
20	—	262	—	306,960
—	—	—	—	197
—	—	—	—	1,661
—	—	—	—	6
—	—	—	—	60,752
—	—	—	—	5,292
<u>\$ 40</u>	<u>\$ 0</u>	<u>\$ 514</u>	<u>\$ 14</u>	<u>\$ 672,366</u>
\$ —	\$ —	\$ —	\$ —	\$ 213
—	—	—	—	345,460
—	—	—	—	39,500
—	—	—	—	174
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 385,347</u>
\$ —	\$ —	\$ —	\$ 14	\$ 14
40	—	514	—	287,005
<u>\$ 40</u>	<u>\$ 0</u>	<u>\$ 514</u>	<u>\$ 14</u>	<u>\$ 287,019</u>
<u>\$ 40</u>	<u>\$ 0</u>	<u>\$ 514</u>	<u>\$ 14</u>	<u>\$ 672,366</u>

# State of Georgia

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

### Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Special Revenue			
	Georgia Economic Development Foundation, Inc.	Georgia Tourism Foundation	State Road and Tollway Authority	Debt Service
<b>Revenues:</b>				
Intergovernmental - Other	\$ —	\$ —	\$ 552	\$ —
Sales and Services	159	45	—	—
Interest and Other Investment Income	9	7	14,827	—
Contributions and Donations	190	26	—	—
Other	—	—	19	—
<b>Total Revenues</b>	<b>\$ 358</b>	<b>\$ 78</b>	<b>\$ 15,398</b>	<b>\$ 0</b>
<b>Expenditures:</b>				
General Government	\$ —	\$ —	\$ —	\$ —
Education	—	—	—	—
Transportation	—	—	71,384	—
Economic Development and Assistance	767	109	—	—
Debt Service				
Principal	—	—	55,620	693,000
Interest	—	—	50,313	384,129
Accrued Interest on Bonds Retired in Advance	—	—	—	653
Discount on Bonds Retired in Advance	—	—	—	(31,844)
Other Debt Service Expenditures	—	—	—	24,710
<b>Total Expenditures</b>	<b>\$ 767</b>	<b>\$ 109</b>	<b>\$ 177,317</b>	<b>\$ 1,070,648</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (409)</b>	<b>\$ (31)</b>	<b>\$ (161,919)</b>	<b>\$ (1,070,648)</b>
<b>Other Financing Sources (Uses):</b>				
Debt Issuance - Revenue Bonds	\$ —	\$ —	\$ 600,000	\$ —
Debt Issuance - Revenue Bonds - Premium	—	—	39,911	—
Proceeds from Sale of Capital Assets	—	—	1,661	—
Operating Transfers In	—	60	99,974	1,070,648
Operating Transfers Out	—	(60)	(480,321)	—
<b>Net Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 261,225</b>	<b>\$ 1,070,648</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>\$ (409)</b>	<b>\$ (31)</b>	<b>\$ 99,306</b>	<b>\$ 0</b>
<b>Fund Balances, July 1</b>	<b>831</b>	<b>217</b>	<b>186,537</b>	<b>0</b>
<b>Fund Balances, June 30</b>	<b>\$ 422</b>	<b>\$ 186</b>	<b>\$ 285,843</b>	<b>\$ 0</b>

Capital Projects					
Georgia Building Authority (Markets)	Georgia Education Authority (University)	Georgia Higher Education Facilities Authority	Permanent Fund		Total
\$ —	\$ —	\$ —	\$ —	\$ —	552
—	—	—	—	—	204
1	10	14	1		14,869
—	—	—	—		216
—	—	—	—		19
<u>\$ 1</u>	<u>\$ 10</u>	<u>\$ 14</u>	<u>\$ 1</u>		<u>\$ 15,860</u>
\$ —	\$ 14	\$ —	\$ —	\$ —	14
—	—	—	1		1
—	—	—	—		71,384
—	—	—	—		876
—	2,289	—	—		750,909
—	52	—	—		434,494
—	—	—	—		653
—	—	—	—		(31,844)
—	—	—	—		24,710
<u>\$ 0</u>	<u>\$ 2,355</u>	<u>\$ 0</u>	<u>\$ 1</u>		<u>\$ 1,251,197</u>
\$ 1	(2,345)	14	0		(1,235,337)
\$ —	\$ —	\$ —	\$ —	\$ —	600,000
—	—	—	—		39,911
—	—	—	—		1,661
—	—	500	—		1,171,182
—	(925)	—	—		(481,306)
<u>\$ 0</u>	<u>\$ (925)</u>	<u>\$ 500</u>	<u>\$ 0</u>		<u>\$ 1,331,448</u>
\$ 1	(3,270)	514	0		96,111
39	3,270	0	14		190,908
<u>\$ 40</u>	<u>\$ 0</u>	<u>\$ 514</u>	<u>\$ 14</u>		<u>\$ 287,019</u>

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# INTERNAL SERVICE FUNDS

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# State of Georgia

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## 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 and fleet management.

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 **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 **Merit System of Personnel Administration** is the central personnel agency for the State, and provides a system of personnel administration to attract, select and retain the best employees, enhance organizational performance, and provide employee benefits.

The **Agency for Removal of Hazardous Materials** administers a program for the abatement and removal of asbestos and other hazardous materials from the premises of the State, state authorities, counties, municipal corporations, local and independent school systems, and other units and authorities of government.

The **Risk Management** column is an accumulation of the funds used to account for 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 marina 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. 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.

# State of Georgia

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## Internal Service Funds

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 **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 Assets

### Internal Service Funds

June 30, 2008

(expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration	Merit System of Personnel Administration
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 3,057	\$ 10,172	\$ 10,646	\$ 3,270
Investments	143	9,693	5,114	—
Accounts Receivable (Net of Allowances for Uncollectibles)	176	907	3,515	956
Due from Other Funds	—	—	—	—
Due from Component Units	—	—	—	—
Intergovernmental Receivables	—	—	—	—
Inventories	—	367	8,427	—
Prepaid Items	—	4,030	39	—
Other Assets	39	—	—	—
<b>Noncurrent Assets:</b>				
Investments	—	—	—	—
<b>Capital Assets:</b>				
Land	—	21,416	44	—
Buildings and Building Improvements	339	395,867	11,599	—
Improvements Other Than Buildings	—	5,160	—	—
Machinery and Equipment	1,214	3,342	19,578	132
Software	—	—	—	—
Works of Art and Collections	—	1,240	—	—
Accumulated Depreciation	(1,050)	(161,857)	(23,498)	(83)
<b>Total Assets</b>	<b>\$ 3,918</b>	<b>\$ 290,337</b>	<b>\$ 35,464</b>	<b>\$ 4,275</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Other Accruals	\$ 449	\$ 2,222	\$ 603	\$ 425
Due to Other Funds	—	15	—	54
Salaries/Withholdings Payable	—	10	7	46
Funds Held for Others	—	—	—	2
Unearned Revenue	—	576	—	—
Customer Deposits	6	—	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	666	1,039	319	319
Capital Leases Payable - Current	—	—	—	—
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	977	—	629	537
Capital Leases Payable	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 2,098</b>	<b>\$ 3,862</b>	<b>\$ 1,558</b>	<b>\$ 1,383</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 503	\$ 265,168	\$ 7,723	\$ 49
<b>Restricted for:</b>				
Distance Learning and Telemedicine	—	—	—	—
Surplus Property Working Capital	1,317	—	—	—
Unrestricted	—	21,307	26,183	2,843
<b>Total Net Assets</b>	<b>\$ 1,820</b>	<b>\$ 286,475</b>	<b>\$ 33,906</b>	<b>\$ 2,892</b>

Removal of Hazardous Materials, Agency for	Risk Management (see combining)	Technology Authority, Georgia	Total
\$ 4	\$ 38,037	\$ 42,755	\$ 107,941
—	21,220	41,421	77,591
2	64,988	6,104	76,648
—	179,054	8,724	187,778
—	—	136	136
—	—	13	13
—	—	400	9,194
—	—	257	4,326
—	58	—	97
—	154,546	—	154,546
—	—	31	21,491
—	—	1,020	408,825
—	—	—	5,160
580	—	91,761	116,607
—	—	58,138	58,138
—	—	—	1,240
(580)	—	(110,338)	(297,406)
<u>\$ 6</u>	<u>\$ 457,903</u>	<u>\$ 140,422</u>	<u>\$ 932,325</u>
\$ 109	\$ 78	\$ 3,259	\$ 7,145
—	—	—	69
—	8	—	71
—	—	771	773
—	—	—	576
—	—	—	6
—	415,752	—	415,752
—	—	1,854	4,197
—	—	1,440	1,440
—	—	2,702	4,845
—	—	1,184	1,184
<u>\$ 109</u>	<u>\$ 415,838</u>	<u>\$ 11,210</u>	<u>\$ 436,058</u>
\$ —	\$ —	\$ 40,612	\$ 314,055
—	—	847	847
—	—	—	1,317
(103)	42,065	87,753	180,048
<u>\$ (103)</u>	<u>\$ 42,065</u>	<u>\$ 129,212</u>	<u>\$ 496,267</u>

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

### Internal Service Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
<b>Operating Revenues:</b>			
Contributions/Premiums	\$ —	\$ —	\$ —
Rents and Royalties	—	49,158	—
Sales and Services	3,990	2,497	27,896
Other	419	248	—
<b>Total Operating Revenues</b>	<b>\$ 4,409</b>	<b>\$ 51,903</b>	<b>\$ 27,896</b>
<b>Operating Expenses:</b>			
Personal Services	\$ 2,711	\$ 11,255	\$ 8,151
Services and Supplies	2,476	37,437	19,421
Claims and Judgments	—	—	—
Depreciation	123	13,506	1,754
<b>Total Operating Expenses</b>	<b>\$ 5,310</b>	<b>\$ 62,198</b>	<b>\$ 29,326</b>
<b>Operating Income (Loss)</b>	<b>\$ (901)</b>	<b>\$ (10,295)</b>	<b>\$ (1,430)</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest and Other Investment Income	\$ 164	\$ 759	\$ 702
Interest Expense	—	—	—
Other	(186)	9,925	397
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (22)</b>	<b>\$ 10,684</b>	<b>\$ 1,099</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$ (923)</b>	<b>\$ 389</b>	<b>\$ (331)</b>
<b>Capital Contributions</b>	<b>\$ —</b>	<b>\$ 6,703</b>	<b>\$ —</b>
<b>Transfers:</b>			
Transfers In	\$ 21	\$ 1,250	\$ —
Transfers Out	(559)	(40)	—
<b>Net Transfers</b>	<b>\$ (538)</b>	<b>\$ 1,210</b>	<b>\$ 0</b>
<b>Change in Net Assets</b>	<b>\$ (1,461)</b>	<b>\$ 8,302</b>	<b>\$ (331)</b>
Net Assets, July 1	3,281	278,173	34,237
Adjustments	—	—	—
<b>Net Assets, June 30</b>	<b>\$ 1,820</b>	<b>\$ 286,475</b>	<b>\$ 33,906</b>

<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management (see combining)</u>	<u>Technology Authority, Georgia</u>	<u>Total</u>
\$ —	\$ —	\$ 114,148	\$ —	\$ 114,148
—	—	—	—	49,158
15,265	—	—	165,471	215,119
—	—	1,052	252	1,971
<u>\$ 15,265</u>	<u>\$ 0</u>	<u>\$ 115,200</u>	<u>\$ 165,723</u>	<u>\$ 380,396</u>
\$ 8,962	\$ —	\$ 3,116	\$ 46,044	\$ 80,239
8,485	—	28,536	110,244	206,599
—	—	224,673	—	224,673
21	—	—	8,212	23,616
<u>\$ 17,468</u>	<u>\$ 0</u>	<u>\$ 256,325</u>	<u>\$ 164,500</u>	<u>\$ 535,127</u>
<u>\$ (2,203)</u>	<u>\$ 0</u>	<u>\$ (141,125)</u>	<u>\$ 1,223</u>	<u>\$ (154,731)</u>
\$ —	\$ —	\$ 13,872	\$ 2,927	\$ 18,424
—	—	—	(248)	(248)
(1)	(6)	106,205	(4)	116,330
<u>\$ (1)</u>	<u>\$ (6)</u>	<u>\$ 120,077</u>	<u>\$ 2,675</u>	<u>\$ 134,506</u>
<u>\$ (2,204)</u>	<u>\$ (6)</u>	<u>\$ (21,048)</u>	<u>\$ 3,898</u>	<u>\$ (20,225)</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,703</u>
\$ —	\$ 85	\$ —	\$ 1,397	\$ 2,753
—	—	—	(1,722)	(2,321)
<u>\$ 0</u>	<u>\$ 85</u>	<u>\$ 0</u>	<u>\$ (325)</u>	<u>\$ 432</u>
\$ (2,204)	\$ 79	\$ (21,048)	\$ 3,573	\$ (13,090)
5,096	(182)	63,113	122,542	506,260
—	—	—	3,097	3,097
<u>\$ 2,892</u>	<u>\$ (103)</u>	<u>\$ 42,065</u>	<u>\$ 129,212</u>	<u>\$ 496,267</u>

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia
	<u>                    </u>	<u>                    </u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 4,169	\$ 52,950
Cash Received from Required Contributions/Premiums	—	—
Cash Paid to Vendors	(2,748)	(38,692)
Cash Paid to Employees	(2,451)	(11,199)
Cash Paid for Claims and Judgments	—	—
Other Operating Items	—	—
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Operating Activities	\$ (1,030)	\$ 3,059
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers from Other Funds	\$ 21	\$ 1,250
Transfers to Other Funds	(559)	(40)
Other Noncapital Items (Net)	—	—
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (538)	\$ 1,210
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital Contributions	\$ —	\$ 1,196
Proceeds from Sale of Capital Assets	—	1,354
Acquisition and Construction of Capital Assets	(219)	(782)
Principal Paid on Capital Debt	—	—
Interest Paid on Capital Debt	—	—
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ (219)	\$ 1,768
<b>Cash Flows from Investing Activities:</b>		
Sale (Purchase) of Investments (Net)	\$ (64)	\$ (7,704)
Interest and Dividends Received	164	759
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Investing Activities	\$ 100	\$ (6,945)
Net Decrease in Cash and Cash Equivalents	\$ (1,687)	\$ (908)
Cash and Cash Equivalents, July 1	<u>4,744</u>	<u>11,080</u>
Cash and Cash Equivalents, June 30	<u>\$ 3,057</u>	<u>\$ 10,172</u>

<u>Correctional Industries Administration</u>	<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management (see combining)</u>	<u>Technology Authority, Georgia</u>	<u>Total</u>
\$ 26,521	\$ 17,616	\$ —	\$ —	\$ 173,026	\$ 274,282
—	—	—	99,407	—	99,407
(19,901)	(8,713)	(170)	(28,681)	(116,443)	(215,348)
(8,060)	(8,893)	—	(3,112)	(45,992)	(79,707)
—	—	—	(151,279)	—	(151,279)
—	—	—	1,052	771	1,823
<u>\$ (1,440)</u>	<u>\$ 10</u>	<u>\$ (170)</u>	<u>\$ (82,613)</u>	<u>\$ 11,362</u>	<u>\$ (70,822)</u>
\$ —	\$ —	\$ 85	\$ —	\$ 1,397	\$ 2,753
—	—	—	—	(1,722)	(2,321)
391	—	—	61,189	65	61,645
<u>\$ 391</u>	<u>\$ 0</u>	<u>\$ 85</u>	<u>\$ 61,189</u>	<u>\$ (260)</u>	<u>\$ 62,077</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,196
6	—	—	—	—	1,360
(2,186)	(60)	—	—	(1,638)	(4,885)
—	—	—	—	(3,775)	(3,775)
—	—	—	—	(248)	(248)
<u>\$ (2,180)</u>	<u>\$ (60)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,661)</u>	<u>\$ (6,352)</u>
\$ (3,565)	\$ —	\$ —	\$ (22,396)	\$ (32,555)	\$ (66,284)
702	—	—	13,064	2,927	17,616
<u>\$ (2,863)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,332)</u>	<u>\$ (29,628)</u>	<u>\$ (48,668)</u>
\$ (6,092)	\$ (50)	\$ (85)	\$ (30,756)	\$ (24,187)	\$ (63,765)
16,738	3,320	89	68,793	66,942	171,706
<u>\$ 10,646</u>	<u>\$ 3,270</u>	<u>\$ 4</u>	<u>\$ 38,037</u>	<u>\$ 42,755</u>	<u>\$ 107,941</u>

