



Comprehensive Annual Financial Report *Fiscal Year Ended June 30, 2012*

Prepared by: State Accounting Office



Georgia

"Autumn in North Georgia"
Artist: Ruth Money, Gainesville, Georgia



The artwork within this document was created by artists in Northeast Georgia and will be hanging in the Office of the Governor as part of a the rotating exhibit "The Art of Georgia" through January 25, 2013. For more information about the exhibit, the artists and their work visit www.gaarts.org.



State of Georgia

**Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2012**

Prepared by:
State Accounting Office





Table of Contents

For the Fiscal Year Ended June 30, 2012

INTRODUCTORY SECTION

Letter of Transmittal.....	i
Organizational Chart	v
Principal State Officials.....	vii
Acknowledgements	ix

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis.....	7

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Assets	23
Statement of Activities.....	24
Fund Financial Statements	
Governmental Funds	
Balance Sheet	26
Reconciliation of Fund Balances – To the Statement of Net Assets	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	29
Proprietary Funds	
Statement of Net Assets	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets	31
Statement of Cash Flows.....	32
Fiduciary Funds	
Statement of Fiduciary Net Assets	34
Statement of Changes in Fiduciary Net Assets	35
Component Units	
Statement of Net Assets	36
Statement of Activities	39
Notes to the Financial Statements Index	41
Notes to the Financial Statements	42

Required Supplementary Information

Schedule of Funding Progress for Other Postemployment Benefits	127
Budgetary Comparison Schedule	128
Budget to GAAP Reconciliation	130
Notes to Required Supplementary Information	132

Supplementary Information - Combining and Individual Fund Statements

Nonmajor Governmental Funds	
Description of Nonmajor Governmental Funds.....	139
Combining Balance Sheet.....	140
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	142
Nonmajor Enterprise Funds	
Description of Nonmajor Enterprise Funds	147
Combining Statement of Net Assets	148
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	149
Combining Statement of Cash Flows.....	151





Table of Contents

For the Fiscal Year Ended June 30, 2012

Internal Service Funds	
Description of Internal Service Funds	154
Combining Statement of Net Assets	156
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	158
Combining Statement of Cash Flows.....	160
Risk Management	
Combining Statement of Net Assets	164
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	166
Combining Statement of Cash Flows	168
Fiduciary Funds	
Description of Fiduciary Funds	172
Combining Statement of Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds.....	176
Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds	178
Combining Statement of Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds –	
Defined Benefit Pension Plans	180
Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds –	
Defined Benefit Pension Plans	182
Combining Statement of Fiduciary Net Assets – Investment Trust Funds	184
Combining Statement of Changes in Fiduciary Net Assets – Investment Trust Funds	185
Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds	186
Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds	187
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	188
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	190
Nonmajor Component Units	
Description of Nonmajor Component Units	194
Combining Statement of Net Assets	198
Combining Statement of Activities.....	202
Economic Development Organizations	
Combining Statement of Net Assets	204
Combining Statement of Activities.....	206
Tourism/State Attractions	
Combining Statement of Net Assets	208
Combining Statement of Activities.....	210

STATISTICAL SECTION

Index to Statistical Section	215
Schedule 1 Net Assets by Component.....	216
Schedule 2 Changes in Net Assets	218
Schedule 3 Fund Balances of Governmental Funds	222
Schedule 4 Changes in Fund Balances of Governmental Funds	224
Schedule 5 Revenue Base – Personal Income by Industry	228
Schedule 6 Personal Income Tax Rates by Filing Status and Income Level	230
Schedule 7 Personal Income Tax Filers and Liability by Income Level	231
Schedule 8 Ratios of Outstanding Debt by Type.....	232
Schedule 9 Ratios of General Bonded Debt Outstanding	235
Schedule 10 Computation of Legal Debt Margin.....	236
Schedule 11 Population/Demographics.....	238
Schedule 12 Principal Private Sector Employers	239
Schedule 13 State Government Employment by Function	240
Schedule 14 Operating Indicators and Capital Assets by Function	242



INTRODUCTORY SECTION



" Mountain Lake"
Artist: Libby Matthews, Lakemont, Georgia

December 28, 2012

The Honorable Nathan Deal, Governor of Georgia

The Honorable Members of the General Assembly

Citizens of the State of Georgia

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the State of Georgia (the State) for the fiscal year ended June 30, 2012, in accordance with the Official Code of Georgia Annotated (OCGA), Section 50-5b-3(7). The objective of this report is to provide a clear picture of our government as a single comprehensive reporting entity.

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

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

Internal Control

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

Independent Audit

The financial statements of the organizations comprising the State reporting entity have been separately examined and reported on by either the State Auditor or independent certified public accountants. The State Auditor performed an examination of the accompanying financial statements for the State and has issued an unqualified opinion on the State's basic financial statements included in this report. The State Auditor's opinion is included in the Financial Section of this report.

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

Management's Discussion and Analysis

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

PROFILE OF THE STATE OF GEORGIA

The State, founded on February 12, 1733, was the last of the original 13 colonies and became the fourth state by ratifying the U.S. Constitution on January 2, 1788. The State is an economic hub of the southeast. Atlanta, the state capital, is the major economic and population center of the state with major regional economic and population centers in Augusta, Savannah, and Macon. The State's economic base is diverse with major port facilities on the coast, agricultural resources throughout the state, manufacturing and service industries, and is a major transportation hub with one of the busiest airports in the nation. The State is the ninth largest state with an estimated population of 9.8 million people.

Reporting Entity

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

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

The State and its component units provide a full range of services to its citizens, including education, health and welfare, transportation, public safety, economic development, culture and recreation,

conservation, and general government services. The financial statements present information on the financial position and operations of state government associated with these services as a single comprehensive reporting entity. Accordingly, the various agencies, departments, boards, commissions, authorities, and funds and accounts of the State that have been identified as part of the primary government or a component unit have been included in this report.

Budgetary Control

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

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

The statutory basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. Detailed information on the statutory basis of accounting and the results of operations on that basis for fiscal year 2012 can be found in the Budgetary Compliance Report (BCR) separately issued on November 28, 2012.

Budget Stabilization

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

Fiscal Year Budget Overview

The State's FY 2012 tax revenue collections were 4.3% over FY 2011 tax revenues. Of the major tax sources, personal income tax collections were the largest component of overall tax growth at 6.3%. Motor fuel taxes also posted strong growth at 9.3%. RSR increased by \$222.3 million and has a current balance of \$520.7 million prior to audited agency lapse of \$30.0 million and prior to the appropriation of the 1% mid-year adjustment for K-12 in the AFY 2013 budget.

ECONOMIC FACTORS AND OUTLOOK

Introduction

According to the State's Fiscal Economist, the national and Georgia economies continued to feel the effects of the Great Recession in fiscal year 2012. The Great Recession, so-called due to the fact that it was the most severe economic downturn since the Great Depression, began in December 2007 and ended

in June 2009. Since then, the pace of economic recovery has been relatively weak. A variety of factors have weighed on economic growth for the overall U.S. economy.

While a moderate economic recovery is expected to continue, fallout from the European debt crisis, scheduled tax changes, large federal spending cuts, and a fragile housing market could further reduce economic growth across the globe and might derail the recovery in the U.S.

Georgia Economy

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

- The State’s unemployment rate equals 8.7% as of October 2012, which is higher than the U.S. rate of 7.9% but continues to decline. The State added 67,600 net new jobs over the last twelve months and year over year growth in employment in the State equals 1.47% on a three month moving average basis, which is in line with the growth rate of the U.S. labor market.
- Weekly initial unemployment claims are running between 10,000 and 11,000. Initial claims are well-below year ago levels but the downward trend in initial claims has stalled.
- Personal income growth in the U.S. and in the State has been positive on a quarter over quarter basis for the last eleven quarters. However, while positive, personal income growth has been relatively weak in 2012.
- Home prices have also shown improvement but still trail the 20 metro area composite. The State’s housing market also contains high mortgage delinquency and foreclosures rates. However, it appears private equity firms have begun to buy up Atlanta area properties as investment vehicles. This seems to be providing a boost to prices and new construction.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Thomas Alan Skelton
State Accounting Officer



JUDICIAL

Supreme Court
Court of Appeals
Superior Courts
District Attorneys
Judicial Agencies

EXECUTIVE

Constitutional Officers

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

Governor

Office of Planning and Budget
Governor's Office

LEGISLATIVE

General Assembly
Senate
House of Representatives

Legislative Agencies

Department of Audits and Accounts

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





Principal State Officials

June 30, 2012

Executive:

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

Legislative:

Casey Cagle *Lieutenant Governor/President of the Senate*
David Ralston *Speaker of the House of Representatives*

Judicial:

Carol W. Hunstein *Chief Justice of the Supreme Court*



ACKNOWLEDGEMENTS

The Georgia Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2012 was prepared by:

STATE ACCOUNTING OFFICE

Kris Martins, Director, Financial Reporting

STATEWIDE ACCOUNTING AND REPORTING

Janet M. Arsenault	Jorge Pinto
Bobbie R. Davis	Michael Rodgers
Zeina Diallo	Jennifer Sanders
Eddy A. Hicks	Troy Senter
Sharon Hill	Melesse Siratu
Regina Jones	Ellen K. Tate
Dan Lawson	Drew Townsend
Christina R. Palmer	Dina Williams

SPECIAL APPRECIATION

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



FINANCIAL SECTION



" At Loganberry Farm"
Artist: Ann Alexander, Gainesville, GA



DEPARTMENT OF AUDITS AND ACCOUNTS

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2012, 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 of Georgia'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	15%	25%
Business-type Activities	4%	18%
Aggregate Discretely Presented Component Units	95%	95%
Governmental Fund – General Fund	20%	21%
Governmental Fund – General Obligation Bond Projects Fund	99%	99%
Proprietary Fund/Enterprise Fund – State Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	89%	30%

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

Except as disclosed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about

whether the financial statements are free of material misstatement. The financial statements of the Armstrong Atlantic State University Educational Properties Foundation, Incorporated, Georgia College & State University Foundation, Incorporated, Georgia Lottery Corporation, Georgia Southern University Housing Foundation, Incorporated, Georgia State University Foundation, Incorporated, Georgia Tech Athletic Association, Georgia Tech Foundation, Incorporated, Kennesaw State University Foundation, Incorporated, MCG Health, Incorporated, MCG Health System, Incorporated, Medical College of Georgia Foundation, Incorporated, Medical College of Georgia Physicians Practice Group Foundation, North Georgia College & State University Real Estate Foundation, Incorporated, University of Georgia Athletic Association, Incorporated, University of Georgia Foundation, University System of Georgia Foundation, Incorporated, and VSU Auxiliary Services Real Estate Foundation, Incorporated were audited in accordance with auditing standards generally accepted in the United States of America but were not audited in accordance with *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 accordance with section 50-6-1(c) of the Official Code of Georgia Annotated, Greg S. Griffin was appointed State Auditor on July 1, 2012. During the year under review, Mr. Griffin served as the State Accounting Officer. As the State Accounting Officer, Mr. Griffin was responsible for the State's accounting and financial reporting practices and managing the enterprise accounting and payroll systems.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012 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 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 20 and Schedule of Funding Progress for Other

Postemployment Benefits, Budgetary Comparison Schedule, Budget to GAAP Reconciliation, and Notes to Required Supplementary Information on pages 132 through 133 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, Combining Fund Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Combining Fund Statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the Combining Fund Statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Respectfully submitted,



Greg S. Griffin
State Auditor

December 28, 2012



MANAGEMENT'S
DISCUSSION AND ANALYSIS





Management's Discussion and Analysis

(Unaudited)

INTRODUCTION

Management of the State provides this MD&A of the State's CAFR for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State is for the fiscal year ended June 30, 2012. It should be read in conjunction with the letter of transmittal, located in the Introductory Section of this report, and the State's financial statements, including the notes to the financial statements, which are an integral part of the statements that follow this narrative.

FINANCIAL HIGHLIGHTS

Government-wide

- Total assets of the State exceeded liabilities by \$20.3 billion (reported as "net assets"). The State's total net assets increased \$111.5 million or 0.6% over the prior year. Net assets of governmental activities increased by \$62.3 million or 0.4%, while the net assets of business-type activities increased by \$49.2 million or 0.9%.
- During the fiscal year, the State's total revenues for governmental activities of \$34.8 billion were \$2.6 billion more than total expenses (excluding transfers) of \$32.2 billion. General revenues, primarily attributable to various taxes and operating grants and contributions, totaled \$16.1 billion and \$14.8 billion respectively.

Fund Level

- The governmental funds reported combined ending fund balances of \$4.7 billion, a decrease of \$103.9 million or 2.2% in comparison with the prior year. Of this total fund balance, \$82.6 million or 1.8% represents nonspendable fund balance, \$4.0 billion or 84.2% represents restricted fund balance, \$7.7 million or 0.2% represents committed fund balance, \$316.8 million or 6.7% represents assigned fund balance and \$334.7 million or 7.1% represents unassigned fund balance.
- The General Fund ended the fiscal year with a total fund balance of \$3.7 billion, of which \$334.7 million was classified as unassigned fund balance. Total tax revenues in the General Fund were \$713.2 million or 4.7% higher than the prior year, as the economy continued to show signs of improving.
- The enterprise funds reported net assets of \$5.4 billion, an increase of \$49.2 million or 0.9% compared to the prior year.

Long-term Debt

The State's long-term bonded debt decreased \$54.5 million or 0.5% during the fiscal year which represents the net difference between new issuances, payments and refunding of outstanding debt. General obligation bonds for the primary government increased by \$115.3 million or 1.3% while revenue bonds for the primary government decreased \$179.2 million or 8.2%. The State issued new bonded debt during the year in the amount of \$1.5 billion for the primary government and \$623.2 million for component units.



Management's Discussion and Analysis

(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Assets and Statement of Activities beginning on page 23 together comprise the government-wide financial statements. These statements provide a broad overview of the State's financial activities as a whole with a long-term focus and are prepared using the full-accrual basis of accounting, similar to private-sector businesses. This means all revenues and expenses associated with the fiscal year are recognized regardless of when cash is spent or received, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

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

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

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

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

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

The fund financial statements beginning on page 26 provide detailed information about individual major funds, not the State as whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses funds to ensure and demonstrate compliance with finance-related and legal requirements. All of the State funds are divided into three types, each of which use a different accounting approach and should be interpreted differently.

Governmental Funds – Most of the basic services provided by the State are financed through governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual basis of accounting, and focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These statements provide a detailed short-term view of the State's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the State.



Management's Discussion and Analysis

(Unaudited)

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

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

Reconciliation between Government-wide and Fund Statements

This report also includes two schedules on pages 27 and 29 that reconcile and explain the differences between the amounts reported for the governmental activities on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus). The following represents some of the reporting differences between the two statements:

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

Notes to the Financial Statements

The notes beginning on page 42 provide additional information that is essential to a complete understanding of the financial statements. The notes are applicable to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

In addition to this MD&A, which is required supplementary information, the Basic Financial Statements are followed by a section of other required supplementary information that further explains and supports the information in the financial statements. This section of the report includes: (1) the State's funding progress for other postemployment benefits and (2) a budgetary comparison schedule of the General Fund (Budget Fund), including reconciliations of revenues and expenditures on the statutory and GAAP basis for the fiscal year.

Supplementary Information

Supplementary information includes combining financial statements for the State's nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds and nonmajor component units. The total columns of these combining financial statements carry forward to the applicable fund financial statements.



FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets

The State's total net assets increased \$111.5 million or 0.6% in fiscal year 2012. In comparison, net assets in the prior year increased \$366.0 million or 1.8%. The change in net assets is comprised of the following:

- Invested in Capital Assets - Total investment in capital assets net of related debt increased \$780.3 million or 4.1% during the current year as the State's investment in highways and buildings exceeded depreciation and the net additional debt incurred to finance the capital-related projects.
- Restricted Net Assets – Total restricted net assets decreased \$95.3 million or 2.1 % over the prior year.
 - Restricted net assets of governmental activities decreased \$62.9 million or 1.6%.
 - Restricted net assets of business-type activities decreased \$32.5 million or 6.6%, primarily due to decreases of \$31.4 million or 6.8% in the Higher Education Fund related to decreased enrollments and \$1.1 million or 3.9% at the State Road and Tollway Authority for transportation improvements.
- Unrestricted Net Assets – The remaining negative balance of \$3.7 billion is unrestricted net assets, which increased by \$573.4 million or 18.1% over the prior year. Total unrestricted net assets in governmental activities of (\$2.5 billion) decreased from the prior year by \$349.7 million or 16.6% primarily due to increased investments in capital assets of \$474.9 million. Total unrestricted net assets in business-type activities of (\$1.3 billion) decreased \$223.7 million or 20.9% primarily due to a corresponding increase in investment in capital assets of \$305.4 million.

(Table on next page)



Management's Discussion and Analysis

(Unaudited)

Table 1 - Net Assets

As of June 30, 2012 and 2011 (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and Other Non-capital Assets	\$ 9,159,740	\$ 8,397,840	\$ 2,781,320	\$ 2,718,203	\$ 11,941,060	\$ 11,116,043
Net Capital Assets	21,190,989	21,058,409	9,706,909	9,116,104	30,897,898	30,174,513
Total Assets	30,350,729	29,456,249	12,488,229	11,834,307	42,838,958	41,290,556
Non-current Liabilities	11,177,932	11,201,294	6,004,034	5,467,003	17,181,966	16,668,297
Current Liabilities	4,305,506	3,449,994	1,062,624	994,946	5,368,130	4,444,940
Total Liabilities	15,483,438	14,651,288	7,066,658	6,461,949	22,550,096	21,113,237
Net Assets						
Invested in Capital Assets, Net of Related Debt	13,355,209	12,880,313	6,257,436	5,952,035	19,612,645	18,832,348
Restricted	3,968,493	4,031,347	457,265	489,736	4,425,758	4,521,083
Unrestricted	(2,456,411)	(2,106,699)	(1,293,130)	(1,069,413)	(3,749,541)	(3,176,112)
Total Net Assets	\$ 14,867,291	\$ 14,804,961	\$ 5,421,571	\$ 5,372,358	\$ 20,288,862	\$ 20,177,319

The largest component of the State's net assets, \$19.6 billion or 96.7%, reflects investments in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt to finance those assets. The State uses capital assets to provide services to citizens; consequently, these resources are not available for future spending. Resources needed to repay capital-related 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 represents restricted net assets. Restricted net assets of \$4.4 billion comprise 21.8% of total net assets and are subject to constitutional, legal, or external restrictions on how they may be used. The remaining balance of (\$3.7 billion) is unrestricted net assets.

Changes in Net Assets

The State received 35.5% of its revenues from state taxes and 51.5% of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 34.7% and grants and contributions were 52.6% of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park and court fees was 12.9% as compared to 12.4% in the prior fiscal year. Expenses for the State during fiscal year 2012 were \$44.8 billion. As a result of the excess revenues over expenses, the total net assets of the State increased \$278.9 million, net of transfers.



Management's Discussion and Analysis

(Unaudited)

The following schedule was derived from the Government-wide Statement of Activities and summarizes the State's total revenues, expenses and changes in net assets for fiscal year 2012.

Table 2 - Changes in Net Assets
For the Years Ended June 30, 2012 and 2011 (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011 to 2012
Revenues:							
Program Revenues:							
Charges for Services	\$ 2,828,751	\$ 2,770,216	\$ 2,961,426	\$ 2,683,080	\$ 5,790,177	\$ 5,453,296	6.2%
Operating Grants/Contributions	14,764,360	14,029,675	7,245,740	7,557,366	22,010,100	21,587,041	2.0%
Capital Grants/Contributions	1,142,924	1,473,052	36,157	106,217	1,179,081	1,579,269	-25.3%
General Revenues:							
Taxes	15,974,706	15,261,481	-	-	15,974,706	15,261,481	4.7%
Unrestricted Investment Income	6,183	(3,066)	-	-	6,183	(3,066)	-301.7%
Unclaimed Property	83,215	98,098	-	-	83,215	98,098	-15.2%
Other	12,909	30,285	-	-	12,909	30,285	-57.4%
Total Revenues	34,813,048	33,659,741	10,243,323	10,346,663	45,056,371	44,006,404	2.4%
Expenses:							
General Government	1,326,657	1,222,954	-	-	1,326,657	1,222,954	8.5%
Education	10,100,155	10,002,351	-	-	10,100,155	10,002,351	1.0%
Health and Welfare	15,657,704	14,745,268	-	-	15,657,704	14,745,268	6.2%
Transportation	1,519,707	1,517,213	-	-	1,519,707	1,517,213	0.2%
Public Safety	1,912,814	1,974,964	-	-	1,912,814	1,974,964	-3.1%
Economic Development and Assistance	783,308	843,912	-	-	783,308	843,912	-7.2%
Culture and Recreation	233,043	233,608	-	-	233,043	233,608	-0.2%
Conservation	50,334	59,159	-	-	50,334	59,159	-14.9%
Interest and Other Charges on Long-term Debt	638,775	462,602	-	-	638,775	462,602	38.1%
Higher Education Fund	-	-	7,916,281	7,622,542	7,916,281	7,622,542	3.9%
State Health Benefit Fund	-	-	2,362,677	2,224,280	2,362,677	2,224,280	6.2%
Unemployment Compensation	-	-	2,240,295	2,954,208	2,240,295	2,954,208	-24.2%
Nonmajor Enterprise Funds	-	-	35,735	26,613	35,735	26,613	34.3%
Total Expenses	32,222,497	31,062,031	12,554,988	12,827,643	44,777,485	43,889,674	2.0%
Increase (Decrease) in Net Assets Before Transfers And Special Items	2,590,551	2,597,710	(2,311,665)	(2,480,980)	278,886	116,730	
Transfers and Special Items	(2,346,986)	(2,244,118)	2,346,986	2,532,118	-	288,000	
Change in Net Assets	243,565	353,592	35,321	51,138	278,886	404,730	
Net Assets, July 1 - Restated	14,623,726	14,451,369	5,386,250	5,321,220	20,009,976	19,772,589	
Net Assets, June 30	\$ 14,867,291	\$ 14,804,961	\$ 5,421,571	\$ 5,372,358	\$ 20,288,862	\$ 20,177,319	0.6%

Governmental Activities

The State's total governmental revenues from all sources increased \$1.2 billion or 3.4%. Operating grants and contributions increased \$734.7 million or 5.2% and an increase in tax revenues of \$713.2 million or 4.7% with an offsetting decrease in capital contributions and grants of \$330.1 million or 22.4%.

The following table shows to what extent the State's governmental activities relied on state taxes and other general revenues to cover all their costs. For fiscal year 2012 taxes and other general revenues covered 41.9% of expenses. The remaining \$18.7 billion or 58.1% of the total expenses were covered by charges for services and grants.



Management's Discussion and Analysis

(Unaudited)

Table 3 – Net Program Revenue
For the Years Ended June 30, 2012 and 2011 (in thousands)

Functions/Programs	Program	Less	Net		Program Revenues	
	Expenses	Program	Program		as a Percentage of	
	2012	Revenues	(Expense) / Revenue		Program Expenses	
		2012	2012	2011	2012	2011
Primary Government						
Governmental Activities:						
General Government	\$ 1,326,657	\$ 2,278,628	\$ 951,971	\$ 1,021,710	171.8%	183.5%
Education	10,100,155	2,115,757	(7,984,398)	(8,430,760)	20.9%	15.7%
Health and Welfare	15,657,704	11,827,700	(3,830,004)	(3,407,159)	75.5%	76.9%
Transportation	1,519,707	1,218,095	(301,612)	115,015	80.2%	107.6%
Public Safety	1,912,814	354,236	(1,558,578)	(1,517,896)	18.5%	23.1%
Economic Development and Assistance	783,308	704,785	(78,523)	(69,564)	90.0%	91.8%
Culture and Recreation	233,043	213,401	(19,642)	(20,833)	91.6%	91.1%
Conservation	50,334	23,433	(26,901)	(16,999)	46.6%	71.3%
Interest and Other Charges on Long-Term Debt	638,775	-	(638,775)	(462,602)	0.0%	0.0%
Total Governmental Activities	<u>\$ 32,222,497</u>	<u>\$ 18,736,035</u>	<u>\$(13,486,462)</u>	<u>\$(12,789,088)</u>	58.1%	58.8%

Business-Type Activities

Net assets of business-type activities increased by \$49.2 million or 0.9% during the fiscal year. Operating revenues from the State's business-type activities decreased \$103.3 million or 1.0% from the prior year. This was primarily due to a decrease in revenue from the Unemployment Compensation Fund offset by an increase in revenue in the Higher Education Fund. Total operating expenses for the State's business-type activities decreased \$272.6 million or 2.1%. This decrease is attributable to lower expenses in the Unemployment Compensation Fund offset by increased expenses in the Higher Education Fund and the State Health Benefit Plan.

In fiscal year 2012, business-type activities expenses were funded 81.6% on \$10.2 billion from program revenues compared to 80.7% on \$10.3 billion in the prior year. The remaining expenses were covered from revenues transferred in from governmental activities to the Higher Education Fund.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2012, the State's governmental funds reported combined ending fund balance of \$4.7 billion. Of this amount, \$82.6 million or 1.8% is nonspendable, either due to its form or legal constraints, and \$4.0 billion or 84.3% is restricted for specific programs by constitutional provisions, external constraints, or contractual obligations. Net assets that are restricted by the Constitution principally include motor fuel taxes that can be used only to build roads and bridges and lottery funds held for education purposes. Restrictions by external parties include general obligation bonds that can only be used for authorized capital projects. Additionally, \$7.7 million or 0.2% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the General Assembly and Governor. An additional \$316.8 million or 6.7% of total fund balance has been assigned to specific purposes, as expressed by the intent of State management. The remaining \$334.7 million or 7.1% of fund balance is unassigned.



Management's Discussion and Analysis

(Unaudited)

General Fund

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, the General Fund reflected a total fund balance of \$3.7 billion. The net change in fund balance during the fiscal year was \$5.8 million or 0.2% compared to \$18.6 million or 0.5% net change in the prior year. The General Fund ended the year with an unrestricted, unassigned fund balance of \$334.7 million.

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

Revenues

Revenues of the General Fund totaled \$34.6 billion in the fiscal year, an increase of \$1.2 billion or 3.6% from the prior year. Factors contributing to this change included the following:

- Taxes increased \$713.2 million or 4.7% from the prior year.
- Federal Revenues increased by \$577.2 million or 3.9% from the prior year.
- Other Revenues decreased by \$102.4 million or 17.6% from the prior year

Expenditures

Expenditures of the General Fund totaled \$31.4 billion in the fiscal year, an increase of \$1.0 billion or 3.5% from the prior year. Factors contributing to this change included the following:

- Education expenditures increased \$117.3 million or 1.2% from the prior year.
- Health and Welfare expenditures increased \$947.3 million or 6.4% from the prior year.

Capital Project Fund - General Obligation Bond Projects Fund

Fund balance in the General Obligation Bond Projects Fund decreased by \$117.8 million or 11.5% from the prior year. This was primarily the result of capital expenditures and transfers exceeding general revenues, debt issuances, and transfers in.

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. In prior fiscal years, the State reported the activity for capital projects funded with General Obligation bond proceeds differently for projects managed by state agencies and those managed by the Georgia State Financing and Investment Commission (GSFIC).

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Higher Education

The net assets of the Higher Education Fund increased \$92.4 million or 1.6% compared to the prior year. Operating revenues of the Fund increased \$399.1 million or 9.9% due primarily to increases in net student tuition and fees revenue of \$150.9 million, federal grants and contracts of \$68.7 million, local, private and other grants and contracts of \$55.3 million, and sales and services of \$64.5 million. These increases are attributable to increased enrollments and increases of \$59.6 million in other revenues. In addition, tuition and fees revenue increased due to an increase in tuition rates approved by the Board of Regents of the University System of Georgia to address funding gaps due to the loss of Federal Stabilization Funds reported as nonoperating revenue and transfers in from the General Fund. Nonoperating revenue (net of expenses) increased \$10.8 million or 1.2%, which is attributable to increases in nonoperating Federal grants of approximately \$47.7 million offset by



Management's Discussion and Analysis

(Unaudited)

decreases in nonoperating expenses of \$23.9 million. In addition, the Higher Education Fund received \$2.0 billion in transfers in from the General Fund, a decrease of \$103.2 million or 4.9% compared to the prior year.

Fiscal year 2012 operating expenses increased \$269.0 million or 3.6% compared to the prior year. The increase is due primarily to increases in personal services, services and supplies, and depreciation of \$94.4 million, \$176.2 million, and \$31.0 million, respectively.

Unemployment Compensation

The State's average unemployment rate for the fiscal year 2012 remained relatively unchanged from the prior year. Unemployment tax revenue paid into the fund increased by \$73.7 million or 10.0% as a result of continuing high unemployment and higher employer contribution rates. However, revenues from grants and contributions decreased \$469.0 million or 17.0% due to lower Federal revenues. Benefit payments decreased \$713.9 million or 24.2% this year compared to last fiscal year, due in part to a small improvement in the economy and fewer claims paid. Employer taxes and other revenues exceeded benefit payments resulting in an increase of net assets of \$45.2 million or 15.3%.

In order to pay benefits, the Unemployment Compensation Fund continued to borrow funds from the Federal government under provisions of the Social Security Act. The outstanding balance of the advances at June 30, 2012 was \$745.3 million, which increased \$17.3 million or 2.4% from the prior year. During fiscal year 2012, the State borrowed \$92.2 million from the U.S. Treasury and made net repayments of \$74.9 million. Subsequent to year end, the State made a payment of \$92.2 million on September 10, 2012 resulting in outstanding balance of \$650.6 million.

State Health Benefit Plan

The net assets of the SHBP decreased \$89.1 million or 48.6% from the prior year which increased the negative unrestricted fund balance to (\$272.5) million. Contributions to the fund decreased \$1.4 million or 0.1%. At the same time, benefit payments increased \$135.8 million or 6.4% in comparison to the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's capital assets increased a net \$723.4 million or 2.4% during the year. The change consisted of a net decrease in infrastructure of \$228.5 million and net increases in land of \$146.5 million, buildings and improvements of \$453.1 million; machinery, and equipment of \$170.8 million; with a corresponding decrease of construction in progress decreased \$163.1 million.

Additional information on the State's capital assets can be found in Note 7 on page 76 of the notes to the financial statements of this report.

(Table on next page)



Management's Discussion and Analysis

(Unaudited)

Table 4 - Capital Assets, Net of Accumulated Depreciation

As of June 30, 2012 and 2011 (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Buildings/Building Improvements	\$ 2,073,789	\$ 2,009,157	\$ 5,971,263	\$ 5,582,807	\$ 8,045,052	\$ 7,591,964
Improvements Not Buildings	52,220	40,114	231,220	218,400	283,440	258,514
Infrastructure	10,971,630	11,220,991	197,198	176,311	11,168,828	11,397,302
Intangibles Other than Software	92,501	91,554	-	-	92,501	91,554
Land	3,219,473	3,084,525	374,472	362,875	3,593,945	3,447,400
Library Collections	-	-	175,461	179,038	175,461	179,038
Machinery and Equipment	192,793	204,001	2,480,777	2,298,748	2,673,570	2,502,749
Software	75,523	78,720	6,287	7,531	81,810	86,251
Works of Art and Collections	1,326	1,334	47,635	47,167	48,961	48,501
Construction in Progress	4,511,734	4,328,013	222,596	243,227	4,734,330	4,571,240
Total	\$ 21,190,989	\$ 21,058,409	\$ 9,706,909	\$ 9,116,104	\$ 30,897,898	\$ 30,174,513

Debt Administration

The Constitution authorizes issuing general obligation debt only as approved by the Legislature and prohibits the issuance of general obligation bonds for operating purposes. The Constitution requires the State to maintain a reserve sufficient to pay annual debt service requirements on all general obligation debt. If for any reason the reserve balance is insufficient to make, when due, all debt service payments, the first revenues received thereafter in the General Fund will be set aside for such use. The Constitution also stipulates that no debt may be incurred when the highest aggregate annual debt service requirements for any year for outstanding general obligation debt and guaranteed revenue debt, including proposed debt, exceed 10% of the total revenue receipts, less refunds of the state treasury, in the fiscal year immediately preceding the year in which any such debt is to be incurred. At June 30, 2012, the State was \$444.4 million below the annual debt service limit established by the Constitution.

Table 5 - Net Outstanding Bond Debt

As of June 30, 2012 and 2011 (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 8,889,868	\$ 8,774,586	\$ -	\$ -	\$ 8,889,868	\$ 8,774,586
GARVEE Revenue Bonds	1,236,119	1,371,885	-	-	1,236,119	1,371,885
Revenue Bonds	442,626	476,684	319,248	328,597	761,874	805,281
	<u>\$10,568,613</u>	<u>\$10,623,155</u>	<u>\$ 319,248</u>	<u>\$ 328,597</u>	<u>\$10,887,861</u>	<u>\$10,951,752</u>

At the end of the fiscal year, the State had total bonded debt outstanding of \$10.6 billion. Of this amount \$9.3 billion (not including deferred charges, premiums, and discounts) or 88.3% is secured by the full faith and credit of the government (general obligation bonds and guaranteed revenue bonds), and \$1.2 billion or 11.7% in State Road and Tollway Authority GARVEE debt secured by Federal Highway funds and state motor fuel funds.

Total general obligation bonds and revenue bonds payable net of premiums, discounts and deferred amounts on refunding increased \$115.3 million or 1.3% and decreased \$179.2 million or 8.2% respectively. During the fiscal



Management's Discussion and Analysis

(Unaudited)

year, the State issued \$1.5 billion of general obligation bonds. Of the general obligation bonds issued, \$429.6 million was issued for higher education facilities, \$408.9 million was used for K-12 school facilities, \$48.3 million for water and sewer loans to local governments, \$36.7 million for projects and facilities of the Georgia Ports Authority, \$253.1 million to refund existing general obligation bonds, and \$346.5 million for various state agency facilities.

The State maintains a triple-A bond rating on its general obligation debt from all three national rating agencies. These ratings, the highest available, help the State achieve the lowest possible interest rates. Note 8, beginning on page 80, contains additional information about the State's outstanding debt.

BUDGETARY HIGHLIGHTS

Fiscal Performance

Fiscal conditions improved for the State during fiscal year 2012 as net revenue collections were \$17.3 billion or 4.3% greater than fiscal year 2011. Net Revenue Collections deposited with the Office of the State Treasurer during fiscal year 2012 were \$7.5 million more than the initial revenue estimate. Of the major tax sources, personal income tax collections were the largest component of overall tax growth at 6.3%. Motor fuel taxes also posted strong growth at 9.3%. More specifically:

	FY 2011 Actual	FY 2012 Estimated (Budget)	FY 2012 Actual	% Change to FY 2011	Current FY 2013 Estimated (Budget)	% Change to FY 2012 Actual
Tax Revenues						
Personal Income Tax	\$ 7,658,782,326	\$ 8,118,895,000	\$ 8,142,370,500	6.31%	\$ 8,604,798,000	5.68%
Corporate Income Tax	670,409,796	626,628,554	590,676,110	-11.89%	735,023,441	24.44%
Sales and Use Tax	5,080,776,730	5,297,872,000	5,303,524,233	4.38%	5,560,652,700	4.85%
Motor Fuel Tax	932,702,991	966,692,000	1,019,300,803	9.28%	967,307,000	-5.10%
Tobacco Tax	228,858,070	233,435,200	227,146,091	-0.75%	232,268,000	2.25%
Alcoholic Beverages Tax	161,803,418	160,499,735	175,050,571	8.19%	160,425,500	-8.35%
Property Tax	76,704,325	71,335,000	68,951,095	-10.11%	51,482,500	-25.33%
Insurance Premium Tax	360,669,593	368,489,700	309,192,735	-14.27%	378,919,500	22.55%
Motor Vehicle Tax	298,868,209	305,328,600	308,342,308	3.17%	312,421,900	1.32%
Estate Tax	-	-	27,923	100.00%	-	-100.00%
Total Tax Revenues	15,469,575,458	16,149,175,789	16,144,582,369	4.36%	17,003,298,541	5.32%
Fees and Sales	1,089,072,069	1,113,228,739	1,125,393,105	3.34%	1,157,349,261	2.84%
Total General Fund Revenue	\$ 16,558,647,527	\$ 17,262,404,528	\$ 17,269,975,474	4.30%	\$ 18,160,647,802	5.16%

Revenue Shortfall Reserve (RSR)

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

As the State continues to address the effects of one of the worst economic downturns in recent history, the ending balance in the RSR is a critical tool in helping to address budget shortfalls. After reaching a peak in fiscal year 2007 at \$1.7 billion (9.2% of net revenue collections) the State's RSR balance declined to \$268.2 million (1.8%



Management's Discussion and Analysis

(Unaudited)

of net revenue collections) in fiscal year 2010. The RSR increased by \$222.3 million and has a current balance of \$520.7 million prior to audited agency lapse (approximately \$30 million). The increase to the RSR was accomplished due to revenue collections exceeding revenue estimates (\$7.5 million), reduction of agency allotment balances, and return of unexpended and unobligated funds by agencies. By statute, 1% of fiscal year 2012 net revenue collections (\$172.2 million) is available from the RSR for the mid-year K-12 education appropriation adjustment in the Amended fiscal year 2013 budget. However, this amount had not been appropriated as of the date of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights

The FY 2013 budget is balanced to a revenue estimate assuming tax revenue growth of 5.3% over actual FY 2012 results. The amended FY 2013 and FY 2014 revenue estimate and budget recommendations will be released in January 2013 and in anticipation of a reduction in the revenue estimate, agencies submitted 3% reduction plans for AFY 2013 and FY 2014 in September 2012. The AFY 2013 budget recommendations will reflect increased funding requirements for Medicaid and a more moderate revenue growth estimate. The FY 2014 budget recommendations will reflect modest growth in education spending, full funding of the pension Annual Required Contribution, funding for Medicaid growth, and continued strategic investments in areas such as reservoirs and harbor deepening. The Governor's requested reductions exclude formula growth for K-12 in both years and required a 5% reduction plan for Medicaid and PeachCare in FY 2014.