(continued)

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds (continued) For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia
	<u>                    </u>	<u>                    </u>
Operating Income (Loss)	\$ (901)	\$ (10,295)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	123	13,506
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(106)	471
Decrease (Increase) in Due from Other Funds	—	—
Decrease in Due from Component Units	—	—
Decrease in Intergovernmental Receivables	—	—
Decrease (Increase) in Inventories	—	70
Decrease (Increase) in Prepaid Items	83	(296)
Increase in Other Assets	(39)	—
Increase (Decrease) in Accounts Payable and Other Accruals	(225)	(1,027)
Increase (Decrease) in Due to Other Funds	(8)	(2)
Increase (Decrease) in Salaries/Withholdings Payable	(2)	(3)
Increase in Funds Held for Others	—	—
Increase (Decrease) in Unearned Revenue	(134)	576
Increase in Claims and Judgments Payable	—	—
Increase in Compensated Absences Payable	179	59
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Operating Activities	\$ <u>(1,030)</u>	\$ <u>3,059</u>
Noncash Investing, Capital, and Financing Activities:		
Acquisition of Capital Assets through Capital Leases	\$ —	\$ —
Donation of Capital Assets	—	5,507
Net Increase in Fair Value of Investments	—	—

<u>Correctional Industries Administration</u>	<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management (see combining)</u>	<u>Technology Authority, Georgia</u>	<u>Total</u>
\$ (1,430)	\$ (2,203)	\$ 0	\$ (141,125)	\$ 1,223	\$ (154,731)
1,754	21	—	—	8,212	23,616
(1,375)	2,351	—	(1,362)	(685)	(706)
—	—	—	(13,379)	8,079	(5,300)
—	—	—	—	62	62
—	—	—	—	60	60
(893)	—	—	—	231	(592)
(14)	—	—	—	514	287
—	—	—	(58)	—	(97)
432	(282)	(170)	(87)	(6,206)	(7,565)
(5)	54	—	—	(738)	(699)
7	36	—	4	—	42
—	—	—	—	771	771
—	—	—	—	(213)	229
—	—	—	73,394	—	73,394
84	33	—	—	52	407
<u>\$ (1,440)</u>	<u>\$ 10</u>	<u>\$ (170)</u>	<u>\$ (82,613)</u>	<u>\$ 11,362</u>	<u>\$ (70,822)</u>
\$ —	\$ —	\$ —	\$ —	\$ 1,439	\$ 1,439
—	—	—	—	—	5,507
—	—	—	808	—	808

# State of Georgia

## Combining Statement of Net Assets Internal Service Funds Risk Management June 30, 2008 (expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 22,690	\$ 9,099
Investments	12,657	5,076
Accounts Receivable (Net of Allowances for Uncollectibles)	7	45,025
Due From Other Funds	<u>          </u>	<u>          </u>
Other Assets	29	19
Noncurrent Assets:		
Investments	<u>92,186</u>	<u>36,969</u>
 Total Assets	 <u>\$ 127,569</u>	 <u>\$ 96,188</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable and Other Accruals	\$ 27	\$ 18
Salaries/Withholdings Payable	3	2
Claims and Judgments Payable	<u>114,025</u>	<u>78,846</u>
 Total Liabilities	 <u>\$ 114,055</u>	 <u>\$ 78,866</u>
<b>Net Assets</b>		
Unrestricted	<u>\$ 13,514</u>	<u>\$ 17,322</u>

<u>State Indemnification Fund</u>	<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ 137	\$ 752	\$ 394	\$ 1,347	\$ 3,618	\$ 38,037
77	420	220	752	2,018	21,220
—	—	—	2	19,954	64,988
—	—	—	—	179,054	179,054
1	—	—	—	9	58
<u>559</u>	<u>3,055</u>	<u>1,601</u>	<u>5,475</u>	<u>14,701</u>	<u>154,546</u>
\$ <u>774</u>	\$ <u>4,227</u>	\$ <u>2,215</u>	\$ <u>7,576</u>	\$ <u>219,354</u>	\$ <u>457,903</u>
\$ 1	\$ —	\$ —	\$ 1	\$ 31	\$ 78
—	—	—	—	3	8
<u>773</u>	<u>—</u>	<u>—</u>	<u>2,788</u>	<u>219,320</u>	<u>415,752</u>
\$ <u>774</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,789</u>	\$ <u>219,354</u>	\$ <u>415,838</u>
\$ <u>0</u>	\$ <u>4,227</u>	\$ <u>2,215</u>	\$ <u>4,787</u>	\$ <u>0</u>	\$ <u>42,065</u>

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

### Internal Service Funds

### Risk Management

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
Operating Revenues:			
Contributions/Premiums	\$ 1,507	\$ 25,626	\$ —
Other	2	—	1,039
Total Operating Revenues	\$ 1,509	\$ 25,626	\$ 1,039
Operating Expenses:			
Personal Services	\$ 1,112	\$ 723	\$ 49
Services and Supplies	5,611	12,768	50
Claims and Judgments	21,565	106,938	587
Total Operating Expenses	\$ 28,288	\$ 120,429	\$ 686
Operating Income (Loss)	\$ (26,779)	\$ (94,803)	\$ 353
Nonoperating Revenues:			
Interest and Other Investment Income	\$ 8,380	\$ 1,976	\$ 8
Insurance Recoveries	—	90,207	—
Total Nonoperating Revenues	\$ 8,380	\$ 92,183	\$ 8
Change in Net Assets	\$ (18,399)	\$ (2,620)	\$ 361
Net Assets, July 1	31,913	19,942	(361)
Net Assets, June 30	\$ 13,514	\$ 17,322	\$ 0

<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ —	\$ 228	\$ 7,014	\$ 79,773	\$ 114,148
—	—	—	11	1,052
<u>\$ 0</u>	<u>\$ 228</u>	<u>\$ 7,014</u>	<u>\$ 79,784</u>	<u>\$ 115,200</u>
\$ —	\$ —	\$ 33	\$ 1,199	\$ 3,116
1,067	2	135	8,903	28,536
20	—	7,407	88,156	224,673
<u>\$ 1,087</u>	<u>\$ 2</u>	<u>\$ 7,575</u>	<u>\$ 98,258</u>	<u>\$ 256,325</u>
<u>\$ (1,087)</u>	<u>\$ 226</u>	<u>\$ (561)</u>	<u>\$ (18,474)</u>	<u>\$ (141,125)</u>
\$ 304	\$ 119	\$ 609	\$ 2,476	\$ 13,872
—	—	—	15,998	106,205
<u>\$ 304</u>	<u>\$ 119</u>	<u>\$ 609</u>	<u>\$ 18,474</u>	<u>\$ 120,077</u>
\$ (783)	\$ 345	\$ 48	\$ 0	\$ (21,048)
<u>5,010</u>	<u>1,870</u>	<u>4,739</u>	<u>0</u>	<u>63,113</u>
<u><u>\$ 4,227</u></u>	<u><u>\$ 2,215</u></u>	<u><u>\$ 4,787</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 42,065</u></u>

# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds

### Risk Management

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Required Contributions/Premiums	\$ 1,500	\$ 25,745	\$ —
Cash Paid to Vendors	(5,704)	(12,794)	(53)
Cash Paid to Employees	(1,111)	(722)	(49)
Cash Paid for Claims and Judgments	(25,412)	(32,701)	(630)
Other Operating Items	2	—	1,039
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (30,725)</b>	<b>\$ (20,472)</b>	<b>\$ 307</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Other Noncapital Items (Net)	\$ —	\$ 45,191	\$ —
<b>Cash Flows from Investing Activities:</b>			
Sale (Purchase) of Investments (Net)	\$ (971)	\$ (25,145)	\$ (320)
Interest and Dividends Received	7,807	1,927	7
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>\$ 6,836</b>	<b>\$ (23,218)</b>	<b>\$ (313)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (23,889)</b>	<b>\$ 1,501</b>	<b>\$ (6)</b>
Cash and Cash Equivalents, July 1	46,579	7,598	143
Cash and Cash Equivalents, June 30	\$ 22,690	\$ 9,099	\$ 137
<b>Operating Income (Loss)</b>	<b>\$ (26,779)</b>	<b>\$ (94,803)</b>	<b>\$ 353</b>
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
<b>Changes in Assets and Liabilities:</b>			
Decrease (Increase) in Accounts Receivable	(7)	119	—
Increase in Due From Other Funds	—	—	—
Increase in Other Assets	(29)	(19)	(1)
Decrease in Accounts Payable and Other Accruals	(64)	(7)	(2)
Increase in Salaries and Withholdings Payable	1	1	—
Increase (Decrease) in Claims and Judgments Payable	(3,847)	74,237	(43)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (30,725)</b>	<b>\$ (20,472)</b>	<b>\$ 307</b>
<b>Noncash Investing Activities:</b>			
Net Increase in Fair Value of Investments	\$ 573	\$ 49	\$ 1

<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ —	\$ 228	\$ 7,014	\$ 64,920	\$ 99,407
(1,067)	(2)	(137)	(8,924)	(28,681)
—	—	(33)	(1,197)	(3,112)
(20)	—	(8,431)	(84,085)	(151,279)
—	—	—	11	1,052
<u>\$ (1,087)</u>	<u>\$ 226</u>	<u>\$ (1,587)</u>	<u>\$ (29,275)</u>	<u>\$ (82,613)</u>
\$ —	\$ —	\$ —	\$ 15,998	\$ 61,189
\$ (3)	\$ (526)	\$ (301)	\$ 4,870	\$ (22,396)
285	113	577	2,348	13,064
<u>\$ 282</u>	<u>\$ (413)</u>	<u>\$ 276</u>	<u>\$ 7,218</u>	<u>\$ (9,332)</u>
\$ (805)	\$ (187)	\$ (1,311)	\$ (6,059)	\$ (30,756)
1,557	581	2,658	9,677	68,793
<u>\$ 752</u>	<u>\$ 394</u>	<u>\$ 1,347</u>	<u>\$ 3,618</u>	<u>\$ 38,037</u>
\$ (1,087)	\$ 226	\$ (561)	\$ (18,474)	\$ (141,125)
—	—	—	(1,474)	(1,362)
—	—	—	(13,379)	(13,379)
—	—	—	(9)	(58)
—	—	(2)	(12)	(87)
—	—	—	2	4
—	—	(1,024)	4,071	73,394
<u>\$ (1,087)</u>	<u>\$ 226</u>	<u>\$ (1,587)</u>	<u>\$ (29,275)</u>	<u>\$ (82,613)</u>
\$ 19	\$ 6	\$ 32	\$ 128	\$ 808

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## FIDUCIARY FUNDS

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# State of Georgia

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## Fiduciary Funds

Fiduciary funds are used to account for assets held by the State of Georgia 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 postemployment 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 of Georgia.

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 of Georgia 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 of Georgia.

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 of Georgia, and district attorneys of the State of Georgia.

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 of Georgia.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances 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 of Georgia.

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 of Georgia.

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.

# State of Georgia

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## **Fiduciary Funds**

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 of Georgia.

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 of Georgia.

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 of Georgia.

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.

### **Deferred Compensation/Defined Contribution Pension Plans**

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.

The **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.

### ***Other Employee Benefit Trust Funds***

### **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 health insurance benefits.

The **Georgia Retiree Health Benefit Fund** is used to account for the accumulation of resources for the purpose of providing health insurance benefits to eligible retirees and their qualified beneficiaries.

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, Legislative, and Superior Court Judges Retirement Systems.

### **Other Employee Benefit Plan**

The **State Employees' Assurance Department** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, Legislative, and Superior Court Judges Retirement Systems.

# State of Georgia

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## Fiduciary Funds

### 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 of Georgia and local governments seeking income higher than money market rates.

**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 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 developing courses, conducting seminars, conducting research projects on matters affecting auctioneers, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Real Estate 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.

# State of Georgia

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## Fiduciary Funds

### 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.

**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.

**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** consist of 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.

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 Assets Pension and Other Employee Benefit Trust Funds June 30, 2008 (expressed in thousands)

	Defined Benefit Pension Plans (see combining)	Deferred Compensation Plans	Defined Contribution Plan
<b>Assets</b>			
Cash and Cash Equivalents	\$ 32,232	\$ 52	\$ 321
Receivables			
Interest and Dividends	292,517	6	198
Due from Brokers for Securities Sold	95,530	—	1
Other	164,523	2,695	1,237
Due from Other Funds	—	—	—
Investments			
Investment Accounts	398	—	—
Pooled Investments	14,292,334	5	50,685
Mutual Funds	241,603	915,120	—
Repurchase Agreements	865,411	—	9,775
Municipal, U. S. and Foreign Government Obligations	16,089,602	—	22,405
Corporate Bonds/Notes/Debentures	4,046,384	—	—
Stocks	30,013,473	—	—
Asset-Backed Securities	30,268	—	—
Mortgage Investments	61,930	—	—
Real Estate Investment Trusts	752	—	—
Capital Assets			
Land	2,066	—	—
Buildings	7,697	—	—
Software	29,325	—	—
Machinery and Equipment	3,098	—	—
Accumulated Depreciation	(19,989)	—	—
Other Assets	35	—	—
<b>Total Assets</b>	<b>\$ 66,249,189</b>	<b>\$ 917,878</b>	<b>\$ 84,622</b>
<b>Liabilities</b>			
Accounts Payable and Other Accruals	\$ 408,262	\$ 3,154	\$ 272
Due to Other Funds	1,384	—	—
Due to Brokers for Securities Purchased	259,330	—	—
Salaries/Withholdings Payable	17,989	—	—
Benefits Payable	—	—	—
Notes Payable	18	—	—
Unearned Revenue	7	—	—
Compensated Absences Payable	67	—	—
<b>Total Liabilities</b>	<b>\$ 687,057</b>	<b>\$ 3,154</b>	<b>\$ 272</b>
<b>Net Assets</b>			
Held in Trust for:			
Pension Benefits	\$ 65,562,132	\$ 914,724	\$ 84,350
Other Postemployment Benefits	—	—	—
Other Employee Benefits	—	—	—
<b>Total Net Assets</b>	<b>\$ 65,562,132</b>	<b>\$ 914,724</b>	<b>\$ 84,350</b>

**Other Employee Benefits**

<b>Other Postemployment Benefits</b>				
Board of Regents Retiree Health Benefit Fund	Georgia Retiree Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department	Total
\$ 4,374	\$ 1	\$ 46	\$ 89	\$ 37,115
—	—	—	—	292,721
—	—	—	—	95,531
2,619	65,539	—	119	236,732
—	—	1,238	129	1,367
—	—	—	—	398
—	1	736,084	172,258	15,251,367
—	—	—	—	1,156,723
—	5,583	—	—	880,769
—	—	—	—	16,112,007
—	68,831	—	—	4,115,215
—	101,801	—	—	30,115,274
—	—	—	—	30,268
—	—	—	—	61,930
—	—	—	—	752
—	—	—	—	2,066
—	—	—	—	7,697
—	—	—	—	29,325
—	—	—	—	3,098
—	—	—	—	(19,989)
—	—	—	—	35
<u>\$ 6,993</u>	<u>\$ 241,756</u>	<u>\$ 737,368</u>	<u>\$ 172,595</u>	<u>\$ 68,410,401</u>
\$ —	\$ 414	\$ 254	\$ —	\$ 412,356
—	—	—	—	1,384
—	—	—	—	259,330
—	—	—	—	17,989
6,703	52,671	—	—	59,374
—	—	—	—	18
—	12,409	—	—	12,416
—	—	—	—	67
<u>\$ 6,703</u>	<u>\$ 65,494</u>	<u>\$ 254</u>	<u>\$ 0</u>	<u>\$ 762,934</u>
\$ —	\$ —	\$ —	\$ —	\$ 66,561,206
290	176,262	737,114	—	913,666
—	—	—	172,595	172,595
<u>\$ 290</u>	<u>\$ 176,262</u>	<u>\$ 737,114</u>	<u>\$ 172,595</u>	<u>\$ 67,647,467</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Defined Benefit Pension Plans (see combining)	Deferred Compensation Plans	Defined Contribution Plan
<b>Additions:</b>			
Contributions			
Employer	\$ 1,279,067	\$ 14,193	\$ —
Plan Members	615,137	65,393	15,860
Other Contributions			
Fines and Bond Forfeitures	21,854	—	—
Insurance Company Premium Taxes	25,415	—	—
Insurance Premiums	—	—	—
Other Fees	4,338	—	—
Interest and Other Investment Income			
Dividends and Interest	2,148,527	2,522	2,914
Net Appreciation (Depreciation) in Investments Reported at Fair Value	(4,459,284)	(52,124)	(3,154)
Less: Investment Expense	(72,186)	(3,043)	(91)
Other			
Transfers from Other Funds	3,049	—	—
Miscellaneous	1,021	1,682	—
<b>Total Additions</b>	<b>\$ (433,062)</b>	<b>\$ 28,623</b>	<b>\$ 15,529</b>
<b>Deductions:</b>			
General and Administrative Expenses	\$ 45,791	\$ 2,641	\$ 310
Benefits	3,893,274	68,103	9
Refunds	63,506	—	11,514
<b>Total Deductions</b>	<b>\$ 4,002,571</b>	<b>\$ 70,744</b>	<b>\$ 11,833</b>
<b>Change in Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ (4,435,633)</b>	<b>\$ (42,121)</b>	<b>\$ 3,696</b>
<b>Net Assets, July 1</b>	<b>69,997,765</b>	<b>956,845</b>	<b>80,654</b>
<b>Net Assets, June 30</b>	<b>\$ 65,562,132</b>	<b>\$ 914,724</b>	<b>\$ 84,350</b>