Overall National Economic Perspective

The U.S. economy has been in recovery for twelve consecutive quarters of positive GDP growth. Over that time span, growth has picked up only to slow down several times. After a slowdown in growth in spring and early summer, recent data has indicated some strengthening of growth. The Institute of Supply Management index for manufacturing has moved back up above the 50 barrier after falling below that breakeven point for several months. However, manufacturing still faces pressure from slower global growth. In addition:

- Labor market growth has accelerated slightly in the U.S. but is not strong enough to quickly bring down unemployment.
- Retail sales growth has picked up in recent months with auto sales particularly strong but it is expected to be constrained by modest income growth.
- Housing appears to be in recovery with starts, sales and prices up and inventory for sale declining.

While a moderate economic recovery is expected to continue, there are several key risk factors:

- Fallout from the European debt crisis could impair the functioning of international financial markets. This could further reduce economic growth across the globe and might derail the recovery in the U.S.
- Scheduled tax increases and large federal government spending cuts are expected to slow growth or lead to recession, if implemented as currently scheduled.
- Housing appears to be gaining traction nationally, but mortgage delinquency and foreclosure rates remain elevated.

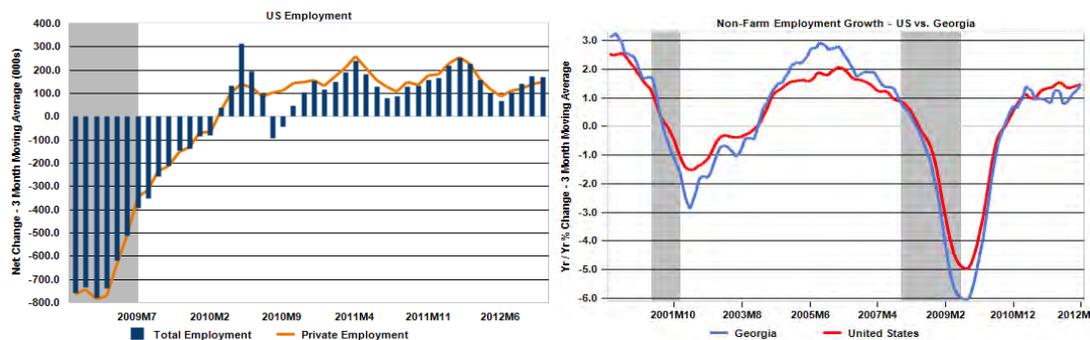


Georgia Economy

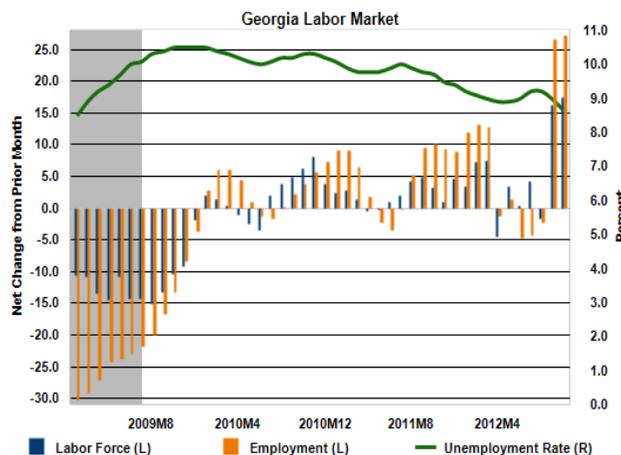
Employment

The U.S. labor market lost momentum during the spring of 2012 but job growth has regained some momentum in recent months. Net job growth is averaging about 170,000 jobs per month as of October; well down from the recent peak of just over 250,000 new jobs in February but a solid pick-up from 67,000 jobs added in June. The U.S. unemployment rate is 7.9% as of October 2012.

The State added 67,600 net new jobs over the last twelve months as of October. Year over year growth in employment in the State equals 1.5% on a three month moving average basis as of October. This is in line with the growth rate of the U.S. labor market.



The State's unemployment rate equals 8.7% as of October 2012. This is higher than the U.S. rate of 7.9%. Since October 2011, the State's unemployment rate has dropped by 1.0%. The State work force has expanded by 1.2%, household employment has increased by 2.3%, while the number of unemployed in the labor force has dropped by 8.6%.



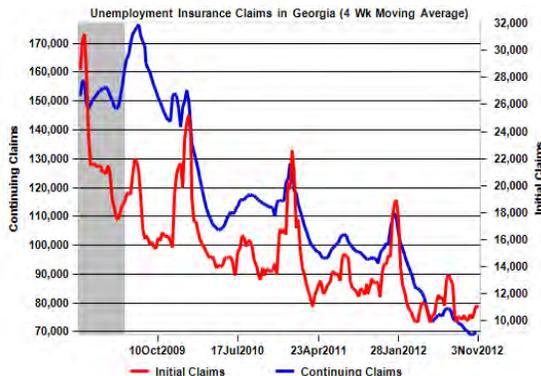
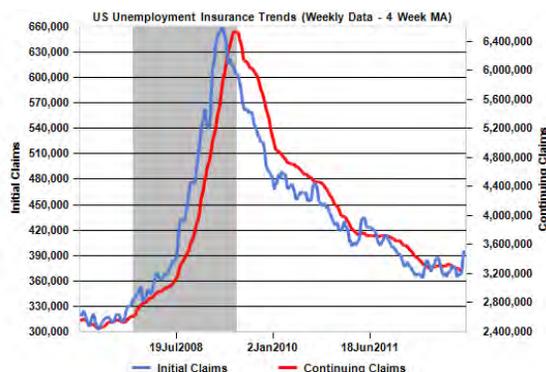
Unemployment

Initial unemployment insurance claims are still elevated in the U.S. and in the State compared to levels prior to the recession, but are running below year ago levels. U.S. initial claims have been running near 370,000 per week on average recently and have had trouble breaking below the 350,000 per week level. In the State, weekly initial claims are running between 10,000 and 11,000. Initial claims are well-below year ago levels but the downward trend in initial claims has stalled. (Table on next page)



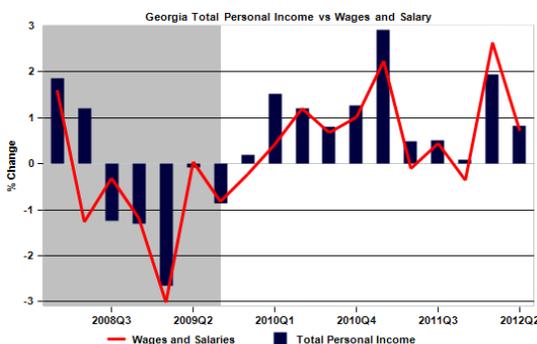
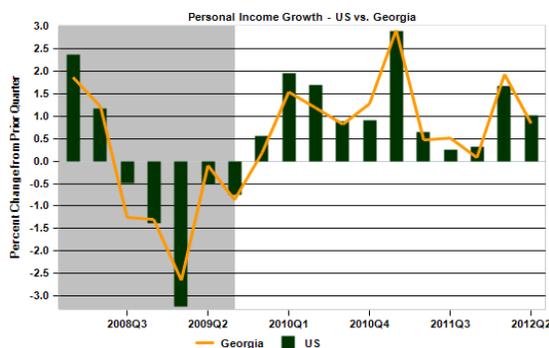
Management's Discussion and Analysis

(Unaudited)



Personal Income

Personal income growth in the U.S. and in the State has been positive on a quarter over quarter basis for the last eleven quarters. However, while positive, personal income growth has been relatively weak in 2012.



Housing Market

The State's residential building permits fell about 90% from peak to trough and have remained near that trough for about three years. Permits issued have begun to show sustained growth on a year over year basis. Home prices have also shown improvement. Atlanta area prices have risen on a month over month basis in each of the last four months. Atlanta's price growth has exceeded that of the composite index for 20 metro areas in each month over that period. However, on a year over year basis, Atlanta metro prices are still down 6.1% as of August. In contrast, the 20 metro area composite price index is up 2.0% as of August. The State's housing recovery is continuing but fragile which can be seen in still high mortgage delinquency and foreclosures rates. However, it appears private equity firms have begun to buy up Atlanta area properties as investment vehicles thereby providing a boost to prices and new construction.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS





Statement of Net Assets

June 30, 2012

(dollars in thousands)

	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents	\$ 2,888,458	\$ 1,425,202	\$ 4,313,660	\$ 1,100,512
Investments	2,287,767	276,650	2,564,417	3,073,289
Receivables (Net)	3,537,759	927,757	4,465,516	5,312,602
Due from Primary Government	-	-	-	6,369
Due from Component Units	23,924	144,910	168,834	-
Internal Balances	231,332	(231,332)	-	-
Inventories	54,606	34,244	88,850	25,933
Prepaid Items	35,083	45,969	81,052	23,235
Other Assets	38,630	14,682	53,312	310,031
Deferred Capital Outflow	-	-	-	11,725
Restricted Assets				
Cash and Cash Equivalents	49,266	52,889	102,155	377,185
Investments	12,915	90,349	103,264	428,477
Receivables (Net)	-	-	-	767,220
Capital Assets				
Nondepreciable	7,825,034	638,251	8,463,285	583,023
Depreciable (Net of Accumulated Depreciation)	13,365,955	9,068,658	22,434,613	1,674,270
Total Assets	30,350,729	12,488,229	42,838,958	13,693,871
Liabilities				
Accounts Payable and Accrued Liabilities	2,269,743	253,049	2,522,792	317,192
Due to Primary Government	-	-	-	168,832
Due to Component Units	974	5,395	6,369	-
Benefits Payable	971,898	249,179	1,221,077	-
Accrued Interest Payable	155,453	692	156,145	5,892
Contracts Payable	76,597	25,213	101,810	18,562
Funds Held for Others	110,252	59,216	169,468	4,150
Unearned Revenue	118,745	408,493	527,238	1,058,945
Claims and Judgments Payable	522,041	-	522,041	9,004
Other Liabilities	79,803	61,387	141,190	218,598
Noncurrent Liabilities:				
Due within one year	1,066,721	202,916	1,269,637	180,099
Due in more than one year	10,111,211	5,801,118	15,912,329	4,957,298
Total Liabilities	15,483,438	7,066,658	22,550,096	6,938,572
Net Assets				
Invested in Capital Assets, Net of Related Debt	13,355,209	6,257,436	19,612,645	1,289,698
Restricted for:				
Bond Covenants/Debt Service	-	-	-	14,886
Capital Projects	839,301	12,232	851,533	71,913
Guaranteed Revenue Debt Common Reserve Fund	54,003	-	54,003	-
Loan and Grant Programs	-	-	-	1,296,575
Lottery for Education	667,190	-	667,190	-
Motor Fuel Tax Funds	1,809,211	-	1,809,211	-
Permanent Trusts:				
Nonexpendable	14	149,666	149,680	1,138,606
Expendable	-	269,093	269,093	980,611
Other Purposes	598,774	26,274	625,048	24,481
Unrestricted	(2,456,411)	(1,293,130)	(3,749,541)	1,938,529
Total Net Assets	\$ 14,867,291	\$ 5,421,571	\$ 20,288,862	\$ 6,755,299

State of Georgia

Statement of Activities

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

Functions/Programs	Expenses	Program Revenues		
		Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 1,326,657	\$ 1,912,183	\$ 360,098	\$ 6,347
Education	10,100,155	10,129	2,105,628	-
Health and Welfare	15,657,704	489,289	11,334,319	4,092
Transportation	1,519,707	22,139	81,368	1,114,588
Public Safety	1,912,814	162,970	173,945	17,321
Economic Development and Assistance	783,308	89,779	615,006	-
Culture and Recreation	233,043	132,533	80,868	-
Conservation	50,334	9,729	13,128	576
Interest and Other Charges on Long-Term Debt	638,775	-	-	-
Total Governmental Activities	<u>32,222,497</u>	<u>2,828,751</u>	<u>14,764,360</u>	<u>1,142,924</u>
Business-type Activities:				
Higher Education Fund	7,916,281	2,922,710	2,683,169	26,897
State Health Benefit Plan	2,362,677	-	2,273,547	-
Unemployment Compensation Fund	2,240,295	-	2,288,968	-
Nonmajor Enterprise	35,735	38,716	56	9,260
Total Business-type Activities	<u>12,554,988</u>	<u>2,961,426</u>	<u>7,245,740</u>	<u>36,157</u>
Total Primary Government	<u>\$ 44,777,485</u>	<u>\$ 5,790,177</u>	<u>\$ 22,010,100</u>	<u>\$ 1,179,081</u>
Component Units				
Georgia Environmental Finance Authority	\$ 134,121	\$ 50,443	\$ 208,006	\$ -
Georgia Housing and Finance Authority	152,771	19,133	136,951	-
Georgia Lottery Corporation	3,564,486	3,564,315	24,052	-
Georgia Tech Foundation, Incorporated	132,500	14,157	55,937	-
Nonmajor Component Units	2,436,635	1,382,987	996,902	61,655
Total Component Units	<u>\$ 6,420,513</u>	<u>\$ 5,031,035</u>	<u>\$ 1,421,848</u>	<u>\$ 61,655</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				



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

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ 951,971		\$ 951,971	
(7,984,398)		(7,984,398)	
(3,830,004)		(3,830,004)	
(301,612)		(301,612)	
(1,558,578)		(1,558,578)	
(78,523)		(78,523)	
(19,642)		(19,642)	
(26,901)		(26,901)	
(638,775)		(638,775)	
<u>(13,486,462)</u>		<u>(13,486,462)</u>	
	\$ (2,283,505)	(2,283,505)	
	(89,130)	(89,130)	
	48,673	48,673	
	12,297	12,297	
	<u>(2,311,665)</u>	<u>(2,311,665)</u>	
<u>(13,486,462)</u>	<u>(2,311,665)</u>	<u>(15,798,127)</u>	
			\$ 124,328
			3,313
			23,881
			(62,406)
			<u>4,909</u>
			<u>94,025</u>
8,196,187	-	8,196,187	-
5,141,871	-	5,141,871	-
2,636,648	-	2,636,648	26,974
6,183	-	6,183	-
83,215	-	83,215	-
12,909	-	12,909	-
-	-	-	49,853
-	-	-	44,021
<u>(2,346,986)</u>	<u>2,346,986</u>	<u>-</u>	<u>-</u>
<u>13,730,027</u>	<u>2,346,986</u>	<u>16,077,013</u>	<u>120,848</u>
243,565	35,321	278,886	214,873
14,623,726	5,386,250	20,009,976	6,540,426
<u>\$ 14,867,291</u>	<u>\$ 5,421,571</u>	<u>\$ 20,288,862</u>	<u>\$ 6,755,299</u>



Balance Sheet
Governmental Funds
June 30, 2012
(dollars in thousands)

	General Obligation			Total
	General Fund	Bond Projects Fund	Nonmajor Funds	
Assets				
Cash and Cash Equivalents	\$ 2,800,136	\$ 11,915	\$ 35,617	\$ 2,847,668
Investments	1,208,845	972,970	14,408	2,196,223
Receivables, Net	3,477,201	99	26	3,477,326
Due from Other Funds	388	-	1,756	2,144
Due from Component Units	23,880	-	-	23,880
Inventories	42,602	-	-	42,602
Restricted Assets				
Cash and Cash Equivalents	-	-	21,141	21,141
Advances to Primary Government	-	-	8,363	8,363
Other Assets	43,055	-	21	43,076
Total Assets	\$ 7,596,107	\$ 984,984	\$ 81,332	\$ 8,662,423
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Other Accruals	\$ 2,181,508	\$ 44,302	\$ 138	\$ 2,225,948
Due to Other Funds	363,974	-	-	363,974
Due to Component Units	974	-	-	974
Benefits Payable	971,898	-	-	971,898
Contracts Payable	62,892	13,705	-	76,597
Undistributed Local Government Sales Tax	3,500	-	-	3,500
Funds Held for Others	108,904	-	-	108,904
Deferred Revenue	117,782	826	-	118,608
Other Liabilities	64,865	16,905	33	81,803
Total Liabilities	3,876,297	75,738	171	3,952,206
Fund Balances:				
Nonspendable	74,206	-	8,398	82,604
Restricted	3,004,697	903,386	60,396	3,968,479
Unrestricted				
Committed	7,695	-	-	7,695
Assigned	298,557	5,860	12,367	316,784
Unassigned	334,655	-	-	334,655
Total Fund Balances	3,719,810	909,246	81,161	4,710,217
Total Liabilities and Fund Balances	\$ 7,596,107	\$ 984,984	\$ 81,332	\$ 8,662,423



Reconciliation of Fund Balances To the Statement of Net Assets June 30, 2012 (dollars in thousands)

Total Fund Balances - Governmental Funds (from previous page) \$ 4,710,217

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	\$ 3,197,990	
Buildings and Building Improvements	3,186,785	
Improvements Other Than Buildings	92,108	
Equipment	821,404	
Infrastructure	23,939,751	
Construction in Progress	4,511,733	
Works of Art	86	
Intangibles	92,501	
Software	192,148	
Accumulated Depreciation	(15,162,123)	20,872,383

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. 28,655

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 521,345

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	(8,584,945)	
Premiums	(521,379)	
Deferred Amount on Refunding	228,941	
Accrued Interest Payable	(144,909)	
Revenue Bonds	(1,580,240)	
Premiums	(110,991)	
Accrued Interest Payable	(10,542)	
Capital Leases	(201,044)	
Compensated Absences	(316,747)	
Long-Term Notes	(14,600)	
Arbitrage Rebate	(8,853)	(11,265,309)

Total Net Assets - Governmental Activities \$ 14,867,291



Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	General Obligation			Total
	General Fund	Bond Projects Fund	Nonmajor Funds	
Revenues:				
Taxes	\$ 15,974,706	\$ -	\$ -	\$ 15,974,706
Licenses and Permits	593,541	-	-	593,541
Intergovernmental - Federal	15,275,508	19,023	-	15,294,531
Intergovernmental - Other	478,339	27,635	-	505,974
Sales and Services	440,700	-	251	440,951
Fines and Forfeits	450,457	-	-	450,457
Interest and Other Investment Income	10,516	7,926	138	18,580
Unclaimed Property	83,215	-	-	83,215
Lottery Proceeds	901,329	-	-	901,329
Nursing Home Provider Fees	132,393	-	-	132,393
Hospital Provider Payments	225,260	-	-	225,260
Other	71,528	-	1,129	72,657
Total Revenues	34,637,492	54,584	1,518	34,693,594
Expenditures:				
Current:				
General Government	915,706	4,807	-	920,513
Education	10,099,224	-	-	10,099,224
Health and Welfare	15,668,820	-	-	15,668,820
Transportation	1,658,437	-	6,375	1,664,812
Public Safety	1,921,717	-	-	1,921,717
Economic Development and Assistance	781,094	-	961	782,055
Culture and Recreation	258,311	-	161	258,472
Conservation	54,694	-	-	54,694
Capital Outlay	-	674,905	-	674,905
Debt Service				
Principal	-	-	803,600	803,600
Interest	10	-	475,198	475,208
Other Debt Service Expenditures	-	19,563	78,805	98,368
Intergovernmental	-	239,879	-	239,879
Total Expenditures	31,358,013	939,154	1,365,100	33,662,267
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,279,479	(884,570)	(1,363,582)	1,031,327
Other Financing Sources (Uses):				
Debt Issuance - General Obligation Bonds	-	803,615	-	803,615
Debt Issuance - Refunding Bonds	-	-	719,465	719,465
Debt Issuance - General Obligation Bonds - Premium	-	78,781	-	78,781
Debt Issuance - Refunding Bonds - Premium	-	-	86,523	86,523
Payment to Refunded Bond Escrow Agent	-	-	(805,945)	(805,945)
Capital Leases	11,179	-	-	11,179
Transfers In	32,131	10,354	1,371,608	1,414,093
Transfers Out	(3,317,010)	(92,593)	-	(3,409,603)
Net Other Financing Sources (Uses)	(3,273,700)	800,157	1,371,651	(1,101,892)
Net Change in Fund Balances	5,779	(84,413)	8,069	(70,565)
Fund Balances, July 1 (Restated - Note 3)	3,714,031	993,659	73,092	4,780,782
Fund Balances, June 30	\$ 3,719,810	\$ 909,246	\$ 81,161	\$ 4,710,217



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, 2012 (dollars in thousands)

Net Change in Fund Balances - Governmental Funds (from previous page) \$ (70,565)

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

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

Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations.	\$ 1,287,014	
Depreciation expense	<u>(1,057,966)</u>	229,048

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		5,089
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Bond proceeds (net of issuance costs and payments to refunding escrow) provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets.		(782,545)
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Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.		(11,178)
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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	748,745	
Revenue Bonds	151,730	
Notes	-	
Capital Leases	<u>24,168</u>	924,643

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.		11,967
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:		
Compensated Absences	(1,677)	
Accrued Interest on Bonds Payable	9,869	
Arbitrage Rebate	8,835	
Amortization of Deferred Amount on Refunding	50,036	
Amortization of Bond Premiums	33,787	
Allocation of Deferred Bond Issuance Costs	<u>(163,744)</u>	<u>(62,894)</u>

Change in Net Assets - Governmental Activities \$ 243,565



Statement of Net Assets Proprietary Funds June 30, 2012 (dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 1,039,658	\$ 12,807	\$ 364,016	\$ 8,021	\$ 1,424,502	\$ 69,616
Investments	194,108	5,131	-	931	200,170	34,615
Accounts Receivable (Net)	341,858	69,773	177,811	2,767	592,209	59,244
Due from Other Funds	-	-	-	76	76	453,258
Due from Component Units	140,001	-	-	-	140,001	42
Notes Receivable	450	-	-	3,935	4,385	-
Other Assets	80,843	-	-	75	80,918	15,526
Restricted Assets						
Cash and Cash Equivalents	-	-	-	42,718	42,718	4,331
Investments	-	-	-	18,762	18,762	1,306
Noncurrent Assets:						
Investments	76,480	-	-	-	76,480	69,845
Notes Receivable	45,781	-	-	285,375	331,156	-
Due from Component Units	4,909	-	-	-	4,909	-
Other Noncurrent Assets	-	-	-	13,614	13,614	-
Restricted Assets						
Cash and Cash Equivalents	5,839	-	-	-	5,839	-
Investments	70,281	-	-	-	70,281	-
Non-Depreciable Capital Assets	628,160	-	-	10,091	638,251	22,723
Depreciable Capital Assets, net	9,049,621	-	-	19,037	9,068,658	295,884
Total Assets	11,677,989	87,711	541,827	405,402	12,712,929	1,026,390
Liabilities						
Current Liabilities:						
Accounts Payable and Other Accruals	195,600	3,465	4,201	2,467	205,733	38,328
Due to Other Funds	88,102	41,226	-	1,970	131,298	1,134
Due to Component Units	5,395	-	-	-	5,395	-
Benefits Payable	26,750	203,403	19,026	-	249,179	-
Grants Payable	6,367	-	-	-	6,367	-
Unearned Revenue	260,552	111,779	22,882	-	395,213	137
Claims and Judgments Payable	-	-	-	-	-	522,041
Compensated Absences Payable - Current	129,548	153	-	103	129,804	3,522
Revenue Bonds Payable	-	-	-	9,895	9,895	-
Other Current Liabilities	204,603	-	-	4,098	208,701	5,438
Current Liabilities Payable from Restricted Assets	-	-	-	67	67	4,531
Noncurrent Liabilities:						
Compensated Absences Payable	89,118	176	-	103	89,397	3,529
Advances from Primary Government	-	-	-	8,363	8,363	57,113
Capital Leases/Installment Purchases Payable	3,373,105	-	-	-	3,373,105	-
Revenue Bonds Payable	-	-	-	309,353	309,353	-
Other Postemployment Benefit Obligation	1,278,146	-	-	-	1,278,146	-
Other Noncurrent Liabilities	15,340	-	745,303	-	760,643	-
Total Liabilities	5,672,626	360,202	791,412	336,419	7,160,659	635,773
Net Assets						
Invested in Capital Assets, Net of Related Debt	6,229,977	-	-	27,459	6,257,436	257,539
Restricted for:						
Capital Projects	12,232	-	-	-	12,232	-
Other	-	-	-	26,274	26,274	-
Permanent Trusts:						
Nonexpendable	149,666	-	-	-	149,666	-
Expendable	269,093	-	-	-	269,093	-
Unrestricted	(655,605)	(272,491)	(249,585)	15,250	(1,162,431)	133,078
Total Net Assets	\$ 6,005,363	\$ (272,491)	\$ (249,585)	\$ 68,983	5,552,270	\$ 390,617
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					(130,699)	
Net Assets of Business-type Activities					<u>\$ 5,421,571</u>	



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

Proprietary Funds

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	
Operating Revenues:						
Operating Grants and Contributions/Premiums	\$ 1,504,616	\$ 2,273,416	\$ 2,288,968	\$ -	\$ 6,067,000	\$ 209,735
Rents and Royalties	5,940	-	-	53	5,993	50,954
Sales and Services	984,927	-	-	38,663	1,023,590	324,535
Tuition and Fees	2,395,042	-	-	-	2,395,042	-
Less: Scholarship Allowances	(612,076)	-	-	-	(612,076)	-
Other	148,876	-	-	-	148,876	10,965
Total Operating Revenues	4,427,325	2,273,416	2,288,968	38,716	9,028,425	596,189
Operating Expenses:						
Personal Services	4,630,839	5,486	-	2,695	4,639,020	57,332
Services and Supplies	2,045,479	112,893	-	8,944	2,167,316	328,489
Scholarships and Fellowships	555,056	-	-	-	555,056	-
Benefits	-	2,244,298	2,240,295	-	4,484,593	-
Claims and Judgments	-	-	-	-	-	178,886
Interest Expense	-	-	-	15,757	15,757	-
Depreciation	451,085	-	-	4,213	455,298	25,270
Amortization	-	-	-	2,055	2,055	-
Total Operating Expenses	7,682,459	2,362,677	2,240,295	33,664	12,319,095	589,977
Operating Income (Loss)	(3,255,134)	(89,261)	48,673	5,052	(3,290,670)	6,212
Nonoperating Revenues (Expenses):						
Grants and Contributions	1,155,787	-	-	-	1,155,787	-
Interest and Other Investment Income	22,767	131	-	49	22,947	2,496
Interest Expense	(178,318)	-	-	(934)	(179,252)	-
Other	(56,489)	-	-	(2,303)	(58,792)	1,035
Total Nonoperating Revenues (Expenses)	943,747	131	-	(3,188)	940,690	3,531
Income (Loss) Before Contributions, Special Items and Transfers	(2,311,387)	(89,130)	48,673	1,864	(2,349,980)	9,743
Capital Contributions	373,681	-	-	9,260	382,941	11,198
Transfers:						
Transfers In	2,019,835	-	-	-	2,019,835	15,770
Transfers Out	(3,653)	-	(3,482)	(13,428)	(20,563)	(21,685)
Net Transfers	2,016,182	-	(3,482)	(13,428)	1,999,272	(5,915)
Change in Net Assets	78,476	(89,130)	45,191	(2,304)	32,233	15,026
Net Assets, July 1 (Restated - Note 3)	5,926,887	(183,361)	(294,776)	71,287		375,591
Net Assets, June 30	\$ 6,005,363	\$ (272,491)	\$ (249,585)	\$ 68,983		\$ 390,617
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					3,087	
					<u>\$ 35,320</u>	



Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployem Compensation Fund	Nonmajor Enterprise Fund		
Cash Flows from Operating Activities:						
Cash Received from Customers	\$ 963,148	\$ -	\$ -	\$ 17,328	\$ 980,476	\$ 389,551
Cash Received from Grants and Required Contributions/Premiums	1,515,428	2,325,549	2,293,477	15,762	6,150,216	136,684
Cash Received from Tuition and Fees	1,758,694	-	-	-	1,758,694	-
Cash Paid to Vendors	(2,948,490)	(111,198)	-	(18,404)	(3,078,092)	(320,749)
Cash Paid to Employees	(3,410,772)	(5,468)	-	(2,664)	(3,418,904)	(57,601)
Cash Paid for Benefits	-	(2,241,032)	(2,238,542)	-	(4,479,574)	-
Cash Paid for Claims and Judgments	-	-	-	-	-	(128,039)
Cash Paid for Scholarships, Fellowships and Loans	(568,266)	-	-	-	(568,266)	-
Other Operating Items (Net)	161,637	-	-	(3,762)	157,875	(661)
Net Cash Provided by (Used in) Operating Activities	(2,528,621)	(32,149)	54,935	8,260	(2,497,575)	19,185
Cash Flows from Noncapital Financing Activities:						
Proceeds from Debt	-	-	17,303	-	17,303	-
Transfers from Other Funds	2,019,834	-	-	-	2,019,834	4,318
Transfers to Other Funds	(3,653)	-	(3,482)	-	(7,135)	(10,373)
Other Noncapital Items (Net)	1,113,041	-	-	(7,167)	1,105,874	1,524
Net Cash Provided by (Used in) Noncapital Financing Activities	3,129,222	-	13,821	(7,167)	3,135,876	(4,531)
Cash Flows from Capital and Related Financing Activities:						
Capital Contributions	-	-	-	6,958	6,958	2,273
Capital grants and gifts received	185,113	-	-	-	185,113	-
Proceeds from Sale of Capital Assets	1,910	-	-	-	1,910	4
Acquisition and Construction of Capital Assets	(530,661)	-	-	(14,555)	(545,216)	(8,237)
Principal Paid on Capital Debt	(57,008)	-	-	(5,820)	(62,828)	-
Interest Paid on Capital Debt	(174,395)	-	-	(947)	(175,342)	-
Net Cash Used in Capital and Related Financing Activities	(575,041)	-	-	(14,364)	(589,405)	(5,960)
Cash Flows from Investing Activities:						
Sale (Purchase) of Investments (Net)	(23,479)	15,662	-	(5,344)	(13,161)	114
Interest and Dividends Received	76,836	131	-	49	77,016	3,856
Net Cash Provided by (Used in) Investing Activities	53,357	15,793	-	(5,295)	63,855	3,970
Net Increase (Decrease) in Cash and Cash Equivalents	78,917	(16,356)	68,756	(18,566)	112,751	12,664
Cash and Cash Equivalents, July 1	966,580	29,163	295,260	69,305	1,360,308	61,283
Cash and Cash Equivalents, June 30	\$ 1,045,497	\$ 12,807	\$ 364,016	\$ 50,739	\$ 1,473,059	\$ 73,947

(continued)



Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Higher Education Fund	State Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Enterprise Fund		
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating Income (Loss)	\$ (3,255,134)	\$ (89,261)	\$ 48,673	\$ 5,052	\$ (3,290,670)	\$ 6,212
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation/Amortization Expense	451,085	-	-	6,268	457,353	25,271
Changes in Assets and Liabilities:						
Accounts Receivable	2,267	(29,019)	2,294	(2,107)	(26,565)	(14,170)
Due From Other Funds	-	-	-	-	-	(47,082)
Due from Component Units	-	-	-	-	-	21
Other Assets	8,371	-	-	188	8,560	86
Notes Receivable	(209)	-	-	-	(209)	-
Accounts Payable and Other Accruals	6,224	1,696	1,079	2,159	11,157	8,507
Due to Other Funds	682	28,569	-	-	29,251	(13,096)
Benefits Payable	-	3,267	1,754	-	5,021	-
Unearned Revenue	(8,801)	52,582	1,135	(3,437)	41,479	4,465
Claims and Judgments Payable	-	-	-	-	-	50,847
Compensated Absences Payable	3,209	17	-	31	3,257	(300)
Other Postemployment Benefit Obligation	260,748	-	-	-	260,748	-
Other Liabilities	2,937	-	-	106	3,043	(1,576)
Net Cash Provided by (Used) in Operating Activities	\$ (2,528,621)	\$ (32,149)	\$ 54,935	\$ 8,260	\$ (2,497,575)	\$ 19,185
Noncash Investing, Capital, and Financing Activities:						
Gift of Capital Assets Reducing Proceeds of Capital Grants and Gifts	\$ 194,384	\$ -	\$ -	\$ -	\$ 194,384	\$ -
Gifts other than Capital Assets Reducing Proceeds of Grants and Gifts for Other than Capital Assets	1,757	-	-	-	1,757	-
Donation of Capital Assets	-	-	-	-	-	8,955
Change in Accrued Interest Payable Affecting Interest Paid	3,152	-	-	-	3,152	-
Fixed Assets Acquired by Incurring Capital Lease Obligations	318,927	-	-	-	318,927	-
Change in Fair Value of Investments	3,957	-	-	-	3,957	(1,360)
Special Item - Equipment-Capital Asset Transfer	14,991	-	-	-	14,991	-
Other	2,049	-	-	-	2,049	-
Total Noncash Investing, Capital and Financing Activities	\$ 539,217	\$ -	\$ -	\$ -	\$ 539,217	\$ 7,595



Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

(dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Agency	Total
Assets					
Cash and Cash Equivalents	\$ 502,730	\$ 4,131,715	\$ 7,034	\$ 143,033	\$ 4,784,512
Receivables					
Interest and Dividends	231,979	42	-	-	232,021
Due from Brokers for Securities Sold	44,798	-	-	-	44,798
Other	173,811	-	-	2,279	176,090
Due from Other Funds	43,896	-	-	-	43,896
Investments, at Fair Value					
Certificates of Deposit	-	-	-	2,350	2,350
Pooled Investments	13,708,731	1,904,823	2,377	14,688	15,630,619
Mutual Funds	1,456,522	-	-	3,503	1,460,025
Repurchase Agreements	400,000	-	-	-	400,000
Municipal, U. S. and Foreign					
Government Obligations	9,582,041	-	-	44,924	9,626,965
Corporate Bonds/Notes/Debentures	5,979,198	-	-	-	5,979,198
Stocks	37,543,029	-	-	-	37,543,029
Asset-Backed Securities	8,059	-	-	-	8,059
Mortgage Investments	77,766	-	-	-	77,766
Real Estate Investment Trusts	31,120	-	-	-	31,120
Capital Assets					
Land	2,071	-	-	-	2,071
Buildings	7,695	-	826	-	8,521
Software	29,325	-	-	-	29,325
Machinery and Equipment	5,215	-	103	-	5,318
Accumulated Depreciation	(34,212)	-	(507)	-	(34,719)
Other Assets	827	-	-	34,647	35,474
Total Assets	69,794,601	6,036,580	9,833	245,424	76,086,438
Liabilities					
Accounts Payable and Other Accruals	44,814	-	-	2,246	47,060
Due to Other Funds	2,968	-	-	-	2,968
Due to Brokers for Securities Purchased	108,245	-	-	-	108,245
Salaries/Withholdings Payable	1	-	-	-	1
Benefits Payable	51,484	-	-	-	51,484
Funds Held for Others	-	-	-	243,159	243,159
Unearned Revenue	11,372	-	-	-	11,372
Compensated Absences Payable	61	-	239	-	300
Other Liabilities	14	-	587	19	620
Total Liabilities	218,959	-	826	245,424	465,209
Net Assets					
Held in Trust for:					
Pension Benefits	68,573,802	-	-	-	68,573,802
Other Postemployment Benefits	818,450	-	-	-	818,450
Other Employee Benefits	183,390	-	-	-	183,390
Pool Participants	-	6,036,580	-	-	6,036,580
Other Purposes	-	-	9,007	-	9,007
Total Net Assets	\$ 69,575,642	\$ 6,036,580	\$ 9,007	\$ -	\$ 75,621,229



Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Total
Additions:				
Contributions/Assessments				
Employer	\$ 2,031,469	\$ -	\$ -	\$ 2,031,469
Plan Members/Participants	883,011	-	100,216	983,227
Other Contributions				
Fines and Bond Forfeitures	20,171	-	-	20,171
Insurance Company Premium Taxes	27,073	-	-	27,073
Insurance Premiums	6,303	-	-	6,303
Other Fees	4,774	-	-	4,774
Interest and Other Investment Income				
Dividends and Interest	1,620,304	10,293	54	1,630,651
Net Appreciation (Depreciation) in Investments Reported at Fair Value	(188,264)	48	-	(188,216)
Less: Investment Expense	(39,259)	(2,605)	-	(41,864)
Pool Participant Deposits	-	7,827,632	-	7,827,632
Other				
Transfers from Other Funds	2,153	-	-	2,153
Miscellaneous	14,110	-	-	14,110
Total Additions	4,381,845	7,835,368	100,270	12,317,483
Deductions:				
General and Administrative Expenses	80,628	-	2,745	83,373
Benefits	5,529,461	-	99,912	5,629,373
Pool Participant Withdrawals	-	6,918,391	-	6,918,391
Refunds	94,244	-	-	94,244
Total Deductions	5,704,333	6,918,391	102,657	12,725,381
Change in Net Assets Held in Trust for:				
Pension and Other Employee Benefits	(1,322,488)			(1,322,488)
Pool Participants		916,977		916,977
Other Purposes			(2,387)	(2,387)
Net Assets, July 1	70,898,130	5,119,603	11,394	76,029,127
Net Assets, June 30	\$ 69,575,642	\$ 6,036,580	\$ 9,007	\$ 75,621,229