Other Employee Benefits

Other Postemployment Benefits				
Board of Regents Retiree Health Benefit Fund	Georgia Retiree Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department	Total
\$ 66,717	\$ 550,290	\$ —	\$ —	\$ 1,910,267
21,092	124,963	—	—	842,445
—	—	—	—	21,854
—	—	—	—	25,415
—	—	7,756	864	8,620
—	—	—	—	4,338
19	2,069	24,477	5,724	2,186,252
—	(8,980)	(50,808)	(11,881)	(4,586,231)
—	—	(701)	(164)	(76,185)
—	57,290	—	—	60,339
—	—	—	—	2,703
<u>\$ 87,828</u>	<u>\$ 725,632</u>	<u>\$ (19,276)</u>	<u>\$ (5,457)</u>	<u>\$ 399,817</u>
\$ 3,446	\$ 32,140	\$ 203	\$ 22	\$ 84,553
84,092	517,230	21,455	7,261	4,591,424
—	—	—	—	75,020
<u>\$ 87,538</u>	<u>\$ 549,370</u>	<u>\$ 21,658</u>	<u>\$ 7,283</u>	<u>\$ 4,750,997</u>
\$ 290	\$ 176,262	\$ (40,934)	\$ (12,740)	\$ (4,351,180)
0	0	778,048	185,335	71,998,647
<u>\$ 290</u>	<u>\$ 176,262</u>	<u>\$ 737,114</u>	<u>\$ 172,595</u>	<u>\$ 67,647,467</u>

# State of Georgia

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans June 30, 2008 (expressed 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	\$ 4,850	\$ 422	\$ 69	\$ 19	\$ 378
Receivables						
Interest and Dividends	—	67,224	1,954	—	—	—
Due from Brokers for Securities Sold	—	19,388	11,863	—	—	437
Other	—	36,531	—	613	—	—
Investments						
Investment Accounts	—	—	—	—	—	—
Pooled Investments	—	13,133,184	—	290,994	4,927	—
Mutual Funds	—	—	56,894	—	—	3,093
Repurchase Agreements	—	—	—	—	—	—
Municipal, U. S. and Foreign Government Obligations	—	—	39,373	—	—	10,345
Corporate Bonds/Notes/Debentures	—	—	80,180	—	—	6,177
Stocks	—	—	346,772	—	—	38,621
Asset-Backed Securities	—	—	22,962	—	—	1,075
Mortgage Investments	—	—	61,031	—	—	804
Real Estate Investment Trusts	—	—	475	—	—	243
Capital Assets						
Land	—	944	85	—	—	—
Buildings	—	2,800	1,535	—	—	—
Software	—	14,345	—	—	—	—
Machinery and Equipment	—	1,053	89	—	—	—
Accumulated Depreciation	—	(6,569)	(138)	—	—	—
Other Assets	—	—	35	—	—	—
<b>Total Assets</b>	<b>\$ 3</b>	<b>\$ 13,273,750</b>	<b>\$ 623,532</b>	<b>\$ 291,676</b>	<b>\$ 4,946</b>	<b>\$ 61,173</b>
<b>Liabilities</b>						
Accounts Payable and Other Accruals	\$ —	\$ 20,862	\$ 1,915	\$ —	\$ —	\$ —
Due to Other Funds	—	1,358	—	20	—	—
Due to Brokers for Securities Purchased	—	67,031	19,389	—	—	1,003
Salaries/Withholdings Payable	1	16,721	—	172	1	—
Notes Payable	—	—	—	—	—	—
Unearned Revenue	—	—	—	—	—	—
Compensated Absences Payable	—	—	44	—	—	—
<b>Total Liabilities</b>	<b>\$ 1</b>	<b>\$ 105,972</b>	<b>\$ 21,348</b>	<b>\$ 192</b>	<b>\$ 1</b>	<b>\$ 1,003</b>
<b>Net Assets</b>						
Held in Trust for Pension Benefits	\$ 2	\$ 13,167,778	\$ 602,184	\$ 291,484	\$ 4,945	\$ 60,170

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
\$ 98	\$ 510	\$ 10,776	\$ 106	\$ 48	\$ 11,964	\$ 175	\$ 2,814	\$ 32,232
—	10	103	—	290	399	—	222,537	292,517
—	—	663	—	—	—	—	63,179	95,530
1	—	—	—	—	346	—	127,032	164,523
—	—	—	—	398	—	—	—	398
28,690	—	78,372	740,857	4,162	9,849	1,299	—	14,292,334
—	1,416	169,650	—	10,550	—	—	—	241,603
—	—	—	—	—	—	—	865,411	865,411
—	784	101,276	—	16,709	30,815	—	15,890,300	16,089,602
—	122	40,421	—	8,342	—	—	3,911,142	4,046,384
—	—	46,638	—	29,176	21,440	—	29,530,826	30,013,473
—	10	6,221	—	—	—	—	—	30,268
—	—	95	—	—	—	—	—	61,930
—	—	34	—	—	—	—	—	752
—	—	93	—	—	—	—	944	2,066
—	—	562	—	—	—	—	2,800	7,697
—	—	—	—	—	—	—	14,980	29,325
—	—	147	—	—	—	—	1,809	3,098
—	—	(131)	—	—	—	—	(13,151)	(19,989)
—	—	—	—	—	—	—	—	35
<u>\$ 28,789</u>	<u>\$ 2,852</u>	<u>\$ 454,920</u>	<u>\$ 740,963</u>	<u>\$ 69,675</u>	<u>\$ 74,813</u>	<u>\$ 1,474</u>	<u>\$ 50,620,623</u>	<u>\$ 66,249,189</u>
\$ —	\$ —	\$ —	\$ 2	\$ 9	\$ 72	\$ —	\$ 385,402	\$ 408,262
3	—	—	—	—	—	—	3	1,384
—	—	729	—	—	—	—	171,178	259,330
22	—	—	597	—	—	37	438	17,989
—	—	18	—	—	—	—	—	18
—	—	—	—	—	7	—	—	7
—	—	—	—	23	—	—	—	67
<u>\$ 25</u>	<u>\$ 0</u>	<u>\$ 747</u>	<u>\$ 599</u>	<u>\$ 32</u>	<u>\$ 79</u>	<u>\$ 37</u>	<u>\$ 557,021</u>	<u>\$ 687,057</u>
<u>\$ 28,764</u>	<u>\$ 2,852</u>	<u>\$ 454,173</u>	<u>\$ 740,364</u>	<u>\$ 69,643</u>	<u>\$ 74,734</u>	<u>\$ 1,437</u>	<u>\$ 50,063,602</u>	<u>\$ 65,562,132</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans For the Fiscal Year Ended June 30, 2008 (expressed 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	\$ 286,256	\$ —	\$ 2,395	\$ —	\$ —
Plan Members	—	48,324	2,524	4,698	—	159
Other Contributions						
Fines and Bond Forfeitures	—	—	—	—	—	557
Insurance Company Premium Taxes	—	—	25,415	—	—	—
Other Fees	—	—	—	—	—	638
Interest and Other Investment Income						
Dividends and Interest	—	435,848	19,028	9,691	173	1,821
Net Appreciation (Depreciation) in						
Investments Reported at Fair Value	—	(904,357)	(63,923)	(20,115)	(359)	(4,302)
Less: Investment Expense	—	(14,170)	(3,640)	(278)	(5)	(450)
Other						
Transfers from Other Funds	—	—	—	—	1,103	—
Miscellaneous	—	—	123	175	—	101
<b>Total Additions</b>	<b>\$ 80</b>	<b>\$ (148,099)</b>	<b>\$ (20,473)</b>	<b>\$ (3,434)</b>	<b>\$ 912</b>	<b>\$ (1,476)</b>
<b>Deductions:</b>						
General and Administrative Expenses	\$ —	\$ 18,805	\$ 1,172	\$ 175	\$ —	\$ 77
Benefits	80	1,019,950	26,378	9,867	303	2,351
Refunds	—	7,815	507	14	—	—
<b>Total Deductions</b>	<b>\$ 80</b>	<b>\$ 1,046,570</b>	<b>\$ 28,057</b>	<b>\$ 10,056</b>	<b>\$ 303</b>	<b>\$ 2,428</b>
<b>Change in Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 0</b>	<b>\$ (1,194,669)</b>	<b>\$ (48,530)</b>	<b>\$ (13,490)</b>	<b>\$ 609</b>	<b>\$ (3,904)</b>
<b>Net Assets, July 1</b>	<b>2</b>	<b>14,362,447</b>	<b>650,714</b>	<b>304,974</b>	<b>4,336</b>	<b>64,074</b>
<b>Net Assets, June 30</b>	<b>\$ 2</b>	<b>\$ 13,167,778</b>	<b>\$ 602,184</b>	<b>\$ 291,484</b>	<b>\$ 4,945</b>	<b>\$ 60,170</b>

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
\$ 73	\$ —	\$ —	\$ 2,869	\$ —	\$ —	\$ 1,993	\$ 985,401	\$ 1,279,067
320	115	3,329	1,451	76	114	—	554,027	615,137
—	—	17,596	—	2,695	1,006	—	—	21,854
—	—	—	—	—	—	—	—	25,415
—	1,472	—	—	—	2,228	—	—	4,338
951	67	17,647	24,495	2,142	3,511	42	1,633,111	2,148,527
(1,975)	(121)	(46,527)	(50,845)	(4,287)	(4,290)	(88)	(3,358,095)	(4,459,284)
(27)	(10)	(1,917)	(702)	(330)	(62)	(1)	(50,594)	(72,186)
—	—	—	588	—	—	—	1,358	3,049
110	—	471	—	11	—	30	—	1,021
<u>\$ (548)</u>	<u>\$ 1,523</u>	<u>\$ (9,401)</u>	<u>\$ (22,144)</u>	<u>\$ 307</u>	<u>\$ 2,507</u>	<u>\$ 1,976</u>	<u>\$ (234,792)</u>	<u>\$ (433,062)</u>
\$ 110	\$ 40	\$ 647	\$ 588	\$ 236	\$ 168	\$ 30	\$ 23,743	\$ 45,791
1,634	—	18,802	48,245	3,542	3,638	2,001	2,756,483	3,893,274
65	—	301	308	4	10	—	54,482	63,506
<u>\$ 1,809</u>	<u>\$ 40</u>	<u>\$ 19,750</u>	<u>\$ 49,141</u>	<u>\$ 3,782</u>	<u>\$ 3,816</u>	<u>\$ 2,031</u>	<u>\$ 2,834,708</u>	<u>\$ 4,002,571</u>
\$ (2,357)	\$ 1,483	\$ (29,151)	\$ (71,285)	\$ (3,475)	\$ (1,309)	\$ (55)	\$ (3,069,500)	\$ (4,435,633)
31,121	1,369	483,324	811,649	73,118	76,043	1,492	53,133,102	69,997,765
<u>\$ 28,764</u>	<u>\$ 2,852</u>	<u>\$ 454,173</u>	<u>\$ 740,364</u>	<u>\$ 69,643</u>	<u>\$ 74,734</u>	<u>\$ 1,437</u>	<u>\$ 50,063,602</u>	<u>\$ 65,562,132</u>

# State of Georgia

## Combining Statement of Fiduciary Net Assets

### Investment Trust Funds

June 30, 2008

(expressed in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 37,911	\$ 3,397,365	\$ —	\$ 3,435,276
Investments, at Fair Value				
Pooled Investments	51,294	3,525,616	29,315	3,606,225
Interest Receivable	—	—	59	59
<b>Total Assets</b>	<b>\$ 89,205</b>	<b>\$ 6,922,981</b>	<b>\$ 29,374</b>	<b>\$ 7,041,560</b>
<b>Net Assets</b>				
Held in Trust for Pool Participants	\$ 89,205	\$ 6,922,981	\$ 29,374	\$ 7,041,560

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets

### Investment Trust Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Additions:</b>				
Pool Participant Deposits	\$ 36,500	\$ 9,646,619	\$ 25,464	\$ 9,708,583
Interest and Other Investment Income				
Dividends and Interest	2,556	258,531	646	261,733
Net Appreciation (Depreciation) in Investments				
Reported at Fair Value	940	—	(177)	763
Less: Investment Expense	(20)	(1,973)	(22)	(2,015)
<b>Total Additions</b>	<b>\$ 39,976</b>	<b>\$ 9,903,177</b>	<b>\$ 25,911</b>	<b>\$ 9,969,064</b>
<b>Deductions:</b>				
Pool Participant Withdrawals	\$ 2,718	\$ 8,925,334	\$ 2,927	\$ 8,930,979
Change in Net Assets Held in Trust for Pool Participants	\$ 37,258	\$ 977,843	\$ 22,984	\$ 1,038,085
Net Assets, July 1	51,947	5,945,138	6,390	6,003,475
Net Assets, June 30	<u>\$ 89,205</u>	<u>\$ 6,922,981</u>	<u>\$ 29,374</u>	<u>\$ 7,041,560</u>

# State of Georgia

## Combining Statement of Fiduciary Net Assets

### Private Purpose Trust Funds

June 30, 2008

(expressed in thousands)

	<u>Auctioneers Recovery Fund</u>	<u>Real Estate Recovery Fund</u>	<u>Subsequent Injury Trust Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 486	\$ 1,495	\$ 11,778	\$ 13,759
Investments, at Fair Value				
Pooled Investments	—	1,099	11,775	12,874
Capital Assets				
Machinery and Equipment	—	—	186	186
Accumulated Depreciation	—	—	(160)	(160)
Total Assets	<u>\$ 486</u>	<u>\$ 2,594</u>	<u>\$ 23,579</u>	<u>\$ 26,659</u>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ —	\$ 1	\$ 6	\$ 7
Compensated Absences Payable	—	—	213	213
Total Liabilities	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 219</u>	<u>\$ 220</u>
<b>Net Assets</b>				
Held in Trust for Other Purposes	<u>\$ 486</u>	<u>\$ 2,593</u>	<u>\$ 23,360</u>	<u>\$ 26,439</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets

### Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Auctioneers Recovery Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Additions:</b>				
Contributions/Assessments				
Participants	\$ 23	\$ 182	\$ 201,821	\$ 202,026
Interest and Other Investment Income				
Dividends and Interest	—	84	4,383	4,467
Total Additions	\$ 23	\$ 266	\$ 206,204	\$ 206,493
<b>Deductions:</b>				
General and Administrative Expenses				
Benefits	—	212	2,871	3,083
Benefits	—	—	181,714	181,714
Total Deductions	\$ 0	\$ 212	\$ 184,585	\$ 184,797
Change in Net Assets Held in Trust for Other Purposes	\$ 23	\$ 54	\$ 21,619	\$ 21,696
Net Assets, July 1	463	2,539	1,741	4,743
Net Assets, June 30	\$ 486	\$ 2,593	\$ 23,360	\$ 26,439

# State of Georgia

## Combining Statement of Fiduciary Assets and Liabilities

### Agency Funds

June 30, 2008

(expressed in thousands)

	Child Support Recovery Program	County Medicaid Administrative Funds	Detainees' Accounts	Flexible Benefits Program	Railroad Car Tax	Real Estate Transfer Tax	Education Local Option
<b>Assets</b>							
Cash and Cash Equivalents	\$ 1,279	\$ 12	\$ 10,624	\$ 6,332	\$ 322	\$ 1,034	\$ 51,477
Accounts Receivable	—	—	—	—	—	—	—
Investments, at Fair Value							
Certificates of Deposit	—	—	—	—	—	—	—
Pooled Investments	—	—	—	3,297	520	—	53,421
Mutual Funds	—	—	—	—	—	—	—
Municipal, U. S. and Foreign Government Obligations	—	—	—	—	—	—	—
Other Assets	—	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 1,279</b>	<b>\$ 12</b>	<b>\$ 10,624</b>	<b>\$ 9,629</b>	<b>\$ 842</b>	<b>\$ 1,034</b>	<b>\$ 104,898</b>
<b>Liabilities</b>							
Accounts Payable and Other Accruals	\$ —	\$ 25	\$ —	\$ 1,639	\$ —	\$ —	\$ —
Funds Held for Others	1,279	(13)	10,624	7,990	842	1,034	104,898
Other Liabilities	—	—	—	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 1,279</b>	<b>\$ 12</b>	<b>\$ 10,624</b>	<b>\$ 9,629</b>	<b>\$ 842</b>	<b>\$ 1,034</b>	<b>\$ 104,898</b>

Sales Tax Collections for Local Governments				Telecom-				
Homestead	Local	MARTA	Special Purpose	Relay Service	Universal	Miscellaneous	Total	
Option	Option		Local Option	Fund	Service Fund			
\$ 3,543	\$ 42,832	\$ 10,340	\$ 41,109	\$ 10,134	\$ —	\$ 14,966	\$ 194,004	
—	—	—	—	—	—	441	441	
—	—	—	—	—	—	2,762	2,762	
3,677	44,579	10,730	42,661	10,411	—	7,742	177,038	
—	—	—	—	—	24,325	—	24,325	
—	—	—	—	—	13,802	—	13,802	
—	—	—	—	—	—	3,191	3,191	
<u>\$ 7,220</u>	<u>\$ 87,411</u>	<u>\$ 21,070</u>	<u>\$ 83,770</u>	<u>\$ 20,545</u>	<u>\$ 38,127</u>	<u>\$ 29,102</u>	<u>\$ 415,563</u>	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 379	\$ 2,043	
7,220	87,411	21,070	83,770	20,545	38,127	27,623	412,420	
—	—	—	—	—	—	1,100	1,100	
<u>\$ 7,220</u>	<u>\$ 87,411</u>	<u>\$ 21,070</u>	<u>\$ 83,770</u>	<u>\$ 20,545</u>	<u>\$ 38,127</u>	<u>\$ 29,102</u>	<u>\$ 415,563</u>	

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>Child Support Recovery Program</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 61,047	\$ 1,038,063	\$ 1,097,831	\$ 1,279
<b><u>Liabilities</u></b>				
Funds Held for Others	\$ 61,047	\$ 1,508,371	\$ 1,568,139	\$ 1,279
<b>County Medicaid Administrative Funds</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 6	\$ 7,156	\$ 7,150	\$ 12
Accounts Receivable	1,978	5,066	7,044	0
Total Assets	\$ 1,984	\$ 12,222	\$ 14,194	\$ 12
<b><u>Liabilities</u></b>				
Accounts Payable and Other Accruals	\$ 22	\$ 7,275	\$ 7,272	\$ 25
Funds Held for Others	1,962	5,188	7,163	(13)
Total Liabilities	\$ 1,984	\$ 12,463	\$ 14,435	\$ 12
<b>Detainees' Accounts</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 15,185	\$ 7,993	\$ 12,554	\$ 10,624
<b><u>Liabilities</u></b>				
Funds Held for Others	\$ 15,185	\$ 7,993	\$ 12,554	\$ 10,624
<b>Flexible Benefits Program</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 11,829	\$ 188,617	\$ 194,114	\$ 6,332
Investments	1,229	3,297	1,229	3,297
Total Assets	\$ 13,058	\$ 191,914	\$ 195,343	\$ 9,629
<b><u>Liabilities</u></b>				
Accounts Payable and Other Accruals	\$ 8,137	\$ 183,866	\$ 190,364	\$ 1,639
Funds Held for Others	4,921	178,884	175,815	7,990
Total Liabilities	\$ 13,058	\$ 362,750	\$ 366,179	\$ 9,629
<b>Railroad Car Tax</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 641	\$ 6,231	\$ 6,550	\$ 322
Investments	139	520	139	520
Total Assets	\$ 780	\$ 6,751	\$ 6,689	\$ 842
<b><u>Liabilities</u></b>				
Funds Held for Others	\$ 780	\$ 6,752	\$ 6,690	\$ 842

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>Real Estate Transfer Tax</b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,145	\$ —	\$ 111	\$ 1,034
<u>Liabilities</u>				
Funds Held for Others	\$ 1,145	\$ —	\$ 111	\$ 1,034
<b>Sales Tax Collections for Local Governments</b>				
Education Local Option Sales Tax				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 91,498	\$ 1,682,488	\$ 1,722,509	\$ 51,477
Investments	15,636	53,421	15,636	53,421
Total Assets	\$ 107,134	\$ 1,735,909	\$ 1,738,145	\$ 104,898
<u>Liabilities</u>				
Funds Held for Others	\$ 107,134	\$ 1,666,852	\$ 1,669,088	\$ 104,898
Homestead Option Sales Tax				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 6,863	\$ 115,803	\$ 119,123	\$ 3,543
Investments	1,173	3,677	1,173	3,677
Total Assets	\$ 8,036	\$ 119,480	\$ 120,296	\$ 7,220
<u>Liabilities</u>				
Funds Held for Others	\$ 8,036	\$ 114,631	\$ 115,447	\$ 7,220
Local Option Sales Tax				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 76,644	\$ 1,408,830	\$ 1,442,642	\$ 42,832
Investments	13,119	44,579	13,119	44,579
Total Assets	\$ 89,763	\$ 1,453,409	\$ 1,455,761	\$ 87,411
<u>Liabilities</u>				
Funds Held for Others	\$ 89,763	\$ 1,186,611	\$ 1,188,963	\$ 87,411
MARTA Sales Tax				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 19,220	\$ 356,977	\$ 365,857	\$ 10,340
Investments	3,285	10,730	3,285	10,730
Total Assets	\$ 22,505	\$ 367,707	\$ 369,142	\$ 21,070
<u>Liabilities</u>				
Funds Held for Others	\$ 22,505	\$ 353,692	\$ 355,127	\$ 21,070

(continued)

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds (continued)

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>Sales Tax Collections for Local Governments (continued)</b>				
<b>Special Purpose Local Option Sales Tax</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 74,690	\$ 1,332,414	\$ 1,365,995	\$ 41,109
Investments	12,764	42,661	12,764	42,661
Total Assets	<u>\$ 87,454</u>	<u>\$ 1,375,075</u>	<u>\$ 1,378,759</u>	<u>\$ 83,770</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 87,454</u>	<u>\$ 1,319,651</u>	<u>\$ 1,323,335</u>	<u>\$ 83,770</u>
<b>Telecommunications Relay Service Fund</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 17,180	\$ 6,254	\$ 13,300	\$ 10,134
Investments	2,918	10,411	2,918	10,411
Total Assets	<u>\$ 20,098</u>	<u>\$ 16,665</u>	<u>\$ 16,218</u>	<u>\$ 20,545</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 20,098</u>	<u>\$ 3,335</u>	<u>\$ 2,888</u>	<u>\$ 20,545</u>
<b>Universal Service Fund</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 25,905	\$ 22,038	\$ 47,943	\$ 0
Investments	—	38,127	—	38,127
Total Assets	<u>\$ 25,905</u>	<u>\$ 60,165</u>	<u>\$ 47,943</u>	<u>\$ 38,127</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 25,905</u>	<u>\$ 22,038</u>	<u>\$ 9,816</u>	<u>\$ 38,127</u>
<b>Miscellaneous</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 15,305	\$ 80,212	\$ 80,551	\$ 14,966
Accounts Receivable	477	3,233	3,269	441
Investments	5,642	8,597	3,735	10,504
Other Assets	3,656	3,858	4,323	3,191
Total Assets	<u>\$ 25,080</u>	<u>\$ 95,900</u>	<u>\$ 91,878</u>	<u>\$ 29,102</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Other Accruals	\$ 397	\$ 14,139	\$ 14,157	\$ 379
Funds Held for Others	25,459	79,514	77,350	27,623
Other Liabilities	(776)	1,950	74	1,100
Total Liabilities	<u>\$ 25,080</u>	<u>\$ 95,603</u>	<u>\$ 91,581</u>	<u>\$ 29,102</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2008

(expressed in thousands)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 417,158	\$ 6,253,076	\$ 6,476,230	\$ 194,004
Accounts Receivable	2,455	8,299	10,313	441
Investments	55,905	216,020	53,998	217,927
Other Assets	3,656	3,858	4,323	3,191
Total Assets	<u>\$ 479,174</u>	<u>\$ 6,481,253</u>	<u>\$ 6,544,864</u>	<u>\$ 415,563</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Other Accruals	\$ 8,556	\$ 205,280	\$ 211,793	\$ 2,043
Funds Held for Others	471,394	6,453,512	6,512,486	412,420
Other Liabilities	(776)	1,950	74	1,100
Total Liabilities	<u>\$ 479,174</u>	<u>\$ 6,660,742</u>	<u>\$ 6,724,353</u>	<u>\$ 415,563</u>

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## NONMAJOR COMPONENT UNITS

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# State of Georgia

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## Nonmajor Component Units

Component units are legally separate organizations for which the primary government is 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 acquiring, constructing, equipping, maintaining and operating the World Congress Center to promote trade shows, conventions and political, musical, educational, entertainment, recreational, athletic or other events. 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. State officials appoint eight 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 of Georgia, and the advancement of local and state economic growth. The seven Authority members are appointed by State officials.

The **Georgia Ports Authority** 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.

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 ten members who are accountable as trustees. Of the ten 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.

# State of Georgia

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## 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 four State officials designated by statute and eleven 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 Authority has a separate management report, but separate audited financial statements are not required or issued for it.

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 of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the seven members of the Board, the Governor appoints three. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

# State of Georgia

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## Nonmajor Component Units

### 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 Agrirama Development Authority** is a body corporate and politic. The purpose of this Authority is to utilize all funds for the purpose of beautifying, improving, developing, maintaining, administering, managing and promoting an agricultural museum in or around Tifton, Georgia; this museum is designated as the State Museum of Agriculture. Of the fifteen members of the Board, four are State officials designated by statute and the Governor appoints eight members.

The **Georgia Golf Hall of Fame Authority** is a body corporate and politic. The Authority was created to construct, operate and manage a facility and related attractions to house the Georgia Golf Hall of Fame. The authority is governed by the fifteen members appointed by State officials to the Golf Hall of Fame Board.

The **Georgia Music Hall of Fame Authority** is a body corporate and politic whose purpose is to construct, operate and maintain the Music Hall of Fame, as well as to promote music events at the facility and throughout the State. The Governor appoints the sixteen members of the Board.

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 eighteen 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.

# State of Georgia

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## Nonmajor Component Units

The **Oconee River Greenway Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for community land conservation, protection and restoration along the Oconee River corridor. Such projects add both to the quality of life and to economic development in Central Georgia. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

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 State has assumed the obligation to provide financial support for real property acquisition.

The **Southwest Georgia Railroad Excursion Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created for the purposes of construction, financing, operation and development of rail passenger excursion projects utilizing any State-owned railway in southwest Georgia. The thirteen member Board is appointed by officials of counties and municipalities within the service area. The Georgia State Financing and Investment Commission must approve the issuance of bonds.

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 Assets

### Nonmajor Component Units

June 30, 2008

(expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 220,455	\$ 17,639	\$ 5,434	\$ 4,137	\$ —
Investments	186,079	—	—	2,808	(17)
Receivables					
Accounts (Net)	38,978	9	—	8,194	—
Taxes	303	—	—	—	—
Interest and Dividends	1,891	—	—	—	—
Notes and Loans	91,042	—	—	—	—
Due from Primary Government	—	—	—	—	—
Due from Component Units	—	—	—	—	—
Intergovernmental Receivables	—	909	—	—	—
Inventories	6,051	—	—	8	—
Prepaid Items	909	—	—	—	—
Other Current Assets	—	—	—	—	4,192
<b>Noncurrent Assets:</b>					
Investments	6,470	—	—	—	—
Receivables (Net)					
Notes and Loans	3,880	—	—	—	—
Other	—	—	—	—	—
Due from Primary Government	—	—	—	—	—
Due from Component Units	—	—	—	—	—
<b>Restricted Assets</b>					
Cash and Cash Equivalents	16,015	—	—	—	—
Investments	38,718	—	—	—	—
Receivables					
Other	165	—	—	—	—
<b>Capital Assets:</b>					
Land	253,614	—	—	1,279	—
Buildings and Building Improvements	338,166	—	—	26,127	—
Improvements Other Than Buildings	252,825	—	—	—	—
Machinery and Equipment	281,629	—	—	22,939	—
Works of Art and Collections	—	—	—	—	—
Infrastructure	180,568	—	—	—	—
Construction in Progress	109,892	—	—	—	—
Accumulated Depreciation	(494,169)	—	—	(28,291)	—
Other Noncurrent Assets	5,803	—	—	—	—
<b>Total Assets</b>	<b>\$ 1,539,284</b>	<b>\$ 18,557</b>	<b>\$ 5,434</b>	<b>\$ 37,201</b>	<b>\$ 4,175</b>

<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>
\$ 13,664	\$ 2,692	\$ 285,808	\$ 22,376	\$ 7,314	\$ 35,940	\$ 615,459
14,245	—	100,987	2,795	3,706	22,135	332,738
1,079	—	173,868	4,180	692	2,394	229,394
—	—	—	—	—	—	303
—	2,317	—	—	—	—	4,208
—	108,948	190	—	—	—	200,180
—	57	1,360	—	—	—	1,417
—	513	3,625	—	—	—	4,138
2,995	45	—	9,837	—	—	13,786
87	—	8,101	3,576	—	591	18,414
198	—	10,769	211	—	83	12,170
—	392	54,009	55	—	85	58,733
—	—	1,036,823	—	—	—	1,043,293
—	—	180	—	—	—	4,060
—	—	893,864	—	—	—	893,864
—	—	1,956	—	—	—	1,956
—	—	89,144	—	—	—	89,144
—	—	218,539	—	8,776	—	243,330
—	—	134,931	—	—	—	173,649
—	—	—	—	—	—	165
—	374	52,056	229	—	21,352	328,904
—	5,560	519,020	3,051	93	178,547	1,070,564
—	—	47,821	400	—	37,105	338,151
39,977	3,942	188,049	2,923	6,789	46,482	592,730
—	—	241	—	—	823	1,064
—	—	—	—	—	15,189	195,757
—	31	136,192	—	—	15,089	261,204
(12,870)	(6,939)	(259,893)	(2,790)	(5,417)	(133,009)	(943,378)
—	—	42,058	—	66	—	47,927
<u>\$ 59,375</u>	<u>\$ 117,932</u>	<u>\$ 3,739,698</u>	<u>\$ 46,843</u>	<u>\$ 22,019</u>	<u>\$ 242,806</u>	<u>\$ 5,833,324</u>

(continued)

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units (continued) June 30, 2008 (expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Cash Overdraft	\$ —	\$ —	\$ —	\$ —	\$ 4,030
Accounts Payable and Other Accruals	31,186	452	—	1,350	—
Due to Primary Government	29	—	—	93	—
Due to Component Units	—	513	—	—	—
Salaries/Withholdings Payable	141	—	—	—	—
Contracts Payable	209	—	—	—	—
Funds Held for Others	—	—	—	—	—
Unearned Revenue	28,807	—	—	48	—
Deposits	—	—	—	—	—
Compensated Absences Payable - Current	2,135	—	—	507	—
Capital Leases/Installment Purchases Payable - Current	—	—	—	—	—
Notes and Loans Payable - Current	4,305	—	—	—	—
Revenue Bonds Payable - Current	19,300	—	—	—	—
Other Current Liabilities	341	2,164	—	—	—
<b>Current Liabilities Payable from Restricted Assets:</b>					
Accrued Interest Payable	4,152	—	—	—	—
Revenue Bonds Payable - Current	7,665	—	—	—	—
Other	—	—	—	—	—
<b>Noncurrent Liabilities:</b>					
Unearned Revenue	—	—	—	—	—
Compensated Absences Payable	1,424	—	—	749	—
Capital Leases/Installment Purchases Payable	—	—	—	—	—
Notes and Loans Payable	62,735	—	—	—	—
Revenue/Mortgage Bonds Payable	219,152	—	—	—	—
Advances from Primary Government	—	—	—	—	—
Other Noncurrent Liabilities	23,170	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 404,751</b>	<b>\$ 3,129</b>	<b>\$ 0</b>	<b>\$ 2,747</b>	<b>\$ 4,030</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	\$ 636,710	\$ —	\$ —	\$ 22,054	\$ —
<b>Restricted for:</b>					
Bond Covenants/Debt Service	34,566	—	—	—	—
Higher Education	—	—	—	—	—
Expendable	—	—	—	—	—
Nonexpendable	—	—	—	—	—
Other Purposes	65	—	—	36	—
Unrestricted	463,192	15,428	5,434	12,364	145
<b>Total Net Assets</b>	<b>\$ 1,134,533</b>	<b>\$ 15,428</b>	<b>\$ 5,434</b>	<b>\$ 34,454</b>	<b>\$ 145</b>