Statement of Net Assets Component Units June 30, 2012 (dollars in thousands)

	Georgia Environmental Finance Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 349,682	\$ 77,509	\$ 4,820	\$ 2,369	\$ 666,132	\$ 1,100,512
Investments	132,474	20,719	-	-	240,592	393,785
Receivables						
Accounts (Net)	2,923	-	143,596	52,220	347,265	546,004
Taxes	-	-	-	-	492	492
Interest and Dividends	7,060	556	-	-	1,975	9,591
Notes and Loans (Net)	-	-	-	955	321,739	322,694
Due from Primary Government	-	-	-	-	6,369	6,369
Due from Component Units	-	-	-	-	9,861	9,861
Intergovernmental Receivables	4,691	-	-	-	11,219	15,910
Other Current Assets	3,596	31,112	3,226	-	114,516	152,450
Noncurrent Assets:						
Investments	-	136,500	-	1,285,086	1,257,918	2,679,504
Receivables (Net)						
Notes and Loans	1,528,133	632,502	-	-	2,340	2,162,975
Other	-	-	-	219,482	2,035,454	2,254,936
Due from Component Units	-	-	-	-	89,964	89,964
Restricted Assets						
Cash and Cash Equivalents	-	180,516	6,692	8,339	181,638	377,185
Investments	-	120,976	290,913	-	16,588	428,477
Receivables (Net)						
Notes and Loans	-	757,044	-	-	-	757,044
Interest and Dividends	-	10,127	-	-	-	10,127
Other	-	-	-	-	49	49
Deferred Charges	-	14,651	-	-	-	14,651
Non-depreciable capital assets	-	800	-	3,395	578,828	583,023
Depreciable capital assets, net	35	2,734	4,113	33,282	1,634,106	1,674,270
Deferred Capital Outflow	-	-	-	-	11,725	11,725
Other Noncurrent Assets	-	-	-	26,519	165,579	192,098
Total Assets	2,028,594	1,985,746	453,360	1,631,647	7,694,349	13,793,696

(continued)



Statement of Net Assets Component Units June 30, 2012 (dollars in thousands)

	Georgia Environmental Finance Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
Liabilities						
Current Liabilities:						
Accounts Payable and Other Accruals	6,990	24,570	128,416	7,578	155,851	323,405
Due to Primary Government	-	2	21,940	-	141,981	163,923
Due to Component Units	-	-	-	9,769	94	9,863
Funds Held for Others	-	-	-	-	4,150	4,150
Unearned Revenue	29,594	2,252	-	40,637	131,331	203,814
Notes and Loans Payable	-	-	-	18,718	16,365	35,083
Revenue/Mortgage Bonds Payable	10,765	24,375	-	8,895	59,193	103,228
Other Current Liabilities	126	107,688	10,869	2,418	67,925	189,026
Current Liabilities Payable from Restricted Assets:						
Accrued Interest Payable	-	-	-	-	1,702	1,702
Revenue Bonds Payable	-	-	-	-	7,410	7,410
Other	-	-	6,675	-	9,864	16,539
Noncurrent Liabilities:						
Unearned Revenue	-	641,566	-	35,394	178,171	855,131
Notes and Loans Payable	-	-	-	9,251	440,340	449,591
Revenue/Mortgage Bonds Payable	177,356	1,000,025	-	262,062	2,556,986	3,996,429
Grand Prizes Payable	-	-	240,167	-	-	240,167
Due to Component Units	-	-	-	89,962	-	89,962
Due to Primary Government	-	-	-	-	4,909	4,909
Derivative Instrument Payable	-	-	-	-	64,065	64,065
Other Noncurrent Liabilities	378	-	3,808	17,490	258,324	280,000
Total Liabilities	225,209	1,800,478	411,875	502,174	4,098,661	7,038,397
Net Assets						
Invested in Capital Assets, Net of Related Debt	35	3,534	4,113	(32,475)	1,314,491	1,289,698
Restricted for:						
Bond Covenants/Debt Service	-	-	-	-	14,886	14,886
Capital Projects	-	-	-	9,679	62,234	71,913
Permanent Trusts						
Expendable	-	-	-	558,639	421,972	980,611
Nonexpendable	-	-	-	498,635	639,971	1,138,606
Loan and Grant Programs	1,296,575	-	-	-	-	1,296,575
Other Purposes	-	-	-	-	24,481	24,481
Unrestricted	506,775	181,734	37,372	94,995	1,117,653	1,938,529
Total Net Assets	\$ 1,803,385	\$ 185,268	\$ 41,485	\$ 1,129,473	\$ 3,595,688	\$ 6,755,299





Statement of Activities Component Units For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Georgia Environmental Finance Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
Expenses	\$ 134,121	\$ 152,771	\$ 3,564,486	\$ 132,500	\$ 2,436,635	\$ 6,420,513
Program Revenues:						
Sales and Charges for Services	50,443	19,133	3,564,315	14,157	1,382,987	5,031,035
Operating Grants and Contributions	208,006	136,951	24,052	55,937	996,902	1,421,848
Capital Grants and Contributions	-	-	-	-	61,655	61,655
Total Program Revenues	258,449	156,084	3,588,367	70,094	2,441,544	6,514,538
Net Revenue	124,328	3,313	23,881	(62,406)	4,909	94,025
General Revenues:						
Taxes	-	-	-	-	26,974	26,974
Payments from the State of Georgia	-	-	-	-	49,853	49,853
Contributions to Permanent Endowments	-	-	-	20,928	23,093	44,021
Total General Revenues	-	-	-	20,928	99,920	120,848
Change in Net Assets	124,328	3,313	23,881	(41,478)	104,829	214,873
Net Assets, July 1 - Restated (Note 3)	1,679,057	181,955	17,604	1,170,951	3,490,859	6,540,426
Net Assets, June 30	\$ 1,803,385	\$ 185,268	\$ 41,485	\$ 1,129,473	\$ 3,595,688	\$ 6,755,299





Notes to the Financial Statements Index

	<u>Page</u>
Note 1 Summary of Significant Accounting Policies.....	42
Note 2 Changes in Financial Accounting and Reporting	52
Note 3 Fund Equity Reclassifications and Restatements	55
Note 4 Net Assets/Fund Balances.....	56
Note 5 Deposits and Investments	58
Note 6 Receivables	75
Note 7 Capital Assets.....	76
Note 8 Long-term Liabilities	80
Note 9 Leases.....	89
Note 10 Retirement Systems	92
Note 11 Postemployment Benefits	98
Note 12 Risk Management	104
Note 13 Derivative Instruments.....	105
Note 14 Interfund Balances and Transfers	111
Note 15 Segment Information	112
Note 16 Litigation, Contingencies, and Commitments	113
Note 17 Subsequent Events	123



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Financial Reporting Entity

For financial reporting purposes, the State reporting entity includes the primary government and its component units. The primary government consists of all the organizations that compose the legal entity of the State. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, 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 has only one component unit that is blended into a major fund, the Higher Education Fund, an enterprise fund. The description for this component unit follows:

Georgia Military College was created as a public authority, a body corporate and politic, and is an instrumentality of the State and a public corporation. Georgia Military College is dedicated to providing a high-quality military education to the youth of the State. The Board of Trustees consists of the mayor of the City of Milledgeville and six additional members, one of which is elected from each of the six municipal voting districts of the City, as required by statute. The government, control, and management of Georgia Military College are vested in the Board of Trustees. Georgia Military College receives any designated funds appropriated by the General Assembly through the Board of Regents of the University System of Georgia.

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

Special Revenue Funds

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

Debt Service Funds

State Road and Tollway Authority

Enterprise Funds

Georgia Higher Education Facilities Authority
State Road and Tollway Authority

Internal Service Funds

Georgia Aviation Authority
Georgia Building Authority
Georgia Correctional Industries Administration
Georgia Technology Authority
State Road and Tollway Authority



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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 major discretely presented component units are described below:

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

Georgia Housing and Finance Authority (GHFA) is a body corporate and politic. GHFA is responsible for facilitating housing, housing finance and for financing for health facilities and health care services throughout the State. The powers of GHFA are vested in eighteen members who also comprise the board of the Department of Community Affairs. Board members are appointed by the Governor and are composed of one member from each U.S. Congressional District in the State, plus five additional members from the State at large, and include elected officials of counties or municipalities, individuals with an interest or expertise in community or economic development, environmental issues, housing development or finance or citizens who in the judgment and discretion of the Governor would enhance the DCA board.

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

Georgia Tech Foundation, Incorporated is a nonprofit organization established to promote, in various ways, the cause of higher education in the State, to raise and receive funds for the support and enhancement of the Georgia Institute of Technology, and to aid the Georgia Institute of Technology in its development as a leading educational institution.

The State's nonmajor discretely presented component units, as described in the Nonmajor Component Units portion of the Supplementary Information – Combining and Individual Fund Statements category of the Financial Section, are as follows:

Authorities and Similar Organizations

Geo. L. Smith II Georgia World Congress Center Authority
Georgia Agricultural Exposition Authority
Georgia Development Authority
Georgia Foundation for Public Education
Georgia Higher Education Assistance Corporation
Georgia Highway Authority
Georgia International and Maritime Trade Center Authority
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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Higher Education Foundations and Similar Organizations

Armstrong Atlantic State University Educational Properties Foundation, Incorporated
Georgia College & State University Foundation, Incorporated
Georgia Southern University Housing Foundation, Incorporated
Georgia State University Foundation, Incorporated
Georgia State University Research Foundation, Incorporated
Georgia Tech Athletic Association
Georgia Tech Facilities, Incorporated
Georgia Tech Research Corporation
Kennesaw State University Foundation, Incorporated
Medical College of Georgia Foundation, Incorporated
MCG Health, Incorporated
MCG Health System, Incorporated
Medical College of Georgia Physicians Practice Group Foundation
North Georgia College & State University Real Estate Foundation, Incorporated
University of Georgia Athletic Association, Incorporated
University of Georgia Foundation
University of Georgia Research Foundation, Incorporated
University System of Georgia Foundation, Incorporated
VSU Auxiliary Services Real Estate 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 two most significant fiduciary component units are the Employees' Retirement System of Georgia and the Teachers Retirement System of Georgia. Fiduciary component units are detailed in the Fiduciary Funds portion of the Supplementary Information –

Combining and Individual Fund Statements category of the Financial Section.

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. The financial statements for the higher education foundations and similar organizations can be obtained from their respective administrative offices or from Board of Regents.

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 expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the

State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year-end. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after year-end. All deferred revenue reported represents revenue that is unearned, rather than unavailable. Capital purchases are recorded as expenditures and neither capital assets nor long-term liabilities, such as long-term debt, are reflected on the balance sheet.

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

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

The State's proprietary funds and discretely presented component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, 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 Codification Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to GASB presentation in these financial statements.

GAAP requires that revenues and expenses relating



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The State reports the following major funds:

Major Governmental Funds

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

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

Major Enterprise Funds

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

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

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

Additionally, the State reports the following fund types:

Governmental Funds

Special Revenue Funds - Account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended

component units that conduct general governmental functions.

Debt Service Funds - Account for the payment of principal and interest on general long-term debt. The General Obligation Debt Sinking Fund, which is a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt is included in this fund type as is the SRTA Debt Service Fund.

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

Proprietary Funds

Enterprise Funds - Account for those activities for which fees are charged to external users for goods or services. These funds are also used when the activity is financed with debt that is secured by a pledge of the net revenues from fees. SRTA's Proprietary Funds and the Georgia Higher Education Facilities Authority are the State's nonmajor enterprise funds.

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

Fiduciary Funds

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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

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

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

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

E. Assets, 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 and short-term, highly liquid investments with maturity dates within three months of the date acquired, such as certificates of deposits, money market certificates and repurchase agreements.

Investments

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

The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in

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

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

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Units of the University System of Georgia and their affiliated organizations may participate in the Regents Investment Pool. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest it earns. The Regents Investment Pool maintains an assortment of funds which invest in diverse holdings with varying investment objectives.

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

Receivables

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

Inventories and Prepaid Items

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

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

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

Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Balance Sheet and/or Statement of Net 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. Estimation methods include using historical sources to determine the cost of similar assets at the time of acquisition and indexing where the historical cost of an asset is estimated by taking the current cost of a similar asset and dividing it by an index figure which adjusts for inflation. Donated capital assets are stated at fair market value at the time of donation. Infrastructure acquired prior to fiscal years ended after June 30, 1980 is reported. All acquisitions in the following asset categories are capitalized regardless of cost:

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

Amounts for other asset categories are capitalized when the cost or value equals or exceeds the



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

following thresholds. Items acquired through capital leases or donations are subject to these capitalization thresholds, using the classifications most closely related to the leased or donated assets.

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized. The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because either they are held for financial gain or they are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives.

Major outlays for construction of bridges and roadways in the State highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset.

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

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

Library collections	10 years
Works of art and collections	5-40 years

Compensated Absences

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

Employees earn 10 hours of sick leave each month with a maximum accumulation of 90 days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with 120 days or more of forfeited annual and sick leave are entitled to additional service credit in the System. No liability is recorded for rights to receive sick pay benefits.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide Statement of Net 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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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 amortization/depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net 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.

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.

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.

Fund Balances

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

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

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

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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

Unassigned – The residual amount of fund balance is reported as unassigned for balances that do not meet the above constraints. The government reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

Interfund Activity and Balances

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

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

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

A. Financial Reporting Entity

Primary Government

The Department of Public Health (DPH) was created effective July 1, 2011, to move activities related to preventing disease, injury and disability; promoting health and well-being; and preparing for and responding to disasters from a health perspective from Department of Community Health to a separate agency. DPH is included in the general fund of the State.

Certain activities previously reported in the State Road and Tollway Authority (SRTA) nonmajor enterprise fund are now reported in the SRTA Customer Service Center internal service fund. This change had no impact on beginning net assets of the nonmajor enterprise fund.

Component Units

Effective July 1, 2011, the Arch Foundation for the University of Georgia, Inc. (Arch) merged with and into the University of Georgia Foundation (Foundation), a higher education foundation. The addition of this foundation resulted in an increase in the beginning net assets of the nonmajor discretely presented component units of the State of \$126.9 million.

In fiscal year 2012, it was determined that the North Georgia College & State University Real Estate Foundation, Inc. and Subsidiaries (the Real Estate Foundation), a higher education foundation, met the requirements for inclusion in the financial reporting entity. This foundation is included in the nonmajor discretely presented component units of the State. The addition of this foundation resulted in an increase in the beginning net assets of the component units of \$0.08 million.

B. Change in Accounting Method

Net assets of the Board of Regents (Higher Education Fund) increased as a result of a change in method of accounting for summer school revenues and expenses to more accurately reflect periodic results of operations between fiscal years. The

effects of the change resulted in a net increase of beginning net assets of \$36.4 million.

C. Adoption of New Accounting Principles

In fiscal year 2012, the State implemented GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer OPEB plans (that is, agent employers). The Statement was implemented without effect because the State does not have agent employers or agent multiple-employer pension plans.

Also in fiscal year 2012, the State implemented GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when an effective hedging relationship continues and how hedge accounting should continue to be applied. This Statement was also implemented without effect.

In fiscal year 2013, the State will implement the following GASB Statements:

- No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*
- No. 61 *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

The objective of Statement No. 60 is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The Statement establishes recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators.

The objective of Statement No. 61 is to improve financial reporting for a governmental financial reporting entity by modifying certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. For organizations that should be included because the State determines that it would be misleading to exclude them, this Statement clarifies the manner in which the determination should be made and the types of relationships that generally should be considered in making the determination. The Statement also amends certain blending provisions for reporting component units as if they were part of the primary government and clarifies the reporting of equity interests in legally separate organizations.

The objective of Statement No. 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. FASB Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Statement No. 62 also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

The objective of Statement No. 63 is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on net position. Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities. Net position is defined as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

As of the date of this report, the State has not determined the financial impact of implementing Statements No. 60 through No. 63.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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

D. Correction of Prior Year Errors

During the fiscal year, it was determined that certain leases previously reported as operating leases were incorrectly classified in the Georgia Building Authority (internal service fund) and within the governmental activities. Correction of these classifications resulted in an increase in beginning capital assets, net of accumulated depreciation, of \$42.5 million and an increase in capital lease liabilities of \$61.9 million, in governmental activities.

During the fiscal year, it was determined that certain capital leases liabilities within governmental activities in the fiscal year 2011 were overstated by \$9.4 million.

During the fiscal year, it was determined that capital assets, net of accumulated depreciation, were overstated within the governmental activities in fiscal year 2011 by \$137.9 million resulting in an overstatement of net assets, as reported. The beginning net assets of the governmental activities were decreased to reflect correction of the net capital assets.

During the fiscal year, it was determined that expenses were understated within governmental activities in fiscal year 2011 by \$33.3 million resulting in an overstatement of net assets, as reported. The beginning net assets of the governmental activities were decreased to reflect correction of expenses.

During the fiscal year, it was determined that net assets were overstated within various institutions of the Board of Regents (Higher Education Fund) in fiscal year 2011 by \$22.5 million resulting in an overstatement of net assets, as reported. The beginning net assets of the Higher Education Fund were decreased primarily to reflect a correction of capital assets, net of accumulated depreciation, of \$11.2 million and capital lease payable of \$10.7 million.

During the fiscal year, it was determined that capital assets, net accumulated of depreciation, were overstated within component units in fiscal year

2011 by \$8.3 million resulting in an overstatement of net assets, as reported. The beginning net assets of the component units were decreased to reflect correction of the net capital assets. In addition, there were other adjustments to beginning net assets totaling \$1.4 million.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 3 - FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

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

	<u>6/30/2011 As Previously Reported</u>	<u>Adjustments</u>	<u>6/30/2011 (Restated)</u>
Governmental Funds and Activities			
Major Funds:			
General Fund	\$ 3,714,031	\$ -	\$ 3,714,031
General Obligation Bond Projects Fund	1,027,022	(33,363)	993,659
Nonmajor Funds:			
Special Revenue Funds	73,078	(19,529)	53,549
Debt Service Fund	-	19,529	19,529
Permanent Fund	14	-	14
Total Governmental Funds	<u>4,814,145</u>	<u>(33,363)</u>	<u>4,780,782</u>
Government-wide Adjustments			
Capital Assets, net of depreciation	20,774,581	-	-
Adjustment to Assets under Capital Lease	-	(137,876)	20,636,705
Other Noncurrent Assets and Liabilities	(118,591)	-	(118,591)
Long-Term Liabilities	(11,193,943)	-	-
Adjustment to Capital Lease Liability	-	9,395	(11,184,548)
Inclusion of Internal Service Funds in Governmental Activities	528,769	(19,391)	509,378
Total Governmental Funds and Activities	<u>\$ 14,804,961</u>	<u>\$ (181,235)</u>	<u>\$ 14,623,726</u>
Proprietary Funds and Business-type Activities			
Major Funds:			
Higher Education Fund	\$ 5,912,995	-	-
Correction of Prior Year Errors (various)	-	\$ 13,892	\$ 5,926,887
State Employees' Health Benefit Plan	(183,361)	-	(183,361)
Unemployment Compensation Fund	(294,776)	-	(294,776)
Nonmajor Funds:			
Enterprise Fund	71,287	-	71,287
Internal Service Funds	394,982	(19,391)	375,591
Internal Service Funds Look-Back Adjustments	-	-	-
Removal of Internal Service Funds Relating to Governmental Activities	(528,769)	19,391	(509,378)
Total Proprietary Funds and Business-type Activities	<u>\$ 5,372,358</u>	<u>\$ 13,892</u>	<u>\$ 5,386,250</u>
Fiduciary Funds			
Pension and Other Employee Benefit Trust Funds	\$ 70,898,130	\$ -	\$ 70,898,130
Investment Trust Funds	5,119,603	-	5,119,603
Private Purpose Trust Funds	11,394	-	11,394
Total Fiduciary Funds	<u>\$ 76,029,127</u>	<u>\$ -</u>	<u>\$ 76,029,127</u>
Discretely Presented Component Units			
Additions to Reporting Entity	\$ 6,420,414	\$ 120,012	\$ 6,540,426
Total Discretely Presented Component Units	<u>\$ 6,420,414</u>	<u>\$ 120,012</u>	<u>\$ 6,540,426</u>



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 4 - NET ASSETS/FUND BALANCES

A. Restricted Net Assets

Restricted net assets at June 30, 2012, are as follows (dollars in thousands):

	Governmental Activities	Business-Type Activities	Total Primary Government
Capital Projects	\$ 839,301	\$ 12,232	\$ 851,533
Guaranteed Revenue Debt Common Reserve Fund	54,003	-	54,003
Lottery for Education	667,190	-	667,190
Motor Fuel Tax Funds	1,809,211	-	1,809,211
Permanent Trusts	14	418,759	418,773
Other Purposes	598,774	26,274	625,048
Total Restricted Net Assets	\$ 3,968,493	\$ 457,265	\$ 4,425,758

The restricted net assets of the governmental activities include \$139.7 million of net assets restricted by enabling legislation.

B. Fund Balances

The specific purposes of the governmental funds fund balances, classified as other than unassigned, at June 30, 2012 are as follows (dollars in thousands):

	General Fund	General Obligation Bond Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable Fund Balance				
Not in Spendable Form	\$ 74,206	\$ -	\$ 8,384	\$ 82,590
Legally Required to be Maintained Intact	-	-	14	14
Total Nonspendable Fund Balance	\$ 74,206	\$ -	\$ 8,398	\$ 82,604
Restricted Fund Balance				
Capital Projects	\$ -	\$ 839,301	\$ -	\$ 839,301
Guaranteed Revenue Debt Common Reserve Fund	54,003	-	-	54,003
Lottery For Education	667,190	-	-	667,190
Roads and Bridges (Motor Fuel Tax Funds)	1,769,836	-	39,375	1,809,211
Unissued Debt/Debt Service	106,288	-	21,021	127,309
Other				
General Government	76,496	64,085	-	140,581
Education	5,682	-	-	5,682
Health and Welfare	131,066	-	-	131,066
Transportation	48,207	-	-	48,207
Public Safety	70,010	-	-	70,010
Economic Development and Assistance	23,262	-	-	23,262
Culture and Recreation	52,657	-	-	52,657
Total Restricted Fund Balance	\$ 3,004,697	\$ 903,386	\$ 60,396	\$ 3,968,479
Committed Fund Balance				
General Government	\$ 4,510	\$ -	\$ -	\$ 4,510
Health and Welfare	344	-	-	344
Public Safety	1,314	-	-	1,314
Economic Development and Assistance	1,527	-	-	1,527
Total Committed Fund Balance	\$ 7,695	\$ -	\$ -	\$ 7,695
Assigned Fund Balance				
General Government	\$ 76,146	\$ 5,860	\$ -	\$ 82,006
Education	39,010	-	-	39,010
Health and Welfare	82,100	-	-	82,100
Transportation	11,003	-	11,712	22,715
Public Safety	76,119	-	-	76,119
Economic Development and Assistance	3,086	-	302	3,388
Culture and Recreation	10,077	-	353	10,430
Conservation	1,016	-	-	1,016
Total Assigned Fund Balance	\$ 298,557	\$ 5,860	\$ 12,367	\$ 316,784



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

C. Deficit Net Assets

The following funds reported total net asset deficits at June 30, 2012:

The SHBP (enterprise fund) ended the year with a deficit net assets balance of \$272.5 million. The deficit was created in the current and prior fiscal years as the result of benefits paid to plan participants in excess of employee and employer contributions.

The Unemployment Compensation Fund (enterprise fund) ended the year with a deficit net assets balance of \$249.6 million. The deficit was the result of benefits paid to claimants in excess of employer contribution in prior fiscal years.

The State Indemnification Risk Management Fund at the Department of Administrative Services (internal service fund) ended the year with a deficit net assets balance of \$0.7 million. This deficit was created in the current year as the result of benefits paid to claimants in excess of employer contributions in the current and prior years.

Charges by the Department of Administrative Services internal service fund have failed to recover the full cost of services provided. Therefore, the unadjusted deficit at June 30, 2011, of \$0.3 million for this fund was charged back to the contributing funds. Expenditures of \$0.2 million are reported in the General Fund relating to this charge back.

The Governmental Activities of the State ended the year with an Unassigned Net Assets deficit of \$2.5 billion. A portion of this deficit results from the State incurring debt for the purposes of capital acquisition and construction on behalf of county and independent school systems and State schools. Since the incurrence of this debt does not result in capital assets of the State, the debt is not reflected in the net asset category, invested in capital assets, net of related debt, but rather in the unrestricted net assets category. As of June 30, 2012 outstanding general obligation bonds applicable to these projects was \$2.2 billion.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

	Primary Government and Fiduciary Funds	Component Units	Total
Cash and Cash Equivalents	\$ 4,313,660	\$ 1,100,512	\$ 5,414,172
Investments	2,564,417	3,073,289	5,637,706
Restricted Assets			
Cash and Cash Equivalents	102,155	377,185	479,340
Investments	103,263	428,477	531,740
Fiduciary Funds			
Cash and Cash Equivalents	4,784,512	-	4,784,512
Investments	70,759,132	-	70,759,132
Total Cash and Investments	<u>\$ 82,627,139</u>	<u>\$4,979,463</u>	<u>\$87,606,602</u>

Cash and investments as of June 30, 2012 consist of the following:

	Primary Government and Fiduciary Funds	Component Units	Total
Cash on Hand	\$ 3,128	\$ 90	\$ 3,218
Deposits with Financial Institutions (Note 5A)	5,246,491	1,040,466	6,286,957
Investments (Note 5B)	78,040,188	3,276,239	81,316,427
Assets Held at the Board of Regents			
on Behalf of Other Organizations	(26,627)	26,627	-
Assets Held at the Office of the State Treasurer			
on Behalf of Other Organizations	(636,041)	636,041	-
Total Cash and Investments	<u>\$82,627,139</u>	<u>\$4,979,463</u>	<u>\$87,606,602</u>

A. Deposits

Deposits include bank accounts and short-term investments, especially certificates of deposit. Funds belonging to the State 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 U.S. Government or of the State.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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

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

combination of the methods above may be utilized by a depository to secure deposits.

The State Depository Board (Board) is authorized in OCGA 50-17-53 to allow agencies of the State the option of exempting demand deposits from the collateral requirements. However, the Board currently is not approving waiver requests and is requiring all state demand and time deposits be collateralized in an amount equal to and not less than 110% of any deposits not insured. In addition, the Board instituted a requirement to limit total State deposits at any State depository to not exceed 100% of the depository's equity capital. The Board may temporarily increase the total state deposit limit at any state depository to 125% of equity capital to allow for fluctuation in demand deposit balances.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered. At June 30, 2012, bank balances of the primary government and its component unit's deposits totaled \$6.3 billion. Of these deposits, \$514.0 million were exposed to custodial credit risk as follows (in thousands):

	Primary Government	Component Units	Total
Uninsured and uncollateralized	\$ 1,670	\$ 245,138	\$ 246,808
Uninsured and collateralized with securities held by the pledging financial institutions	-	8,604	8,604
Uninsured and collateralized with securities held by the pledging institutions's trust departments or agents, but not in the State's name	130,820	127,734	258,554
Total deposits exposed to custodial credit risk	\$132,490	\$381,476	\$513,966

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

were \$212.9 million. These deposits are not included in the balances reflected above.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

B. Investments

Primary Government

The investment policy of the State 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 (OCGA 50-17-51).

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

- 1) Obligations of the State or of other states
- 2) Obligations issued by the U.S. government
- 3) Obligations fully insured or guaranteed by the U.S. government or a U.S. government agency
- 4) Obligations of any corporation of the U.S. government
- 5) Prime banker acceptances
- 6) Repurchase agreements
- 7) Obligations of other political subdivisions of the State
- 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 and other pool contributors.

Pension and Other Employee Benefit Trust Funds

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

- 1) U.S. or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.
- 2) Repurchase and reverse repurchase agreements for direct obligations of the U.S. government and for obligations unconditionally guaranteed by agencies.
- 3) FDIC insured cash assets or deposits.

- 4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the U.S. government.
- 5) Taxable bonds, notes, warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
- 6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the U.S. government.
- 7) Investment grade collateralized mortgage obligations.
- 8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
- 9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
- 10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.
- 11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the U.S., 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.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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

In accordance with OCGA 47-7-127, the Georgia Firefighters' Pension Fund is authorized to invest in alternative investments such as Venture Capital Investments, Warrants, Options, Convertible Securities, Receivables, Debt and Equity Derivative Instruments, etc. The amount invested in alternative investments may not in the aggregate exceed five percent of the Firefighters' Pension Fund assets at any time.

Component Units

Component units follow applicable investing criteria as previously described for the primary government. Certain higher education foundations utilize FASB standards. Balances for those component units as of

June 30, 2012, are available as follows (in thousands):

	Fair Value
Cash Held by Investment Organization	\$ 52,445
Certificates of Deposit	3,058
Commodity Fund	14,123
Corporate Bonds	218,593
Diversifying Strategies	49,501
Equity Securities	860,006
Government and Agency Securities	38,814
Fixed Income	1,016
Investment Pools	567,174
Hedge Funds	285,366
Joint Ventures/Partnerships	2,623
Money Market Accounts	87,246
Mutual Funds	32,769
Natural Resources	85,134
Real Estate	115,618
Split-interest Investments	14,050
Venture Capital	6,447
Total Investments	<u>\$ 2,433,983</u>

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

Certificates of deposit may not have a term exceeding five years. The State Treasurer may establish duration or maturity limitations for other investments. The table below provides information about the primary government's exposure to interest rate risk (in thousands):

Primary Government

The State manages interest rate risk by attempting to match investments with expected cash requirements.

	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	\$ 8,241	\$ -	\$ 1,050	\$ 7,191	\$ -	\$ -
Commercial Paper	400,376	400,376	-	-	-	-
Corporate Debt						
Domestic	63,492	15	4,644	40,982	12,481	5,370
International Government Obligations	5,000	-	-	5,000	-	-
Money Market Mutual Funds	3,503	3,503	-	-	-	-
Mortgage-Backed Securities						
Commercial	9,714	-	1,385	3,909	-	4,420
Municipal Bonds	1,151	-	37	213	519	382
Mutual Funds - Debt*	18,197	957	4	4,706	12,507	23
Repurchase Agreements	3,504,922	3,504,922	-	-	-	-
U. S. Agency Obligations	4,648,623	1,562,037	1,379,869	1,314,975	86,749	304,993
U. S. Treasury Obligations	84,833	54,374	9,821	16,100	4,400	138
Total Debt Securities	8,748,052	\$ 5,526,184	\$ 1,396,810	\$ 1,393,076	\$ 116,656	\$ 315,326
Equity Securities - Domestic	136,259					
Equity Securities - International	3,057					
Funds on Deposit with U. S. Treasury for Unemployment Compensation	369,004					
Mutual Funds - Equity	40,590					
Real Estate	5,709					
Real Estate Investment Trust	7,287					
Total Investments	\$9,309,958					

* Maturity Period is weighted average maturity.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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 below 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	\$ 6,942,078	4.8
International Obligations:		
Government	716,980	3.3
Corporate	396,000	3.0
Repurchase Agreements	415,000	0.0
U. S. Agency Obligations	13,182	1.2
U. S. Treasury Obligations	11,092,091	5.2
Total Debt Securities	19,575,331	
Common Stock	46,790,322	
Mutual Funds - Equity	995,115	
Total Investments	\$ 67,360,768	

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
Asset-Backed Securities						
Domestic	\$ 11,495	\$ -	\$ 24	\$ 5,137	\$ 1,864	\$ 4,470
International	785	-	-	-	785	-
Corporate Debt						
Domestic	152,289	235	14,977	53,403	50,287	33,387
International	10,872	-	36	4,036	5,180	1,620
Mortgage-Backed Securities						
Commercial	77,767	-	35	405	11,816	65,511
Municipal Bonds	3,279	-	974	869	1,170	266
Mutual Funds - Debt*	30,546	-	-	10,402	20,144	-
U. S. Agency Obligations	108,289	-	586	10,152	6,308	91,243
U. S. Treasury Obligations	42,559	-	-	21,219	6,740	14,600
Total Debt Securities	\$ 437,881	\$ 235	\$ 16,632	\$ 105,623	\$ 104,294	\$ 211,097
Equity Securities						
Domestic	331,449					
International	30,102					
Mutual Funds - Equity	538,910					
Real Estate Investment Trust	31,120					
Total Investments	\$ 1,369,462					

*Maturity period is weighted average maturity.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

The component units follow the applicable investing criteria as previously described 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	\$ 17,397	\$ -	\$ -	\$ 8,276	\$ 1,830	\$ 7,291
Corporate Debt						
Domestic	60,660	682	8,085	43,726	6,548	1,619
International	9,887	-	823	7,283	1,781	-
Investment Agreements	37,078	-	-	-	2,808	34,270
Money Market Mutual Funds	53,763	46,864	6,899	-	-	-
Mortgage-Backed Securities						
Commercial	176,716	-	8,433	2,889	8,276	157,118
Municipal Bonds	10,902	-	-	6,351	1,945	2,606
Mutual Fund - Debt*	906	-	-	906	-	-
U. S. Agency Obligations	88,972	4,040	4,570	36,505	18,560	25,297
U. S. Treasury Obligations	317,123	17,597	28,212	131,902	68,589	70,823
Total Debt Securities	773,404	\$ 69,183	\$ 57,022	\$ 237,838	\$ 110,337	\$ 299,024
Equity Securities						
Domestic	32,847					
International	13,728					
Real Estate Investment Trust	409					
Mutual Funds - Equity	21,868					
Total Investments	\$ 842,256					

* Maturity Period is weighted average maturity.

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

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 State Treasurer.
- 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 State Treasurer.
- 5) Obligations of domestic corporations must be rated investment grade or higher by a nationally recognized rating agency.
- 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 State Treasurer necessary for the preservation of principal, liquidity, or marketability of any of the State's portfolios.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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	B	Not Rated
Asset-Backed Securities	\$ 8,241	\$ 8,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Paper	400,376	-	-	400,376	-	-	-	-
Corporate Debt								
Domestic	63,492	3,477	9,387	38,568	4,080	7,495	-	485
International Government								
Obligations	5,000	-	-	5,000	-	-	-	-
Money Market Mutual Funds	3,503	3,503	-	-	-	-	-	-
Mortgage-Backed Securities								
Commercial	9,714	9,714	-	-	-	-	-	-
Municipal Bonds	1,151	1,139	5	-	-	5	-	2
Mutual Funds - Debt	18,197	548	43	9,180	-	230	3,702	4,494
Repurchase Agreements	3,475,437	-	-	3,290,437	-	-	-	185,000
U. S. Agency Obligations	4,604,001	11,857	4,181,767	31,981	-	-	-	378,396
Total Credit Risk - Investments	8,589,112	\$ 38,479	\$ 4,191,202	\$ 3,775,542	\$ 4,080	\$ 7,730	\$ 3,702	\$ 568,377
U. S. Treasury Obligations	84,833							
U. S. Agency Obligations Explicitly Guaranteed	44,622							
Repurchase Agreements Backed by U. S. Treasury Obligations	29,485							
Total Debt Securities	\$ 8,748,052							

Pension and Other Employee Benefit Trust Funds

The credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law as previously described. The Boards of individual

funds may elect to implement more restrictive policies. The pension and other employee benefit trust funds' debt securities exposure to credit risk is indicated below (in thousands):

	Total Fair Value	Asset-Backed Securities		Corporate Debt		International Government Obligations	Mortgage- Backed Securities	Municipal Bonds	Mutual Funds - Debt	Repurchase Agreements	U. S. Agency Obligations
		Domestic	Inter- national	Domestic	Inter- national						
AAA	\$ 1,176,433	\$ 9,396	\$ 785	\$ 816,331	\$ 20	\$ 315,200	\$ 12,408	\$ 277	\$ -	\$ -	\$ 22,016
AA	5,210,223	792	-	4,326,807	397,357	401,780	2,257	266	-	-	80,964
A	2,303,275	249	-	1,871,750	3,097	-	10,463	2,716	-	415,000	-
BAA	19,091	-	-	13,494	657	-	4,920	20	-	-	-
BA	4,261	-	-	-	-	-	4,261	-	-	-	-
BBB	85,106	1,058	-	62,458	5,682	-	15,543	-	365	-	-
BB	3,301	-	-	1,632	59	-	1,610	-	-	-	-
B	8,218	-	-	-	-	-	8,218	-	-	-	-
CAA	5,094	-	-	-	-	-	5,094	-	-	-	-
CA	1,541	-	-	-	-	-	1,541	-	-	-	-
CCC	2,901	-	-	-	-	-	2,901	-	-	-	-
CC	1,421	-	-	-	-	-	1,421	-	-	-	-
C	1,532	-	-	-	-	-	1,532	-	-	-	-
D	830	-	-	-	-	-	830	-	-	-	-
Unrated	46,035	-	-	1,895	-	-	4,768	-	30,181	-	9,191
Total Credit Risk - Investments	8,869,262	\$ 11,495	\$ 785	\$ 7,094,367	\$ 406,872	\$ 716,980	\$ 77,767	\$ 3,279	\$ 30,546	\$ 415,000	\$ 112,171
U. S. Treasury Obligations	11,134,650										
U. S. Agency Obligations Explicitly Guaranteed	9,300										
Total Debt Securities	\$20,013,212										



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

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

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

	Total Fair Value	Asset- Backed	Corporate Debt		Investment Agreements	Money Market Mutual Funds	Mortgage- Backed	Municipal Bonds	Mutual	U. S. Agency Obligations
		Securities Domestic	Domestic	Inter- national			Securities - Commercial		Funds - Debt	
AAA	\$ 89,449	\$ 12,642	\$ 4,769	\$ 5,601	\$ 27,625	\$ 7,816	\$ 23,448	\$ 2,609	\$ 559	\$ 4,380
AA	246,669	3,754	10,510	514	8,593	-	144,640	8,293	32	70,333
A	37,767	885	31,997	2,363	860	-	91	-	82	1,489
BAA	6,905	-	6,905	-	-	-	-	-	-	-
BA	230	-	-	-	-	-	-	-	230	-
BBB	7,101	58	5,880	1,163	-	-	-	-	-	-
BB	588	58	284	246	-	-	-	-	-	-
B	89	-	-	-	-	-	89	-	-	-
C	3	-	-	-	-	-	3	-	-	-
Unrated	55,098	-	315	-	-	45,947	8,445	-	3	388
Total Credit Risk - Investments	443,899	\$ 17,397	\$ 60,660	\$ 9,887	\$ 37,078	\$ 53,763	\$ 176,716	\$ 10,902	\$ 906	\$ 76,590
U. S. Treasury Obligations	317,123									
U. S. Agency Obligations Explicitly Guaranteed	12,382									
Total Debt Securities	\$ 773,404									

Custodial Credit Risk – Investments

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

Primary Government

The 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 U.S. and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the U.S. government having a market value of at least 102% of the investment. Collateral must be held by a third party custodian approved by the State Treasurer 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 the Office of the State Treasurer, and thereafter maintain upon notification of any shortfall, collateral having a market value equal to 110% of CD's.