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$	\$	\$	\$	\$	\$	\$
—	—	—	—	—	—	4,030
2,512	15,284	83,972	2,646	3,199	8,928	149,529
—	399	113,555	3	—	2,131	116,210
—	—	3,188	—	—	—	3,701
4	—	3,955	5,266	—	523	9,889
—	—	11,856	—	—	—	12,065
—	—	1,521	—	—	—	1,521
15,535	2,783	66,600	289	—	711	114,773
—	—	21,347	—	—	—	21,347
—	887	11,901	65	—	227	15,722
—	25	2,939	74	—	10	3,048
—	21,400	1,401	—	—	35	27,141
—	—	32,653	335	—	272	52,560
1	—	20,961	—	—	159	23,626
—	—	—	—	—	—	4,152
—	—	—	—	—	—	7,665
—	—	—	—	8,776	—	8,776
—	—	46,815	—	—	—	46,815
339	—	38	214	—	658	3,422
—	69	13,455	77	—	56	13,657
—	—	60,119	—	—	—	122,854
—	—	1,632,777	4,755	—	9,728	1,866,412
—	—	1,649	—	—	10,848	12,497
—	16,078	24,128	—	—	—	63,376
<u>\$ 18,391</u>	<u>\$ 56,925</u>	<u>\$ 2,154,830</u>	<u>\$ 13,724</u>	<u>\$ 11,975</u>	<u>\$ 34,286</u>	<u>\$ 2,704,788</u>
\$	\$	\$	\$	\$	\$	\$
27,107	2,874	176,659	3,661	1,465	171,578	1,042,108
—	—	—	—	—	—	34,566
—	—	448,080	—	—	—	448,080
—	—	534,468	—	—	—	534,468
—	—	—	—	—	—	101
<u>13,877</u>	<u>58,133</u>	<u>425,661</u>	<u>29,458</u>	<u>8,579</u>	<u>36,942</u>	<u>1,069,213</u>
<u>\$ 40,984</u>	<u>\$ 61,007</u>	<u>\$ 1,584,868</u>	<u>\$ 33,119</u>	<u>\$ 10,044</u>	<u>\$ 208,520</u>	<u>\$ 3,128,536</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
Expenses	\$ 354,110	\$ 9,988	\$ —	\$ 36,617	\$ 20
Program Revenues:					
Sales and Charges for Services	\$ 342,932	\$ 9,895	\$ —	\$ 4,490	\$ —
Operating Grants and Contributions	514	—	—	8,487	—
Capital Grants and Contributions	17,067	—	—	—	—
Total Program Revenues	\$ 360,513	\$ 9,895	\$ 0	\$ 12,977	\$ 0
Net (Expenses) Revenue	\$ 6,403	\$ (93)	\$ 0	\$ (23,640)	\$ (20)
General Revenues:					
Taxes	\$ 26,505	\$ —	\$ —	\$ —	\$ —
Unrestricted Investment Income	15,753	535	157	567	26
Payments from the State of Georgia	38,265	—	—	18,070	24
Contributions to Permanent Endowments	—	—	—	—	—
Other	12,549	—	—	—	—
Total General Revenues	\$ 93,072	\$ 535	\$ 157	\$ 18,637	\$ 50
Change in Net Assets	\$ 99,475	\$ 442	\$ 157	\$ (5,003)	\$ 30
Net Assets, July 1	1,035,058	14,986	5,277	39,457	115
Adjustments	—	—	—	—	—
Correction of Prior Year Errors	—	—	—	—	—
Net Assets, June 30	\$ 1,134,533	\$ 15,428	\$ 5,434	\$ 34,454	\$ 145

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$ 26,590	\$ 25,209	\$ 1,284,868	\$ 100,961	\$ 16,687	\$ 64,761	\$ 1,919,811
\$ 3,958	\$ 27,103	\$ 686,269	\$ 18,510	\$ 15,533	\$ 54,263	\$ 1,162,953
11,898	521	539,854	76,742	—	501	638,517
1,320	—	80	—	—	758	19,225
\$ 17,176	\$ 27,624	\$ 1,226,203	\$ 95,252	\$ 15,533	\$ 55,522	\$ 1,820,695
\$ (9,414)	\$ 2,415	\$ (58,665)	\$ (5,709)	\$ (1,154)	\$ (9,239)	\$ (99,116)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,315	\$ 27,820
1,176	57	(13,786)	818	390	2,129	7,822
4,868	—	33,181	—	—	5,428	99,836
—	—	24,765	—	—	—	24,765
502	—	117	11,905	2	1,389	26,464
\$ 6,546	\$ 57	\$ 44,277	\$ 12,723	\$ 392	\$ 10,261	\$ 186,707
\$ (2,868)	\$ 2,472	\$ (14,388)	\$ 7,014	\$ (762)	\$ 1,022	\$ 87,591
43,852	58,535	1,589,429	26,105	10,806	199,338	3,022,958
—	—	—	—	—	3,926	3,926
—	—	9,827	—	—	4,234	14,061
\$ 40,984	\$ 61,007	\$ 1,584,868	\$ 33,119	\$ 10,044	\$ 208,520	\$ 3,128,536

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations June 30, 2008 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 38,403	\$ 924	\$ 3,856
Investments	7,297	4	—
Receivables			
Accounts (Net)	8,865	—	290
Taxes	—	—	303
Interest and Dividends	—	1,891	—
Notes and Loans	—	76,776	—
Inventories	295	—	—
Prepaid Items	63	—	—
<b>Noncurrent Assets:</b>			
Investments	—	—	—
Receivables (Net)			
Notes and Loans	—	—	—
<b>Restricted Assets</b>			
Cash and Cash Equivalents	7,975	—	—
Investments	38,718	—	—
Receivables			
Other	165	—	—
<b>Capital Assets:</b>			
Land	37,283	1	—
Buildings and Building Improvements	209,403	—	—
Improvements Other Than Buildings	35,798	—	1,381
Machinery and Equipment	24,015	56	3,695
Infrastructure	—	—	—
Construction in Progress	—	—	405
Accumulated Depreciation	(139,955)	(37)	(3,395)
Other Noncurrent Assets	—	—	—
<b>Total Assets</b>	<b>\$ 268,325</b>	<b>\$ 79,615</b>	<b>\$ 6,535</b>

	<u>Georgia Medical Center Authority</u>	<u>Georgia Ports Authority</u>	<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
\$	102	\$ 77,904	\$ 3,072	\$ 96,194	\$ 220,455
	—	78,595	1,170	99,013	186,079
	—	28,904	419	500	38,978
	—	—	—	—	303
	—	—	—	—	1,891
	—	336	—	13,930	91,042
	—	5,449	307	—	6,051
	18	828	—	—	909
	—	6,470	—	—	6,470
	—	3,880	—	—	3,880
	—	8,040	—	—	16,015
	—	—	—	—	38,718
	—	—	—	—	165
	—	216,184	146	—	253,614
	—	128,763	—	—	338,166
	—	215,646	—	—	252,825
	862	252,978	—	23	281,629
	—	180,568	—	—	180,568
	—	109,487	—	—	109,892
	(504)	(350,264)	—	(14)	(494,169)
	—	5,803	—	—	5,803
\$	<u>478</u>	\$ <u>969,571</u>	\$ <u>5,114</u>	\$ <u>209,646</u>	\$ <u>1,539,284</u>
					(continued)

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations (continued) June 30, 2008 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	\$ 8,138	\$ 821	\$ 421
Due to Primary Government	9	—	—
Salaries/Withholdings Payable	141	—	—
Contracts Payable	—	—	209
Unearned Revenue	26,181	—	—
Compensated Absences Payable - Current	232	—	—
Notes and Loans Payable - Current	—	4,258	47
Revenue Bonds Payable - Current	—	—	—
Other Current Liabilities	341	—	—
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	4,152	—	—
Revenue Bonds Payable - Current	7,665	—	—
Noncurrent Liabilities:			
Compensated Absences Payable	1,424	—	—
Notes and Loans Payable	—	15,045	33
Revenue/Mortgage Bonds Payable	138,620	—	—
Other Noncurrent Liabilities	8,202	9,997	—
<b>Total Liabilities</b>	<b>\$ 195,105</b>	<b>\$ 30,121</b>	<b>\$ 710</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 20,258	\$ 20	\$ 2,006
Restricted for:			
Bond Covenants/Debt Service	34,566	—	—
Other Purposes	65	—	—
Unrestricted	18,331	49,474	3,819
<b>Total Net Assets</b>	<b>\$ 73,220</b>	<b>\$ 49,494</b>	<b>\$ 5,825</b>

<u>Georgia Medical Center Authority</u>	<u>Georgia Ports Authority</u>	<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
\$ 8	\$ 21,020	\$ —	\$ 778	\$ 31,186
—	20	—	—	29
—	—	—	—	141
—	—	—	—	209
—	2,626	—	—	28,807
—	1,903	—	—	2,135
—	—	—	—	4,305
—	19,300	—	—	19,300
—	—	—	—	341
—	—	—	—	4,152
—	—	—	—	7,665
—	—	—	—	1,424
—	47,657	—	—	62,735
—	80,532	—	—	219,152
—	4,971	—	—	23,170
<u>\$ 8</u>	<u>\$ 178,029</u>	<u>\$ 0</u>	<u>\$ 778</u>	<u>\$ 404,751</u>
\$ 358	\$ 613,913	\$ 146	\$ 9	\$ 636,710
—	—	—	—	34,566
—	—	—	—	65
<u>112</u>	<u>177,629</u>	<u>4,968</u>	<u>208,859</u>	<u>463,192</u>
<u>\$ 470</u>	<u>\$ 791,542</u>	<u>\$ 5,114</u>	<u>\$ 208,868</u>	<u>\$ 1,134,533</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Economic Development Organizations For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
Expenses	\$ 127,621	\$ 2,540	\$ 2,629
Program Revenues:			
Sales and Charges for Services	\$ 92,700	\$ 5,400	\$ 601
Operating Grants and Contributions	—	—	—
Capital Grants and Contributions	—	—	—
Total Program Revenues	\$ 92,700	\$ 5,400	\$ 601
Net (Expenses) Revenue	\$ (34,921)	\$ 2,860	\$ (2,028)
General Revenues:			
Taxes	\$ 24,112	\$ —	\$ 2,393
Unrestricted Investment Income	3,021	68	105
Payments from the State of Georgia	—	—	—
Other	4,428	—	—
Total General Revenues	\$ 31,561	\$ 68	\$ 2,498
Change in Net Assets	\$ (3,360)	\$ 2,928	\$ 470
Net Assets, July 1	76,580	46,566	5,355
Net Assets, June 30	\$ 73,220	\$ 49,494	\$ 5,825

<u>Georgia Medical Center Authority</u>	<u>Georgia Ports Authority</u>	<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
\$ 636	\$ 183,475	\$ 6,224	\$ 30,985	\$ 354,110
\$ 94	\$ 236,898	\$ 7,239	\$ —	\$ 342,932
499	15	—	—	514
<u>257</u>	<u>16,810</u>	<u>—</u>	<u>—</u>	<u>17,067</u>
\$ 850	\$ 253,723	\$ 7,239	\$ 0	\$ 360,513
\$ 214	\$ 70,248	\$ 1,015	\$ (30,985)	\$ 6,403
\$ —	\$ —	\$ —	\$ —	\$ 26,505
—	6,715	138	5,706	15,753
—	—	—	38,265	38,265
—	8,109	1	11	12,549
<u>0</u>	<u>14,824</u>	<u>139</u>	<u>43,982</u>	<u>93,072</u>
\$ 214	\$ 85,072	\$ 1,154	\$ 12,997	\$ 99,475
<u>256</u>	<u>706,470</u>	<u>3,960</u>	<u>195,871</u>	<u>1,035,058</u>
<u>\$ 470</u>	<u>\$ 791,542</u>	<u>\$ 5,114</u>	<u>\$ 208,868</u>	<u>\$ 1,134,533</u>

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Tourism/State Attractions June 30, 2008 (expressed in thousands)

	Georgia Agricultural Exposition Authority	Georgia Agrirama Development Authority	Georgia Golf Hall of Fame Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 237	\$ 133	\$ 8	\$ 460	\$ 425
Investments	—	—	—	—	—
Receivables					
Accounts (Net)	171	9	1	4	—
Inventories	—	22	37	79	46
Prepaid Items	—	—	—	—	3
Other Current Assets	—	35	—	50	—
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Land	4,890	450	—	—	—
Buildings and Building Improvements	29,144	5,912	—	—	—
Improvements Other Than Buildings	—	—	1,765	—	—
Machinery and Equipment	2,785	119	—	129	156
Works of Art and Collections	—	79	—	551	—
Infrastructure	—	—	—	—	—
Construction in Progress	—	—	—	—	—
Accumulated Depreciation	(10,313)	(999)	(412)	(129)	(146)
<b>Total Assets</b>	<b>\$ 26,914</b>	<b>\$ 5,760</b>	<b>\$ 1,399</b>	<b>\$ 1,144</b>	<b>\$ 484</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Accruals	\$ 27	\$ —	\$ —	\$ 16	\$ —
Due to Primary Government	—	—	—	—	1
Salaries/Withholdings Payable	—	—	—	—	—
Unearned Revenue	151	—	—	—	—
Compensated Absences Payable - Current	18	—	—	—	—
Capital Leases/Installment Purchases Payable - Current	10	—	—	—	—
Notes and Loans Payable - Current	—	—	—	35	—
Revenue Bonds Payable - Current	—	—	—	—	—
Other Current Liabilities	—	—	—	128	—
<b>Noncurrent Liabilities:</b>					
Compensated Absences Payable	195	56	—	—	44
Capital Leases/Installment Purchases Payable	56	—	—	—	—
Revenue Bonds Payable	—	—	—	—	—
Advances from Primary Government	—	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 457</b>	<b>\$ 56</b>	<b>\$ 0</b>	<b>\$ 179</b>	<b>\$ 45</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	\$ 26,506	\$ 5,561	\$ 1,353	\$ 551	\$ 10
Unrestricted	(49)	143	46	414	429
<b>Total Net Assets</b>	<b>\$ 26,457</b>	<b>\$ 5,704</b>	<b>\$ 1,399</b>	<b>\$ 965</b>	<b>\$ 439</b>