At June 30, 2012, \$49.0 million of the primary government's investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

Pension and Other Employee Benefit Trust Funds

The custodial credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above. At June 30, 2012, \$717.7 million of the pension and other employee benefit trust funds' investments were uninsured,



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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 as previously described for the primary government. At June 30, 2012, \$72.5 million of the component units' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

Concentration of Credit Risk

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

Primary Government

The State does not have a formally adopted policy for managing concentration of credit risk. At June 30, 2012, approximately 83.2% of the primary government's total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. government.

Pension and Other Employee Benefit Trust Funds

The concentration of credit risk policy of pension and other employee benefit trust funds limits investments to no more than 5% of total net assets in any one corporation. At June 30, 2012, no more than 5% of the pension and other employee benefit trust fund's total investments were investments in any single issuer.

Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2012, 9.1% of the component units' total investments were investments in securities of U.S. Agencies not explicitly guaranteed by the U.S. government.

C. Investment in Direct Financing Lease

On November 1, 2008, the Georgia Higher Education Facilities Authority entered into a lease with the lessee being the USG Real Estate Foundation I, Inc., LLC, for several projects located on campuses across the State with the Board of Regents of the University System of Georgia for \$99.9 million.

On July 23, 2009, the Authority entered into a loan agreement with the USG Real Estate Foundation II, LLC, for several projects located on campuses across the State with the Board of Regents of the University System of Georgia for \$100.9 million.

On August 12, 2010, the Authority entered into a loan agreement with the USG Real Estate Foundation III, LLC, for several projects located on campuses across the State of Georgia with the Board of Regents of the University System of Georgia for \$94.2 million.

As of June 30, 2012, the estimated annual payments to be received under these lease agreements are shown below (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,935	\$ 15,017	\$ 18,952
2014	4,215	14,876	19,091
2015	4,535	14,708	19,243
2016	4,875	14,508	19,383
2017	5,245	14,295	19,540
2018-2022	32,380	67,800	100,180
2023-2027	44,435	58,743	103,178
2028-2032	58,000	45,877	103,877
2033-2037	76,430	28,068	104,498
2038-2041	55,260	6,362	61,622
Total Investment	<u>\$ 289,310</u>	<u>\$ 280,254</u>	<u>\$ 569,564</u>

D. 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.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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 \$33.3 million at June 30, 2012, 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 115% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$19.5 billion at June 30, 2012, and the collateral value was equal to 104.2%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Fiduciary Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

E. Other Investments

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

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2012, the Department held surety bonds in the amount of \$37.3 million, and cash bonds in the amount of \$14.9 million. These bonds are not recorded on the Balance Sheet.

Securities are held by the Commissioner of Insurance pursuant to statutes that require licensed insurance companies to deposit securities prior to issuance of a certificate of authority to transact insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2012, securities valued at \$234.5 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of \$12.0 billion for construction performance to ensure proper completion and complete performance of



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

construction contracts, and \$13.0 billion for construction payment to ensure that payments are made by the general contractor to all subcontractors. These bonds are not recorded on the Balance Sheet. The GSFIC State Construction Manual policies require that surety bonds be provided for payment and performance of all State projects of \$100,000 or more. The Department of Corrections holds surety bonds in the amount of \$2.9 million for construction performance to ensure proper completion and complete performance of construction contracts. These bonds are not recorded on the Balance Sheet.

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor (Department) 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, 2012, the Department held surety bonds in the amount of \$55.7 million. These bonds are not recorded on the Statement of Net Assets.

F. 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, 2012, and related risk disclosures for investments are as follows:

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.

Georgia Fund 1 Statement of Net Assets June 30, 2012 (dollars in thousands)

<u>Assets</u>	
Cash and Cash Equivalents	\$ 5,841,337
Investments	2,682,414
Net Assets	<u>\$ 8,523,751</u>

<u>Distribution of Net Assets</u>	
External Participant Account Balances	\$ 5,889,836
Internal Participant Account Balances	2,633,915
Total Net Assets	<u>\$ 8,523,751</u>

Georgia Fund 1 Statement of Changes in Net Assets For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

<u>Additions</u>	
Pool Participant Deposits	\$30,352,424
Investment Income	
Interest	14,217
Less: Investment Expense	(3,924)
Total Additions	<u>30,362,717</u>

<u>Deductions</u>	
Pool Participant Withdrawals	29,766,534
Net Increase	<u>596,183</u>

<u>Net Assets</u>	
July 1, 2011	<u>7,927,568</u>
June 30, 2012	<u>\$ 8,523,751</u>



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Deposits

Because the State does not maintain separate bank accounts for Georgia Fund 1, separate custodial credit risk disclosures for the Fund's deposits cannot be presented. The carrying amount of the Fund's deposits as of June 30, 2012, was \$2.9 billion. This amount is included in the deposit disclosures of the Primary Government.

Investments

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

Interest Rate Risk

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

	Total Fair Value	Maturity Period		Range of Yields
		Less than 3 Months	4 - 12 Months	
Commercial Paper	\$ 400,376	\$ 400,376	\$ -	.200% - .200%
Repurchase Agreements	2,530,437	2,530,437		.150% - .200%
U. S. Agency Obligations	2,682,402	1,463,000	1,219,402	.050% - .330%
Total Investments	\$ 5,613,215	\$ 4,393,813	\$ 1,219,402	

Credit Risk

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

	Total Fair Value	Credit Rating	
		AA	A
Commercial Paper	\$ 400,376	\$ -	\$ 400,376
Repurchase Agreements	2,530,437	-	2,530,437
U. S. Agency Obligations	2,682,402	2,682,402	-
	\$ 5,613,215	\$ 2,682,402	\$ 2,930,813

Concentration of Credit Risk

At June 30, 2012, more than 5% of the Fund's total investments were investments in securities of U.S.

agencies not explicitly guaranteed by the U.S. government. These investments represented 92.9% of total investments.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Georgia Extended Asset Pool

The Extended Term Portfolio is a variable net asset value investment pool that follows Standard and Poor's criteria for AAAs money market rated funds.

The pool is not registered with the SEC as an investment company.

Georgia Extended Asset Pool

Statement of Net Assets

June 30, 2012

(dollars in thousands)

Assets

Cash and Cash Equivalents	\$ 143,821
Investments	45,961
Net Assets	<u>\$ 189,782</u>

Distribution of Net Assets

External Participant Account Balan	\$ 125,891
Internal Participant Account Balan	63,891
Total Net Assets	<u>\$ 189,782</u>

Deposits

Because the State does not maintain separate bank accounts for Georgia Extended Asset Pool (GEAP), separate custodial credit risk disclosures for GEAP's deposits cannot be presented. The carrying amount of GEAP's deposits as of June 30, 2012, was \$143.8 million. This amount is included in the deposit disclosures of the Primary Government.

Georgia Extended Asset Pool

Statement of Changes in Net Assets

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

Additions

Pool Participant Deposits	\$ 55,800
Investment Income	
Interest	1,179
Fair Value Decrease	(221)
Less: Investment Expense	<u>(78)</u>
Total Additions	<u>56,680</u>

Deductions

Pool Participant Withdrawals	<u>58,389</u>
Net Increase	<u>(1,709)</u>

Net Assets

July 1, 2011	<u>191,491</u>
June 30, 2012	<u>\$ 189,782</u>

Investments

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

Interest Rate Risk

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

	<u>Total Fair Value</u>	<u>Maturity Period</u>		<u>Range of Yields</u>
		<u>4 - 12 Months</u>	<u>1 - 5 Years</u>	
U. S. Agency Obligations	<u>\$ 45,961</u>	<u>\$ 14,550</u>	<u>\$ 31,411</u>	.400% - 3.25%



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

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

	<u>Total Fair Value</u>	<u>Credit Rating AA</u>
U. S. Agency Obligations	\$ 45,961	\$ 45,961

Concentration of Credit Risk

At June 30, 2012, all of GEAP's investments were investments in securities of U.S. agencies not

explicitly guaranteed by the U.S. government.

Regents Investment Pool

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

Regents Investment Pool Statement of Net Assets June 30, 2012 (dollars in thousands)

Assets

Investments	\$ 456,112
Interest Receivable	905
Net Assets	<u>\$ 457,017</u>

Distribution of Net Assets

External Participant Account Balances	\$ 20,853
Internal Participant Account Balances	436,164
Total Net Assets	<u>\$ 457,017</u>

Regents Investment Pool Statement of Changes in Net Assets For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

Additions

Pool Participant Deposits	\$ 155,024
Investment Income	8,585
Interest	
Fair Value Increase	(270)
Less: Investment Expense	(748)
Total Additions	<u>162,591</u>

Deductions

Pool Participant Withdrawals	(37,547)
Net Increase	125,044

Net Assets

July 1, 2011	<u>331,973</u>
June 30, 2012	<u>\$ 457,017</u>

Deposits

Because the State does not maintain separate bank accounts for Regents Investment Pool, separate custodial credit risk disclosures for Regents Investment Pool's deposits cannot be presented. The carrying amount of Regents Investment Pool's deposits as of June 30, 2012, was \$905 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.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Interest Rate Risk

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

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

	Total Fair Value	Maturity Period			
		Less than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Money Market Mutual Funds	\$ 3,053	\$ 3,053	\$ -	\$ -	\$ -
Mutual Fund - Debt	43,814	407	19,016	24,390	-
Repurchase Agreements	26,158	26,158	-	-	-
U. S. Agency Obligations	283,596	5,302	25,339	56,724	196,230
U. S. Treasury Obligations	7,874	-	3,035	4,840	-
Total Debt Securities	364,495	\$ 34,921	\$ 47,390	\$ 85,953	\$ 196,230
Equity Securities					
Domestic	74,703				
Mutual Funds - Equity	13,111				
Real Estate Investment Fund	3,803				
Total Investments	\$ 456,112				

Credit Risk

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

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

	Total Fair Value	AAA	AA	A	BBB	B	Not
							Rated
Corporate Debt - Domestic	\$ 28,818	\$ -	\$ 3,681	\$ 18,042	\$ 7,095	\$ -	\$ -
Money Market Mutual Funds	3,053	3,044	-	-	-	-	9
Mutual Funds - Debt	14,996	-	-	7,360	-	3,683	3,953
U. S. Agency Obligations	256,557	-	-	-	-	-	256,557
Total Credit Risk - Investments	303,424	\$ 3,044	\$ 3,681	\$ 25,402	\$ 7,095	\$ 3,683	\$260,519
U. S. Treasury Obligations	7,874						
U. S. Agency Obligations							
Explicitly Guaranteed	27,039						
Repurchase Agreements Backed by U. S. Treasury Obligations	26,158						
Total Debt Securities	\$ 364,495						



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Investments

The Regents Investment Pool's policy for managing custodial credit risk is to 1) appoint a federally regulated banking institution as custodian, 2) require that all securities transactions be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve, and 3) require that repurchase agreements be collateralized by U.S. Treasury securities at 102% of the market value of the investment at all times. At June 30, 2012, \$328.9 million of the Regents Investment Pool's holdings were uninsured and held by the custodian bank or a depository institution in the State's name.

Concentration of Credit Risk

The Regents Investment Pool's policy for managing concentration of credit risk is to diversify to the extent that any single issuer (other than U.S. government obligations) shall be limited to 5 percent of the market value in a particular Pool Fund. At June 30, 2012 more than 5% of the Regents Investment Pool's total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. government. These investments represented 55.5% of total investments.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 6 - RECEIVABLES

Receivables at June 30, 2012, consisted of the following (in thousands):

	Taxes	Notes and Loans	Other	Inter- governmental Receivables	Gross Receivables	Allowance for Uncollectibles	Total Receivables (Net)
Governmental Activities							
General Fund	\$ 1,639,598	\$ 966	\$ 350,346	\$ 1,654,226	\$ 3,645,136	\$ (167,935)	\$ 3,477,201
General Obligation Bond Projects	-	-	95	4	99	-	99
Nonmajor Governmental Funds	-	-	26	-	26	-	26
Total - Governmental Funds	1,639,598	966	350,467	1,654,230	3,645,261	(167,935)	3,477,326
Government-wide adjustments:							
General Fund	-	-	12,766	(11,585)	1,181	-	1,181
Internal Service Funds	-	-	59,030	980	60,010	(758)	59,252
Total - Governmental Activities	\$ 1,639,598	\$ 966	\$ 422,263	\$ 1,643,625	\$ 3,706,452	\$ (168,693)	\$ 3,537,759
Business-type Activities							
Higher Education Fund	\$ -	\$ 46,231	\$ 249,078	\$ 113,754	\$ 409,063	\$ (20,974)	\$ 388,089
State Health Benefit Plan	-	-	73,630	-	73,630	(3,857)	69,773
Unemployment Compensation Fund	-	-	190,020	3,100	193,120	(15,309)	177,811
State Road and Tollway Authority	-	-	2,141	-	2,141	-	2,141
Georgia Higher Education Facilities Authority	-	289,310	626	-	289,936	-	289,936
Internal Service Funds	-	-	7	-	7	-	7
Total - Business-type Activities	\$ -	\$ 335,541	\$ 515,502	\$ 116,854	\$ 967,897	\$ (40,140)	\$ 927,757
Component Units							
Unrestricted:							
Georgia Environmental Finance Authority	\$ -	\$ 1,528,133	\$ 9,983	\$ 4,691	\$ 1,542,807	\$ -	\$ 1,542,807
Georgia Housing and Finance Authority	-	636,943	556	-	637,499	(4,441)	633,058
Georgia Lottery Corporation	-	-	146,343	-	146,343	(2,747)	143,596
Georgia Tech Foundation, Incorporated	-	955	271,702	-	272,657	-	272,657
Nonmajor Component Units	492	352,342	2,386,434	11,219	2,750,487	(30,003)	2,720,484
Total - Unrestricted	492	2,518,373	2,815,018	15,910	5,349,793	(37,191)	5,312,602
Restricted:							
Georgia Housing and Finance Authority	-	763,544	10,127	-	773,671	(6,500)	767,171
Nonmajor Component Units	-	-	49	-	49	-	49
Total - Restricted	-	763,544	10,176	-	773,720	(6,500)	767,220
Total - Component Units	\$ 492	\$ 3,281,917	\$ 2,825,194	\$ 15,910	\$ 6,123,513	\$ (43,691)	\$ 6,079,822



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 7 - CAPITAL ASSETS

Primary Government

Capital Asset activity for the fiscal year-ended June 30, 2012, was as follows (in thousands):

	Balance 7/1/2011 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2012
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,082,659	\$ 137,513	\$ (699)	\$ 3,219,473
Works of Art and Collections	1,334	11	(19)	1,326
Intangibles - Other Than Software	91,554	947	-	92,501
Construction in Progress	4,209,241	1,898,740	(1,596,247)	4,511,734
Total Capital Assets, Not Being Depreciated	<u>7,384,788</u>	<u>2,037,211</u>	<u>(1,596,965)</u>	<u>7,825,034</u>
Capital Assets Being Depreciated:				
Infrastructure	23,298,452	641,299	-	23,939,751
Buildings	3,592,893	125,842	(23,087)	3,695,648
Improvements Other Than Buildings	89,237	9,878	-	99,115
Machinery and Equipment	871,523	92,625	(42,563)	921,585
Software	220,318	26,910	-	247,228
Total Capital Assets Being Depreciated	<u>28,072,423</u>	<u>896,554</u>	<u>(65,650)</u>	<u>28,903,327</u>
Less Accumulated Depreciation For:				
Infrastructure	12,077,460	890,661	-	12,968,121
Buildings	1,534,271	106,524	(18,936)	1,621,859
Improvements Other Than Buildings	44,681	2,165	49	46,895
Machinery and Equipment	696,114	54,295	(21,617)	728,792
Software	141,596	29,591	518	171,705
Total Accumulated Depreciation	<u>14,494,122</u>	<u>1,083,236</u>	<u>(39,986)</u>	<u>15,537,372</u>
Total Capital Assets, Being Depreciated, Net	<u>13,578,301</u>	<u>(186,682)</u>	<u>(25,664)</u>	<u>13,365,955</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,963,089</u>	<u>\$ 1,850,529</u>	<u>\$ (1,622,629)</u>	<u>\$ 21,190,989</u>



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

	Balance 7/1/2011 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2012
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 362,875	\$ 12,076	\$ (479)	\$ 374,472
Works of Art and Collections	40,612	597	(25)	41,184
Construction in Progress	240,888	213,089	(231,382)	222,595
Total Capital Assets, Not Being Depreciated	<u>644,375</u>	<u>225,762</u>	<u>(231,886)</u>	<u>638,251</u>
Capital Assets Being Depreciated:				
Infrastructure	258,694	29,687	-	288,381
Buildings	7,740,376	602,297	(10,808)	8,331,865
Improvements Other Than Buildings	367,219	53,382	(29,263)	391,338
Machinery and Equipment	3,582,421	397,383	(115,629)	3,864,175
Software	16,688	4,835	-	21,523
Library Collections	774,360	30,575	(3,984)	800,951
Works of Art and Collections	7,284	35	(7)	7,312
Total Capital Assets Being Depreciated	<u>12,747,042</u>	<u>1,118,194</u>	<u>(159,691)</u>	<u>13,705,545</u>
Less Accumulated Depreciation For:				
Infrastructure	82,655	8,542	(15)	91,182
Buildings	2,165,324	202,564	(7,286)	2,360,602
Improvements Other Than Buildings	148,954	11,546	(383)	160,117
Machinery and Equipment	1,284,592	196,665	(97,856)	1,383,401
Software	9,157	1,244	4,835	15,236
Library Collections	595,086	34,598	(4,195)	625,489
Works of Art and Collections	728	139	(7)	860
Total Accumulated Depreciation	<u>4,286,496</u>	<u>455,298</u>	<u>(104,907)</u>	<u>4,636,887</u>
Total Capital Assets, Being Depreciated, Net	<u>8,460,546</u>	<u>662,896</u>	<u>(54,784)</u>	<u>9,068,658</u>
Business-type Activities, Capital Assets, Net	<u>\$ 9,104,921</u>	<u>\$ 888,658</u>	<u>\$ (286,670)</u>	<u>\$ 9,706,909</u>

Governmental Activities		Business-type Activities	
General Government	\$ 13,229	Higher Education Fund	\$ 451,085
Education	1,954	State Road and Tollway Authority	4,213
Health and Welfare	42,470	Depreciation Expense - Business-type Activities	<u>\$ 455,298</u>
Transportation	899,562		
Public Safety	64,074		
Economic Development	22,919		
Culture and Recreation	8,655		
Conservation	5,103		
Internal Service Funds			
(Depreciation on capital assets held by the State's internal service funds are charged to the various functions based on their usage of assets)	<u>25,270</u>		
Depreciation Expense - Governmental Activities	<u>\$ 1,083,236</u>		



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 7 - CAPITAL ASSETS (continued)

Component Units	Balance 7/1/2011 (Restated *)	Increases	Decreases	Balance 6/30/2012
Capital Assets Not Being Depreciated:				
Land	\$ 322,743	\$ 1,747	\$ -	\$ 324,490
Works of Art and Collections	1,947	(13)	-	1,934
Intangibles - Other Than Software	753	-	-	753
Construction in Progress	126,935	163,957	(99,533)	191,359
Total Capital Assets, Not Being Depreciated	<u>452,378</u>	<u>165,691</u>	<u>(99,533)</u>	<u>518,536</u>
Capital Assets Being Depreciated:				
Infrastructure	261,873	31,335	(4,682)	288,526
Buildings	1,019,711	62,839	(2,405)	1,080,145
Improvements Other Than Buildings	462,872	51,679	(21,664)	492,887
Machinery and Equipment	838,962	98,629	(61,030)	876,561
Software	5,915	2,083	(65)	7,933
Works of Art and Collections	71	-	-	71
Total Capital Assets Being Depreciated	<u>2,589,404</u>	<u>246,565</u>	<u>(89,846)</u>	<u>2,746,123</u>
Less Accumulated Depreciation For:				
Infrastructure	91,603	8,934	15,125	115,662
Buildings	426,862	30,925	39	457,826
Improvements Other Than Buildings	197,618	21,128	(17,494)	201,252
Machinery and Equipment	454,855	90,278	(52,487)	492,646
Software	2,304	916	(65)	3,155
Works of Art and Collections	9	2	-	11
Total Accumulated Depreciation	<u>1,173,251</u>	<u>152,183</u>	<u>(54,882)</u>	<u>1,270,552</u>
Component Units Capital Assets, Net (GASB Presentation)	<u>\$ 1,868,531</u>	<u>\$ 260,073</u>	<u>\$ (134,497)</u>	<u>\$ 1,994,107</u>



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Certain higher education foundations and other similar organizations utilize FASB standards; therefore, only the June 30, 2012, balances are available as follows:

Capital Assets Not Being Depreciated:	
Land	\$ 26,873
Construction in Progress	37,614
Total Capital Assets, Not Being Depreciated	<u>64,487</u>
Capital Assets Being Depreciated	
Buildings	240,711
Improvements Other Than Buildings	(1,484)
Machinery and Equipment	30,672
Software	30
Total Capital Assets Being Depreciated	<u>269,929</u>
Less: Accumulated Depreciation	<u>71,230</u>
Capital Assets, Net (FASB presentation)	<u>263,186</u>
Total Capital Assets, Net - All Component Units	<u>\$ 2,257,293</u>



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 8 - LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Primary Government

Changes in long-term liabilities for the fiscal year-ended June 30, 2012, are as follows (in thousands):

	Balance July 1, 2011 (Restated - Note 3)	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 8,551,145	\$ 1,523,080	\$ (1,489,280)	\$ 8,584,945	\$ 733,845
Revenue Bonds Payable	432,620	-	(29,170)	403,450	29,035
GARVEE Bonds Payable	1,299,350	-	(122,560)	1,176,790	128,930
Less deferred amounts:					
On Refunding	(182,232)	(65,408)	18,699	(228,941)	-
Net Unamortized Premiums	522,272	165,305	(55,208)	632,369	-
Total Bonds Payable	10,623,155	1,622,977	(1,677,519)	10,568,613	891,810
Notes and Loans Payable	19,600	-	(5,000)	14,600	10,600
Capital Lease Obligations	275,981	13,506	(27,376)	262,111	27,394
Compensated Absences Payable	322,421	136,686	(135,352)	323,755	133,141
Arbitrage	12,689	245	(4,081)	8,853	3,776
Total Governmental Activities	\$ 11,253,846	\$ 1,773,414	\$ (1,849,328)	\$ 11,177,932	\$ 1,066,721
Business-type Activities					
Revenue Bonds Payable	\$ 330,035	\$ -	\$ (9,420)	\$ 320,615	\$ 9,895
Less deferred amounts:					
Net Unamortized Premiums (Discounts)	(1,438)	-	71	(1,367)	-
Total Bonds Payable	328,597	-	(9,349)	319,248	9,895
Notes and Loans Payable	734,190	92,194	(75,085)	751,299	203
Capital Lease Obligations	3,180,529	313,310	(57,739)	3,436,099	62,994
Compensated Absences Payable	215,968	154,336	(151,062)	219,242	129,824
Other Postemployment Benefit Obligation	1,017,399	260,747	-	1,278,146	-
U.S. DOE Settlement	62	-	(62)	-	-
Total Business-type Activities	\$ 5,476,745	\$ 820,587	\$ (293,297)	\$ 6,004,034	\$ 202,916

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above total for governmental activities. Accordingly, the following long-term liabilities of internal service funds were included in the above balance as of June 30, 2012: capital leases of \$61.1

million and compensated absences of \$7.1 million. Of these amounts, \$4.0 million and \$3.6 million, respectively, are due within one year. Also, for the governmental activities, capital leases and compensated absences are generally liquidated by the general fund.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Component Units

Changes in long-term liabilities for the fiscal year-ended June 30, 2012, are as follows (in thousands):

	Balance July 1, 2011 (Restated - Note 3)	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Component Units					
Revenue Bonds Payable	\$ 3,073,939	\$ 369,575	\$ (390,249)	\$ 3,053,265	\$ 86,263
Mortgage Bonds Payable	943,205	253,610	(174,160)	1,022,655	24,375
Net Unamortized Premiums	9,626	25,743	(4,222)	31,147	-
Total Bonds Payable	4,026,770	648,928	(568,631)	4,107,067	110,638
Notes and Loans Payable	443,293	75,002	(31,866)	486,429	35,081
Net Unamortized Premiums	(1,935)	591	(411)	(1,755)	-
Capital Lease Obligations	7,606	558	(1,560)	6,604	1,008
Compensated Absences Payable	26,023	9,036	(8,699)	26,360	19,550
Grand Prizes Payable	271,366	14,898	(35,490)	250,774	10,607
Other Liabilities	216,372	97,888	(52,342)	261,918	3,215
Total Component Units	\$ 4,989,495	\$ 846,901	\$ (698,999)	\$ 5,137,397	\$ 180,999

B. Bonds and Notes Payable

At June 30, 2012, bonds and notes payable currently outstanding are as follows (in thousands):

	Interest Rates	Maturing Through Year	Original Issue Amount	Outstanding Amount
<u>Governmental Activities</u>				
General Obligation Bonds				
General Government	.75% - 6.75%	2031	\$ 15,722,295	\$ 6,045,555
General Government - Refunding	3.00% - 9.0%	2026		2,539,390
Revenue Bonds				
Transportation Projects	2.250% - 5.37%	2024	631,905	403,450
GARVEE Bonds	2.50% - 5.00%	2021	1,650,000	1,176,790
Notes and Loans Payable	0%	2014	32,614	14,600
<u>Business-Type Activities</u>				
Revenue Bonds				
Georgia 400 Extension and GHEFA	2.55% - 6.25%	2041	\$ 334,915	\$ 320,615
Notes and Loans Payable	4.31%	2015	827,194	751,299
<u>Component Units</u>				
Revenue Bonds				
University System of Georgia Foundations	.02% - 6.66%	2043	\$ 2,996,740	\$ 2,725,651
Other Revenue Bonds	.19% - 5.28%	2036	479,500	327,614
Mortgage bonds				
Georgia Housing and Financing Authority	.3% - 6.0%	2043	1,599,595	1,022,655
Notes and Loans Payable				
University System of Georgia Foundations	.56% - 6.25%	2041	488,212	427,643
Other Notes and Loans Payable	.64% - 6.6%	2026	106,141	58,786



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds

Primary Government

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

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

Bonds Authorized but Unissued

Authorized but unissued general obligation bonds as of June 30, 2012, are as follows (in thousands):

<u>Purpose</u>	<u>Authorized Unissued Debt</u>
Education	\$ 168,695
Transportation	146,305
Ports Authority	103,350
Community Affairs	25,000
Board of Regents	22,800
Environmental Finance Authority	20,750
Other	49,185
Total	\$ 536,085

Defeasance and Refunding of General Obligation Bonds

On July 14, 2011, the State issued \$439.9 billion in General Obligation Refunding Bonds Series 2011E and 2011F with interest rates ranging from 3.00% to 5.00%. The proceeds were used to advance refund \$454.4 billion of General Obligation Bonds Series 2001B through 2004B which had interest rates ranging from 2.00% to 5.25% and Series 2006H which had variable interest rates. The reacquisition price exceeded the net carrying amount of the old

debt by \$48.2 billion. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The State advance refunded the Series 2001B through 2004B bonds with the Series 2011E bonds to obtain an economic gain of \$18.8 billion and advance refunded the Series 2006H bonds with the Series 2011F bonds to gain market rate stability as the Series 2006H bonds had variable interest rates and the Series 2011F bonds have fixed interest rates. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

Also, on July 14, 2011, the State issued \$127.3 billion in General Obligation Refunding bonds Series 2011G to advance refund and immediately retire \$127.3 billion of Series 2006 H General Obligation Bonds. The State advance refunded the Series 2006H bonds with the Series 2011G bonds to gain market rate stability as the Series 2006 H bonds had variable interest rates and the Series 2011F bonds have less volatile floating interest rates.

On November 22, 2011, the State issued \$152.3 billion in General Obligation Refunding Bonds Series 2011J with in interest rates ranging from 4.00% to 5.00%. The proceeds were used to advance refund \$158.8 billion of General Obligation Bonds Series 2003D through 2004D which had interest rates ranging from 2.00% to 5.00%. The reacquisition price exceeded the net carrying amount of the old debt by \$17.2 billion. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The State advance refunded the Series 2003D through 2004D bonds with the Series 2011J bonds to obtain an economic gain of \$11.2 billion. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

As of June 30, 2012, the State had total outstanding refunded bonds held in escrow of \$1.2 billion.

Early Retirement of Debt

There was no early retirement of debt during fiscal year 2012.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

D. Revenue Bonds

Governmental Activities

State Road and Tollway Authority (SRTA) has issued Guaranteed Revenue Bonds for the purpose of financing certain road and bridge projects in the State. The guaranteed revenue bonds are secured by the amount of net proceeds of the motor fuel tax provided for in a joint resolution of the State Transportation Board and SRTA. Further, the State has guaranteed the full payment of the bonds and the interest.

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

Business-type Activities

SRTA has issued toll revenue bonds for the purpose of financing a portion of the costs of acquiring, constructing and maintaining the Georgia 400 Extension. The toll revenues to be generated from the usage of the Georgia 400 Extension secure these bonds. As of June 30, 2012, the outstanding principal balance for these Toll Revenue Bonds was \$31.3 million.

Georgia Higher Education Facilities Authority (GHEFA) has issued revenue bonds for the purpose of acquiring, constructing and equipping several projects on college campuses throughout the State. The bonds are secured solely by the related security deed and related assignment of contract documents. The bond proceeds were loaned to the University System of Georgia Foundation, Inc. (component unit) and are expected to be repaid with repayments of the proceeds from the Foundation. The Foundation's obligation to GHEFA is included in notes and loans payable in the Foundation's financial statements. See the Notes and Loans Payable section of this note. As of June 30, 2012, the outstanding principal for these revenue bonds is \$289.3 million.

Component Units

Revenue bonds issued by various University System of Georgia foundations, for the acquisition and improvement of properties and facilities, had an outstanding balance at June 30, 2012, of \$2.8 billion.

Other component units had revenue bonds payable outstanding at June 30, 2012, of \$327.6 million as detailed below (in thousands):

	<u>Amount</u>
Georgia Environmental Finance Authority	\$ 188.8
Georgia World Congress Center	107.4
Georgia Ports Authority	19.0
Lake Lanier Islands Developmental Authority	8.8
Regional Educational Service Agencies	3.6
Total	<u><u>\$ 327.6</u></u>

E. Mortgage Bonds

Component Units

Mortgage bonds outstanding of \$1.0 billion June 30, 2012, were issued by the GHFA for financing the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State.

F. Notes and Loans Payable

Governmental Activities

Notes and loans payable for governmental activities as of June 30, 2012, were \$14.6 million, attributable to DOT's participation in the Federal Right of Way Revolving Fund program, for the purpose of aiding states with the problem of escalating property costs on future highway alignments. This fund was established to advance money to states without interest to acquire property needed for future projects along corridors with escalating property



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (continued)

costs due to imminent development. The first payment for the revolving fund loan was paid January, 2009 and the last payment is due August 6, 2013.

Business-type Activities

Notes and loans payable for business-type activities as of June 30, 2012, were \$751.3 million. During fiscal year 2012, the State borrowed \$92.2 million from the U.S. Treasury to pay State unemployment benefits. The State made net repayments of \$74.9 million in fiscal year 2012 which include State appropriations of \$15.4 million. The total principal balance owed to the U.S. Treasury at June 30, 2012 is \$745.3 million. Georgia is one of thirty-six states that borrowed from the U.S. Treasury to pay State unemployment benefits. The State will be required to repay this loan to the Treasury at a future date. See the Subsequent Events note for additional information regarding this loan.

In addition, the Georgia Military College had a note payable of \$6.0 million.

Component Units

Notes and loans payable for component units as of June 30, 2012, were as follows (in thousands):

	<u>Amount</u>
Higher Education Foundations	\$ 399.6
Georgia Ports Authority	38.5
Georgia Tech Foundation, Inc.	28.0
Lake Lanier Islands Development Authority	14.5
North Georgia Mountains Authority	3.3
Georgia Development Authority	1.5
Jekyll Island State Park Authority	1.0
Total Notes and Loans Payable	<u>\$ 486.4</u>

Higher Education Foundations Notes and Loans

The University System of Georgia Foundation, Inc. has entered into loan agreements to finance construction of facilities at colleges and universities

in the University System of Georgia on real estate owned by the Board of Regents. The total principal outstanding at June 30, 2012, was \$289.3 million. See the Revenue Bonds – Business-type Activities section of this note.

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

The Cancer Research Center of the Medical College of Georgia Physician’s Practice Group Foundation (CRC) has a loan agreement with the Development Authority of Richmond County, whereby the Authority issued bonds and lent the proceeds thereof to CRC for the purpose of providing funds to finance the cost of the construction of a portion of a cancer research building on the campus of the Georgia Health Sciences University (GHSU). As of June 30, 2012, \$28.7 million was outstanding on the loan payable. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5% to 5%. Principal payments are due annually through December 2034.

Notes and loans payable 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, 2012, amounts outstanding or issued under this agreement included borrowings of \$10.1 million, with no letters of credit or bank reserves, resulting in \$39.9 million available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank’s 30-day LIBOR plus 0.8%. At June 30, 2012, the rate applicable to the borrowings was 1.04%.

During fiscal year 2007, the University of Georgia Foundation signed a \$6.2 million promissory loan agreement which expires on November 1, 2017. Interest is charged at the bank’s 30-day LIBOR plus 0.325%. The balance on this note at June 30, 2012, was \$5.8 million.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

In addition to the notes and loans discussed in the previous paragraphs, as of June 30, 2012, an additional \$15.7 million in notes was held by various higher education foundations.

Other Component Units Notes and Loans

The Georgia Ports Authority maintains an uncollateralized revolving line of credit in the amount of \$48.0 million. As of June 30, 2012, \$38.5 million was outstanding on this line of credit. The interest rate (0.64% at June 30, 2012) is based on the one month LIBOR rate. This revolving line of credit expires on September 5, 2017.

The Georgia Tech Foundation, Inc. has five \$10.0 million revolving lines of credit. As of June 30, 2012, \$28.0 million was outstanding on these lines of credit. Interest is calculated using the 30-day LIBOR rate plus 0.60%.

G. Interest Rate Swaps

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

H. Pollution Remediation

Governmental Activities

Georgia Department of Transportation

DOT has recorded liabilities totaling \$0.7 million at June 30, 2012, for pollution remediation related to underground storage tanks at three locations and for pollution remediation at two laboratory sites. The liabilities were determined using the expected cash flow measurement technique which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. The estimated amount of recovery from insurance and

other potentially responsible parties is \$0.03 million. Pollution remediation liability activity in fiscal year 2012 was as follows (in thousands):

<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts Due</u> <u>Within One Year</u>
\$548	\$200	\$32	\$716	\$213

Department of Juvenile Justice

The Department of Juvenile Justice has recorded liabilities totaling \$0.7 million at June 30, 2012 for pollution remediation related to soil contamination at one site. The liability was determined using estimates from soil excavation organizations. Recent test sample results were below cleanup standards. A closing report shall be submitted to EPD for approval. Based on EPD's approval or rejection of the closing report, there may be additional excavations, testing, and periodic monitoring of the site. Pollution remediation liability activity in fiscal year 2012 was as follows (in thousands):

<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts Due</u> <u>Within One Year</u>
\$1,234	\$ -	\$533	\$701	\$701

Department of Defense

The Department of Defense has recorded liabilities totaling \$0.2 million at June 30, 2012, for pollution remediation related to ground contamination at four sites. The liabilities were determined by previous experience. The estimated amount of recovery from insurance and other potentially responsible parties is \$0.2 million. Pollution remediation liability activity in fiscal year 2012 was as follows (in thousands):

<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts Due</u> <u>Within One Year</u>
\$40	\$190	\$ -	\$230	\$230



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (continued)

Business-type Activities

University of Georgia

The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. The University of Georgia has recorded a liability and expense related to this pollution remediation in the amount of \$0.9 million. The liability was determined using a five year budget estimate provided by environmental engineers and consultants. The University of Georgia does not anticipate any significant changes to the expected remediation outlay. There are no expected recoveries that have reduced the liability. Pollution remediation liability activity in fiscal year 2012 was as follows (in thousands):

<u>Balance</u>			<u>Balance</u>	<u>Amounts Due</u>
<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Within One Year</u>
\$926	\$111	\$119	\$918	\$120

Georgia Institute of Technology

Georgia Institute of Technology (the Institute) is responsible for pollution remediation, including asbestos abatement, for all the Institute facilities. Asbestos abatement is performed during renovation/construction projects when deemed necessary by management of the Institute. As of June 30, 2012, the Institute recorded a liability and expense in the amount of \$0.1 million for asbestos abatement projects in various Institute structures. The liability was determined using the expected cash flow measurement technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. The Institute does not anticipate any significant changes to the expected remediation outlay. There are no expected recoveries that have reduced the liability. Pollution remediation liability activity in fiscal year 2012 was as follows (in thousands):

<u>Balance</u>			<u>Balance</u>	<u>Amounts Due</u>
<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Within One Year</u>
\$196	\$145	\$196	\$145	\$145

Georgia Health Sciences University

GHSU is responsible for asbestos abatement as a small part of the costs for various projects. GHSU has recorded a liability and expense related to this pollution remediation of \$.01 million. The liability is the remaining amount of project abatement costs at June 30, 2012. GHSU does not anticipate significant changes to the expected remediation outlay. There are not expected recoveries that have reduced the liability. Pollution remediation liability activity in fiscal 2012 was as follows (in thousands):

<u>Balance</u>			<u>Balance</u>	<u>Amounts Due</u>
<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Within One Year</u>
\$ -	\$12	9	\$3	\$3

Component Units

Georgia Ports Authority

The Georgia Ports Authority is responsible for certain pollution remediation costs related to soil and groundwater contamination at its Bainbridge, Georgia terminal. The Georgia Ports Authority has recorded a liability of \$1.6 million as of June 30, 2012. The liability was determined using a five year budget estimate provided by an engineering firm using a discounted cash flow rate of 3%. Pollution remediation liability activity in fiscal year 2012 was as follows (in thousands):

<u>Balance</u>			<u>Balance</u>	<u>Amounts Due</u>
<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Within One Year</u>
\$1,385	\$387	\$ 217	\$1,555	\$617



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

I. Debt Service Requirements

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

Primary Government

Year	Governmental Activities							
	General Obligation Bonds		Revenue Bonds		GARVEE Bonds		Notes and Loans Payable	
	Principal *	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 733,845	\$ 382,631	\$ 29,035	\$ 19,730	\$ 128,930	\$ 56,781	\$ 10,600	\$ -
2014	682,480	347,379	25,780	18,376	134,530	50,714	4,000	-
2015	674,350	313,983	21,525	17,283	141,150	44,095	-	-
2016	609,585	280,784	38,045	15,956	147,640	37,607	-	-
2017	581,185	252,154	39,965	14,034	154,560	30,684	-	-
2018-2022	2,631,580	866,440	202,640	37,754	469,980	50,717	-	-
2023-2027	1,919,960	366,761	46,460	2,352	-	-	-	-
2028-2032	751,960	62,598	-	-	-	-	-	-
Total	\$ 8,584,945	\$ 2,872,730	\$ 403,450	\$ 125,485	\$ 1,176,790	\$ 270,598	\$ 14,600	\$ -

Year	Business-type Activities			
	Revenue Bonds		Notes and Loans Payable	
	Principal	Interest	Principal **	Interest
2013	\$ 9,895	\$ 15,816	\$ 203	\$ 258
2014	10,325	15,523	212	249
2015	10,790	15,198	5,580	240
2016	11,285	14,840	-	(1)
2017	11,815	14,462	-	-
2018-2022	32,380	67,800	-	-
2023-2027	44,435	58,743	-	-
2028-2032	58,000	45,877	-	-
2033-2037	76,430	28,068	-	-
2038-2042	55,260	6,361	-	-
Total	\$ 320,615	\$ 282,688	\$ 5,995	\$ 746

* Includes \$127.3 million of bonds (Series 2011G) with variable interest rates based on the weekly rate determination of the Remarketing Agent. The interest rate at June 30, 2012, for these variable rate bonds, was 0.58%.

** The note payable to the U.S. Treasury for \$745.3 million to State unemployment benefits has not been included in this schedule. A repayment schedule has not yet been implemented.



Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (continued)

Component Units

Year	University System of Georgia Foundations		Other Component Units		Georgia Housing and Finance Authority	
	Revenue Bonds		Revenue Bonds		Mortgage Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 55,579	\$ 126,099	\$ 30,684	\$ 11,148	\$ 24,375	\$ 40,929
2014	69,086	124,552	13,618	12,436	28,150	40,230
2015	67,540	121,824	14,128	11,812	24,965	39,510
2016	71,004	119,078	14,730	11,242	28,915	38,754
2017	80,872	131,845	27,353	10,291	36,500	37,738
2018-2022	445,885	520,096	222,577	89,767	173,870	168,440
2023-2027	553,812	397,822	3,736	695	181,355	129,517
2028-2032	622,295	256,247	788	26	197,350	87,580
2033-2037	484,435	117,789	-	-	213,015	43,187
2038-2042	261,563	30,801	-	-	111,575	8,875
2043-2047	13,580	478	-	-	2,585	56
Total	\$ 2,725,651	\$ 1,946,631	\$ 327,614	\$ 147,417	\$ 1,022,655	\$ 634,816

Year	University System of Georgia Foundations		Other Component Units	
	Notes and Loans Payable		Notes and Loans Payable	
	Principal	Interest	Principal	Interest
2013	\$ 28,195	\$ 33,790	\$ 6,886	\$ 1,157
2014	16,049	25,478	5,349	910
2015	22,999	17,363	3,252	700
2016	54,028	16,110	3,285	652
2017	7,075	15,886	3,319	603
2018-2022	279,171	260,940	31,604	1,645
2023-2027	6,539	4,084	5,091	416
2028-2032	7,897	2,359	-	-
2033-2037	5,690	422	-	-
2038-2042	-	-	-	-
Total	\$ 427,643	\$ 376,432	\$ 58,786	\$ 6,083



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 9 - LEASES

A. Operating Leases

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

State has the option of renewing the lease on a year-to-year basis. Total lease payments for the State's governmental activities, business-type activities, and component units were \$52.9 million, \$45.3 million, and \$22.7 million, respectively, for the year ended June 30, 2012. Future minimum commitments for operating leases as of June 30, 2012, are listed below (in thousands).

	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<u>Fiscal Year Ended June 30</u>			
2013	\$ 34,297	\$ 40,659	\$ 19,148
2014	24,848	12,059	17,728
2015	15,070	11,195	16,648
2016	9,408	10,451	15,351
2017	5,359	7,464	15,087
2018-2022	7,972	23,378	66,862
2023-2027	2,169	13,618	49,772
2028-2032	480	10,292	49,764
2033-2037	13	2,486	31,875
2038-2042	4	107	12,795
2043-2047	-	-	258
Total Minimum Commitments	<u>\$ 99,620</u>	<u>\$ 131,709</u>	<u>\$ 295,288</u>



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 9 - LEASES (continued)

B. Capital Leases

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

by a positive action taken by the State. The agreements shall terminate immediately at such time as appropriated and otherwise unobligated funds are no longer available to satisfy the obligations of the State. At June 30, 2012, the historical cost of assets acquired through capital leases was as follows (in thousands):

	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Land	\$ -	\$ 50,979	\$ -
Infrastructure	-	56,563	-
Buildings	390,377	3,529,949	11,105
Improvements Other Than Buildings	-	7,689	-
Machinery and Equipment	2,239	68,907	147
Less: Accumulated Depreciation	(204,443)	(489,152)	(8,467)
Total Assets Held Under Capital Lease	\$ 188,173	\$ 3,224,935	\$ 2,785

At June 30, 2012, future commitments under capital leases were as follows (in thousands):

<u>Fiscal Year Ended June 30</u>	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
2013	\$ 60,323	\$ 249,163	\$ 1,344
2014	53,623	253,495	1,241
2015	52,582	253,842	1,589
2016	45,632	255,100	915
2017	42,811	293,923	714
2018-2022	153,442	1,319,615	1,446
2023-2027	80,452	1,336,537	180
2028-2032	40,954	1,253,698	180
2033-2037	6,772	894,874	180
2038-2042	1,957	306,985	180
2043-2047	30	927	180
2048-2052	30	-	180
2053-2057	-	-	180
2058-2062	-	-	72
Total Capital Lease Payments	538,608	6,418,159	8,581
Less: Interest	(239,072)	(179,289)	(1,975)
Executory Costs	(37,425)	(2,802,771)	-
Present Value of Capital Lease Payments	\$ 262,111	\$ 3,436,099	\$ 6,606



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

The capital leases of the business-type activities include \$2.0 billion of leases payable to higher education foundations (component units). The component units report the receivable balances as Accounts Receivable – Other.

C. Lease Receivables

The State leases certain facilities and land for use by others for terms varying from 1 to 40 years. The

leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned. Total revenues from rental of land and facilities for the State’s governmental activities, business-type activities, and component units were \$9.2 million, \$0.1 million, and \$36.4 million, respectively, for the year ended June 30, 2012. Minimum future revenues and rentals to be received under operating leases as of June 30, 2012, are as follows (in thousands):

<u>Fiscal Year Ended June 30</u>	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
2013	\$ 17,355	\$ 56	\$ 31,705
2014	17,182	41	19,833
2015	17,399	40	19,674
2016	17,820	40	18,843
2017	16,539	36	17,174
2018-2022	58,105	-	78,679
2023-2027	11,342	-	69,061
2028-2032	1,747	-	65,167
2033-2037	-	-	17,978
2038-2042	-	-	2,358
2043-2047	-	-	2,413
2048-2052	-	-	1,618
Total Minimum Revenues	\$ 157,489	\$ 212	\$ 344,503



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 10 - RETIREMENT SYSTEMS

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

A. Summary of Significant Accounting Policies

Basis of Accounting

Retirement plan financial statements are prepared on the accrual basis of accounting. Contributions from the plan members are recognized as additions when due, in the period in which the members provide services. 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, other than those issued or guaranteed by the U.S. government or its agencies, represents 5% or more of the net assets available for pension benefits.

B. Defined Benefit Plans

Plan Descriptions and Funding Policy

Employees' Retirement System of Georgia Plan

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

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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

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

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

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

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

Employer contributions required for fiscal year 2012 were based on the June 30, 2009, actuarial valuation as follows:

<u>Plan Segment</u>	<u>Contribution Rate</u>
Old Plan *	11.63%
New Plan	11.63%
GSEPS	7.42%

* 6.88% exclusive of contributions paid by the State on behalf of old plan members

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

Teachers Retirement System of Georgia

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 10 - RETIREMENT SYSTEMS (continued)

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

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

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

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

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

Member contributions as adopted by the Board of Trustees for fiscal year 2012 were 5.53% of annual salary. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2009, actuarial valuation.

Employer Contributions

The following table summarizes the State's employer contributions by defined benefit plan for 2012, 2011, and 2010 (dollars in thousands):

	ERS		TRS	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2012	\$ 238,738	100%	\$ 175,588	100%
2011	222,401	100%	170,893	100%
2010	236,656	100%	161,184	100%

In addition to the above contributions for employees of organizations in the State reporting entity, the State also makes contributions directly to ERS and TRS on behalf of certain employers that are not in the reporting entity. The State made such contributions to TRS of \$5.5 million in 2012 and \$5.9 million in both 2011 and 2010 for public school support personnel. The State also contributed \$6.2 million, \$11.7 million, and \$0.7 million to ERS on behalf of local tax commissioners and county State courts in 2012, 2011, and 2010 respectively.

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Participating Employers

The number of participating employers by plan as of June 30, 2012, was:

ERS	723
TRS	404

These counts treat each legal entity in the State reporting entity as a separate employer. Of the 723 employers in the ERS count, 439 are not in the State reporting entity. Of the 404 employers in the TRS count, 301 are not in the State reporting entity.

Funded Status, Funding Progress, and Actuarial Methods and Assumptions

The funded status of the ERS and TRS plans at June 30, 2011, the most recent actuarial valuation date, is as follows (dollars in thousands):

<u>Retirement System</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a) / (b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a) / (c)</u>
ERS	\$12,667,557	\$ 16,656,905	\$ 3,989,348	76.0%	\$ 2,486,780	160.4%
TRS	55,427,716	65,978,640	10,550,924	84.0%	10,099,278	104.5%

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

method on July 27, 2011, to include a corridor around the long-term investment rate of return. At the same time, the TRS Board adopted a change to the asset smoothing methodology by adding a corridor that limits the actuarial value of assets to not less than 75% or more than 125% of market value. Multiyear trend information about the funding progress is presented in the standalone financial reports issued by the System and TRS. These schedules indicate whether the actuarial values of assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 10 - RETIREMENT SYSTEMS (continued)

Additional information as of the latest actuarial valuations follows:

	<u>ERS</u>	<u>TRS</u>
Valuation date	6/30/2011	6/30/2011
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of pay	Level percent of pay
Remaining amortization period	30 years	30 years
Period Open/Closed	Open	Open
Asset valuation method	7 year smoothed market	7 year smoothed market
Actuarial assumptions:		
Investment rate of return, initial	N/A	8.02% *#
Investment rate of return, ultimate	7.50% *	7.50% *#
Projected salary increases	0.00% - 9.25% *	3.75% - 7.00% *
Postretirement cost of living adjustment	None	3.00% annually

* Includes an inflation assumption of 3.00%

Using the initial and ultimate rates above, the smoothed interest rate over a 40 year period is 7.80%.

C. Defined Contribution Plans

GSEPS 401(k) Component of ERS Plan

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

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

salary, along with a matching contribution from the State. The State will match 100% of the employee's initial 1% contribution. Employees can elect to contribute up to an additional 4%, and the State will match 50% of the additional 4% of salary. Therefore, the State will match 3% against the employee's 5% total savings. Contributions greater than 5% do not receive any matching funds.

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

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

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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

The participants may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Distributions are made in installments or in a lump sum.

In 2012, the State's employer and employee GSEPS contributions were \$5.2 million and \$8.3 million, respectively. Additionally, the State made contributions of about \$0.1 million on behalf of employers that are not in the reporting entity. Employer contributions may be partially funded from nonvested contributions that were forfeited by employees.

Regents Retirement Plan

Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the Georgia General Assembly in Chapter 21 of Title 47 of the OCGA. It is administered and may be amended by the BOR (Proprietary Fund – Higher Education). A participant in the plan is an "eligible university system employee" defined as a faculty member or a principal administrator as designated by the regulations of the BOR. Under the Plan, a plan participant may purchase annuity contracts from four approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. The approved vendors have separately issued financial reports that may be obtained through their respective corporate offices.

Benefits

Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

Funding Policy

The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2012, the employer contribution was 9.24% of the participating employee's earned compensation. Employees contribute 5% of their earned compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. In 2012, employer and employee contributions were \$101.3 million (9.24%) and \$55.5 million (5%), respectively.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

Administered by Department of Community Health (DCH):

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

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

Administered by the System:

State Employees' Assurance Department (SEAD)

– For retired and vested inactive (SEAD-OPEB)

– For active employees (SEAD-Active)

Administered by the Board of Regents University System Office:

Board of Regents Retiree Health Benefit Fund (Regents Plan)

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

A. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of these plans are prepared using the accrual basis of accounting. Contributions from employers and members are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments

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

B. Multiple-employer Plans

Plan Descriptions and Contribution Information

State OPEB Fund and School OPEB Fund

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

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

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

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

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

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

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

Participating employers, including but not limited to State organizations and school systems, are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected pay-as-you-go financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The combined required contribution rates established by the Board for the active and retiree plans for the fiscal year ended June 30, 2012, were as summarized in the following tables:

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

June 2011	22.667%	for July 2011 coverage
July – November 2011	27.363%	for August – December 2011 coverage
December 2011 – April 2012	34.063%	for January – May 2012 coverage
May – June 2012	27.363%	for June – July 2012 coverage

* These rates were used for State organizations, including technical colleges, and certain other participating employers.

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

June 2011	1.429%	for July 2011 coverage
July 2011	18.534%	for August 2011 coverage
August 2011 – March 2012	24.000%	for September 2011 – April 2012 coverage
April – June 2012	3.958%	for May – July 2012 coverage

These rates were used for certificated teachers, librarians, regional educational service agencies, and certain other eligible participating employers.

Combined Active and School OPEB Fund Dollar Contribution Rates Per Member Per Month+

June – August 2011	\$246.20	for July – September 2011 coverage
September 2011 – June 2012	\$296.20	for October 2011 – July 2012 coverage

+ These rates were used for non-certificated school personnel.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

No additional contribution was required by the Board for fiscal year 2012 nor contributed to the State OPEB Fund or to the School OPEB Fund to prefund retiree benefits. Such additional

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

The State's estimated required pay-as-you-go employer contributions made to the State OPEB Fund and the School OPEB Fund for the fiscal years ended June 30, 2012, 2011, and 2010 were (dollars in thousands):

	<u>State OPEB Fund</u>		<u>School OPEB Fund</u>	
	<u>State Employer</u>		<u>State Employer</u>	
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2012	\$ 159,827	100%	\$ 1,949	100%
2011	147,749	100%	1,682	100%
2010 *	19,516	100%	1,535	100%

* Employer contributions to the State OPEB Fund were lower in fiscal year 2010 because claims were paid from existing plan assets in that year.

In addition to the above OPEB contributions for former employees of organizations in the State reporting entity, the State made an on-behalf contribution of \$1.0 billion during 2012 to SHBP for combined active and OPEB coverage of certificated personnel employed by LEA's. Of that amount, an estimated \$279 million was transferred to the School OPEB Fund. The State did not make on-behalf contributions for certificated employees in the previous two years but instead made contributions on behalf of the LEA's for certain non-certificated school personnel. The on-behalf amount transferred to the School OPEB Fund for the non-certificated personnel was \$0.3 million in both 2011 and 2010.

term life insurance under SEAD. Pursuant to Title 47 of the OCGA, benefit provisions of the plans were established and can be amended by State statute.

Contributions by plan members are established by the ERS Board of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The ERS Board of Trustees establishes employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. Contributions for fiscal year 2012 were based on June 30, 2009, actuarial valuations as follows:

State Employees' Assurance Department

SEAD-OPEB and SEAD-Active are cost-sharing multiple-employer defined benefit postemployment plans that were created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to eligible members of the ERS, Georgia Judicial Retirement System (JRS), and Legislative Retirement System (LRS). SEAD-OPEB provides benefits for retired and vested inactive members, and SEAD-Active provides benefits for active members. Effective July 1, 2009, no newly hired members of any State public retirement system are eligible for

	<u>SEAD-OPEB</u>	<u>SEAD-Active</u>	<u>Total SEAD</u>
Member Rates:			
ERS Old Plan	0.45%	0.05%	0.50%
Less: Offset Paid by Employer	<u>(0.22%)</u>	<u>(0.03%)</u>	<u>(0.25%)</u>
Net ERS Old Plan	0.23%	0.02%	0.25%
ERS New Plan, JRS, and LRS	0.23%	0.02%	0.25%
Employer Rates	0.61%	0.00%	0.61%

The ERS Board of Trustees voted and approved that the SEAD-OPEB employer contribution would be paid from existing assets of the Survivors Benefit



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Fund (SBF) instead of requiring payment by the employers. The SBF transferred \$12.7 million to the SEAD-OPEB Fund. Of that amount, \$11.1 million was paid on behalf of organizations in the State reporting entity for fiscal year 2012. There were no required employer contributions for SEAD for fiscal years 2011 and 2010.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net assets represent the excess accumulation of investment income and premiums over benefit payments and expenses and are held as a reserve for payment of death benefits under existing policies.

Participating Employers

The number of participating employers for the multiple-employer postretirement benefit plans as of June 30, 2012, was:

State OPEB	218
School OPEB	246
SEAD (OPEB and Active)	815

The SEAD count treats each legal entity in the State reporting entity as a separate employer. Of the 815 employers in the SEAD count, 531 are not in the State reporting entity.

C. Single-employer Plan: Board of Regents Retiree Health Benefit Fund

Plan Description and Funding Policy

The Regents Plan is a single-employer, defined benefit postemployment healthcare plan administered by the BOR. The Regents Plan was authorized pursuant to OCGA Section 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree postemployment health insurance benefits.

Pursuant to the general powers conferred by OCGA Section 20-3-31, the BOR (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 BOR to permit employees of the university system eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the BOR define and delineate who is eligible for these postemployment health and life insurance benefits.

The contribution requirements of plan members and the employer are established and may be amended by the BOR. The Regents Plan is substantially funded on a pay-as-you-go basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by BOR designation. Organizational units of the BOR pay the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the BOR for the upcoming plan year. For the 2012 plan year, the employer rate was approximately 70% – 75% of the total health insurance cost for eligible retirees, and the retiree rate was approximately 25% – 30%. The employer covers the total cost for \$25,000 of basic life insurance. If an individual elects to have supplemental and/or dependent life insurance coverage, such costs are borne entirely by the retiree.

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost (expense) for the Regents Plan is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.



**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

The following table presents the components of the annual OPEB cost, the amount actually contributed, and the changes in the net OPEB obligation for the Regents Plan for 2012, 2011, and 2010 (dollars in thousands):

	Fiscal Year Ended 6/30/2012	Fiscal Year Ended 6/30/2011	Fiscal Year Ended 6/30/2010
Annual required contribution	\$ 345,300	\$ 411,500	\$ 381,700
Interest on net OPEB obligation	45,800	31,500	17,800
Adjustment to annual required contribution	(41,500)	(45,300)	(25,200)
Annual OPEB cost (expense)	349,600	397,700	374,300
Less: Contributions made	(88,800)	(80,200)	(69,900)
Increase in net OPEB obligation	260,800	317,500	304,400
Net OPEB obligation - beginning of year	1,017,400	699,900	395,500
Net OPEB obligation - end of year	\$ 1,278,200	\$ 1,017,400	\$ 699,900
Percentage of annual OPEB cost contributed	25.4%	20.2%	18.7%

D. Funded Status, Funding Progress, and Actuarial Methods and Assumptions

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

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / (c)
State OPEB	6/30/2011	\$ -	\$ 4,311,636	\$ 4,311,636	0.0%	\$ 2,542,891	169.6%
School OPEB	6/30/2011	-	11,143,125	11,143,125	0.0%	11,127,288	100.1%
SEAD-OPEB	6/30/2011	807,893	678,421	(129,472)	119.1%	2,166,982	(6.0%)
SEAD-Active	6/30/2011	184,783	40,145	(144,638)	460.3%	2,166,982	(6.7%)
Regents Plan	7/1/2011	123	3,494,501	3,494,378	0.0%	2,526,212	138.3%

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 State, School and SEAD valuations as of June 30, 2011, reflect assumptions based on experience investigations for the five-year period ending June

30, 2009. The schedule of funding progress with multiyear trend information for the Regents Plan is presented as required supplementary information following the notes to the financial statements. The multiyear trend information about the funding progress for the multiple-employer plans is presented in the standalone reports issued by the administering systems. These multiyear schedules indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and

plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Additional information as of the latest actuarial valuation follows:

	State OPEB and School OPEB	SEAD-OPEB and SEAD-Active	Regents Plan
Valuation date	6/30/2011	6/30/2011	7/1/2011
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, open	Level dollar, open	Level percentage of pay, closed
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Market Value	Market Value	Market Value
Actuarial assumptions:			
Investment rate of return	4.50% *	7.50% *	4.50% **
Salary Growth	n/a	0.00% - 9.25% *	3.00% **
Salary Scale	n/a	n/a	4.00% **
Healthcare cost trend rate - initial			
Pre-Medicare eligible	8.50% *	n/a	8.00% **
Medicare eligible	7.50% *	n/a	7.50% **
Ultimate trend rate			
Pre-Medicare eligible	5.00%	n/a	4.50% **
Medicare eligible	5.00%	n/a	4.50% **
Year of ultimate trend rate	2018	n/a	2027

* Includes an inflation assumption of 3.00%

** Includes an inflation assumption of 2.50%



**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 12 - RISK MANAGEMENT

A. Public Entity Risk Pool

Department of Community Health (DCH) administers the State Health Benefit Plan (SHBP) for the State. Participants include State agencies, component units, participating county governments and local educational agencies. The SHBP is funded by participants covered in the pool, by employer and employee contributions, and appropriations from the General Assembly of Georgia. DCH has contracted with Cigna and UnitedHealthcare to process claims in accordance with the SHBP as established by the Board of Community Health.

B. Board of Regents Employee Health Benefits Plan

The BOR maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the BOR and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The BOR has contracted with Blue Cross Blue Shield of Georgia to process all claims in accordance with guidelines as established by the BOR.

C. Other Risk Management

Department of Administrative Services (DOAS) has the responsibility for the State of administering the risk management funds of the State and making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State

government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS services claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' and teachers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Premiums for the risk management program are charged to State organizations by DOAS to provide claims servicing and claims payment.

Charges by the workers' compensation risk management fund, the liability insurance risk management fund, and the unemployment 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, 2012, of \$470.4 million both for workers' compensation, liability, and unemployment insurance was charged back to the contributing funds. Expenditures of \$335.8 million are reported in the General Fund, and expenses of \$87.5 million are reported in the Higher Education Fund (enterprise fund) relating to this charge-back.

D. Claims Liabilities

A reconciliation of total claims liabilities for fiscal years ended June 30, 2012, and 2011, is shown below (in thousands):

	Public Entity Risk Pool		Board of Regents Employee Health Benefits Plan		Risk Management Fund	
	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
	Year Ended June 30, 2012	Year Ended June 30, 2011	Year Ended June 30, 2012	Year Ended June 30, 2011	Year Ended June 30, 2012	Year Ended June 30, 2011
Unpaid Claims and Claim Adjustments July 1	\$ 200,136	\$ 215,454	\$ 23,289	\$ 15,654	\$ 471,192	\$ 444,746
Current Year Claims and Changes in Estimates	2,244,299	2,108,482	318,491	239,141	178,886	152,367
Claims Payments	(2,241,032)	(2,123,800)	(315,510)	(231,506)	(128,037)	(125,921)
Unpaid Claims and Claim Adjustments June 30	\$ 203,403	\$ 200,136	\$ 26,270	\$ 23,289	\$ 522,041	\$ 471,192



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 13 - DERIVATIVE INSTRUMENTS

Derivative Instruments are utilized by some of the Component Unit higher education foundations and consist primarily of interest rate swap agreements. Certain foundations have elected to apply FASB provisions therefore the disclosure information for

these foundations is presented separately. Details of the long term liabilities associated with the interest rate swap derivatives are within the Long-Term Liabilities - Component Units section.

A. Component Unit – GASB Organizations

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2012 financial statements for foundations electing GASB provisions are as follows:

	Change in Fair Value		Fair Value at June 30, 2012		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - GASB					
Cash flow hedges:					
Georgia Tech Athletic Association ¹					
	Deferred outflow of resources	\$ 12,090,795	Debt	\$ -	\$ -
University of Georgia Athletic Association, Inc.					
2003 - Interest Rate Swap	Deferred outflow of resources	(1,575,177)	Debt	(3,284,067)	15,833,333
2005A - Interest Rate Swap	Deferred outflow of resources	(476,027)	Debt	(2,108,777)	11,400,000
2005B - Interest Rate Swap	Deferred outflow of resources	(3,122,919)	Debt	(6,332,593)	26,260,000
				<u>\$ (11,725,437)</u>	

¹The Georgia Tech Athletic Association, Inc. instigated the termination of the Swap associated with the 2001 Series Bonds.

The fair value balances and notional amounts of hedging derivative instruments outstanding at June 30, 2011, and the changes in fair value of such

derivative instruments for the year then ended as reported in the fiscal year 2011 financial statements for foundations electing GASB are as follows:

	Change in Fair Value		Fair Value at June 30, 2011		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - GASB					
Cash flow hedges:					
Georgia Tech Athletic Association					
	Deferred outflow of resources	\$ 1,346,871	Debt	\$ (12,090,795)	\$ 94,285,000
University of Georgia Athletic Association, Inc.					
2001 - Interest Rate Swap ¹	Deferred outflow of resources	(4,763,915)	Debt	-	-
2003 - Interest Rate Swap	Deferred outflow of resources	(420,035)	Debt	(1,708,890)	16,436,111
2005A - Interest Rate Swap	Deferred outflow of resources	(280,571)	Debt	(1,632,750)	12,405,000
2005B - Interest Rate Swap	Deferred outflow of resources	(794,588)	Debt	(3,209,674)	26,950,000
				<u>\$ (18,642,109)</u>	
Investment Derivative Instruments:					
University of Georgia Research Foundation ²					
	Investment revenue	(47,923)	Debt	-	-

¹The University of Georgia Athletic Association, Inc. instigated the termination of the Swap associated with the 2001 Series Bonds.

²The University of Georgia Research Foundation elected GASB provisions in 2011. In addition, this derivative agreement expired during 2011.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 13 - DERIVATIVE INSTRUMENTS (continued)

Interest Rate Swap Derivatives – GASB Organizations

Georgia Tech Athletic Association (GTAA)

In 2004, GTAA received an up-front payment of \$2,367,000 for a “swaption” related to its fixed-rate Series 2001 bonds. The swaption was an option that allowed the counterparty to force GTAA to enter into a pay-fixed, receive-variable interest rate swap on April 1, 2012. The transaction, which was effectively a synthetic refunding of the 2001 bonds, represented the risk-adjusted present value savings of a refunding as of March 16, 2004.

Terms - The swaption was entered into on March 16, 2004. The \$2,367,000 payment was based on a notional amount of \$94,285,000. The counterparty had the option to exercise the agreement on April 1, 2012, with an additional premium payment to the Association totaling \$773,137. If the option was exercised, the swap would also commence on that date. The fixed swap rate of 5.125% was set at a rate that, when added to an assumption for remarketing and liquidity costs, would approximate the coupons on the “refunded” bonds. The swap’s variable payment would be the Bond Market Municipal Swap Index plus 21 basis points (0.21%).

Fair Value - At June 30, 2011, the swap had a negative fair value of \$12,090,795, estimated using the hybrid instrument method. This method is based on the fair value of the hybrid instrument, which had a negative fair value of \$15,351,765 at June 30, 2011. After amortizing the borrowing and calculating the “time value” of the option, the remaining fair value is attributed to the at-the-market swap.

The February 2012 bond issuance that refinanced the existing \$94,285,000 principal on the 2001 bonds which totaled \$94,285,000 also financed the termination of the existing swaption at a cost of \$28,010,000. With this termination, the GTAA eliminated market access risk, interest rate risk and credit risk associated with the swaption from its portfolio.

University of Georgia Athletic Association (UGAA)

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2012 financial statements are documented above. For derivative transactions, unless otherwise specified, Bank of America Merrill Lynch (BOAML) furnishes a single value for each transaction, even if comprised of multiple legs. Unless otherwise specified, valuations for derivative instruments represent, or are derived from, mid-market values. For some derivative instruments, mid-market prices and inputs may not be observable. Instead, valuations may be derived from proprietary or other pricing models based on certain assumptions regarding past, present and future market conditions. Some inputs may be theoretical, not empirical, and require BOAML to make subjective assumptions and judgments in light of their experience. For example, in valuing over-the-counter (OTC) equity options where there is no listed option with a corresponding expiration date, BOAML must estimate the future share price volatility based on realized volatility of the underlying shares over periods deemed relevant, implied volatilities of the longest dated listed options available on the underlying shares or major indices and other relevant factors. Valuations of securities with embedded derivatives may be based on assumptions as to the volatility of the underlying security, basket or index, interest rates, exchange rates, dividend yields, correlations between these or other factors, the impact of these factors upon the value of the security (including the embedded options), as well as issuer funding rates and credit spreads (actual or approximated) or additional relevant factors. While BOAML believes that the methodology and data they use to value derivatives and securities with embedded derivatives are reasonable and appropriate, other dealers might use different methodology or data and may arrive at different valuations.

Objective and Terms - As a means of interest rate management, UGAA entered into three separate interest rate swap transactions with Bank of America, N.A. (the Counterparty) relating to its variable rate tax-exempt Series 2003 Bonds, taxable



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Series 2005 Bonds, and tax-exempt Series 2005B Bonds. Pursuant to an International Swap Dealers Association (ISDA) Master Agreement and Schedule to ISDA Master Agreement each dated as of January 27, 2005, between UGAA and the Counterparty and three Confirmations, UGAA has agreed to pay to the Counterparty a fixed rate of interest in an amount equal to: (1) 3.38% per annum multiplied by a notional amount that is equal to the principal amount of the Series 2003 Bonds until August 2033; (2) 5.05% per annum multiplied by a notional amount that is equal to the principal amount of the Series 2005 Bonds until July 2021; and (3) 3.48% per annum multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until August 2033. In return, the Counterparty has agreed to pay to UGAA a floating rate of interest in an amount equal to: (1) 67% of LIBOR multiplied by a notional amount that is equal to the principal amount of the Series 2003 Bonds until August 2033; (2) LIBOR multiplied by a notional amount that is equal to the principal amount of the Series 2005 Bonds until July 2021; and (3) 67% of LIBOR multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until July 2035.

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

As of June 30, 2012, the fair value of the interest rate swap agreement on the 2003 Series Bonds was \$(3,284,067), indicating the amount that UGAA would be required to pay the Counterparty to terminate the swap agreement.

As of June 30, 2012, the fair value of the interest rate swap agreement on the 2005A Series Bonds was \$(2,108,777), indicating the amount that UGAA would be required to pay the Counterparty to terminate the swap agreement.

As of June 30, 2012, the fair value of the interest rate swap agreement on the 2005B Series Bonds was \$(6,332,593), indicating the amount that UGAA

would be required to pay the Counterparty to terminate the swap agreement.

Credit Risk - As of June 30, 2012, the fair value of the swaps represents UGAA's exposure to the Counterparty. Should the Counterparty fail to perform in accordance with the terms of the swap agreements, and variable interest rates remain at the current level, UGAA could see a possible gain equivalent to \$19.4 million less the cumulative fair value of \$11.7 million. As of June 30, 2012, the Counterparty was rated as follows by Moody's and S&P:

	Moody's	S&P
Bank of America, N.A.	A3	A

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

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



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 13 - DERIVATIVE INSTRUMENTS (continued)

B. Component Unit – FASB Organizations

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2012 financial statements for foundations electing FASB provisions are as follows:

	Change in Fair Value		Fair Value at June 30, 2012		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - FASB					
Cash flow hedges:					
Georgia College & State University Foundation					
	Investment Revenue	\$ 98,984	Debt	\$ (640,879)	\$ 6,080,000
	Investment Revenue	(945,152)	Debt	(4,595,702)	25,000,000
	Investment Revenue	(3,465,992)	Debt	(12,138,050)	69,820,000
Georgia Tech Foundation, Inc. ¹					
	Investment Revenue	7,655,000	Debt	-	-
	Investment Revenue	15,066,000	Debt	-	-
MCG Health, Inc.					
	Investment Revenue	(17,772,911)	Debt	(32,272,136)	131,775,000
University of Georgia Foundation ²					
	Investment Revenue	(1,262,740)	Debt	(2,692,835)	6,200,000
	Investment Revenue	43,174	Debt	-	-
				<u>\$ (52,339,602)</u>	

¹The Georgia Tech Foundation, Inc. instigated the termination of the Swap associated with the 2001A & 2002A Series Bonds.

²The University of Georgia Foundation paid in full one of their notes resulting in the termination of the associated Swap agreement.