Jekyll Island State Park Authority	Lake Lanier Islands Development Authority	North Georgia Mountains Authority	Oconee River Greenway Authority	Sapelo Island Heritage Authority	Southwest Georgia Railroad Excursion Authority	Stone Mountain Memorial Association	Total
\$ 4,296	\$ 15,416	\$ 2,821	\$ 94	\$ 6	\$ 366	\$ 11,678	\$ 35,940
689	3,487	4,542	—	—	—	13,417	22,135
2,125	—	82	—	—	—	2	2,394
393	—	—	—	—	—	14	591
22	—	—	—	—	—	58	83
—	—	—	—	—	—	—	85
147	—	2,445	274	4,162	—	8,984	21,352
42,964	—	25,340	—	—	—	75,187	178,547
12,311	—	—	—	—	—	23,029	37,105
4,292	—	2,809	—	—	586	35,606	46,482
71	—	—	—	—	—	122	823
15,189	—	—	—	—	—	—	15,189
687	10,566	—	734	—	—	3,102	15,089
(23,567)	—	(22,769)	—	—	(471)	(74,203)	(133,009)
<u>\$ 59,619</u>	<u>\$ 29,469</u>	<u>\$ 15,270</u>	<u>\$ 1,102</u>	<u>\$ 4,168</u>	<u>\$ 481</u>	<u>\$ 96,996</u>	<u>\$ 242,806</u>
\$ 1,406	\$ 35	\$ 6,467	\$ —	\$ —	\$ 258	\$ 719	\$ 8,928
690	5	1,435	—	—	—	—	2,131
522	—	—	1	—	—	—	523
560	—	—	—	—	—	—	711
209	—	—	—	—	—	—	227
—	—	—	—	—	—	—	10
—	—	—	—	—	—	—	35
—	272	—	—	—	—	—	272
31	—	—	—	—	—	—	159
349	14	—	—	—	—	—	658
—	—	—	—	—	—	—	56
—	9,728	—	—	—	—	—	9,728
2,582	—	8,266	—	—	—	—	10,848
<u>\$ 6,349</u>	<u>\$ 10,054</u>	<u>\$ 16,168</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 258</u>	<u>\$ 719</u>	<u>\$ 34,286</u>
\$ 52,094	\$ 566	\$ 7,825	\$ 1,008	\$ 4,162	\$ 115	\$ 71,827	\$ 171,578
1,176	18,849	(8,723)	93	6	108	24,450	36,942
<u>\$ 53,270</u>	<u>\$ 19,415</u>	<u>\$ (898)</u>	<u>\$ 1,101</u>	<u>\$ 4,168</u>	<u>\$ 223</u>	<u>\$ 96,277</u>	<u>\$ 208,520</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Tourism/State Attractions For the Fiscal Year Ended June 30, 2008 (expressed in thousands)

	Georgia Agricultural Exposition Authority	Georgia Agrirama Development Authority	Georgia Golf Hall of Fame Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority	Jekyll Island State Park Authority
Expenses	\$ 9,877	\$ 1,810	\$ 318	\$ 1,731	\$ 1,073	\$ 21,468
Program Revenues:						
Sales and Charges for Services	\$ 7,223	\$ 389	\$ 33	\$ 350	\$ 137	\$ 15,905
Operating Grants and Contributions	—	—	163	—	—	196
Capital Grants and Contributions	—	—	—	31	—	727
Total Program Revenues	\$ 7,223	\$ 389	\$ 196	\$ 381	\$ 137	\$ 16,828
Net (Expenses) Revenue	\$ (2,654)	\$ (1,421)	\$ (122)	\$ (1,350)	\$ (936)	\$ (4,640)
General Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,315
Unrestricted Investment Income	35	—	—	18	9	235
Payments from the State of Georgia	2,245	1,178	—	840	793	—
Other	—	66	—	99	196	—
Total General Revenues	\$ 2,280	\$ 1,244	\$ 0	\$ 957	\$ 998	\$ 1,550
Change in Net Assets	\$ (374)	\$ (177)	\$ (122)	\$ (393)	\$ 62	\$ (3,090)
Net Assets, July 1	26,831	1,647	1,521	1,358	377	53,766
Adjustment to Repayment of Advances	—	—	—	—	—	—
Correction of Prior Year Errors	—	4,234	—	—	—	—
Inclusion of Foundation	—	—	—	—	—	2,594
Net Assets, June 30	\$ 26,457	\$ 5,704	\$ 1,399	\$ 965	\$ 439	\$ 53,270

Lake Lanier Islands Development Authority	North Georgia Mountains Authority	Oconee River Greenway Authority	Sapelo Island Heritage Authority	Southwest Georgia Railroad Excursion Authority	Stone Mountain Memorial Association	Total
\$ 854	\$ 16,169	\$ 30	\$ 26	\$ 1,596	\$ 9,809	\$ 64,761
\$ 3,200	\$ 15,984	\$ —	\$ 26	\$ 870	\$ 10,146	\$ 54,263
—	—	142	—	—	—	501
—	—	—	—	—	—	758
\$ 3,200	\$ 15,984	\$ 142	\$ 26	\$ 870	\$ 10,146	\$ 55,522
\$ 2,346	\$ (185)	\$ 112	\$ 0	\$ (726)	\$ 337	\$ (9,239)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,315
397	—	—	—	—	1,435	2,129
—	—	—	—	372	—	5,428
382	—	643	—	—	3	1,389
\$ 779	\$ 0	\$ 643	\$ 0	\$ 372	\$ 1,438	\$ 10,261
\$ 3,125	\$ (185)	\$ 755	\$ 0	\$ (354)	\$ 1,775	\$ 1,022
14,958	(713)	346	4,168	577	94,502	199,338
1,332	—	—	—	—	—	1,332
—	—	—	—	—	—	4,234
—	—	—	—	—	—	2,594
\$ 19,415	\$ (898)	\$ 1,101	\$ 4,168	\$ 223	\$ 96,277	\$ 208,520

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# Statistical Section

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# State of Georgia

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## Statistical Section

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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These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

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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. The State implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

# State of Georgia

## Schedule 1

### Net Assets by Component

#### For the Last Seven Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2002	2003	2004
<b>Governmental Activities <sup>(1)(2)</sup></b>			
Invested in Capital Assets, Net of Related Debt	\$ 9,802,538	\$ 10,494,765	\$ 10,073,116
Restricted	1,399,081	1,292,107	2,166,594
Unrestricted	4,238,321	2,885,711	1,381,037
<b>Total Governmental Activities Net Assets</b>	<b>\$ 15,439,940</b>	<b>\$ 14,672,583</b>	<b>\$ 13,620,747</b>
<b>Business-Type Activities <sup>(1)(2)</sup></b>			
Invested in Capital Assets, Net of Related Debt	\$ 3,132,336	\$ 3,517,358	\$ 3,849,935
Restricted	1,858,883	1,313,230	1,269,663
Unrestricted	839,774	710,036	604,687
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 5,830,993</b>	<b>\$ 5,540,624</b>	<b>\$ 5,724,285</b>
<b>Total Primary Government <sup>(2)</sup></b>			
Invested in Capital Assets, Net of Related Debt	\$ 12,934,874	\$ 14,012,123	\$ 13,923,051
Restricted	3,257,964	2,605,337	3,436,257
Unrestricted	5,078,095	3,595,747	1,985,724
<b>Total Primary Government Net Assets</b>	<b>\$ 21,270,933</b>	<b>\$ 20,213,207</b>	<b>\$ 19,345,032</b>

(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.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*

**Fiscal Year**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	10,914,903	\$ 11,274,666	\$ 10,804,344	\$ 11,979,690
	2,248,834	2,164,233	2,398,250	1,641,507
	<u>1,332,716</u>	<u>994,617</u>	<u>2,233,041</u>	<u>1,383,624</u>
\$	<u>14,496,453</u>	<u>14,433,516</u>	<u>15,435,635</u>	<u>15,004,821</u>
\$	4,214,124	\$ 4,387,218	\$ 4,582,190	\$ 4,801,548
	1,599,878	1,767,054	1,877,790	1,745,185
	<u>366,419</u>	<u>374,831</u>	<u>475,506</u>	<u>604,035</u>
\$	<u>6,180,421</u>	<u>6,529,103</u>	<u>6,935,486</u>	<u>7,150,768</u>
\$	15,129,027	\$ 15,661,884	\$ 15,386,534	\$ 16,781,238
	3,848,712	3,931,287	4,276,040	3,386,692
	<u>1,699,135</u>	<u>1,369,448</u>	<u>2,708,547</u>	<u>1,987,659</u>
\$	<u>20,676,874</u>	<u>20,962,619</u>	<u>22,371,121</u>	<u>22,155,589</u>

# State of Georgia

## Schedule 2

### Changes in Net Assets

### For the Last Seven Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>Expenses</b>				
<b>Governmental Activities</b>				
General Government <sup>(1)</sup>	\$ 1,133,811	\$ 1,411,121	\$ 1,900,816	\$ 1,354,451
Education	7,558,467	7,942,981	8,007,435	8,376,252
Health and Welfare	10,100,531	10,299,189	11,370,543	11,847,414
Transportation <sup>(2)</sup>	1,458,959	1,096,837	1,844,281	2,316,638
Public Safety	1,693,449	1,779,432	1,712,346	1,781,048
Economic Development and Assistance	714,287	729,878	738,425	702,879
Culture and Recreation	216,506	199,873	237,831	225,821
Conservation	81,753	57,885	49,089	48,791
Interest and Other Charges on Long-Term Debt <sup>(2)</sup>	319,094	342,748	319,034	318,860
<b>Total Governmental Activities</b>	<b>\$ 23,276,857</b>	<b>\$ 23,859,944</b>	<b>\$ 26,179,800</b>	<b>\$ 26,972,154</b>
<b>Business-Type Activities</b>				
Georgia Technology Authority <sup>(1)</sup>	\$ 217,334	\$ 207,165	\$ 198,937	\$ 193,918
Higher Education Fund	4,286,201	4,640,361	4,762,820	5,310,815
State Employees' Health Benefit Plan	1,503,456	1,677,982	1,850,125	2,092,457
Unemployment Compensation Fund	861,474	995,169	877,555	584,260
State Road and Tollway Authority <sup>(2)</sup>	—	—	—	—
<b>Total Business-Type Activities</b>	<b>\$ 6,868,465</b>	<b>\$ 7,520,677</b>	<b>\$ 7,689,437</b>	<b>\$ 8,181,450</b>
<b>Total Primary Government Expenses</b>	<b>\$ 30,145,322</b>	<b>\$ 31,380,621</b>	<b>\$ 33,869,237</b>	<b>\$ 35,153,604</b>
<b>Program Revenues</b>				
<b>Governmental Activities <sup>(1)(2)</sup></b>				
<b>Sales and Charges for Services</b>				
General Government	\$ 751,959	\$ 447,223	\$ 214,580	\$ 267,756
Health and Welfare	1,333,912	780,018	1,198,094	1,435,224
Public Safety	324,425	382,390	395,988	412,572
Other Sales and Charges for Services	579,771	225,889	448,103	437,569
Operating Grants and Contributions	7,597,051	8,674,421	9,457,170	9,213,591
Capital Grants and Contributions	534,745	621,391	828,453	1,014,144
<b>Total Governmental Activities</b>	<b>\$ 11,121,863</b>	<b>\$ 11,131,332</b>	<b>\$ 12,542,388</b>	<b>\$ 12,780,856</b>
<b>Business-Type Activities <sup>(1)(2)</sup></b>				
<b>Sales and Charges for Services</b>				
Georgia Technology Authority	\$ 218,944	\$ 207,891	\$ 198,869	\$ 204,246
Higher Education Fund	1,009,853	1,210,452	1,349,989	1,730,328
Unemployment Compensation Fund	113,864	128,546	530,481	—
State Road and Tollway Authority	—	—	—	—
Operating Grants and Contributions	3,333,379	3,224,705	3,330,386	4,050,853
Capital Grants and Contributions	65,457	29	148,407	40,029
<b>Total Business-Type Activities</b>	<b>\$ 4,741,497</b>	<b>\$ 4,771,623</b>	<b>\$ 5,558,132</b>	<b>\$ 6,025,456</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 15,863,360</b>	<b>\$ 15,902,955</b>	<b>\$ 18,100,520</b>	<b>\$ 18,806,312</b>
<b>Net (Expense) Revenue</b>				
Governmental Activities <sup>(1)(2)</sup>	\$ (12,154,994)	\$ (12,728,612)	\$ (13,637,412)	\$ (14,191,298)
Business-Type Activities <sup>(1)(2)</sup>	(2,126,968)	(2,749,054)	(2,131,305)	(2,155,994)
<b>Total Primary Government</b>	<b>\$ (14,281,962)</b>	<b>\$ (15,477,666)</b>	<b>\$ (15,768,717)</b>	<b>\$ (16,347,292)</b>

	2006	2007	2008
\$	1,562,693	\$ 1,830,659	\$ 1,896,438
	9,030,145	9,948,891	10,812,665
	11,238,207	11,764,652	12,256,789
	1,624,369	1,705,285	3,056,226
	1,715,838	1,891,555	2,130,454
	696,800	759,979	504,897
	263,813	286,132	251,055
	60,660	102,149	69,836
	326,741	385,449	405,255
\$	<u>26,519,266</u>	<u>28,674,751</u>	<u>31,383,615</u>
\$	176,153	\$ —	\$ —
	5,292,112	5,592,755	6,242,687
	2,182,743	1,868,431	2,043,604
	582,171	626,058	774,030
	—	12,845	15,110
\$	<u>8,233,179</u>	<u>8,100,089</u>	<u>9,075,431</u>
\$	<u>34,752,445</u>	<u>36,774,840</u>	<u>40,459,046</u>
\$	787,894	\$ 1,653,554	\$ 1,634,855
	706,876	504,520	321,172
	141,432	334,033	278,675
	284,498	258,936	245,978
	9,393,686	10,041,218	11,886,083
	1,032,961	1,213,420	1,426,839
\$	<u>12,347,347</u>	<u>14,005,681</u>	<u>15,793,602</u>
\$	177,137	\$ —	\$ —
	1,567,385	1,694,368	1,834,826
	—	223	—
	—	20,854	20,648
	4,374,153	4,214,533	4,509,566
	45,965	48,490	111,055
\$	<u>6,164,640</u>	<u>5,978,468</u>	<u>6,476,095</u>
\$	<u>18,511,987</u>	<u>19,984,149</u>	<u>22,269,697</u>
\$	(14,171,919)	\$ (14,669,070)	\$ (15,590,013)
	(2,068,539)	(2,121,621)	(2,599,336)
\$	<u>(16,240,458)</u>	<u>(16,790,691)</u>	<u>(18,189,349)</u>

(continued)

# State of Georgia

## Schedule 2

### Changes in Net Assets (continued)

#### For the Last Seven Fiscal Years

#### (accrual basis of accounting)

#### (amounts expressed in thousands)

	Fiscal Year			
	2002	2003	2004	2005
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities <sup>(1)(2)</sup>				
General Revenues				
Taxes				
Personal Income	\$ 6,597,862	\$ 6,339,352	\$ 6,876,663	\$ 7,133,515
Sales - General	4,368,297	4,710,046	4,799,239	5,309,167
Other Taxes	1,930,212	1,910,795	2,058,832	2,385,602
Grants and Contributions not restricted to specific programs	411	337	177	—
Unrestricted Investment Income	74,384	260,409	116,615	208,656
Unclaimed Property	40,658	43,719	54,074	75,353
Other	731,808	760,377	1,094,273	1,011,803
Special Items	—	(907)	—	—
Transfers	(2,181,906)	(2,132,446)	(2,294,450)	(2,340,526)
<b>Total Governmental Activities</b>	<b>\$ 11,561,726</b>	<b>\$ 11,891,682</b>	<b>\$ 12,705,423</b>	<b>\$ 13,783,570</b>
Business-Type Activities <sup>(1)(2)</sup>				
General Revenues				
Unrestricted Investment Income	\$ 28,396	\$ 107,562	\$ 58,647	\$ 88,207
Other	—	—	—	—
Special Items	(2,900)	—	—	—
Transfers	2,181,906	2,132,446	2,294,450	2,340,526
<b>Total Business-Type Activities</b>	<b>\$ 2,207,402</b>	<b>\$ 2,240,008</b>	<b>\$ 2,353,097</b>	<b>\$ 2,428,733</b>
<b>Total Primary Government General Revenues and Other Changes in Net Assets</b>	<b>\$ 13,769,128</b>	<b>\$ 14,131,690</b>	<b>\$ 15,058,520</b>	<b>\$ 16,212,303</b>
<b>Changes in Net Assets</b>				
Governmental Activities <sup>(1)(2)</sup>	\$ (593,268)	\$ (836,930)	\$ (931,989)	\$ (407,728)
Business-Type Activities <sup>(1)(2)</sup>	80,434	(509,046)	221,792	272,739
<b>Total Primary Government</b>	<b>\$ (512,834)</b>	<b>\$ (1,345,976)</b>	<b>\$ (710,197)</b>	<b>\$ (134,989)</b>

(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.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers (certain amounts restated for purposes of comparability)

	2006	2007	2008
\$	8,104,465	\$ 8,831,753	\$ 8,834,591
	5,603,743	6,234,221	5,760,691
	2,451,385	2,810,010	2,694,710
	—	—	—
	196,422	470,480	264,448
	107,149	140,367	58,857
	958,131	54,317	247,322
	—	—	—
	<u>(2,306,278)</u>	<u>(2,478,882)</u>	<u>(2,670,418)</u>
\$	<u>15,115,017</u>	<u>\$ 16,062,266</u>	<u>\$ 15,190,201</u>
\$	110,942	\$ 147,034	\$ 134,436
	—	47	—
	—	—	—
	<u>2,306,278</u>	<u>2,478,882</u>	<u>2,670,418</u>
\$	<u>2,417,220</u>	<u>\$ 2,625,963</u>	<u>\$ 2,804,854</u>
\$	<u>17,532,237</u>	<u>\$ 18,688,229</u>	<u>\$ 17,995,055</u>
\$	943,098	\$ 1,393,196	\$ (399,812)
	348,681	504,342	205,518
\$	<u>1,291,779</u>	<u>\$ 1,897,538</u>	<u>\$ (194,294)</u>

# State of Georgia

## Schedule 3

### Fund Balances of Governmental Funds

#### For the Last Seven Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2002	2003	2004
General Fund			
Reserved	\$ 3,004,971	\$ 2,944,712	\$ 3,319,425
Unreserved	1,499,182	421,985	228,852
Total General Fund	<u>\$ 4,504,153</u>	<u>\$ 3,366,697</u>	<u>\$ 3,548,277</u>
All Other Governmental Funds <sup>(1)</sup>			
Reserved	\$ 232,531	\$ 116,698	\$ 1,639
Unreserved, Reported in			
Special Revenue Funds	—	—	—
Capital Projects Funds	1,799,293	1,355,723	1,236,105
Total All Other Governmental Funds	<u>\$ 2,031,824</u>	<u>\$ 1,472,421</u>	<u>\$ 1,237,744</u>

(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.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*  
(certain amounts restated for purposes of comparability)

**Fiscal Year**

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 3,430,424	\$ 3,342,233	\$ 3,487,699	\$ 2,837,792
<u>335,828</u>	<u>924,590</u>	<u>2,077,088</u>	<u>1,489,500</u>
<u>\$ 3,766,252</u>	<u>\$ 4,266,823</u>	<u>\$ 5,564,787</u>	<u>\$ 4,327,292</u>
\$ 1,027	\$ 1,028	\$ 14	\$ 14
—	1,219	187,585	286,451
<u>804,079</u>	<u>1,207,665</u>	<u>1,476,288</u>	<u>1,195,760</u>
<u>\$ 805,106</u>	<u>\$ 1,209,912</u>	<u>\$ 1,663,887</u>	<u>\$ 1,482,225</u>

# State of Georgia

## Schedule 4

### Changes in Fund Balances of Governmental Funds

#### For the Last Seven Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Revenues</b>					
<b>Taxes</b>					
Personal Income	\$ 6,597,862	\$ 6,339,352	\$ 6,876,663	\$ 7,133,515	\$ 8,104,465
Sales - General	4,368,297	4,710,046	4,799,240	5,309,167	5,603,743
Other Taxes	1,930,212	1,910,795	2,058,832	2,385,603	2,451,385
Licenses and Permits	448,263	425,770	452,008	496,178	539,158
Intergovernmental - Federal	8,189,311	8,905,213	10,226,522	10,152,667	10,024,646
Intergovernmental - Other	—	—	—	—	117,040
Sales and Services	1,678,090	1,148,835	1,657,989	1,732,902	994,996
Fines and Forfeits	257,484	270,341	238,662	265,708	303,788
Interest and Other Investment Income	244,858	191,237	36,427	103,155	186,974
Rents and Royalties	15,675	16,352	18,979	16,200	15,937
Contributions and Donations	229,163	322,727	53,239	76,531	118,399
Penalties and Interest on Taxes	6,457	7,750	4,827	8,542	10,758
Unclaimed Property	40,659	43,719	54,074	75,353	107,149
Lottery Proceeds	726,202	751,557	801,381	802,083	822,797
Nursing Home Provider Fees	—	—	92,768	99,271	95,607
Other	75,386	(2,299)	31,608	111,613	241,697
<b>Total Revenues</b>	<b>\$ 24,807,919</b>	<b>\$ 25,041,395</b>	<b>\$ 27,403,219</b>	<b>\$ 28,768,488</b>	<b>\$ 29,738,539</b>
<b>Expenditures</b>					
<b>Current</b>					
General Government	\$ 839,639	\$ 997,061	\$ 978,666	\$ 1,088,655	\$ 1,158,810
Education	7,567,495	7,948,434	8,014,842	8,359,398	9,031,188
Health and Welfare	10,090,829	10,249,541	11,374,111	11,861,217	11,270,055
Transportation	1,716,885	1,681,771	1,701,666	1,804,448	2,079,873
Public Safety	1,686,971	1,755,103	1,692,289	1,696,260	1,788,074
Economic Development and Assistance	708,073	742,169	728,330	688,658	685,680
Culture and Recreation	235,249	236,631	240,504	246,261	282,422
Conservation	86,891	56,668	48,624	57,677	61,041
Capital Outlay	761,810	825,245	837,904	485,995	478,109
Debt Service					
Principal	449,258	511,006	507,110	524,583	570,042
Interest	314,201	344,757	343,489	332,808	324,893
Other Charges	3,293	(5,833)	3,802	1,037	(2,497)
Intergovernmental	—	—	—	—	243,347
<b>Total Expenditures</b>	<b>\$ 24,460,594</b>	<b>\$ 25,342,553</b>	<b>\$ 26,471,337</b>	<b>\$ 27,146,997</b>	<b>\$ 27,971,037</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 347,325</b>	<b>\$ (301,158)</b>	<b>\$ 931,882</b>	<b>\$ 1,621,491</b>	<b>\$ 1,767,502</b>
<b>Other Financing Sources (Uses)</b>					
General Obligation Bonds Issuance	\$ 1,229,428	\$ 552,514	\$ 955,395	\$ 206,875	\$ 1,236,010
Refunding Bonds Issuance	—	—	—	458,605	425,000
Revenue Bond Issuance	—	—	—	—	—
Premium on General Obligation Bonds Sold	—	—	—	4,815	4,040
Premium on Refunding Bonds Sold	—	—	—	61,957	46,399
Premium on Revenue Bonds Sold	—	—	—	—	—
Accrued Interest on Refunding Bonds Sold	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	(519,316)	(469,479)
Proceeds from Disposition of General Capital Assets	3,966	5,228	2,191	—	600
Capital Leases	2,354	1,796	323	1,644	1,085
Other Financing Agreements	54,670	—	—	—	—
Transfers In	1,513,165	956,732	943,719	1,023,279	1,022,503
Transfers Out	(3,570,391)	(2,898,429)	(2,906,674)	(3,050,444)	(3,165,858)
<b>Net Other Financing Sources (Uses)</b>	<b>\$ (766,808)</b>	<b>\$ (1,382,159)</b>	<b>\$ (1,005,046)</b>	<b>\$ (1,812,585)</b>	<b>\$ (899,700)</b>
<b>Other Adjustments to Fund Balance</b>	<b>\$ —</b>	<b>\$ (1,077)</b>	<b>\$ (461)</b>	<b>\$ (23,569)</b>	<b>\$ 37,112</b>
<b>Net Change in Fund Balance</b>	<b>\$ (419,483)</b>	<b>\$ (1,684,394)</b>	<b>\$ (73,625)</b>	<b>\$ (214,663)</b>	<b>\$ 904,914</b>
<b>Debt Service Expenditures as a Percentage of Noncapital Expenditures <sup>(1)</sup></b>	3.45%	3.60%	3.45%	3.28%	3.44%

(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

	2007	2008
\$	8,831,754	\$ 8,834,591
	6,234,221	5,760,691
	2,810,010	2,694,710
	649,930	682,940
	10,648,457	11,623,735
	401,637	405,077
	687,277	376,674
	344,139	321,804
	443,226	240,337
	17,115	12,896
	8,450	23,746
	7,045	5,437
	140,367	58,857
	853,641	867,686
	111,768	133,974
	225,703	110,217
\$	<u>32,414,740</u>	<u>\$ 32,153,372</u>

\$	1,207,057	\$ 1,251,265
	9,945,327	10,481,854
	11,724,373	12,475,474
	2,628,075	3,256,231
	1,841,350	2,035,807
	739,998	816,766
	293,620	315,578
	101,773	69,883
	474,050	471,251
	679,216	750,909
	409,632	434,494
	(10,855)	(2,342)
	324,056	341,524
\$	<u>30,357,672</u>	<u>\$ 32,698,694</u>
\$	<u>2,057,068</u>	<u>\$ (545,322)</u>

\$	1,410,648	\$ 946,035
	213,720	—
	450,000	600,000
	3,894	16,828
	18,922	—
	19,967	39,911
	742	—
	(235,516)	—
	—	1,661
	777	825
	—	—
	1,925,552	2,121,862
	(4,211,954)	(4,599,625)
\$	<u>(403,248)</u>	<u>\$ (872,503)</u>
\$	<u>98,119</u>	<u>\$ (1,332)</u>
\$	<u>1,751,939</u>	<u>\$ (1,419,157)</u>

3.85%

3.98%

# State of Georgia

## Schedule 5

### Revenue Base - Personal Income by Industry For the Last Ten Fiscal Years (amounts expressed in millions)

	1999	2000	2001	2002
Accommodation and Food Services	\$ 4,515	\$ 4,914	\$ 5,194	\$ 5,251
Administrative and Waste Services	6,722	7,403	7,694	7,942
Arts, Entertainment and Recreation	1,182	1,472	1,593	1,572
Construction	10,099	11,353	11,487	11,532
Educational Services	1,737	1,853	2,188	2,233
Farm Earnings	2,083	1,693	1,943	990
Federal Government - Civilian	5,888	6,452	6,556	7,156
Federal Government - Military	3,562	3,791	4,200	4,747
Finance and Insurance	9,325	10,401	11,119	11,790
Forestry, Fishing and Related Activities	637	708	752	669
Health Care and Social Assistance	12,223	13,035	13,915	14,873
Information	10,136	11,956	12,051	11,750
Management of Companies and Enterprises	4,161	3,851	4,474	4,247
Manufacturing	22,790	23,962	24,732	24,618
Mining	495	525	510	501
Other Services, Except Public Administration	4,679	5,024	5,150	5,517
Professional and Technical Services	15,418	16,790	17,614	17,241
Real Estate, Rental and Leasing	3,873	4,624	4,639	4,632
Retail Trade	11,949	12,718	13,286	13,595
State and Local Government	17,119	18,180	19,160	20,561
Transportation and Warehousing	8,079	9,009	9,016	9,180
Utilities	1,962	2,326	2,708	2,906
Wholesale Trade	12,507	13,620	13,839	13,778
Other	38,705	43,317	46,578	48,184
<b>Total Personal Income</b>	<b>\$ 209,846</b>	<b>\$ 228,977</b>	<b>\$ 240,398</b>	<b>\$ 245,465</b>
 Average Effective Rate <sup>(1)</sup>	 2.796%	 2.814%	 2.855%	 2.688%

(1) The total direct rate for personal income is not available. The average effective rate was calculated by dividing personal income tax collections (see Schedule 4) by total personal income.

Source: U. S. Department of Commerce, Bureau of Economic Analysis (second quarter, seasonally adjusted at annual rate)

**Fiscal Year**

	2003	2004	2005	2006	2007	2008
\$	5,511	\$ 5,979	\$ 6,373	\$ 6,775	\$ 7,114	\$ 7,346
	8,196	9,092	10,094	10,725	11,156	11,348
	1,585	1,582	1,642	1,691	1,756	1,882
	11,532	12,656	13,540	14,854	15,106	14,021
	2,352	2,495	2,615	2,921	3,139	3,377
	2,071	1,788	2,124	1,035	1,572	1,240
	7,505	7,944	8,353	8,844	9,286	9,666
	5,517	5,875	6,567	6,997	7,420	8,138
	12,325	13,024	13,599	15,316	15,703	16,086
	666	688	709	786	796	768
	15,668	16,966	18,239	18,909	20,175	21,334
	11,367	11,530	12,343	12,744	13,681	14,080
	3,907	4,672	4,952	5,303	5,481	5,354
	24,291	25,725	25,990	27,283	27,414	27,325
	509	565	564	621	653	602
	5,770	5,934	6,266	6,541	6,819	6,894
	17,240	17,686	19,599	21,175	22,594	24,550
	4,837	5,276	5,822	5,986	6,087	5,720
	13,598	13,964	14,890	15,500	15,989	15,878
	21,890	22,858	23,818	24,893	26,538	28,318
	9,162	10,112	9,649	9,518	11,943	10,887
	2,800	3,001	2,900	3,094	3,196	3,419
	13,671	14,523	15,633	16,751	17,499	18,020
	47,492	48,378	54,747	60,250	66,236	76,384
\$	<u>249,462</u>	<u>\$ 262,313</u>	<u>\$ 281,028</u>	<u>\$ 298,512</u>	<u>\$ 317,353</u>	<u>\$ 332,637</u>
	2.541%	2.622%	2.538%	2.715%	2.783%	2.656%

# State of Georgia

## Schedule 6

### Personal Income Tax Rates by Filing Status and Income Level For the Last Ten Fiscal Years

1999 - 2008

#### Filing Status

#### Georgia Taxable Net Income Level

##### Single

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

##### Married Filing Separately

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

##### Head of Household and Married Filing Jointly

Not Over \$1000	1%
Over \$1000 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)

# State of Georgia

## Schedule 7

### Personal Income Tax Filers and Liability by Income Level

For Calendar Years 2006<sup>(1)</sup> and 1997

(dollars, except income level, are in thousands)

Income Level	1997				2006(1)			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$1,000 and under <sup>(2)</sup>	179,455	5.73%	\$ 121,565	2.61%	597,417	14.76%	\$ 526,273	6.56%
\$1,001 to \$5,000	288,223	9.21%	627	0.01%	259,040	6.40%	3	0.00%
\$5,001 to \$10,000	351,564	11.23%	16,707	0.36%	343,066	8.48%	8,561	0.11%
\$10,001 to \$15,000	323,424	10.33%	60,912	1.31%	331,809	8.20%	40,089	0.50%
\$15,001 to \$20,000	299,250	9.56%	118,260	2.53%	299,883	7.41%	89,641	1.12%
\$20,001 to \$25,000	255,570	8.17%	161,813	3.47%	271,907	6.72%	138,157	1.72%
\$25,001 to \$30,000	201,478	6.44%	178,967	3.84%	237,570	5.87%	171,199	2.13%
\$30,001 to \$50,000	537,975	17.19%	752,675	16.13%	633,652	15.66%	775,172	9.66%
\$50,001 to \$100,000	514,530	16.44%	1,391,187	29.82%	682,895	16.88%	1,792,671	22.33%
\$100,001 to \$500,000	167,751	5.36%	1,230,690	26.38%	364,971	9.02%	2,679,227	33.38%
\$500,001 to \$1,000,000	6,744	0.22%	223,397	4.79%	15,671	0.39%	545,161	6.79%
\$1,000,001 and higher	3,618	0.12%	408,920	8.76%	8,394	0.21%	1,260,456	15.70%
<b>Totals</b>	<b>3,129,582</b>	<b>100.00%</b>	<b>\$ 4,665,720</b>	<b>100.00%</b>	<b>4,046,275</b>	<b>100.00%</b>	<b>\$ 8,026,610</b>	<b>100.00%</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 Annual Statistical Report

# State of Georgia

## Schedule 8

### Ratios of Outstanding Debt by Type

#### For the Last Seven Fiscal Years

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt					Less: Net Assets Restricted to Guaranteed Revenue Debt
	Governmental Activities <sup>(1)</sup>			Business-Type Activities <sup>(1)</sup>		
	General Obligation	General State	Revenue	Revenue		
	Bonds	Bond Debt	Bonds	Bonds		
2008	\$ 7,927,420	\$ 0	\$ 1,617,932	\$ 31,628	\$ (63,084)	
2007	7,688,919	0	1,037,993	38,540	(63,084)	
2006	6,909,343	0	—	—	—	
2005	6,238,934	0	—	—	—	
2004	6,513,380	16	—	—	—	
2003	6,083,975	16	—	—	—	
2002	6,058,295	16	—	—	—	

Fiscal Year	Other Debt					Total Primary Government
	Governmental Activities		Business-Type Activities			
	Capital	Notes and	Capital	Notes and		
	Leases	Loans	Leases	Loans		
2008	\$ 5,184	\$ 32,820	\$ 1,795,234	\$ 9,170	\$ 11,356,304	
2007	8,162	568	1,201,524	9,477	9,922,099	
2006	4,748	796	839,926	2,618	7,757,431	
2005	5,122	3,583	678,055	4,244	6,929,938	
2004	4,892	2,506	479,272	2,512	7,002,578	
2003	5,424	2,570	186,428	2,845	6,281,258	
2002	5,911	2,632	93,263	2,345	6,162,462	

(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 10 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*

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	Net General Bonded Debt	Percentage of Personal Income <sup>(2)</sup>	Outstanding Debt Per Capita <sup>(2)</sup>
\$	9,513,896	2.86%	\$ 982.26
	8,702,368	2.74%	913.80
	6,909,343	2.31%	741.45
	6,238,934	2.22%	686.05
	6,513,396	2.48%	730.96
	6,083,991	2.44%	696.67
	6,058,311	2.47%	705.79

Percentage of Personal Income <sup>(2)</sup>	Outstanding Debt Per Capita <sup>(2)</sup>
3.41%	\$ 1,172.48
3.13%	1,041.88
2.60%	832.46
2.47%	762.04
2.67%	785.86
2.52%	719.26
2.51%	717.93

# State of Georgia

## Schedule 9

### Computation of Legal Debt Margin For the Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Revenue Base:</b>				
Treasury Receipts for the Preceding Fiscal Year <sup>(1)</sup>	\$ <u>12,478,602,944</u>	\$ <u>13,539,916,503</u>	\$ <u>14,959,980,702</u>	\$ <u>15,768,578,047</u>
<b>Debt Limit Amount:</b>				
Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above)	\$ 1,247,860,294	\$ 1,353,991,650	\$ 1,495,998,070	\$ 1,576,857,805
<b>Debt Applicable to the Limit:</b>				
Highest Total Annual Commitments in Current or any Subsequent Fiscal Year	<u>634,072,712</u>	<u>656,448,838</u>	<u>660,903,018</u>	<u>881,667,486</u>
<b>Legal Debt Margin</b>	\$ <u>613,787,582</u>	\$ <u>697,542,812</u>	\$ <u>835,095,052</u>	\$ <u>695,190,319</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit Amount	50.81%	48.48%	44.18%	55.91%

(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.