The fair value balances and notional amounts of hedging derivative instruments outstanding at June 30, 2011, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements for foundations electing FASB are as follows:

	Change in Fair Value		Fair Value at June 30, 2011		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - FASB					
Cash flow hedges:					
Georgia College & State University Foundation					
	Investment Revenue	\$ 135,235	Debt	\$ (739,863)	\$ 6,715,000
	Investment Revenue	352,276	Debt	(3,650,550)	25,000,000
	Investment Revenue	1,228,184	Debt	(8,672,058)	69,820,000
Georgia Tech Foundation, Inc.					
	Investment Revenue	(1,198,000)	Debt	(7,655,000)	36,840,000
	Investment Revenue	(1,824,000)	Debt	(15,066,000)	88,750,000
MCG Health, Inc.					
	Investment Revenue	4,088,664	Debt	(14,499,225)	135,000,000
University of Georgia Foundation					
	Investment Revenue	315,599	Debt	(1,430,095)	5,894,453
	Investment Revenue	33,855	Debt	(43,174)	825,668
				<u>\$ (51,755,965)</u>	

Interest Rate Swap Derivatives – FASB Organizations

Georgia College & State University Foundation

Georgia College & State University Foundation maintains an interest rate risk management strategy that uses interest rate swap derivative instruments to minimize significant, unanticipated earnings

fluctuations caused by interest rate volatility. The Foundation's specific goal is to lower (where possible) the cost of its borrowed funds.

In connection with the 2007 Series bonds, Georgia College & State University Foundation entered into an interest rate swap transaction to convert its variable-rate bond obligations to fixed rates. This swap is utilized to manage interest rate exposures



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

over the period of the interest rate swap and is designated as a highly effective cash flow hedge. The differential to be paid or received on all swap agreements is accrued as interest rates change and is recognized in interest expense over the life of the agreement. The swap agreements expire at various dates and have a fixed rate of 4.715%. The notional amounts are noted above. The interest rate swap contains no credit-risk-related contingent features and is cross collateralized by certain assets of Georgia College & State University Foundation.

The interest-rate swap transaction is summarized above and is included with liabilities in the Statement of Net Assets. There was no portion of the loss that was considered ineffective or excluded from the assessment of hedge effectiveness.

Georgia Tech Foundation, Inc. (GTF)

The following information is presented in thousands.

In 2003, GTF sold an interest rate swap option (the 2001A swaption) relating to the 2001A Bonds to a third party and received \$945. This transaction enabled GTF to monetize the call option on the Series 2001A Bonds, based on interest rate levels at that time. The Foundation was notified by the third party of the decision to exercise the 2001A Swaption on November 1, 2011. GTF paid \$10,101 to terminate the swap created pursuant to the 2001A Swaption during November 2011. GTF paid a portion of the termination payment of \$8,914 with the proceeds from the Series 2011B Bonds, and the remaining amount of \$1,187 was paid with GTF's available cash on hand. Prior to the termination of the interest rate swap, a loss of \$2,204 was recognized in 2012 as a change in fair value of derivative financial instruments in the consolidated statements of activities, reducing unrestricted net assets.

In 2003, GTF sold an interest rate swap option (the 2002A Swaption) relating to the 2002A Bonds to a third party and received \$2,251. This transaction enabled GTF to monetize the call option on the Series 2002A Bonds, based on interest rate levels at that time. GTF was notified by the third party of the decision to exercise the 2002A Swaption on May 1,

2012. GTF paid \$23,515 to terminate the swap created pursuant to the 2002A Swaption during May 2012. GTF paid a portion of the termination payment with the proceeds from the Series 2012B Bonds in the amount of \$21,264, and the remaining amount of \$2,251 was paid with GTF's available cash on hand. Prior to the termination of the interest rate swap, a loss of \$8,449 was recognized in 2012 as a change in fair value of derivative financial instruments in the consolidated statements of activities, reducing unrestricted net assets.

MCG Health System, Inc.

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

The Bonds and the Swap mature on July 1, 2037. The initial notional amount of the Swap is \$135,000,000. The notional value of the Swap declines in conjunction with payments of Bond principal such that the outstanding balance of the Series 2008A and 2008B Bonds and the notional amount of the Swap remain equal at all times.

Under the Swap, MCG Health System pays the counterparty interest at a fixed rate of 3.302% and receives interest payments at a variable rate computed as 68% of LIBOR.

The fair value of the Swap is recorded as an asset or liability, depending on whether the termination of the Swap would result in amounts due to MCG Health System or the Swap counterparty. At June 30, 2012 and 2011, the fair value of the Swap represented a liability to MCG Health System in the amount of \$32,272,136 and \$14,499,225, respectively. MCG Health System or the Swap counterparty is required to post collateral with the other party in the event that the fair value of the Swap exceeds certain thresholds, as defined. At June 30, 2012 and 2011, the Company had posted cash collateral of \$23,400,000 and \$5,400,000, respectively, with the Swap counterparty which is included in other receivables in MCG Health System's consolidated balance sheets.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 13 - DERIVATIVE INSTRUMENTS (continued)

As of June 30, 2012, MCG Health System was exposed to credit risk in the amount of the fair value of the Swap. The Swap counterparty was rated A by Fitch Ratings and Standard & Poor's and Aa3 by Moody's Investors Service as of June 30, 2012. To mitigate the potential for credit risk, various levels of collateralization by the counterparty may be required should the counterparty's credit rating be downgraded and the fair value of the Swap be in a liability position at a level above certain thresholds specified in the Swap agreement.

The Swap exposes MCG Health System to basis risk should the relationship between LIBOR and prevailing market rates change significantly, changing the synthetic rate on the Bonds from the intended synthetic rate of 3.302%. As of June 30, 2012, the prevailing market rate was an aggregate 0.20%, whereas 68% of LIBOR was 0.164%. As of June 30, 2011, the prevailing market rate was an aggregate 0.09%, whereas 68% of LIBOR was 0.128%.

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

The University of Georgia Foundation (UGAF)

UGAF has an outstanding interest rate swap agreement effectively changing the interest rate exposure on the \$6,200,000 note payable from variable to a 5.95% fixed rate over the term of the note payable. As of June 30, 2012, the total notional amount of the swap was \$6,200,000. As of June 30, 2012, the fair value of this interest rate swap was a liability of \$2,692,835. UGAF recorded a loss on such swap of \$1,262,740 for the year ended June 30, 2012.

During 2002, UGAF signed an \$880,000 promissory loan agreement with a bank, which was amended during 2005 to increase the borrowed amount to

\$1,117,865. In June 2012, the \$1,117,865 note payable was repaid and the related interest rate swap agreement was terminated. UGAF recorded a gain of \$43,174 related to such swap as an adjustment to change in fair value of derivative financial instrument.



**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 14 - INTERFUND BALANCES AND TRANSFERS

A. Due To/From Other Funds

Due To/From Other Funds at June 30, 2012, consist of the following (in thousands):

	Due From Other Funds					Total Due To Other Funds
	General Fund	Nonmajor Governmental Fund	Nonmajor Enterprise	Internal Service Funds	Fiduciary Funds	
Due To Other Funds						
General Fund	\$ -	\$ -	\$ -	\$ 363,974	\$ -	\$ 363,974
Higher Education Fund	-	-	-	88,102	-	88,102
State Health Benefit Plan	283	-	-	-	40,943	41,226
Nonmajor Enterprise Funds	-	850	-	1,120	-	1,970
Internal Service Funds	105	906	76	47	-	1,134
Fiduciary Funds	-	-	-	15	2,953	2,968
Total Due From Other Funds	\$ 388	\$ 1,756	\$ 76	\$ 453,258	\$ 43,896	\$ 499,374

Interfund receivables and payables result from billings for goods/services provided between funds.

All interfund receivables and payables are considered short-term in nature.

B. Interfund Transfers

Interfund transfers at June 30, 2012, consist of the following (in thousands):

	Governmental Funds			Proprietary Funds			Total Transfers Out
	General Fund	General Obligation Bond Projects Fund	Nonmajor Governmental Funds	Higher Education Fund	Internal Service Funds	Fiduciary Funds	
Transfers Out:							
General Fund	\$ -	\$ 10,354	\$ 1,280,350	\$ 2,019,835	\$ 4,318	\$ 2,153	\$ 3,317,010
General Obligation Bond Projects	13,831	-	78,762	-	-	-	92,593
Higher Education Fund	3,653	-	-	-	-	-	3,653
Unemployment Compensation Fund	3,482	-	-	-	-	-	3,482
Nonmajor Enterprise Funds	-	-	1,976	-	11,452	-	13,428
Internal Service Funds	11,165	-	10,520	-	-	-	21,685
Total Transfers In	\$ 32,131	\$ 10,354	\$ 1,371,608	\$ 2,019,835	\$ 15,770	\$ 2,153	\$ 3,451,851

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to move

unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 15 - SEGMENT INFORMATION

State Road and Tollway Authority (SRTA) issued Guaranteed Refunding Revenue bonds to finance a portion of the costs of acquiring, constructing and maintaining the Georgia 400 Extension (the Extension). The Extension is accounted for within the nonmajor Enterprise Funds, along with other activity of SRTA. Investors in those bonds rely solely on the revenue generated from the Extension for repayment. Summary financial information for the Extension is below.

Georgia Higher Education Facilities Authority (GHEFA) issued revenue bonds to acquire, construct, and equip several projects on college campuses throughout the State. Financial information for GHEFA is included within the nonmajor Enterprise Funds. Summary financial information for GHEFA is presented below.

	Georgia 400 Extension Fund	Georgia Higher Education Facilities Authority
Condensed Statement of Net Assets		
Assets		
Current assets	\$ 68,939	\$ 5,092
Noncurrent assets	9,162	289,827
Capital assets	10,357	-
Total assets	<u>88,458</u>	<u>294,919</u>
Liabilities		
Current liabilities	12,525	4,561
Noncurrent liabilities	25,541	284,008
Total liabilities	<u>38,066</u>	<u>288,569</u>
Net assets		
Invested in Capital Assets, Net of Related Debt	8,688	-
Restricted	26,274	-
Unrestricted	15,430	6,350
Total net assets	<u>\$ 50,392</u>	<u>\$ 6,350</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Assets		
Operating revenues (pledged against bonds)	\$ 20,543	\$ 15,757
Interest expense	-	(15,757)
Depreciation/amortization expense	(2,048)	(311)
Other operating expenses	(22,782)	(8)
Operating income	(4,287)	(319)
Nonoperating revenues (expenses)		
Investment income	49	-
Interest expense	(934)	-
Change in net assets	(5,172)	(319)
Beginning net assets	55,564	6,669
Ending net assets	<u>\$ 50,392</u>	<u>\$ 6,350</u>
Condensed Statement of Cash Flows		
Net cash provided by (used in):		
Operating activities	\$ 11,101	\$ (8)
Noncapital financing activities	(11,088)	-
Capital and related financing activities	(14,298)	-
Investing activities	(5,316)	21
Net increase (decrease)	(19,601)	13
Beginning cash and cash equivalents	68,954	351
Ending cash and cash equivalents	<u>\$ 49,353</u>	<u>\$ 364</u>



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Grants and Contracts

The amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms. Also, certain charges for services by Georgia Technology Authority (internal service fund) to its State customers may have exceeded the cost of providing such services. Because these overcharges were included in amounts requested and received by State organizations from the federal government under financial assistance programs, it is anticipated that an amount will be due back to the federal government. The State believes that such disallowances, questioned costs and resulting refunds, if any, will be immaterial to its overall financial position.

B. Litigation and Contingencies

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, 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

1. A suit has been filed against Department of Transportation (DOT) by a plaintiff alleging three breach of contract causes of action, two related to price escalations of asphalt both prior to and subsequent to the original completion date, and the third alleging the failure to pay an outstanding contract balance in excess of \$0.5 million for work performed by the completion contractor. The plaintiff also alleges a claim under the Prompt Payment Act. The plaintiff's initial estimate of damages was approximately \$9.0 million. The parties went to mediation in March 2010, but failed to reach a settlement. On March 9, 2010, DOT filed a motion for partial summary judgment on the majority of the issues. The hearing on the motion was held on March 28, 2011; however, based on

arguments made by the plaintiff during the summary judgment hearing it now appears that the damages sought by the plaintiff have been reduced to \$4.5 million. The Court has not rendered a decision on the motion; however, a ruling is anticipated by the end of the year.

2. A suit was filed in Fulton County Superior Court on December 2, 2005 in which the plaintiff sought a tax refund of \$2.3 million from Department of Revenue (DOR). The Court found in favor of DOR and the plaintiff's application for discretionary appeal was denied by the Georgia Court of Appeals. This lawsuit was thus definitively resolved in DOR's favor. Nevertheless, the plaintiff, its successor in interest, and other related entities (hereinafter collectively referred to as "the plaintiff") subsequently filed a number of separate but related lawsuits against DOR. In each of these cases, as described below, DOR has asserted the defense of collateral estoppel, as the legal issue in each case involves the same legal issue decided in favor of DOR in the 2005 case.

- a. Filed on September 20, 2007. Plaintiff seeks a sales tax refund of \$10.1 million from DOR. DOR filed a motion to dismiss on May 12, 2008, which was granted by the Superior Court on February 11, 2011. The plaintiff appealed to the Georgia Court of Appeals (the "Ga. Court of Appeals"), and on March 23, 2012, the Ga. Court of Appeals affirmed the trial court in a written decision. The plaintiff filed a Petition for Certiorari to the Georgia Supreme Court on April 12, 2012, which was denied on October 1, 2012. The 2007 case is thus also definitively resolved in favor of DOR.
- b. Filed in Fulton County Superior Court on December 23, 2009 and October 8, 2010. The plaintiff seeks a sales tax refund of \$3.2 million and \$3.0 million, respectively, from DOR. DOR filed timely answers in the 2009 case and the 2010 case claiming collateral estoppel, and each of these cases were stayed pending the outcome of the 2007 case. While these cases have not been officially dismissed, DOR believes that



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

outcome of each case is controlled by the Ga. Court of Appeals decision in the 2007 case.

- c. Prior to the Georgia Supreme Court's decision to deny certiorari in the 2007 case, the plaintiff filed a new suit in Fulton County Superior Court on September 28, 2012. In this suit, the plaintiff seeks a sales tax refund of \$2.6 million from DOR. DOR has filed an answer asserting that this case is controlled by the Court of Appeals decision in the 2007 case.

3. A class action lawsuit filed on June 6, 2002, on behalf of 2,200 children in State custody asserting systemic deficiencies in foster care in Fulton and DeKalb counties. A consent decree was entered wherein Department of Human Services (DHS) (successor to certain powers, functions and duties of the former Department of Human Resources) agreed to make a number of specific system-wide management and infrastructure reforms (the "Consent Decree").

- a. Consent Decree Attorneys' Fees and Costs Adjusted by Multiplier: The United States District Court for the Northern District of Georgia (the "N.D. Ga. District Court") appointed two independent accountability agents to monitor DHS's progress and awarded Multiplier-Adjusted Fees to the plaintiffs in the amount of \$10.5 million, of which \$4.5 million was the result of a 1.75 multiplier applied by the N.D. Ga. District Court (such multiplier-adjusted Consent Decree attorneys' fees and costs hereinafter referred to as the "Multiplier-Adjusted Fees"). DHS appealed the award of the Multiplier-Adjusted Fees to the United States Court of Appeals for the Eleventh Circuit (the "Eleventh Circuit"). In July 2008, the Eleventh Circuit affirmed the entire award. However, the majority opinion noted that although the panel affirmed the 1.75 multiplier applied by the N.D. Ga. District Court to the Multiplier-Adjusted Fees, they did so because they were bound by Eleventh Circuit precedent

which the opinion noted may conflict with that of the United States Supreme Court (the "U.S. Supreme Court"). DHS filed a petition for rehearing en banc in the Eleventh Circuit, which was denied on November 5, 2008. On April 6, 2009, the U.S. Supreme Court granted the State's petition for certiorari on the award of the Multiplier-Adjusted Fees in this case, and oral argument was conducted before the U.S. Supreme Court on October 14, 2009. On April 21, 2010, the U.S. Supreme Court issued a decision in the case vacating and remanding the N.D. Ga. District Court's multiplier portion of its award of Multiplier-Adjusted Fees to plaintiffs' counsel, holding that the N.D. Ga. District Court did not provide a proper justification for the amount of the multiplier. On remand, the Eleventh Circuit ordered the parties to mediation, which was held on August 25, 2010. The parties were unable to reach an agreement on the amount of the multiplier and on November 15, 2010, plaintiffs filed a renewed motion for the Multiplier-Adjusted Fees with the N.D. Ga. District Court. In the interim, the State has paid the undisputed portion of the initially requested Consent Decree attorneys' fees in the amount of \$8.1 million.

- b. Appellate Attorneys' Fees and Costs: In September 2009, plaintiffs filed a request with the N.D. Ga. District Court for attorneys' fees and expenses related to the State's appeal to the Eleventh Circuit and to the U.S. Supreme Court (the "Appellate Fees"). On March 31, 2011, the N.D. Ga. District Court conducted a hearing on the award of Appellate Fees and the plaintiffs' renewed motion for Multiplier-Adjusted Fees. On July 19, 2011, the N.D. Ga. District Court entered two written orders. In the first order, the plaintiffs' request for any enhancement of the multiplier of their original award was denied as there was no evidence in the record to support it. In the second order, while plaintiffs' request for the portion of the Appellate Fees related to



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

the State's appeal to the Eleventh Circuit was denied, the N.D. Ga. District Court determined that plaintiffs partially prevailed in the appeal to the U.S. Supreme Court, and thus would be permitted to submit a request for all fees and expenses related to their work on the appeal to the U.S. Supreme Court (the "Supreme Court Fees"). Plaintiffs in turn submitted their request for a total of \$1.0 million. The State's response was submitted to the N.D. Ga. District Court on September 6, 2011, in which the State alternatively argued that plaintiffs are not entitled to any award, but if the N.D. Ga. District Court should determine that they are, then they should be awarded only approximately \$0.3 million. In December 2011, the parties settled on a \$0.6 million amount for the Supreme Court Fees, and the plaintiffs withdrew their motion related to such fees.

- c. **Compliance Attorneys' Fees and Costs:** In addition, plaintiffs sought and received payment from the State in June 2010 of an additional \$1.0 million in attorneys' fees and costs related to the State's efforts to comply with the Consent Decree. On March 7, 2012, plaintiff's counsel contacted the State's counsel with a demand for attorneys' fees and costs in excess of \$1.0 million related to the compliance monitoring incurred over the past compliance period, and in April 2012, the parties settled on a \$0.8 million amount for such fees, which was paid by DHS to plaintiffs' counsel in May 2012.

In the underlying litigation regarding compliance with the Consent Decree regarding placement of children in Department of Family and Children's Services custody for Fulton and DeKalb counties, on November 23, 2010 the N.D. Ga. District Court entered a stipulated modification of the Consent Decree regarding measurement and reporting of DHS's performance thereunder. On April 12, 2011, due to Fulton County's substantial compliance with all material aspects of the Consent Decree for eighteen consecutive months, the N.D. Ga. District

Court entered a consent decree to terminate the N.D. Ga. District Court's jurisdiction over Fulton County and dismissing the action as it pertains to Fulton County and the Consent Decree. The N.D. Ga. District Court also approved the payment of \$0.1 million in attorneys' fees and expenses related to the Fulton County portion of the action.

4. **Master Tobacco Settlement:** Pursuant to the terms of the 1998 Master Settlement Agreement ("MSA") entered into between the Attorneys General of 46 states, including the Georgia, the District of Columbia, and the four U.S. Territories (collectively, the "Settling States"), and the major tobacco companies and other companies that have joined the MSA since its execution (collectively the "Participating Manufacturers"), the Participating Manufacturers must make payments into the Tobacco Settlement Fund to compensate the Settling States for Medicaid and other public health expenses incurred in the treatment of tobacco-related illnesses (Florida, Minnesota, Mississippi, and Texas settled separately). The State receives annual payments from the Tobacco Settlement Fund which are paid into the State Treasury and appropriated by the General Assembly. The Participating Manufacturers have commenced arbitration against the Settling States under the terms of the MSA in which the Participating Manufacturers contend that the amount of their payments to the Settling States for 2003 should be reduced. The State asserts that it has acted properly and that the Participating Manufacturers are not entitled to a reduction in the amount of payments to be made to the State. In the event of a final determination in favor of the Participating Manufacturers, the current payments due to the State from the Tobacco Settlement Fund would be reduced in order to recapture any overpayment for 2003. With respect to the State, the maximum potential reduction of funds to the State would not exceed the total fund payments of \$129.1 million received by the State in 2003. The Participating Manufacturers asked the arbitrators to rule that they have the right under the MSA to withhold disputed monies from their annual payments pending the outcome of arbitration over their claims. The arbitrators ruled that the independent auditor for the MSA cannot apply an interim adjustment to the 2003 payments until an arbitration panel makes a



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

final determination. On November 4, 2011, the Participating Manufacturers contested the 2003 diligent enforcement efforts of thirty-three states, including Georgia, as well as the District of Columbia and Puerto Rico. The current 2003 arbitration proceeding is expected to last well into calendar year 2013. The hearing specific to the State is set for the end of January 2013. No ruling will be issued immediately following the hearing; however, a ruling is anticipated prior to the scheduled April 2014 payment date, as the ruling will affect the settlement payments due on that date. The Participating Manufacturers have requested that the parties begin the process of arbitrating over adjustments for calendar year 2004 and will likely request arbitration for subsequent calendar years.

5. A suit was filed on June 30, 2011, in the Athens-Clarke County Superior Court against the Board of Regents (BOR). The plaintiff purchased real property adjacent to property owned by the BOR upon which BOR inadvertently had placed part of an inert landfill across the adjoining property line prior to plaintiff's purchase. After negotiations between the parties, the plaintiff filed an ante litem notice and subsequent lawsuit against BOR, claiming trespass, nuisance and inverse condemnation. The plaintiff has claimed damages in the amount of \$16 million. In between the submission of the ante litem notice and the filing of the lawsuit, the plaintiff filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court, Middle District of Georgia ("Bankr. M.D. Ga."). In order to properly close the landfill in accordance with Georgia Environmental Protection Division regulations, BOR must have record title to the entire landfill plus a 100-foot buffer zone. However, a bank holding the security interest in the plaintiff's tract has been granted relief from the bankruptcy stay to foreclose on the tract. BOR's position is that it already owns a property interest in the land being disputed by virtue of the earlier "inadvertent taking," and the subsequent expiration of the applicable limitations period(s). BOR will assert its property interests in the Superior Court litigation, and believes that any potential recovery is limited to the reduction in the market value of the property. The parties went to mediation in April 2012, but failed to reach a settlement. BOR filed a Request for Relief from Stay with the Bankr.

M.D. Ga., seeking permission to file a counterclaim for quiet title in the Superior Court action, which was granted on April 27, 2012. BOR has filed a counterclaim for quiet title to protect its interests in the disputed property prior to any foreclosure or sale of the property. The plaintiff has filed a motion to dismiss its Chapter 11 bankruptcy. The deadline for completion of discovery is February 27, 2013.

6. Interstate Water Disputes Among Georgia, Alabama and Florida: The State has been involved in litigation in the United States District Court for the Middle District of Florida (the "M.D. Fla. District Court"), the United States District Court for the Northern District of Alabama (the N.D. Al. District Court"), and the Eleventh Circuit concerning the operation of U.S. Army Corps of Engineers ("Corps") dams and reservoirs on the Chattahoochee and Etowah Rivers in Georgia for water supply and other purposes. Buford Dam impounds the Chattahoochee River to form Lake Lanier and is part of the Apalachicola-Chattahoochee-Flint ("ACF") River Basin. Lake Lanier is the primary source of water supply to more than three million people in North Georgia, including a substantial portion of the metropolitan Atlanta region's population. The additional federal reservoirs are downstream of Lake Lanier in the ACF River Basin. The ACF River Basin is shared by Alabama, Florida, and Georgia.

Several cases involving the federal reservoirs in the ACF River Basin were consolidated by the Judicial Panel on Multidistrict Litigation (the "JPML") and assigned to U.S. District Judge Paul Magnuson in the M.D. Fla. District Court (the "ACF River Basin Litigation"). The main components of the ACF River Basin Litigation are: (1) several cases involving the authority of the Corps to operate Lake Lanier for water supply (this portion of the ACF River Basin Litigation is referred to as "Phase 1"), and (2) cases dealing with the quantity of water that the Corps must release from the federal reservoirs in the ACF River Basin to support the habitats of certain endangered and threatened species in the Apalachicola River in Florida pursuant to the Endangered Species Act (the "ESA") (this portion of the ACF River Basin Litigation is referred to as "Phase 2").



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Phase 1 of the ACF River Basin Litigation involves primarily interpretation of two statutes that govern the Corps' authority to operate Buford Dam and Lake Lanier: the River and Harbor Act of 1946 (the "1946 RHA") and the Water Supply Act of 1958 (the "WSA"). The 1946 RHA is the statute that authorized the construction of Buford Dam and Lake Lanier. The State maintains that the 1946 RHA authorizes the Corps to modify its operations over time to meet evolving water supply needs. The States of Alabama, Florida, and other parties aligned with them (the "Alabama/Florida Parties") argue that the 1946 RHA merely allows the Corps to make available for water supply whatever water results incidentally from releases that are made to maximize the hydropower benefit from Lake Lanier. Construction of the Buford Dam/Lake Lanier project commenced in 1950 and took approximately six years. In 1958, the U.S. Congress enacted the WSA. The WSA allows the Corps to include storage in any reservoir project nationwide for municipal water supply, subject to certain restrictions.

During the 1970's, federal, state, and local governments conducted a joint study that concluded that the most favorable source of future water supply for metropolitan Atlanta was Lake Lanier. In the 1970's, the Corps began to enter into short-term contracts with certain Georgia municipalities to provide them with water supply from the Buford Dam/Lake Lanier project pending a permanent reallocation of storage in Lake Lanier to water supply. In 1989, the Corps issued a draft proposal to reallocate storage in Lake Lanier to water supply, and in 1990, Alabama sued the Corps to block that proposal. Georgia and Florida moved to intervene in that litigation, and it was stayed for more than a decade to allow negotiations to proceed.

On July 17, 2009, Judge Magnuson reached a decision in Phase 1 of the ACF River Basin Litigation (the "Phase 1 District Court Order"). In the Phase 1 District Court Order, Judge Magnuson held, among other things, that: (1) water supply is not an authorized purpose of the Buford Dam/Lake Lanier project under the 1946 RHA; and (2) the Corps' operations to meet current (and therefore also future) water supply demands exceed the supplemental authority that the WSA provides. The

Phase 1 District Court Order provided that the Corps could continue operating Lake Lanier to meet current water supply needs until July 17, 2012, to allow time for federal legislation authorizing such operations, or for some alternative form of settlement among the parties. According to the Phase 1 District Court Order, in the absence of such legislation or settlement, as of July 17, 2012, direct water supply withdrawals from Lake Lanier (with the exception of certain withdrawals by the Cities of Buford and Gainesville) would have to cease, and releases from Buford Dam for water supply use downstream would have to revert to what Judge Magnuson found to be the "baseline" operation of the mid-1970's, which would result in a substantial reduction from the current levels of water supply withdrawals for the affected municipal water systems. The State, other parties aligned with it, and the Corps appealed the Phase 1 District Court Order to the Eleventh Circuit.

On June 28, 2011, the Eleventh Circuit issued a decision (the "Eleventh Circuit Decision") reversing the Phase 1 District Court Order. The Eleventh Circuit Decision held, among other things, that (1) water supply is an authorized purpose of Lake Lanier under the 1946 RHA; (2) water supply is not subordinate to hydropower or other purposes under the 1946 RHA; (3) Congress contemplated in the 1946 RHA that water supply may have to be increased over time, at the expense of hydropower, as the metropolitan Atlanta area grows; (4) the 1946 RHA authorizes the Corps to reallocate storage from hydropower to water supply; (5) the WSA supplies supplemental authority, in addition to the authority under the 1946 RHA, for the Corps to reallocate storage to water supply; and (6) the M.D. Fla. District Court lacked jurisdiction to hear the Alabama/Florida Parties' Phase 1 claims because they were not challenges to any final agency action. The Eleventh Circuit remanded the case to the M.D. Fla. District Court with instructions for the M.D. Fla. District Court to remand the State's water supply request to the Corps for the Corps to decide the extent to which it can reallocate storage to meet Georgia's present and future water supply needs in light of the Eleventh Circuit's holdings regarding interpretation of the 1946 RHA and the WSA. The Alabama/Florida Parties petitioned the Eleventh



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

Circuit for rehearing. The Eleventh Circuit denied that petition on September 16, 2011. The Alabama/Florida Parties filed a petition for certiorari to the U.S. Supreme Court. On June 25, 2012, the U.S. Supreme Court denied the petition for certiorari and the Eleventh Circuit Decision therefore stands. On June 26, 2012, the Corps determined that it possesses the legal authority to grant Georgia's water supply request in its entirety. The Corps having complied with the instructions of the Eleventh Circuit Decision, on July 10, 2012, the Eleventh Circuit remanded any remaining jurisdiction over Phase 1 to the M.D. Fla. District Court with instructions to remand to the Corps. The M.D. Fla. District Court has yet to issue a remand order, but the Corps is in the process of determining whether and how it will grant Georgia's water request in whole or in part.

In Phase 2 of the ACF River Basin Litigation, the State of Florida and other parties aligned with it (the "Florida Parties") claimed that the Corps' operating plan for the federal reservoirs in the ACF River Basin would place certain endangered and threatened species in jeopardy and result in adverse modification of the critical habitats of those species in violation of the ESA. An analysis by the United States Fish and Wildlife Service (the "FWS") found that the Corps' operating plan would not violate the ESA. On July 21, 2010, Judge Magnuson entered summary judgment in favor of the Corps and the FWS and against the Florida Parties as to all claims in Phase 2 of the ACF River Basin Litigation (the "Phase 2 District Court Order"). The Florida Parties appealed the Phase 2 District Court Order to the Eleventh Circuit on September 20, 2010, and subsequently moved to stay those appeals pending further consultation between the Corps and FWS regarding the Corps' interim operating plan. On September 13, 2012, the Florida Parties made a filing with the Eleventh Circuit stating that they believe the Phase 2 appeals are moot because the Corps issued a new operating plan that replaces the prior one, and the FWS has made a new determination on the basis of that new operating plan. The Eleventh Circuit has not yet ruled on whether the appeals are moot.

In addition to the ACF River Basin Litigation, the State of Alabama and parties aligned with it (the "Alabama Parties") asserted claims in the N.D. Al. District Court concerning the Corps' reservoir operations in the ACT River Basin and a permit that the Corps issued for the construction of the Hickory Log Creek Reservoir (the "ACT River Basin Litigation"). The ACT River Basin Litigation included claims by the Alabama Parties that the Corps has exceeded its authority under the WSA through its operation of Lake Allatoona; that the Corps has acted illegally in allowing the Cobb-Marietta Water Authority ("CCMWA"), which supplies potable water to several large municipal water systems, including Cobb County, in the northwestern metropolitan Atlanta region, to allegedly withdraw more water than is allowed under CCMWA's storage contract with the Corps; and that the Corps violated the National Environmental Policy Act and other statutes when it issued the permit to the City of Canton and CCMWA for the Hickory Log Creek Reservoir. The ACT River Basin Litigation was stayed for much of the past twenty years. The Corps, and the State and parties aligned with it, filed a motion to dismiss most of the claims in the ACT River Basin Litigation (including all of those challenging operation of Lake Allatoona for water supply) for lack of subject matter jurisdiction on the basis of the Eleventh Circuit Decision in Phase 1 of the ACT River Basin Litigation. On July 2, 2012, the N.D. Al. District Court granted the motions to dismiss. By stipulation on October 22, 2012, the Alabama Parties dismissed all remaining claims in the ACT River Basin Litigation that were not addressed in the July 2, 2012, dismissal order. It is not yet known whether the Alabama Parties will appeal the July 2, 2012, dismissal order to the Eleventh Circuit. Were the Alabama Parties to prevail in the ACT River Basin Litigation, the result could be that water supply to CCMWA and other municipal providers that use water from Lake Allatoona could be limited or curtailed.

7. Department of Behavioral Health and Developmental Disabilities (DBHDD): In January 2009, Department of Justice (DOJ) filed a complaint against the State in the N.D. Ga. District Court under the Civil Rights of Institutional Persons Act



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

("CRIPA"), resulting in a five year CRIPA Settlement Agreement with respect to the State-operated psychiatric hospitals. In accordance with that agreement, the State has made changes to its facilities and operations, including hiring a nationally recognized expert and his team to lead the process.

Notwithstanding the changes, in January 2010, DOJ filed a motion to amend its complaint and contemporaneously filed a new complaint under the Americans with Disabilities Act (the "ADA") in the N.D. Ga. District Court. Along with the new complaint, DOJ sought a preliminary injunction seeking the appointment of a monitor to implement DOJ's requested relief. On October 19, 2010, the parties entered into a comprehensive settlement agreement, focusing on providing treatment in community settings rather than State hospitals (the "ADA Settlement Agreement"). Pursuant to the ADA Settlement Agreement, the motion for preliminary injunction was withdrawn and the action was conditionally dismissed, with the N.D. Ga. District Court retaining jurisdiction to enforce the ADA Settlement Agreement. The changes in treatment required under the ADA Settlement Agreement will result in substantial additional costs to be incurred by DBHDD.

DBHDD's provision of behavioral health and development disability services has also been impacted by the U.S. Supreme Court's decision in *Olmstead v. L.C.*, issued on June 22, 1999, which held that unnecessary segregation of individuals in institutions may constitute discrimination based on disability. *Olmstead* also recognized the states' need to maintain a range of facilities for the care and treatment of persons with diverse disabilities, and thus the need to consider the resources available for providing a range of services in addition to services in the community. The decision suggested that a state could establish compliance with ADA if it demonstrated that it has a comprehensive plan for placing eligible persons with disabilities in less restrictive settings, and a waiting list that moves at a reasonable pace given the resources available and not controlled by trying to keep the state's institutions fully populated.

DBHDD continues to transition developmentally disabled persons and persons with mental health disorders to the community at a reasonable pace. In accordance with the CRIPA Agreement with DOJ, the State has made changes in the staffing plans for the hospitals, and the way that treatment and discharge planning are managed for all consumers. On September 20, 2012, the Independent Reviewer under the ADA Settlement Agreement submitted her second report with the N.D. Ga. District Court. While the report included a discussion of areas in need of continued improvement, the Independent Reviewer concluded again that the State has demonstrated good faith and commitment in its implementation of its obligations under the ADA Settlement Agreement and has demonstrated that it can and will honor its obligation to comply with the substantive provisions thereof.

8. A suit has been filed in the N.D. Ga. District Court on September 9, 2010, in which six plaintiffs purportedly suffering from mental or developmental disabilities filed a claim for relief against the DCH and DBHDD under the ADA and the *Olmstead* decision with respect to the alleged termination of certain Medicaid benefits for community-based behavioral health disability services. The plaintiffs have filed a motion seeking preliminary injunctive relief including reinstatement of the allegedly terminated benefits. A hearing on the motion was held on October 7, 2010, and a preliminary injunction was entered by the Court, which has been extended through November 17, 2012. The State has until December 21, 2012, to file any defensive pleadings. DOJ has filed a motion to intervene.

9. Immigration Legislation: During its 2011 session, the Georgia General Assembly passed the Illegal Immigration Reform and Enforcement Act of 2011 (Ga. L. 2011, Volume One, Book One, p. 794, *et seq.*, Act No. 252, H.B. 87, signed by the Governor on May 13, 2011, and effective July 1, 2011, referred to herein as "HB87"). The provisions of HB87 include, but are not limited to, provisions addressing criminal laws regarding: identity fraud, transporting and harboring persons that are present in the United States illegally, requiring governmental bodies to obtain affidavits from contractors entering into contracts with



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

governmental bodies involving activities defined as physical performance of services within the State regarding their participation in a specifically defined work authorization program, requiring private employers having more than ten employees to register with and utilize a specifically defined federal work authorization program, and requiring governmental bodies to obtain affidavits from certain persons regarding their participation in the specifically defined work authorization program before issuance or renewal of a business license, occupational tax certificate, or other document required to operate a business.

On June 2, 2011, a number of plaintiffs filed suit in the N.D. Ga. District Court against the Governor and a number of other State officials as well as one local official seeking a declaratory judgment and injunctive relief regarding the constitutionality of HB87. On June 27, 2011, the N.D. Ga. District Court enjoined the enforcement of two sections of HB87. Specifically, the N.D. Ga. District Court prohibited enforcement of Section 7 which criminalizes behavior for those who facilitate illegal immigration by knowingly and intentionally harboring, enticing or transporting any illegal aliens within the State. The Court also enjoined the enforcement of Section 8 which authorizes State law enforcement officers to reasonably investigate immigration status where they have probable cause to believe a crime has been committed.

The State appealed the grant of the injunction to the Eleventh Circuit Court of Appeals on July 8, 2011, and the case is stayed pending resolution of the appeal. Oral argument on the appeal was conducted before the Eleventh Circuit on March 1, 2012. Subsequent to the decision of the U.S. Supreme Court in *Arizona v. United States*, where the question presented was whether the federal immigration laws preclude certain provisions of Arizona's immigration laws, the Eleventh Circuit issued an opinion on August 20, 2012. The Eleventh Circuit ruled that portions of HB87 are unconstitutional and upheld the N.D. Ga. District Court injunction prohibiting enforcement of Section 7, but reversed the N.D. Ga. District Court injunction of enforcement of Section 8. The Eleventh Circuit remanded certain issues to the N.D.