Source: Prior year CAFRs, 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>2003</u>	<u>2004</u>	<u>2005 <sup>(2)</sup></u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>\$ 15,126,479,334</u>	<u>\$ 14,737,541,220</u>	<u>\$ 15,530,262,707</u>	<u>\$ 16,789,925,631</u>	<u>\$ 18,343,186,033</u>	<u>\$ 19,895,976,559</u>
\$ 1,512,647,933	\$ 1,473,754,122	\$ 1,553,026,271	\$ 1,678,992,563	\$ 1,834,318,603	\$ 1,989,597,656
<u>819,243,571</u>	<u>959,876,954</u>	<u>932,636,053</u>	<u>935,230,555</u>	<u>1,038,052,566</u>	<u>1,085,762,485</u>
<u>\$ 693,404,362</u>	<u>\$ 513,877,168</u>	<u>\$ 620,390,218</u>	<u>\$ 743,762,008</u>	<u>\$ 796,266,037</u>	<u>\$ 903,835,171</u>
54.16%	65.13%	60.05%	55.70%	56.59%	54.57%

# State of Georgia

## Schedule 10

### Population/Demographics

### For the Last Ten Fiscal Years

Year	Population	Personal Income (in millions)	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2008	9,685,744	\$ 332,637	\$ 34,343	1,634,255	5.90%
2007	9,523,297	317,353	33,324	1,618,869	4.40%
2006	9,318,715	298,512	32,034	1,588,803	4.60%
2005	9,093,958	281,028	30,903	1,544,044	5.20%
2004	8,910,741	262,313	29,438	1,513,521	4.70%
2003	8,732,924	249,462	28,566	1,486,694	4.80%
2002	8,583,674	245,465	28,597	1,459,827	4.80%
2001	8,418,592	240,398	28,556	1,435,174	4.00%
2000	8,230,053	228,977	27,822	1,412,840	3.50%
1999	7,788,240	209,846	26,944	1,390,341	3.80%

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 (second quarter annualized)  
Public School Enrollment - Georgia Department of Education (March)  
Unemployment Rate - U. S. Department of Labor (annual average)

# State of Georgia

## Schedule 11

### Ten Largest Employers

### Fiscal Year 2008 and Nine Years Previous (1999)

	1999			2008		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Wal-Mart Stores, Incorporated	32,515	1	0.82%	40,024	1	0.87%
Delta Air Lines, Incorporated	27,552	2	0.70%	27,480	2	0.60%
AT&T				21,400	3	0.46%
Publix Supermarkets, Incorporated	17,000	6	0.43%	21,345	4	0.46%
The Home Depot Incorporated				20,190	5	0.44%
The Kroger Company				15,905	6	0.34%
Lockheed Martin Corporation				15,000	7	0.33%
The Coca-Cola Company				12,262	8	0.27%
Lowe's				10,415	9	0.23%
Shaw Industries, Incorporated	17,350	5	0.44%	10,338	10	0.22%
BellSouth Corporation	21,651	3	0.55%			
Mohawk Industries	11,750	9	0.30%			
The Southern Company/Georgia Power Company	13,603	7	0.34%			
Promina Health System	18,000	4	0.46%			
Columbia Healthcare Corporation	12,000	8	0.30%			
Emory System of Health Care	10,800	10	0.27%			
	<u>182,221</u>		<u>4.61%</u>	<u>194,359</u>		<u>4.21%</u>
Total Employment	<u>3,951,684</u>			<u>4,611,197</u>		

Sources: Employers - Georgia Department of Economic Development  
 Total Employment - Georgia Department of Labor

# State of Georgia

## Schedule 12

### State Government Employment by Function For the Last Ten Fiscal Years

	1999	2000	2001	2002
<b>Governmental Activities</b>				
General Government	8,087	8,874	8,422	6,326
Education	916	1,034	949	942
Health and Welfare	13,213	14,557	13,869	10,601
Transportation	6,407	6,905	7,073	6,083
Public Safety	22,431	25,706	25,135	22,751
Economic Development and Assistance	2,472	2,749	2,608	4,112
Culture and Recreation	2,660	3,071	2,453	2,119
Conservation	798	872	831	746
	<u>56,984</u>	<u>63,768</u>	<u>61,340</u>	<u>53,680</u>
<b>Business-Type Activities <sup>(1)</sup></b>				
Georgia Technology Authority <sup>(2) (3)</sup>	21	16	125	762
Higher Education Fund	61,888	58,799	60,694	71,644
State Road and Tollway Authority <sup>(4)</sup>	—	—	—	—
	<u>61,909</u>	<u>58,815</u>	<u>60,819</u>	<u>72,406</u>
	<u>118,893</u>	<u>122,583</u>	<u>122,159</u>	<u>126,086</u>

(1) Employees of certain Business-Types 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.

(2) Until fiscal year 2001, a portion of the activities of the Georgia Technology Authority were performed by the Department of Administrative Services which is included in General Government.

(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 employees are involved in the business-type activities.

Source: Georgia Department of Audits and Accounts

**Fiscal Year**

2003	2004	2005	2006	2007	2008
6,857	6,927	7,352	6,779	9,240	9,151
925	1,011	1,156	1,129	1,160	1,186
12,048	19,918	22,081	22,170	22,732	23,430
5,916	5,844	5,850	5,769	5,849	5,745
23,586	23,077	22,949	23,266	23,115	23,850
4,729	4,675	4,614	4,589	4,584	4,650
2,956	2,864	2,927	2,945	3,023	3,160
765	1,065	726	742	776	776
<u>57,782</u>	<u>65,381</u>	<u>67,655</u>	<u>67,389</u>	<u>70,479</u>	<u>71,948</u>
732	650	630	562	—	—
80,222	79,160	81,893	82,200	84,795	86,579
—	—	—	—	51	43
<u>80,954</u>	<u>79,810</u>	<u>82,523</u>	<u>82,762</u>	<u>84,846</u>	<u>86,622</u>
<u>138,736</u>	<u>145,191</u>	<u>150,178</u>	<u>150,151</u>	<u>155,325</u>	<u>158,570</u>

# State of Georgia

## Schedule 13

### Operating Indicators by Function For the Last Ten Fiscal Years

	1999	2000	2001
<b>General Government</b>			
Department of Revenue			
Number of Personal Income Tax Filers	3,525,631	3,629,290	3,650,428
<b>Education</b>			
Department of Education			
Public School Enrollment (March FTE Count)			
Pre Kindergarten through Grade 5	715,540	724,115	728,824
Grades 6 through 8	319,681	326,668	336,804
Grades 9 through 12	355,120	362,057	369,546
Board of Regents of the University System of Georgia			
Number of Separate Institutions	34	34	34
Number of Active Educators	7,729	7,858	7,765
Number of Students	200,102	203,806	205,878
<b>Health and Welfare</b>			
Department of Human Resources			
Food Stamp Recipients	587,476	516,609	515,538
Temporary Assistance for Needy Families Recipients	153,060	133,023	123,671
Child Support			
Collections (in thousands of \$)	\$ 368,469	\$ 402,855	\$ 430,333
Children Served	651,575	676,868	679,814
<b>Transportation</b>			
Department of Transportation			
Miles of State Highway	17,983	17,990	18,106
<b>Public Safety</b>			
Department of Corrections			
Number of Inmates	41,630	43,732	45,463
Number of Probationers	139,527	134,855	122,739
<b>Economic Development and Assistance</b>			
Department of Economic Development			
Economic Impact of Tourism (in millions of \$):			
Domestic Traveler Spending <sup>(1)</sup>	\$ 14,500	\$ 15,500	\$ 14,100
Domestic Travel-Generated State Tax Revenues	\$ 639	\$ 638	\$ 644
<b>Culture and Recreation:</b>			
Department of Natural Resources			
Number of State Parks	48	49	51
Number of Historic Sites	15	17	17
Acreage of State Parks and Historic Sites (in acres)	73,143	75,712	78,942
<b>Conservation</b>			
Forestry Commission			
Economic Impact of Forestry Industry			
Output (in millions of \$)	**	**	\$ 19,522
Employment	**	**	77,266
Compensation (in millions of \$)	**	**	\$ 3,626

(1) Information for 1999 - 2001 did not include indirect expenditures, which ranged from \$10 billion in 2002 to \$13.9 billion in 2007.

Source: NCA - Not Currently Available

\*\* - Historical Information Not Available

Information obtained from the individual organizations listed.

Fiscal Year						
2002	2003	2004	2005	2006	2007	2008
3,658,705	3,692,000	3,777,000	3,838,000	4,046,275	NCA	NCA
730,948	735,821	745,115	757,383	782,428	801,307	812,311
349,056	358,592	364,051	367,122	369,809	371,020	368,734
379,823	392,281	404,355	419,539	436,566	446,539	453,210
34	34	34	35	35	35	35
9,063	8,870	8,981	9,335	9,721	11,082	11,422
217,546	233,098	247,020	250,659	253,552	259,945	270,022
576,522	700,876	847,886	908,073	947,683	947,146	NCA
130,409	138,624	135,515	99,370	68,993	47,395	NCA
\$ 463,537	\$ 523,744	\$ 554,198	\$ 595,921	\$ 628,231	\$ 650,856	NCA
625,944	624,068	516,045	515,062	520,289	486,327	NCA
18,055	18,019	18,084	18,084	18,084	18,066	18,096
46,937	47,111	48,619	47,304	52,635	53,226	54,016
121,500	130,505	128,395	115,177	136,175	142,663	148,629
\$ 23,879	\$ 24,729	\$ 26,127	\$ 27,989	\$ 29,860	\$ 34,100	NCA
\$ 683	\$ 709	\$ 740	\$ 779	\$ 812	\$ 845	NCA
58	48	48	48	48	48	48
15	15	15	15	15	15	15
68,271	72,835	72,835	72,835	72,835	82,000+	82,000+
\$ 16,085	\$ 12,679	\$ 14,163	\$ 16,150	17,760	NCA	NCA
70,715	65,706	67,633	67,694	67,733	NCA	NCA
\$ 3,241	\$ 3,007	\$ 3,299	\$ 3,422	3,513	NCA	NCA

# State of Georgia

## Schedule 14

### Value of Capital Assets <sup>(1)</sup> by Function For the Last Ten Fiscal Years (amounts expressed in thousands)

	1999	2000	2001	2002
<b>Governmental Activities</b>				
General Government	\$ 290,996	\$ 301,060	\$ 306,905	\$ 1,860,067
Education	48,768	49,204	43,380	17,167
Health and Welfare	333,889	345,825	374,986	244,653
Transportation	205,731	217,426	237,188	16,556,539
Public Safety	972,331	1,004,581	1,057,767	1,324,922
Economic Development and Assistance	122,939	131,189	127,799	415,279
Culture and Recreation	274,815	314,780	360,981	344,971
Conservation	74,006	79,849	85,066	65,145
Internal Service Funds <sup>(2)</sup>	429,369	388,933	348,692	359,678
<b>Total Governmental Activities</b>	<b>\$ 2,752,844</b>	<b>\$ 2,832,847</b>	<b>\$ 2,942,764</b>	<b>\$ 21,188,421</b>
<b>Business-Type Activities</b>				
Georgia Technology Authority <sup>(3)(4)</sup>	\$ 2,938	\$ 3,462	\$ 15,542	\$ 99,260
Higher Education Fund	5,543,395	5,899,539	6,152,637	5,350,421
State Employees' Health Benefit Plan	360	60	158	—
State Road and Tollway Authority <sup>(5)</sup>	—	—	—	—
Internal Service Funds <sup>(2)</sup>	1,112	1,112	1,111	680
<b>Total Business-Type Activities</b>	<b>\$ 5,547,805</b>	<b>\$ 5,904,173</b>	<b>\$ 6,169,448</b>	<b>\$ 5,450,361</b>
<b>Total Value of Capital Assets</b>	<b>\$ 8,300,649</b>	<b>\$ 8,737,020</b>	<b>\$ 9,112,212</b>	<b>\$ 26,638,782</b>

- (1) The State of Georgia implemented GASB Statement 34 in fiscal year 2002. GASB Statement 34 significantly changed the manner in which governments report capital asset balances and activity. Fixed asset balances for fiscal years prior to 2002 have been presented in GASB Statement 34 format.
- (2) The values of capital assets owned by internal service fund organizations are proportionately included in governmental activities and business-type activities in government-wide financial reporting.
- (3) Until fiscal year 2001, a portion of the capital assets of the Georgia Technology Authority were owned by the Department of Administrative Services which is included in General Government.
- (4) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an Internal Service Fund serving governmental organizations (see also note 2).
- (5) Beginning in fiscal year 2007, the State Road and Tollway Authority is reported in Governmental Activities as a Special Revenue Fund and in Business-Type Activities as a nonmajor Enterprise Fund.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting documentation.

	2003	2004	2005	2006	2007	2008
\$	1,744,348	\$ 1,374,287	\$ 1,255,785	\$ 1,485,191	\$ 1,442,065	\$ 1,682,659
	87,995	85,219	35,463	36,129	35,466	36,471
	255,346	270,634	272,154	297,143	300,214	382,249
	16,384,990	17,170,029	18,966,039	20,144,683	21,974,688	24,329,048
	1,433,383	1,525,619	1,555,999	1,646,901	1,669,759	1,687,959
	701,279	710,532	704,322	763,702	867,847	896,821
	472,213	462,061	533,208	583,584	614,000	748,324
	68,490	67,415	72,957	77,043	79,565	82,627
	363,590	360,230	384,177	416,587	599,624	610,879
\$	<u>21,511,634</u>	<u>22,026,026</u>	<u>23,780,104</u>	<u>25,450,963</u>	<u>27,583,228</u>	<u>30,457,037</u>
\$	106,519	\$ 110,400	\$ 115,912	\$ 136,531	\$ —	\$ —
	5,940,629	6,748,829	7,509,810	8,058,954	8,886,628	9,924,221
	—	—	—	—	—	—
	—	—	—	—	12,927	13,818
	586	586	586	586	586	580
\$	<u>6,047,734</u>	<u>6,859,815</u>	<u>7,626,308</u>	<u>8,196,071</u>	<u>8,900,141</u>	<u>9,938,619</u>
\$	<u>27,559,368</u>	<u>28,885,841</u>	<u>31,406,412</u>	<u>33,647,034</u>	<u>36,483,369</u>	<u>40,395,656</u>