Ga. District court for further proceedings. In September 2012, the State filed a petition with the Eleventh Circuit for rehearing en banc, which remains pending.

C. Guarantees and Financial Risk

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 Georgia Higher Education Assistance Corporation (GHEAC) rate of annual losses (defaults) 5%. In the event of further adverse loss experience, GHEAC could be liable for up to 20% of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed prior to October 1, 1993, and 22% of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed on or after October 1, 1993. During the year ended June 30, 2012, GHEAC, on behalf of the U.S. DOE, reimbursed \$46.3 million to lenders for defaulted loans.

Georgia Student Finance Authority (GSFA) has guarantees with certain lenders under a loan servicing agreement to repurchase loans on which the federal guarantee is lost and on which a cure is not established within one year of guarantee loss. Effective May 1, 2007, the GSFA's loan servicing agreement ended with one particular lender whose portfolio was approximately \$154.4 million. The GSFA is no longer servicing these loans; however the GSFA's guarantee is still in effect for prior serviced loans until August 12, 2028.

The GSFA is responsible for a part of the \$179.2 million in pledged receivables currently on its statement of net assets that become ineligible for the DOE Put Program due to the GSFA's breach or incompliance with the related service agreement. Based on the GSFA claim denial rate history and the nature of the obligation under the serviced loans, \$2.0 million has been reserved for these potential future liabilities.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Georgia Housing Finance Authority (GHFA) has uninsured loans of \$18.5 million as of June 30, 2012. All of these loans are for home mortgages in the State. Current economic conditions in the State have declined since their peak in 2006. One impact of these conditions has been a decline in housing values. As a result, GHFA has incurred a higher rate of loss on foreclosed loans as a result of the impact of these economic factors and the decline in the value of its underlying collateral on uninsured loans. Another factor that results from the decline in the economy is an increase in the number of foreclosures.

D. Other Significant Commitments

Primary Government

Bond Proceeds

Georgia State Financing and Investment Commission (GSFIC) 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, 2012, the undisbursed balance remaining on these agreements approximated \$742.2 million.

Contractual Commitments

The Georgia Constitution permits State organizations to enter into contractual commitments provided they have funds available (statutory basis) at the time of the execution of the contract. At June 30, 2012, the fund balances of governmental funds include encumbrances of \$3.5 billion in the General Fund and \$140.7 million in the General Obligation Bond Projects Fund.

BOR had significant, unearned, outstanding construction or renovation contracts executed in the amount of \$125.5 million as of June 30, 2012. This amount is not reflected in the financial statements.

GTA has significant commitments to IBM and AT&T through master service agreements. The \$1.1 billion IBM master contract, effective April 1, 2009, is an eight year contract with two optional years, and

has a remaining balance of \$696.2 million as of June 30, 2012. The \$435.8 million AT&T master contract, effective May 1, 2009, is a five year contract with two optional years, and has a remaining balance of \$240.3 million as of June 30, 2012.

In April 2011 as permitted by Article IX, Section III, Paragraph I (a) of the Constitution of 1983, SRTA and DOT entered into an agreement whereby DOT would build and SRTA would fund a portion of certain transportation projects along the GA 400 corridor. The original SRTA commitment was \$27.3 million. Expenditures through June 30, 2012, are \$2.9 million and the remaining balance carried forward to fiscal year 2013 is \$24.4 million, and is shown as restricted net assets on the proprietary fund financial statements. SRTA has contractual commitments on other uncompleted contracts of \$52.2 million.

Component Units

Contractual Commitments

Georgia Environmental Facilities Authority (GEFA) has entered into contractual agreements to fund three Clean Water State Revolving Loan Fund loans with resources from the Georgia Fund in the amount of \$41.0 million. It is anticipated that balloon payments on these loans will become due in full between February 1, 2027, and February 1, 2028. GEFA plans to designate funds at a proportionate amount annually to accumulate adequate resources at the time the loans become payable to each of their respective funds beginning with fiscal year 2013.

At June 30, 2012, the Georgia Ports Authority had commitments for construction projects of approximately \$35.6 million.

In August 2007, the Georgia Ports Authority formally entered into an agreement with OPB to make voluntary annual payments to OST over a 21-year period. The total amount of payments due to OST at June 30, 2012, was approximately \$235.2 million.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 16 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

The Georgia Ports Authority entered into an "Intergovernmental Agreement for Development of an Ocean Terminal on the Savannah River within the State of South Carolina" with DOT and the South Carolina State Ports Authority (SCSPA). Under the agreement, the Georgia Ports Authority purchased approximately 1,500 acres of land for the Jasper Ocean Terminal jointly with the SCSPA as 50% tenants in common. Further, under the agreement, the Georgia Ports Authority has an obligation to provide \$3.0 million in operation costs for the Jasper Port Project Office of which approximately \$2.3 million has been provided as of June 30, 2012.

University System Foundations

The Georgia State University Foundation has future commitments with various limited partnership agreements with investment managers of real estate investment trusts and venture capital funds for the endowment portfolio. Payments under the various partnership agreements are made over a period of years based on specified capital calls by the respective partnerships. The purpose of these agreements is to provide endowment funds and nonprofit organizations the opportunity to invest in private limited partnerships, which in turn, make venture capital investments primarily in emerging growth companies, international private equity investments and in equity securities, warrants or other options that are generally not actively traded at the time of investment with the objective of obtaining long-term growth of capital. Capital calls are drawn from other liquid assets of the endowment investment pool as part of the asset allocation process. Investment commitments for the years ended June 30, 2012, and 2011 totaled \$5.9 million and \$7.3 million, respectively.

The University of Georgia Research Foundation, Inc. is the sole member of the Real Estate Foundation. The Real Estate Foundation has contractual commitments, in whole or in part, with parties other than the University. In May 2011, the Board approved maximum expenditures of \$23.0 million related to the potential renovation or replacement of Rutherford Hall, a residence hall located on the University campus. Construction for the replacement of Rutherford Hall began in May

2012, and as of June 30, 2012, expenditures for construction in progress were \$1.7 million. The residence hall is expected to be complete in July 2013, and occupied beginning August 2013. This project is expected to provide sufficient resources to fund the obligations of the project. In May 2012, the Board approved maximum expenditures of \$27.0 million related to the replacement of Bolton Dining Commons, a dining facility on the University campus. Construction is scheduled to begin in late spring 2013 and be complete by July 2014.

The Georgia Tech Athletic Association Foundation has entered into employment contracts with certain employees expiring in years through 2016 that provide for a minimum annual salary. At June 30, 2012, the total commitment for all contracts for each of the next five years is as follows:

June 30, 2013	- \$5.5 million
June 30, 2014	- \$5.3 million
June 30, 2015	- \$ 5.4 million
June 30, 2016	- \$3.2 million
June 30, 2017	- \$1.0 million



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 17 - SUBSEQUENT EVENTS

A. Primary Government

Long-term Debt Issues

General Obligation Bonds Issued

In June 2012 the State sold General Obligation bonds in the total amount of \$600.0 million for delivery on July 18, 2012, to provide funds for various capital outlay projects of the State, for county and independent school systems through Department of Education, and to provide loans through Georgia Environmental Finance Authority (GEFA) to local governments and local government entities for water and sewerage facilities:

<u>Series</u>	<u>Amount (in millions)</u>
2012A	\$ 520.1
2012B	79.9
Total	<u>\$ 600.0</u>

The true interest cost of the Series 2012A bonds was 2.69% and 2.70% for the Series 2012B bonds.

General Obligation Refunding Bonds

In June 2012, the State sold Series 2012C General Obligation refunding bonds in the total amount of \$137.1 million for delivery on July 18, 2012, to refund \$146.4 million of the State's outstanding General Obligation bonds to achieve debt service cash flow savings of \$16.8 million over the life of the bonds.

The true interest cost for the Series 2012C refunding bonds, which have an average life of 9.341 years, was 1.98%.

Upcoming General Obligation Bond Sale

Subsequent to fiscal year-end the State was in the process of preparing to sell \$234.9 million in new General Obligation Bonds to provide funds for various capital outlay projects of the State and \$349.7 million of General Obligation Refunding Bonds to advance refund certain outstanding General Obligation Bonds of the State. The bonds were

priced and awarded on December 12, 2012, with an anticipated closing date of January 8, 2013.

Unemployment Trust Fund

The Federal Unemployment Account (FUA) provides for a loan fund for State unemployment programs to ensure a continued flow of unemployment benefits during times of economic downturn. As of June 30, 2012, the State had borrowed \$745.3 million from the U.S. Treasury to pay State unemployment benefits. A repayment for all amounts borrowed during calendar year 2012 in the amount of \$92.2 million was made in September 2012, which included State appropriation of \$16.8 million. Following the September 2012 payment by the State and application of FUA credits, the balance of all outstanding loans from FUA to the State was \$650.6 million. The interest rate for the Title XII loans during calendar year 2012 is about 2.943%. An interest payment of \$22.4 million was paid to the U.S. Treasury on September 28, 2012. There is no federally mandated principal repayment schedule for Title XII loans at this time. The Social Security Act provides that the advances may be repaid at any time and may be paid from unemployment taxes or other funds in the State's unemployment trust fund; however, interest, if any, payable on the borrowings cannot be paid with unemployment insurance taxes or administrative grant funding. Other State funds must be used to pay interest costs. All borrowings must be repaid by November 10 of the second year of the loan; if not timely paid, the Federal Unemployment Tax Act tax on the State's employers is effectively increased (by credit reduction) and the additional taxes are applied as payments against the loans.

B. Component Units

Revenue Bonds

In August 2012, the Development Authority of Bulloch County issued \$27.3 million in student housing revenue bonds Series 2012 and loaned the proceeds to Georgia Southern University Housing Foundation, Inc. a higher education foundation. The Foundation will use the proceeds to finance the construction of student dining facilities.



Notes to the Financial Statements For the Fiscal Year Ended June 30, 2012

Other Subsequent Events

On October 1, 2012, Georgia Ports Authority (Authority) paid off the \$7.2 million of revenue bonds due to the expiration of the Authority's letters of credit. The balance was paid from the Authority's internal funds and without penalty.

A suit was filed in the United States District Court for the Eastern District of Tennessee ("the E.D. Tenn. District Court") on August 27, 2012 against the Georgia Lottery Corporation ("Georgia Lottery"), and other individuals, as well as the State of Georgia, seeking monetary claims for \$1 million, plus interest, as well as \$93.9 million in punitive damages. The plaintiff alleges that he won \$1.0 million on a Georgia Lottery ticket. Georgia Lottery requires that winners provide a social security number and two forms of identification for prizes in excess of \$5 thousand. The plaintiff refused to produce proper identification in order to claim the prize. The plaintiff alleges that he is the Emperor of the Yamassee/Moor Native American tribe and thus a foreign national, and that the demand to produce identification violates his "right to a nationality as an indigenous man". Georgia Lottery filed a motion to dismiss on October 1, 2012, on the grounds the action is barred by sovereign immunity and qualified immunity, as well as plaintiff's failure to state a claim, lack of subject matter and personal jurisdiction over the defendants, and improper venue.

REQUIRED SUPPLEMENTARY INFORMATION





Required Supplementary Information For the Fiscal Year Ended June 30, 2012

Schedule of Funding Progress for Other Postemployment Benefits (dollars in thousands)

Retirement System	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) using 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)
Board of Regents - Retiree	7/1/2009	\$ 10,566	\$ 3,129,508	\$ 3,118,942	0.3%	\$ 2,399,532	130.0%
Health Benefit Fund	7/1/2010	123	3,384,100	3,383,977	0.0%	2,432,367	139.1%
	7/1/2011	123	3,494,501	3,494,378	0.0%	2,526,212	138.3%

Separate financial reports that include the required supplementary information for this plan are publicly available and may be obtained from the BOR.



Required Supplementary Information

Budgetary Comparison Schedule

Budget Fund

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
Funds Available					
State Appropriation					
State General Funds	\$ 15,979,358	\$ 15,975,879	\$ 15,975,879	15,877,516	\$ 98,363
Revenue Shortfall Reserve for K-12 Needs	-	165,586	165,586	165,586	-
State Motor Fuel Funds	907,237	934,394	934,393	1,127,334	(192,941)
Lottery Proceeds	913,371	918,009	918,009	867,172	50,837
Tobacco Settlement Funds	138,472	138,472	138,472	138,596	(124)
Brain and Spinal Injury Trust Fund	1,934	2,334	2,334	2,343	(9)
Nursing Home Provider Fees	131,322	143,557	132,393	132,393	-
Hospital Provider Fee	224,138	225,568	225,259	225,260	(1)
Care Management Organization	-	-	719	719	-
State Funds - Prior Year Carry-Over					
State General Fund Prior Year	-	-	236,566	279,244	(42,678)
Brain and Spinal Injury Trust Fund - Prior Year	-	-	602	981	(379)
State Motor Fuel Funds - Prior Year	-	-	1,020,545	1,031,989	(11,444)
Tobacco Settlement Funds - Prior Year	-	-	482	482	-
Federal Funds					
CCDF Mandatory & Matching Funds	94,325	93,497	92,862	92,862	-
Child Care and Development Block Grant	140,623	130,958	89,005	87,651	1,354
Community Mental Health Services Block Grant	13,384	14,164	14,708	14,128	580
Community Services Block Grant	17,312	17,282	18,284	18,284	-
Federal Highway Administration [Highway Planning and Construction]	1,143,659	1,143,641	1,219,291	1,189,261	30,030
Foster Care Title IV-E	73,350	77,728	69,685	69,586	99
Low-Income Home Energy Assistance	24,652	24,828	65,713	65,713	-
Maternal and Child Health Services Block Grant	21,823	20,894	22,097	18,125	3,972
Medical Assistance Program	5,023,178	5,325,029	6,043,185	5,833,045	210,140
Prevention and Treatment of Substance Abuse Block Grant	51,433	51,481	52,823	52,190	633
Preventive Health and Health Services Block Grant	3,112	2,226	1,233	940	293
Social Services Block Grant	54,871	52,946	102,605	102,553	52
FFIND - Social Services Block Grant	37,902	35,981	-	-	-
State Children's Insurance Program	199,392	245,185	260,091	274,734	(14,643)
Temporary Assistance for Needy Families	342,225	355,333	390,397	394,675	(4,278)
TANF Transfer to SSBG	25,800	-	-	-	-
FFIND - Temporary Assistance for Needy Families	41,086	21,722	-	-	-
TANF Unobligated Balance	18,257	9,552	9,552	2,890	6,662
Federal Funds Not Itemized	3,459,597	3,393,312	4,399,506	3,975,296	424,210
American Recovery and Reinvestment Act of 2009					
Electricity Delivery and Energy Reliability	-	-	400	387	13
Federal Highway Administration [Highway Planning and Construction]	-	-	26,303	8,665	17,638
Medical Assistance Program	-	9,016	101,641	66,573	35,068
Promote Health Info Tech	2,500	6,191	11,528	5,259	6,269
Federal Funds Not Itemized	69,343	69,602	289,076	247,167	41,909
Other Funds	8,556,289	9,431,426	10,224,446	10,151,946	72,500
Total Funds Available	37,709,945	39,035,793	43,255,670	42,521,545	734,125
Expenditures					
Georgia Senate	10,266	10,260	10,585	9,522	1,062
Georgia House of Representatives	18,540	18,506	19,131	16,629	2,502
Georgia General Assembly Joint Offices	9,994	9,961	10,411	9,630	781
Audits and Accounts, Department of	30,547	31,021	30,786	29,825	961
Appeals, Court of	13,508	13,866	13,946	13,943	4
Judicial Council	17,167	17,387	23,959	17,847	6,112
Juvenile Courts	7,166	7,188	8,039	7,596	444
Prosecuting Attorneys	59,137	60,237	74,866	74,864	2
Superior Courts	58,770	59,925	60,063	60,059	3
Supreme Court	9,181	10,661	10,791	10,791	-
Accounting Office, State	15,882	15,944	22,276	21,735	541
Administrative Services, Department of	166,134	191,676	314,820	194,327	120,493
Agriculture, Department of	48,048	49,512	53,406	53,401	4
Banking and Finance, Department of	11,071	11,111	11,111	10,949	162
Behavioral Health & Developmental Disabilities, Department of	1,149,065	1,100,368	1,171,995	1,112,083	59,912
Community Affairs, Department of	206,164	220,631	259,606	240,141	19,465
Community Health, Department of	11,219,851	11,607,286	12,582,565	12,357,562	225,003
Corrections, Department of	1,097,820	1,114,025	1,140,968	1,132,656	8,313

(continued)



Required Supplementary Information

Budgetary Comparison Schedule

Budget Fund

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
Expenditures					
Defense, Department of	41,080	66,787	84,476	83,963	513
Driver Services, Department of	59,898	61,704	64,824	64,814	10
Early Care and Learning, Department of	448,020	455,648	447,357	435,888	11,469
Economic Development, Department of	40,618	40,086	44,882	43,918	964
Education, Department of	8,807,502	8,812,425	9,523,711	9,196,973	326,738
Employees' Retirement System of Georgia	36,858	37,402	37,551	35,871	1,680
Forestry Commission, State	44,223	41,318	49,220	49,202	18
Governor, Office of the	101,764	172,395	238,023	201,896	36,127
Human Services, Department of	1,596,929	1,583,283	1,626,835	1,621,588	5,247
Insurance, Department of	17,175	18,096	17,972	17,708	264
Investigation, Georgia Bureau of	110,270	111,686	141,990	141,838	152
Juvenile Justice, Department of	292,395	295,722	298,780	295,827	2,953
Labor, Department of	414,833	324,826	525,191	468,070	57,121
Law, Department of	58,732	59,181	62,400	61,629	771
Natural Resources, Department of	248,663	248,787	295,840	262,272	33,568
Pardons and Paroles, State Board of	52,673	53,023	54,926	54,511	415
Properties Commission, State	842	-	1,444	1,320	124
Public Defender Standards Council, Georgia	39,019	39,745	70,671	69,535	1,136
Public Health, Department of	678,049	679,216	828,382	728,093	100,289
Public Safety, Department of	167,284	176,770	184,155	171,791	12,364
Public Service Commission	9,486	9,593	10,006	10,005	1
Regents, University System of Georgia	5,669,714	5,635,875	6,666,210	6,252,102	414,108
Revenue, Department of	166,783	172,066	195,863	192,501	3,362
Secretary of State	31,677	33,319	36,931	36,253	678
Soil and Water Conservation Commission	5,750	9,889	7,139	7,135	4
State Personnel Administration	12,494	12,494	16,762	13,473	3,289
Student Finance Commission and Authority, Georgia	650,323	653,963	655,855	596,771	59,084
Teachers' Retirement System	29,299	29,961	30,179	28,466	1,713
Technical College System of Georgia	666,100	652,042	725,463	667,800	57,663
Transportation, Department of	1,937,289	2,946,843	3,257,124	2,243,839	1,013,285
Veterans Service, Department of	38,715	38,489	36,787	36,387	400
Workers' Compensation, State Board of	21,985	22,291	22,291	16,593	5,698
State of Georgia General Obligation Debt Sinking Fund	1,065,192	991,303	1,177,106	1,043,905	133,201
Total Expenditures	37,709,945	39,035,793	43,255,670	40,525,497	2,730,173
Excess of Funds Available over Expenditures	\$ -	\$ -	\$ -	\$ 1,996,048	\$ (1,996,048)



Required Supplementary Information
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2012
(dollars in thousands)

	General Fund
Sources/Inflows of Resources	
Summary	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	\$ 42,521,545
Differences - budget to GAAP	
<i>Perspective Differences:</i>	
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(8,159,186)
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	18,349,140
State appropriations revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(18,343,653)
<i>Basis Differences:</i>	
Accrual of taxpayer assessed receivables and revenues.	109,831
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	(515,900)
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(2,259,574)
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(489,672)
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.	268,521
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(152,797)
Revenue reported for nonbudgetary food stamp program and donated commodities.	3,074,290
Other net accrued receivables and revenues.	234,947
Total Revenues (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 34,637,492



Required Supplementary Information
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2012
(dollars in thousands)

	<u>General Fund</u>
Uses/Outflows of Resources	
Summary	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 40,525,497
<i>Differences - budget to GAAP</i>	
<i>Perspective Differences:</i>	
Expenditures of nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	80,688
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(10,352,506)
<i>Basis Differences:</i>	
Accrual of teacher salaries not included in current budget year.	2,165
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	11,179
Change in expenditure accrual for nonbudgetary Medicaid claims	269,118
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.	113,045
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(490,511)
Expenditures reported for nonbudgetary food stamp program and donated commodities.	3,074,290
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	(565,465)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(1,332,665)
Other net accrued liabilities and expenditures.	<u>23,178</u>
Changes in Fund Balance - Governmental Funds	<u>\$ 31,358,013</u>



Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2012

Budgetary Reporting

Budgetary Process

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

The Governor, through the OPB, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor also possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Georgia Constitution, Article III, Section IX, Paragraph IV, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." The Constitution also authorizes the passage of additional Supplementary

Appropriation Acts, provided sufficient surplus is available or additional revenue measures have been enacted. Finally, the Governor may withhold allotments of funds to budget units in order to maintain this balance of revenues and expenditures. Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through OPB, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit periodic allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to OPB.

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.



Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2012

Budget units of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate *Budgetary Compliance Report* is published each year to report on compliance at the legal level of budgetary control.

Budgetary Basis of Accounting

The annual budget of the State is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental (budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year-end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

Budgetary Compliance Exceptions

Expenditures of State funds may not exceed the amount appropriated at the legal level of control as provided by the Constitution. For the year ended June 30, 2012, total State funds expenditures did not exceed appropriated amounts.

While overall expenditures of state funds did not exceed appropriations, budget units were unable to

consistently demonstrate budgetary compliance at the “funding source within program” level as prescribed by the 2012 Appropriations Act. For more information on budgetary exceptions, please refer to the *Budgetary Compliance Report* issued under separate cover. This report can be found on website of the State Accounting Office at <http://sao.georgia.gov/>.

Budgetary Presentation

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.



COMBINING AND INDIVIDUAL
FUND STATEMENTS



NONMAJOR GOVERNMENTAL FUNDS





Description of Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions as described below:

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

The **Georgia Natural Resources Foundation** is a legally separate nonprofit organization organized to support the Georgia Department of Natural Resources (DNR). The Foundation is a publicly supported organization that provides funding and assistance to DNR to enhance natural resource conservation, historic preservation, environmental education, and outdoor recreation.

The **State Road and Tollway Authority** is a legally separate public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto.

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

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal and interest.

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

The **State Road and Tollway Authority Debt Service Fund** accounts for the payment of principal and interest on the debt of the Authority's governmental funds. The Authority issues bonded debt which finances State transportation infrastructure construction. Debt service payments due on outstanding bonds are paid by the Authority from redirected funds from the U. S. Department of Transportation and/or State motor fuel tax funds.

PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The State's nonmajor permanent fund is described below:

The **Pupils Trust Fund - Georgia Academy for the Blind** is used to account for principal trust amounts received and related interest income. The interest portion of the trust may be used for student activities at Georgia Academy for the Blind.

State of Georgia

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2012 (dollars in thousands)

	Special Revenue			
	Georgia Economic Development Foundation, Inc.	Georgia Natural Resources Foundation	State Road and Tollway Authority	Georgia Tourism Foundation
Assets				
Cash and Cash Equivalents	\$ 217	\$ 328	\$ 34,889	\$ 85
Investments	-	-	14,363	-
Accounts Receivable	-	25	1	-
Due From Other Funds	-	-	2,005	-
Restricted Assets				
Cash and Cash Equivalents	-	-	-	-
Advances to Primary Government	-	-	8,363	-
Other Assets	-	-	4	-
Total Assets	\$ 217	\$ 353	\$ 59,625	\$ 85
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Other Accruals	\$ -	\$ -	\$ 138	\$ -
Due to Other Funds	-	-	-	-
Other Liabilities	-	-	33	-
Total Liabilities	-	-	171	-
Fund Balances:				
Nonspendable	-	-	8,367	-
Restricted	-	-	39,375	-
Unrestricted				
Assigned	217	353	11,712	85
Total Fund Balances	217	353	59,454	85
Total Liabilities and Fund Balances	\$ 217	\$ 353	\$ 59,625	\$ 85



Debt Service				
General Obligation Debt Sinking Fund	State Road and Tollway Authority	Permanent Pupils Trust Fund - Georgia Academy for the Blind		Total
\$ -	\$ 89	\$ 9	\$	35,617
-	40	5		14,408
-	-	-		26
-	-	-		2,005
-	21,141	-		21,141
-	-	-		8,363
-	17	-		21
<u>\$ -</u>	<u>\$ 21,287</u>	<u>\$ 14</u>	<u>\$</u>	<u>81,581</u>
\$ -	\$ -	\$ -	\$	138
-	249	-		249
-	-	-		33
-	249	-		420
-	17	14		8,398
-	21,021	-		60,396
-	-	-		12,367
-	21,038	14		81,161
<u>\$ -</u>	<u>\$ 21,287</u>	<u>\$ 14</u>	<u>\$</u>	<u>81,581</u>

State of Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Special Revenue			
	Georgia Economic Development Foundation, Inc.	Georgia Natural Resources Foundation	State Road and Tollway Authority	Georgia Tourism Foundation
Revenues				
Sales and Services	\$ 12	\$ -	\$ -	\$ 239
Interest and Other Investment Income	-	-	126	-
Other	120	475	36	498
Total Revenues	<u>132</u>	<u>475</u>	<u>162</u>	<u>737</u>
Expenditures				
Transportation	-	-	6,320	-
Economic Development and Assistance	149	-	-	812
Conservation	-	161	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other Debt Service Expenditures	-	-	-	-
Total Expenditures	<u>149</u>	<u>161</u>	<u>6,320</u>	<u>812</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17)</u>	<u>314</u>	<u>(6,158)</u>	<u>(75)</u>
Other Financing Sources (Uses)				
Debt Issuance - Refunding Bonds	-	-	-	-
Debt Issuance - Refunding Bonds - Premium	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Operating Transfers In	-	-	12,496	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,496</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(17)</u>	<u>314</u>	<u>6,338</u>	<u>(75)</u>
Fund Balances, July 1 (Restated - Note 3)	<u>234</u>	<u>39</u>	<u>53,116</u>	<u>160</u>
Fund Balances, June 30	<u>\$ 217</u>	<u>\$ 353</u>	<u>\$ 59,454</u>	<u>\$ 85</u>



Debt Service			
General Obligation Debt Sinking Fund	State Road and Tollway Authority	Permanent Pupils Trust Fund - Georgia Academy for the Blind	Total
\$ -	\$ -	\$ -	\$ 251
-	12	-	138
-	-	-	1,129
-	12	-	1,518
-	55	-	6,375
-	-	-	961
-	-	-	161
651,870	151,730	-	803,600
392,036	83,162	-	475,198
78,805	-	-	78,805
1,122,711	234,947	-	1,365,100
(1,122,711)	(234,935)	-	(1,363,582)
719,465	-	-	719,465
86,523	-	-	86,523
(805,945)	-	-	(805,945)
1,122,668	236,444	-	1,371,608
1,122,711	236,444	-	1,371,651
-	1,509	-	8,069
-	19,529	14	73,092
\$ -	\$ 21,038	\$ 14	\$ 81,161



NONMAJOR ENTERPRISE FUNDS





Description of Nonmajor Enterprise Funds

ENTERPRISE FUNDS

The Enterprise Funds account for the business type activities of smaller governmental agencies that are funded by the issuance of debt or fees charged to external customers. The State's Nonmajor Enterprise Funds are described below:

The **Georgia Higher Education Facilities Authority** is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the Board of Regents of the University System of Georgia and the Technical College System of the State of Georgia through the issuance of revenue bonds. The Authority issues debt and enters into lease agreements with Higher Education Foundations (Discretely Presented Component Units). The costs of the Authority's debt are recovered through lease payments from the Higher Education Foundations.

The **State Road and Tollway Authority** is a legally separate public corporation created to operate and manage a system of roads, bridges and tunnels and facilities related thereto. The State Road and Tollway Authority uses an enterprise fund to account for its operation of the Georgia 400 Extension toll road and for the I-85 HOV to HOT project.



Combining Statement of Net Assets Nonmajor Enterprise Funds June 30, 2012 (dollars in thousands)

	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 364	\$ 7,657	\$ 8,021
Investments	167	764	931
Accounts Receivable (Net)	626	2,141	2,767
Notes Receivable	3,935	-	3,935
Due from Other Funds	-	76	76
Other Assets	-	75	75
Restricted Assets:			
Cash and Cash Equivalents	-	42,718	42,718
Investments	-	18,762	18,762
Noncurrent Assets:			
Notes Receivable	285,375	-	285,375
Other Noncurrent Assets	4,452	9,162	13,614
Nondepreciable Capital Assets	-	10,091	10,091
Depreciable Capital Assets, net	-	19,037	19,037
Total Assets	294,919	110,483	405,402
Liabilities			
Current Liabilities:			
Accounts Payable and Other Accruals	-	2,467	2,467
Due to Other Funds	-	1,970	1,970
Compensated Absences Payable	-	103	103
Revenue Bonds Payable	3,935	5,960	9,895
Other Current Liabilities	626	3,472	4,098
Current Liabilities Payable from Restricted Assets	-	67	67
Noncurrent Liabilities:			
Compensated Absences Payable	-	103	103
Advances from Primary Government	-	8,363	8,363
Revenue Bonds Payable	284,008	25,345	309,353
Total Liabilities	288,569	47,850	336,419
Net Assets			
Invested in Capital Assets, Net of Related Debt	-	27,459	27,459
Restricted for:			
Other	-	26,274	26,274
Unrestricted	6,350	8,900	15,250
Total Net Assets	\$ 6,350	\$ 62,633	\$ 68,983



Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Operating Revenues:			
Rents and Royalties	\$ -	\$ 53	\$ 53
Sales and Services	15,757	22,906	38,663
Total Operating Revenues	15,757	22,959	38,716
Operating Expenses:			
Personal Services	-	2,695	2,695
Services and Supplies	8	8,936	8,944
Interest Expense	15,757	-	15,757
Depreciation	-	4,213	4,213
Amortization	311	1,744	2,055
Total Operating Expenses	16,076	17,588	33,664
Operating Income (Loss)	(319)	5,371	5,052
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	-	49	49
Interest Expense	-	(934)	(934)
Other	-	(2,303)	(2,303)
Total Nonoperating Revenues (Expenses)	-	(3,188)	(3,188)
Income (Loss) Before Contributions	(319)	2,183	1,864
Capital Contributions	-	9,260	9,260
Transfers:			
Transfers Out	-	(13,428)	(13,428)
Change in Net Assets	(319)	(1,985)	(2,304)
Net Assets, July 1	6,669	64,618	71,287
Net Assets, June 30	\$ 6,350	\$ 62,633	\$ 68,983





Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ -	\$ 17,328	\$ 17,328
Cash Received from Required Contributions/Premiums	15,762	-	15,762
Cash Paid to Vendors	(15,770)	(2,634)	(18,404)
Cash Paid to Employees	-	(2,664)	(2,664)
Other Operating Items	-	(3,762)	(3,762)
Net Cash Provided by Operating Activities	<u>(8)</u>	<u>8,268</u>	<u>8,260</u>
Cash Flows from Noncapital Financing Activities:			
Other Noncapital Items (Net)	-	(7,167)	(7,167)
Cash Flows from Capital and Related Financing Activities:			
Capital Contributions	-	6,958	6,958
Acquisition and Construction of Capital Assets	-	(14,555)	(14,555)
Principal Paid on Capital Debt	-	(5,820)	(5,820)
Interest Paid on Capital Debt	-	(947)	(947)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(14,364)</u>	<u>(14,364)</u>
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments (Net)	21	(5,365)	(5,344)
Interest and Dividends Received	-	49	49
Net Cash Provided by (Used in) Investing Activities	<u>21</u>	<u>(5,316)</u>	<u>(5,295)</u>
Net Increase in Cash and Cash Equivalents	13	(18,579)	(18,566)
Cash and Cash Equivalents, July 1	<u>351</u>	<u>68,954</u>	<u>69,305</u>
Cash and Cash Equivalents, June 30	<u>\$ 364</u>	<u>\$ 50,375</u>	<u>\$ 50,739</u>
Reconciliation of operating Income to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ (319)	\$ 5,371	\$ 5,052
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation/Amortization Expense	311	5,957	6,268
Changes in Assets and Liabilities:			
Accounts Receivable	-	(2,107)	(2,107)
Other Assets	-	188	188
Accounts Payable and Other Accruals	-	2,159	2,159
Unearned Revenue	-	(3,437)	(3,437)
Compensated Absences	-	31	31
Other Liabilities	-	106	106
Net Cash Provided by Operating Activities	<u>\$ (8)</u>	<u>\$ 8,268</u>	<u>\$ 8,260</u>



INTERNAL SERVICE FUNDS



Description of Internal Service Funds

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 Aviation Authority** is created by consolidating the current aviation programs and various responsibilities from the Department of Transportation, Department of Natural Resources, Department of Public Safety, and the Georgia Forestry Commission.

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

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

The **State Personnel Administration** 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 **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.



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

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

State of Georgia

Combining Statement of Net Assets

Internal Service Funds

June 30, 2012

(dollars in thousands)

	Department of Administrative Services	Georgia Aviation Authority	Georgia Building Authority
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,073	\$ 226	\$ 14,129
Investments	87	-	6,320
Accounts Receivable (Net)	150	56	1,809
Due from Other Funds	187	18	-
Due from Component Units	-	-	-
Other Assets	-	-	716
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Noncurrent Assets:			
Investments	-	-	-
Capital Assets:			
Land	-	-	21,426
Buildings and Building Improvements	-	12,939	483,078
Improvements Other Than Buildings	-	-	7,008
Machinery and Equipment	368	14,850	5,595
Software	-	-	-
Works of Art and Collections	-	-	1,240
Accumulated Depreciation	(366)	(15,938)	(233,127)
Total Assets	2,499	12,151	308,194
Liabilities			
Current Liabilities:			
Accounts Payable and Other Accruals	823	90	3,330
Due to Other Funds	-	-	8
Unearned Revenue	-	-	137
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	870	-	938
Other Current Liabilities	-	-	3,954
Current Liabilities Payable from Restricted Assets	-	-	-
Noncurrent Liabilities:			
Compensated Absences Payable	804	-	-
Capital Leases Payable	-	-	57,113
Total Liabilities	2,497	90	65,480
Net Assets			
Invested in Capital Assets, Net of Related Debt	2	11,851	224,152
Unrestricted	-	210	18,562
Total Net Assets	\$ 2	\$ 12,061	\$ 242,714



Georgia Correctional Industries Administration	State Personnel Administration	Risk Management (see combining)	State Road and Tollway Authority- Customer Service Center	Georgia Technology Authority	Total
\$ 1,708	\$ 1,590	\$ 23,895	\$ 700	\$ 25,295	\$ 69,616
314	-	17,858	-	10,036	34,615
4,926	-	49,099	7	3,197	59,244
1,046	-	424,437	1,120	26,450	453,258
-	-	-	-	42	42
14,020	116	-	363	311	15,526
-	-	-	4,331	-	4,331
-	-	-	1,306	-	1,306
-	-	69,845	-	-	69,845
44	-	-	-	13	21,483
12,284	-	-	-	562	508,863
-	-	-	-	-	7,008
24,745	6	-	-	54,616	100,180
-	-	-	-	55,079	55,079
-	-	-	-	-	1,240
(29,025)	(4)	-	-	(96,786)	(375,246)
<u>30,062</u>	<u>1,708</u>	<u>585,134</u>	<u>7,827</u>	<u>78,815</u>	<u>1,026,390</u>
1,559	265	345	31	31,885	38,328
19	60	55	982	10	1,134
-	-	-	-	-	137
-	-	522,041	-	-	522,041
513	374	-	21	806	3,522
-	-	-	136	1,348	5,438
-	-	-	4,531	-	4,531
1,054	179	-	21	1,471	3,529
-	-	-	-	-	57,113
<u>3,145</u>	<u>878</u>	<u>522,441</u>	<u>5,722</u>	<u>35,520</u>	<u>635,773</u>
8,048	2	-	-	13,484	257,539
<u>18,869</u>	<u>828</u>	<u>62,693</u>	<u>2,105</u>	<u>29,811</u>	<u>133,078</u>
<u>\$ 26,917</u>	<u>\$ 830</u>	<u>\$ 62,693</u>	<u>\$ 2,105</u>	<u>\$ 43,295</u>	<u>\$ 390,617</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, 2012

(dollars in thousands)

	Department of Administrative Services	Georgia Aviation Authority	Georgia Building Authority
Operating Revenues:			
Contributions/Premiums	\$ 61	\$ -	\$ -
Rents and Royalties	-	-	50,954
Sales and Services	1,110	946	3,134
Other	1,180	135	284
Total Operating Revenues	<u>2,351</u>	<u>1,081</u>	<u>54,372</u>
Operating Expenses:			
Personal Services	1,003	2,632	10,555
Services and Supplies	1,045	2,890	36,174
Claims and Judgments	-	-	-
Depreciation	15	263	19,637
Total Operating Expenses	<u>2,063</u>	<u>5,785</u>	<u>66,366</u>
Operating Income (Loss)	<u>288</u>	<u>(4,704)</u>	<u>(11,994)</u>
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	-	-	33
Other	(82)	(327)	(29)
Total Nonoperating Revenues (Expenses)	<u>(82)</u>	<u>(327)</u>	<u>4</u>
Income (Loss) Before Contributions and Transfers	<u>206</u>	<u>(5,031)</u>	<u>(11,990)</u>
Capital Contributions	-	-	11,198
Transfers:			
Transfers In	43	4,275	-
Transfers Out	(345)	-	(1,997)
Net Transfers	<u>(302)</u>	<u>4,275</u>	<u>(1,997)</u>
Change in Net Assets	(96)	(756)	(2,789)
Net Assets, July 1 (Restated - Note 3)	<u>98</u>	<u>12,817</u>	<u>245,503</u>
Net Assets, June 30	<u>\$ 2</u>	<u>\$ 12,061</u>	<u>\$ 242,714</u>



Georgia Correctional Industries Administration	State Personnel Administration	Risk Management (see combining)	State Road and Tollway Authority- Customer Service Center	Georgia Technology Authority	Total
\$ 41	\$ 24	\$ 209,142	\$ -	\$ 467	\$ 209,735
-	-	-	-	-	50,954
60,335	16,762	25	3,758	238,465	324,535
-	-	9,366	-	-	10,965
<u>60,376</u>	<u>16,786</u>	<u>218,533</u>	<u>3,758</u>	<u>238,932</u>	<u>596,189</u>
12,355	7,673	2,052	746	20,316	57,332
46,770	6,529	27,159	1,845	206,077	328,489
-	-	178,886	-	-	178,886
<u>1,434</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>3,917</u>	<u>25,270</u>
<u>60,559</u>	<u>14,206</u>	<u>208,097</u>	<u>2,591</u>	<u>230,310</u>	<u>589,977</u>
<u>(183)</u>	<u>2,580</u>	<u>10,436</u>	<u>1,167</u>	<u>8,622</u>	<u>6,212</u>
2	-	2,428	6	27	2,496
<u>1,514</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035</u>
<u>1,516</u>	<u>(41)</u>	<u>2,428</u>	<u>6</u>	<u>27</u>	<u>3,531</u>
<u>1,333</u>	<u>2,539</u>	<u>12,864</u>	<u>1,173</u>	<u>8,649</u>	<u>9,743</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,198</u>
-	-	-	11,452	-	15,770
<u>-</u>	<u>(2,447)</u>	<u>-</u>	<u>(10,520)</u>	<u>(6,376)</u>	<u>(21,685)</u>
<u>-</u>	<u>(2,447)</u>	<u>-</u>	<u>932</u>	<u>(6,376)</u>	<u>(5,915)</u>
1,333	92	12,864	2,105	2,273	15,026
<u>25,584</u>	<u>738</u>	<u>49,829</u>	<u>-</u>	<u>41,022</u>	<u>375,591</u>
<u>\$ 26,917</u>	<u>\$ 830</u>	<u>\$ 62,693</u>	<u>\$ 2,105</u>	<u>\$ 43,295</u>	<u>\$ 390,617</u>

State of Georgia

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Department of Administrative Services	Georgia Aviation Authority	Georgia Building Authority
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,911	\$ 1,283	\$ 53,899
Cash Received from Required Contributions/Premiums	-	-	-
Cash Paid to Vendors	(335)	(3,119)	(36,822)
Cash Paid to Employees	(1,256)	(2,632)	(10,598)
Cash Paid for Claims and Judgments	-	-	-
Other Operating Items (Net)	-	-	-
Net Cash Provided by (Used in) Operating Activities	<u>1,320</u>	<u>(4,468)</u>	<u>6,479</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	43	4,275	-
Transfers to Other Funds	(345)	-	(1,997)
Other Noncapital Items (Net)	-	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(302)</u>	<u>4,275</u>	<u>(1,997)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital Contributions	-	-	2,273
Proceeds from Sale of Capital Assets	-	-	-
Acquisition and Construction of Capital Assets	-	-	(7,282)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(5,009)</u>
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments (Net)	13	-	662
Interest and Dividends Received	-	-	33
Net Cash Provided by Investing Activities	<u>13</u>	<u>-</u>	<u>695</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,031	(193)	168
Cash and Cash Equivalents, July 1	<u>1,042</u>	<u>419</u>	<u>13,961</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,073</u>	<u>\$ 226</u>	<u>\$ 14,129</u>



Georgia Correctional Industries Administration	State Personnel Administration	Risk Management (see combining)	State Road and Tollway Authority- Customer Service Center	Georgia Technology Authority	Total
\$ 57,141	\$ 17,623	\$ 9,373	\$ 8,282	\$ 239,039	\$ 389,551
-	-	136,684	-	-	136,684
(46,228)	(6,656)	(27,482)	(2,041)	(198,066)	(320,749)
(12,340)	(7,956)	(2,051)	(703)	(20,065)	(57,601)
-	-	(128,039)	-	-	(128,039)
-	-	-	-	(661)	(661)
(1,427)	3,011	(11,515)	5,538	20,247	19,185
-	-	-	-	-	4,318
-	(2,447)	-	793	(6,377)	(10,373)
1,524	-	-	-	-	1,524
1,524	(2,447)	-	793	(6,377)	(4,531)
-	-	-	-	-	2,273
-	4	-	-	-	4
(955)	-	-	-	-	(8,237)
(955)	4	-	-	-	(5,960)
16	1	3,853	(1,306)	(3,125)	114
2	-	3,788	6	27	3,856
18	1	7,641	(1,300)	(3,098)	3,970
(840)	569	(3,874)	5,031	10,772	12,664
2,548	1,021	27,769	-	14,523	61,283
\$ 1,708	\$ 1,590	\$ 23,895	\$ 5,031	\$ 25,295	\$ 73,947

(continued)

State of Georgia

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Department of Administrative Services	Georgia Aviation Authority	Georgia Building Authority
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ 288	\$ (4,704)	\$ (11,994)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	15	263	19,637
Changes in Assets and Liabilities:			
Accounts Receivable	225	220	(431)
Due from Other Funds	339	(18)	-
Due From Component Units	-	-	-
Other Assets	169	-	62
Accounts Payable and Other Accruals	560	(229)	169
Due to Other Funds	(19)	-	(1)
Unearned Revenue	(3)	-	(43)
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	(254)	-	(40)
Other Liabilities	-	-	(880)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,320</u>	<u>\$ (4,468)</u>	<u>\$ 6,479</u>
Noncash Investing, Capital, and Financing Activities:			
Donation of Capital Assets	\$ -	\$ -	\$ 8,955
Change in Fair Value of Investments	-	-	-
Total Noncash Investing, Capital and Financing Activities:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,955</u>



<u>Georgia Correctional Industries Administration</u>	<u>State Personnel Administration</u>	<u>Risk Management (see combining)</u>	<u>State Road and Tollway Authority- Customer Service Center</u>	<u>Georgia Technology Authority</u>	<u>Total</u>
\$ (183)	\$ 2,580	\$ 10,436	\$ 1,167	\$ 8,622	\$ 6,212
1,434	4	-	-	3,918	25,271
(2,189)	647	(14,147)	(7)	1,512	(14,170)
(1,046)	190	(45,120)	-	(1,427)	(47,082)
-	-	-	-	21	21
288	(4)	-	(363)	(66)	86
269	(134)	(378)	167	8,083	8,507
19	44	(13,133)	-	(6)	(13,096)
-	-	(20)	4,531	-	4,465
-	-	50,847	-	-	50,847
(19)	(281)	-	43	251	(300)
-	(35)	-	-	(661)	(1,576)
<u>\$ (1,427)</u>	<u>\$ 3,011</u>	<u>\$ (11,515)</u>	<u>\$ 5,538</u>	<u>\$ 20,247</u>	<u>\$ 19,185</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,955
-	-	(1,360)	-	-	(1,360)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,360)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,595</u>

State of Georgia

Combining Statement of Net Assets

Internal Service Funds

Risk Management

June 30, 2012

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 4,494	\$ 14,016	\$ 213
Investments	3,358	10,475	159
Accounts Receivable (Net)	7,016	479	-
Due From Other Funds	63,142	-	-
Noncurrent Assets:			
Investments	13,135	40,967	622
Total Assets	91,145	65,937	994
Liabilities			
Current Liabilities:			
Accounts Payable and Other Accruals	84	8	-
Due to Other Funds	-	-	-
Claims and Judgments Payable	91,061	8,019	1,664
Total Liabilities	91,145	8,027	1,664
Net Assets			
Unrestricted	\$ -	\$ 57,910	\$ (670)



<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ 363	\$ 804	\$ 301	\$ 3,704	\$ 23,895
271	602	225	2,768	17,858
-	-	700	40,904	49,099
-	-	4,158	357,137	424,437
<u>1,062</u>	<u>2,351</u>	<u>880</u>	<u>10,828</u>	<u>69,845</u>
<u>1,696</u>	<u>3,757</u>	<u>6,264</u>	<u>415,341</u>	<u>585,134</u>
-	-	-	253	345
-	-	-	55	55
<u>-</u>	<u>-</u>	<u>6,264</u>	<u>415,033</u>	<u>522,041</u>
<u>-</u>	<u>-</u>	<u>6,264</u>	<u>415,341</u>	<u>522,441</u>
<u>\$ 1,696</u>	<u>\$ 3,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,693</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, 2012

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
Operating Revenues:			
Contributions/Premiums	\$ 20,736	\$ 27,752	\$ -
Sales and Services	-	23	-
Other	-	-	-
	<u>20,736</u>	<u>27,775</u>	<u>-</u>
Total Operating Revenues			
	<u>20,736</u>	<u>27,775</u>	<u>-</u>
Operating Expenses:			
Personal Services	572	474	1
Services and Supplies	4,345	12,712	5
Claims and Judgments	16,438	7,622	708
	<u>21,355</u>	<u>20,808</u>	<u>714</u>
Total Operating Expenses			
	<u>21,355</u>	<u>20,808</u>	<u>714</u>
Operating Income (Loss)	(619)	6,967	(714)
Nonoperating Revenues:			
Interest and Other Investment Income	619	1,239	24
	<u>619</u>	<u>1,239</u>	<u>24</u>
Change in Net Assets	-	8,206	(690)
Net Assets, July 1	-	49,704	20
	<u>-</u>	<u>49,704</u>	<u>20</u>
Net Assets, June 30	\$ -	\$ 57,910	\$ (670)
	<u>\$ -</u>	<u>\$ 57,910</u>	<u>\$ (670)</u>



Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ -	\$ 356	\$ 23,093	\$ 137,205	\$ 209,142
-	-	-	2	25
-	-	-	9,366	9,366
-	356	23,093	146,573	218,533
-	-	-	1,005	2,052
3	5	101	9,988	27,159
29	-	18,203	135,886	178,886
32	5	18,304	146,879	208,097
(32)	351	4,789	(306)	10,436
39	81	120	306	2,428
7	432	4,909	-	12,864
1,689	3,325	(4,909)	-	49,829
<u>\$ 1,696</u>	<u>\$ 3,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,693</u>

State of Georgia

Combining Statement of Cash Flows

Internal Service Funds

Risk Management

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ -	\$ 25	\$ -
Cash Received from Required Contributions/Premiums	538	28,358	-
Cash Paid to Vendors	(4,478)	(12,712)	(6)
Cash Paid to Employees	(572)	(474)	-
Cash Paid for Claims and Judgments	(21,464)	(5,468)	(589)
Net Cash Provided by (Used in) Operating Activities	<u>(25,976)</u>	<u>9,729</u>	<u>(595)</u>
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments (Net)	18,647	(10,080)	405
Interest and Dividends Received	1,161	1,840	42
Net Cash Provided by (Used in) Investing Activities	<u>19,808</u>	<u>(8,240)</u>	<u>447</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,168)	1,489	(148)
Cash and Cash Equivalents, July 1	<u>10,662</u>	<u>12,527</u>	<u>361</u>
Cash and Cash Equivalents, June 30	<u>\$ 4,494</u>	<u>\$ 14,016</u>	<u>\$ 213</u>
Reconciliation of operating Income to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ (619)	\$ 6,967	\$ (714)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Changes in Assets and Liabilities:			
Accounts Receivable	(7,010)	609	-
Due From Other Funds	-	-	-
Accounts Payable and Other Accruals	(133)	-	(1)
Due To Other Funds	(13,188)	-	-
Unearned Revenue	-	-	-
Claims and Judgments Payable	(5,026)	2,153	120
Net Cash Provided by (Used in) Operating Activities	<u>\$ (25,976)</u>	<u>\$ 9,729</u>	<u>\$ (595)</u>
Noncash Investing Activities:			
Change in Fair Value of Investments	<u>\$ (541)</u>	<u>\$ (601)</u>	<u>\$ (18)</u>



Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ -	\$ -	\$ -	\$ 9,348	\$ 9,373
-	356	18,666	88,766	136,684
(3)	(5)	(102)	(10,176)	(27,482)
-	-	-	(1,005)	(2,051)
(29)	-	(17,960)	(82,529)	(128,039)
(32)	351	604	4,404	(11,515)
(51)	(428)	(588)	(4,052)	3,853
58	118	127	442	3,788
7	(310)	(461)	(3,610)	7,641
(25)	41	143	794	(3,874)
388	763	158	2,910	27,769
<u>\$ 363</u>	<u>\$ 804</u>	<u>\$ 301</u>	<u>\$ 3,704</u>	<u>\$ 23,895</u>
\$ (32)	\$ 351	\$ 4,789	\$ (306)	\$ 10,436
-	-	(269)	(7,477)	(14,147)
-	-	(4,158)	(40,962)	(45,120)
-	-	(1)	(243)	(378)
-	-	-	55	(13,133)
-	-	-	(20)	(20)
-	-	243	53,357	50,847
<u>\$ (32)</u>	<u>\$ 351</u>	<u>\$ 604</u>	<u>\$ 4,404</u>	<u>\$ (11,515)</u>
<u>\$ (19)</u>	<u>\$ (37)</u>	<u>\$ (7)</u>	<u>\$ (137)</u>	<u>\$ (1,360)</u>



FIDUCIARY FUNDS



Description of Fiduciary Funds

Fiduciary funds are used to account for assets held by the State in a fiduciary capacity. The State has the following fiduciary funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension and Other Employee Benefit Trust Funds are used to account for activities and balances of the public employee retirement systems and other 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.

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State and its political subdivisions.

The **Firefighters' Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firefighters of the State.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State, and district attorneys of the State.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits to members of the Georgia National Guard.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State.

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

The **Magistrates Retirement Fund** is used to account for the accumulation of resources for the purpose of providing retirement benefits for those serving as duly qualified and commissioned chief magistrates of counties in the State.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State.



Description of Fiduciary Funds

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court clerks of the State.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court judges of the State.

The **Teachers Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in State public schools and the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and for certain other designated employees in educational-related work.

Defined Contribution / Deferred Compensation Pension Plans

The **Georgia Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees and employees of Community Service Boards who elect to defer a portion of their annual salary until future years.

Other Postemployment Benefit Plans

The **Board of Regents Retiree Health Benefit Fund** is used to account for the accumulation of resources necessary to meet employer costs of retiree health insurance benefits.

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

The **Georgia School Personnel Post-employment Health Benefit Fund** pays postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers including librarians and other certified employees of the public schools and regional educational service agencies, postemployment health benefits due under the group health plan for non-certificated public school employees, and administrative expenses of the Fund. By law, no other use of assets of the School OPEB Fund is permitted.

The **State Employees' Assurance Department – OPEB** is used to account for the accumulation of resources for the purpose of providing term life insurance to retired and vested inactive members of Employees', Judicial, Legislative, and Superior Court Judges Retirement Systems.

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



INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Extended Asset Pool** is responsible for providing prudent management of public funds on behalf of the State and local governments seeking income higher than money market rates.

The **Georgia Fund 1** is a combination local and state government investment pool with primary objectives specific to safety of capital, investment income, liquidity and diversification while maintaining principal. This fund was established to enable local governments to voluntarily invest any idle local monies.

The **Regents Investment Pool** invests funds on behalf of units of the university system and their affiliated foundations.

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers 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 Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.



AGENCY FUNDS

Agency Funds are used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State's significant agency funds are described below:

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

The **County Medicaid Administrative Funds** are billed by the State on behalf of local governments, and represent eligible administrative costs paid at the county level. Amounts collected are distributed to county boards of health.

The **Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court-ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

The **Railroad Car Tax** fund is used to collect railroad car taxes on behalf of county governments and to remit the taxes back to the counties.

The **Real Estate Transfer Tax** fund is used to collect real estate transfer taxes on behalf of county governments and to remit the taxes back to the counties.

Sales Tax Collections for Local Governments consist of the **Education Local Option Sales Tax, Homestead Option Sales and Use 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, 2012 (dollars in thousands)

	Defined Benefit Pension Plans (see combining)	Defined Contribution Plans		
		Georgia Defined Contribution Plan	Deferred Compensation Plans	
			401 (K) Plan	457 Plan
Assets				
Cash and Cash Equivalents	\$ 431,985	\$ 68,129	\$ 23	\$ 32
Receivables				
Interest and Dividends	231,825	154	-	-
Due from Brokers for Securities Sold	44,798	-	-	-
Other	150,243	1,087	1,757	608
Due from Other Funds	-	-	-	-
Investments				
Pooled Investments	12,710,088	16	-	4
Mutual Funds	461,407	-	457,289	537,826
Repurchase Agreements	400,000	-	-	-
Municipal, U. S. and Foreign Government Obligations	9,556,718	25,323	-	-
Corporate Bonds/Notes/Debentures	5,965,008	14,190	-	-
Stocks	37,543,029	-	-	-
Asset-Backed Securities	8,059	-	-	-
Mortgage Investments	77,766	-	-	-
Real Estate Investment Trusts	31,120	-	-	-
Capital Assets				
Land	2,071	-	-	-
Buildings	7,695	-	-	-
Software	29,325	-	-	-
Machinery and Equipment	5,215	-	-	-
Accumulated Depreciation	(34,212)	-	-	-
Other Assets	827	-	-	-
Total Assets	67,622,967	108,899	459,069	538,470
Liabilities				
Accounts Payable and Other Accruals	32,937	565	10,064	743
Due to Other Funds	2,968	-	-	-
Due to Brokers for Securities Purchased	108,245	-	-	-
Salaries/Withholdings Payable	1	-	-	-
Benefits Payable	-	-	-	-
Unearned Revenue	5	-	-	-
Compensated Absences Payable	61	-	-	-
Other Current Liabilities	14	-	-	-
Total Liabilities	144,231	565	10,064	743
Net Assets				
Held in Trust for:				
Pension Benefits	67,478,736	108,334	449,005	537,727
Other Postemployment Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
Total Net Assets	\$ 67,478,736	\$ 108,334	\$ 449,005	\$ 537,727



Other Postemployment Benefit Plans

Board of Regents Retiree Health Benefit Fund	Georgia State Employees Postemployment Health Benefit Fund	Georgia School Personnel Postemployment Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department - Active	Total
\$ 2,463	\$ -	\$ -	\$ 22	\$ 76	\$ 502,730
-	-	-	-	-	231,979
-	-	-	-	-	44,798
7,417	4,281	8,418	-	-	173,811
-	13,033	27,910	2,850	103	43,896
-	-	-	815,412	183,211	13,708,731
-	-	-	-	-	1,456,522
-	-	-	-	-	400,000
-	-	-	-	-	9,582,041
-	-	-	-	-	5,979,198
-	-	-	-	-	37,543,029
-	-	-	-	-	8,059
-	-	-	-	-	77,766
-	-	-	-	-	31,120
-	-	-	-	-	2,071
-	-	-	-	-	7,695
-	-	-	-	-	29,325
-	-	-	-	-	5,215
-	-	-	-	-	(34,212)
-	-	-	-	-	827
<u>9,880</u>	<u>17,314</u>	<u>36,328</u>	<u>818,284</u>	<u>183,390</u>	<u>69,794,601</u>
-	177	328	-	-	44,814
-	-	-	-	-	2,968
-	-	-	-	-	108,245
-	-	-	-	-	1
9,714	13,453	28,317	-	-	51,484
-	3,684	7,683	-	-	11,372
-	-	-	-	-	61
-	-	-	-	-	14
<u>9,714</u>	<u>17,314</u>	<u>36,328</u>	<u>-</u>	<u>-</u>	<u>218,959</u>
-	-	-	-	-	68,573,802
166	-	-	818,284	-	818,450
-	-	-	-	183,390	183,390
<u>\$ 166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818,284</u>	<u>\$ 183,390</u>	<u>\$ 69,575,642</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, 2012 (dollars in thousands)

	Defined Benefit Pension Plans (see combining)	Defined Contribution Plans		
		Georgia Defined Contribution Plan	Deferred Compensation Plans	
			401 (K) Plan	457 Plan
Additions:				
Contributions				
Employer	\$ 1,375,520	\$ -	\$ 4,355	\$ -
Plan Members	651,242	17,171	40,331	19,551
Other Contributions				
Fines and Bond Forfeitures	20,171	-	-	-
Insurance Company Premium Taxes	27,073	-	-	-
Insurance Premiums	-	-	-	-
Other Fees	4,774	-	-	-
Interest and Other Investment Income				
Dividends and Interest	1,592,437	950	603	912
Net Appreciation (Depreciation) in				
Investments Reported at Fair Value	(195,648)	(242)	3,804	7,566
Less: Investment Expense	(36,785)	(56)	(1,295)	(693)
Other				
Transfers from Other Funds	(10,571)	-	-	-
Miscellaneous	369	-	800	-
Total Additions	3,428,582	17,823	48,598	27,336
Deductions:				
General and Administrative Expenses	39,136	1,138	2,111	910
Benefits	4,637,497	11	36,986	41,835
Refunds	81,495	12,749	-	-
Total Deductions	4,758,128	13,898	39,097	42,745
Change in Net Assets Held in Trust for				
Pension and Other Employee Benefits	(1,329,546)	3,925	9,501	(15,409)
Net Assets, July 1	68,808,282	104,409	439,504	553,136
Net Assets, June 30	\$ 67,478,736	\$ 108,334	\$ 449,005	\$ 537,727



Other Postemployment Benefit Plans

Board of Regents Retiree Health Benefit Fund	Georgia State Employees Postemployment Health Benefit Fund	Georgia School Personnel Postemployment Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department - Active	Total
\$ 88,836	\$ 181,899	\$ 380,859	\$ -	\$ -	\$ 2,031,469
28,648	41,927	84,141	-	-	883,011
-	-	-	-	-	20,171
-	-	-	-	-	27,073
-	-	-	5,532	771	6,303
-	-	-	-	-	4,774
159	-	-	20,599	4,644	1,620,304
-	-	-	(3,055)	(689)	(188,264)
-	-	-	(351)	(79)	(39,259)
-	-	-	12,724	-	2,153
12,941	-	-	-	-	14,110
<u>130,584</u>	<u>223,826</u>	<u>465,000</u>	<u>35,449</u>	<u>4,647</u>	<u>4,381,845</u>
13,898	7,699	15,511	203	22	80,628
116,643	216,127	449,489	24,855	6,018	5,529,461
-	-	-	-	-	94,244
<u>130,541</u>	<u>223,826</u>	<u>465,000</u>	<u>25,058</u>	<u>6,040</u>	<u>5,704,333</u>
43	-	-	10,391	(1,393)	(1,322,488)
<u>123</u>	<u>-</u>	<u>-</u>	<u>807,893</u>	<u>184,783</u>	<u>70,898,130</u>
<u>\$ 166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818,284</u>	<u>\$ 183,390</u>	<u>\$ 69,575,642</u>

State of Georgia

Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans June 30, 2012 (dollars in thousands)

	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund
Assets						
Cash and Cash Equivalents	\$ 2	\$ 9,524	\$ 598	\$ 410	\$ 47	\$ 40
Receivables						
Interest and Dividends	-	47,219	1,505	-	-	-
Due from Brokers for Securities Sold	-	7,870	3,870	-	-	182
Other	-	17,880	-	664	-	-
Investments						
Pooled Investments	-	11,577,427	-	319,060	9,820	-
Mutual Funds	-	-	165,871	-	-	3,722
Repurchase Agreements	-	-	-	-	-	-
Municipal, U. S. and Foreign Government Obligations	-	-	44,229	-	-	4,929
Corporate Bonds/Notes/Debentures	-	-	85,830	-	-	6,755
Stocks	-	-	185,805	-	-	43,176
Asset-Backed Securities	-	-	2,022	-	-	1,805
Mortgage Investments	-	-	66,940	-	-	858
Real Estate Investment Trusts	-	-	29,228	-	-	329
Capital Assets						
Land	-	944	85	-	-	-
Buildings	-	2,800	1,535	-	-	-
Software	-	14,345	-	-	-	-
Machinery and Equipment	-	2,148	165	-	-	-
Accumulated Depreciation	-	(16,283)	(372)	-	-	-
Other Assets	-	-	116	-	-	-
Total Assets	2	11,663,874	587,427	320,134	9,867	61,796
Liabilities						
Accounts Payable and Other Accruals	-	22,436	1,595	351	10	-
Due to Other Funds	-	2,942	-	17	-	-
Due to Brokers for Securities Purchased	-	9,989	14,233	-	-	1,004
Salaries/Withholdings Payable	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Compensated Absences Payable	-	-	52	-	-	-
Other Current Liabilities	-	-	-	-	-	-
Total Liabilities	-	35,367	15,880	368	10	1,004
Net Assets						
Held in Trust for Pension Benefits	\$ 2	\$ 11,628,507	\$ 571,547	\$ 319,766	\$ 9,857	\$ 60,792



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
\$ 125	\$ 51	\$ 205	\$ 58	\$ 448	\$ 13,434	\$ 30	\$ 407,013	\$ 431,985
-	28	118	-	250	314	-	182,391	231,825
-	-	3,362	-	-	3	-	29,511	44,798
-	-	-	2	-	294	-	131,403	150,243
27,366	-	91,086	671,369	4,869	9,091	-	-	12,710,088
-	8,152	267,621	-	16,041	-	-	-	461,407
-	-	-	-	-	-	-	400,000	400,000
-	1,397	77,992	-	5,425	51,892	-	9,370,854	9,556,718
-	1,358	39,161	-	14,465	-	-	5,817,439	5,965,008
-	-	70,467	-	32,041	21,140	-	37,190,400	37,543,029
-	-	4,232	-	-	-	-	-	8,059
-	-	9,968	-	-	-	-	-	77,766
-	-	1,563	-	-	-	-	-	31,120
-	-	98	-	-	-	-	944	2,071
-	-	560	-	-	-	-	2,800	7,695
-	-	-	-	-	-	-	14,980	29,325
-	-	155	-	-	-	-	2,747	5,215
-	-	(209)	-	-	-	-	(17,348)	(34,212)
-	-	-	-	-	-	-	711	827
<u>27,491</u>	<u>10,986</u>	<u>566,379</u>	<u>671,429</u>	<u>73,539</u>	<u>96,168</u>	<u>30</u>	<u>53,533,845</u>	<u>67,622,967</u>
50	18	-	1,041	17	112	27	7,280	32,937
2	-	-	-	-	-	-	7	2,968
-	-	31,955	-	-	11,657	-	39,407	108,245
-	-	1	-	-	-	-	-	1
1	-	-	-	-	4	-	-	5
-	-	-	-	9	-	-	-	61
-	-	14	-	-	-	-	-	14
<u>53</u>	<u>18</u>	<u>31,970</u>	<u>1,041</u>	<u>26</u>	<u>11,773</u>	<u>27</u>	<u>46,694</u>	<u>144,231</u>
<u>\$ 27,438</u>	<u>\$ 10,968</u>	<u>\$ 534,409</u>	<u>\$ 670,388</u>	<u>\$ 73,513</u>	<u>\$ 84,395</u>	<u>\$ 3</u>	<u>\$ 53,487,151</u>	<u>\$ 67,478,736</u>

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, 2012 (dollars in thousands)

	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund
Additions:						
Contributions						
Employer	\$ 80	\$ 274,059	\$ -	\$ 2,083	\$ -	\$ -
Plan Members	-	36,561	2,593	4,904	-	151
Other Contributions						
Fines and Bond Forfeitures	-	-	-	-	-	389
Insurance Company Premium Taxes	-	-	27,073	-	-	-
Other Fees	-	-	-	-	-	730
Interest and Other Investment Income						
Dividends and Interest	-	279,522	13,816	7,873	265	1,545
Net Appreciation (Depreciation) in Investments Reported at Fair Value	-	(41,451)	(12,124)	(1,168)	(39)	(229)
Less: Investment Expense	-	(6,289)	(3,365)	(134)	(5)	(421)
Other						
Transfers from Other Funds	-	(12,724)	-	-	1,521	-
Miscellaneous	1	-	136	-	-	9
Total Additions	81	529,678	28,129	13,558	1,742	2,174
Deductions:						
General and Administrative Expenses	1	12,076	1,354	310	34	90
Benefits	80	1,216,738	34,287	14,416	678	3,137
Refunds	-	7,767	590	146	-	-
Total Deductions	81	1,236,581	36,231	14,872	712	3,227
Change in Net Assets Held in Trust for Pension Benefits	-	(706,903)	(8,102)	(1,314)	1,030	(1,053)
Net Assets, July 1	2	12,335,410	579,649	321,080	8,827	61,845
Net Assets, June 30	\$ 2	\$ 11,628,507	\$ 571,547	\$ 319,766	\$ 9,857	\$ 60,792



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
\$ 76	\$ -	\$ -	\$ 15,884	\$ -	\$ -	\$ 1,686	\$ 1,081,652	\$ 1,375,520
323	136	3,452	1,426	76	108	-	601,512	651,242
-	-	16,256	-	2,679	847	-	-	20,171
-	-	-	-	-	-	-	-	27,073
-	1,581	-	-	-	2,463	-	-	4,774
659	204	13,968	16,239	1,863	2,603	-	1,253,880	1,592,437
(98)	39	1,454	(2,408)	(927)	881	-	(139,578)	(195,648)
(11)	(45)	(2,161)	(277)	(320)	(355)	-	(23,402)	(36,785)
-	-	-	-	-	-	-	632	(10,571)
-	-	91	-	126	-	6	-	369
<u>949</u>	<u>1,915</u>	<u>33,060</u>	<u>30,864</u>	<u>3,497</u>	<u>6,547</u>	<u>1,692</u>	<u>2,774,696</u>	<u>3,428,582</u>
110	59	697	2,040	188	157	6	22,014	39,136
1,810	-	23,931	54,183	4,552	4,359	1,774	3,277,552	4,637,497
74	-	379	349	16	17	-	72,157	81,495
<u>1,994</u>	<u>59</u>	<u>25,007</u>	<u>56,572</u>	<u>4,756</u>	<u>4,533</u>	<u>1,780</u>	<u>3,371,723</u>	<u>4,758,128</u>
(1,045)	1,856	8,053	(25,708)	(1,259)	2,014	(88)	(597,027)	(1,329,546)
<u>28,483</u>	<u>9,112</u>	<u>526,356</u>	<u>696,096</u>	<u>74,772</u>	<u>82,381</u>	<u>91</u>	<u>54,084,178</u>	<u>68,808,282</u>
<u>\$ 27,438</u>	<u>\$ 10,968</u>	<u>\$ 534,409</u>	<u>\$ 670,388</u>	<u>\$ 73,513</u>	<u>\$ 84,395</u>	<u>\$ 3</u>	<u>\$ 53,487,151</u>	<u>\$ 67,478,736</u>



Combining Statement of Fiduciary Net Assets

Investment Trust Funds

June 30, 2012

(dollars in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
Assets				
Cash and Cash Equivalents	\$ 95,403	\$ 4,036,312	\$ -	\$ 4,131,715
Investments, at Fair Value				
Pooled Investments	30,488	1,853,524	20,811	1,904,823
Interest Receivable	-	-	42	42
Total Assets	<u>125,891</u>	<u>5,889,836</u>	<u>20,853</u>	<u>6,036,580</u>
Net Assets				
Held in Trust for Pool Participants	<u>\$ 125,891</u>	<u>\$ 5,889,836</u>	<u>\$ 20,853</u>	<u>\$ 6,036,580</u>



Combining Statement of Changes in Fiduciary Net Assets Investment Trust Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
Additions:				
Pool Participant Deposits	\$ 45,800	\$ 7,776,855	\$ 4,977	\$ 7,827,632
Interest and Other Investment Income				
Dividends and Interest	826	9,126	341	10,293
Net Appreciation (Depreciation) in Investments				
Reported at Fair Value	105	-	(57)	48
Less: Investment Expense	(55)	(2,519)	(31)	(2,605)
Total Additions	46,676	7,783,462	5,230	7,835,368
Deductions:				
Pool Participant Withdrawals	57,088	6,860,062	1,241	6,918,391
Change in Net Assets Held in Trust for Pool Participants	(10,412)	923,400	3,989	916,977
Net Assets, July 1	136,303	4,966,436	16,864	5,119,603
Net Assets, June 30	<u>\$ 125,891</u>	<u>\$ 5,889,836</u>	<u>\$ 20,853</u>	<u>\$ 6,036,580</u>



Combining Statement of Fiduciary Net Assets

Private Purpose Trust Funds

June 30, 2012

(dollars in thousands)

	Auctioneers Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Total
Assets				
Cash and Cash Equivalents	\$ 418	\$ 1,057	\$ 5,559	\$ 7,034
Investments, at Fair Value				
Pooled Investments	170	692	1,515	2,377
Capital Assets				
Buildings	-	-	826	826
Machinery and Equipment	-	-	103	103
Accumulated Depreciation	-	-	(507)	(507)
Total Assets	<u>588</u>	<u>1,749</u>	<u>7,496</u>	<u>9,833</u>
Liabilities				
Compensated Absences Payable	-	-	239	239
Other Liabilities	-	-	587	587
Total Liabilities	<u>-</u>	<u>-</u>	<u>826</u>	<u>826</u>
Net Assets				
Held in Trust for Other Purposes	<u>\$ 588</u>	<u>\$ 1,749</u>	<u>\$ 6,670</u>	<u>\$ 9,007</u>



Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust Funds For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Auctioneers Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Total
Additions:				
Contributions/Assessments				
Participants	\$ 31	\$ 74	\$ 100,111	\$ 100,216
Interest and Other Investment Income				
Dividends and Interest	-	3	51	54
Total Additions	<u>31</u>	<u>77</u>	<u>100,162</u>	<u>100,270</u>
Deductions:				
General and Administrative Expenses	-	357	2,388	2,745
Benefits	-	-	99,912	99,912
Total Deductions	<u>-</u>	<u>357</u>	<u>102,300</u>	<u>102,657</u>
Change in Net Assets Held in Trust for Other Purposes	31	(280)	(2,138)	(2,387)
Net Assets, July 1	<u>557</u>	<u>2,029</u>	<u>8,808</u>	<u>11,394</u>
Net Assets, June 30	<u>\$ 588</u>	<u>\$ 1,749</u>	<u>\$ 6,670</u>	<u>\$ 9,007</u>

State of Georgia

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2012

(dollars in thousands)

	Child Support Recovery Program	County Medicaid Administrative Funds	Detainees' Accounts	Flexible Benefits Program	Railroad Car Tax	Real Estate Transfer Tax
Assets						
Cash and Cash Equivalents	\$ 23,645	\$ 2,688	\$ 27,536	\$ 7,016	\$ 521	\$ 1,823
Accounts Receivable	-	1,628	-	-	-	-
Investments, at Fair Value						
Certificates of Deposit	-	-	-	-	-	-
Pooled Investments	-	-	-	2,238	321	-
Mutual Funds	-	-	-	-	-	-
Municipal, U. S. and Foreign Government Obligations	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	<u>\$ 23,645</u>	<u>\$ 4,316</u>	<u>\$ 27,536</u>	<u>\$ 9,254</u>	<u>\$ 842</u>	<u>\$ 1,823</u>
Liabilities						
Accounts Payable and Other Accruals	\$ -	\$ 1,225	\$ -	\$ 79	\$ -	\$ -
Funds Held for Others	23,645	3,091	27,536	9,175	842	1,823
Other Liabilities	-	-	-	-	-	-
Total Liabilities	<u>\$ 23,645</u>	<u>\$ 4,316</u>	<u>\$ 27,536</u>	<u>\$ 9,254</u>	<u>\$ 842</u>	<u>\$ 1,823</u>



Sales Tax Collections for Local Governments					Telecom-				
Education Local Option	Homestead Option	Local Option	MARTA	Special Purpose Local Option	munications Relay Service Fund	Universal Service Fund	Miscellaneous	Total	
\$ 549	\$ 42	\$ 352	\$ 105	\$ 396	\$ 8,860	\$ -	\$ 69,500	\$ 143,033	
-	-	-	-	-	-	-	651	2,279	
-	-	-	-	-	-	-	2,350	2,350	
253	19	219	48	182	4,022	-	7,386	14,688	
-	-	-	-	-	-	3,503	-	3,503	
-	-	-	-	-	-	44,924	-	44,924	
-	-	-	-	-	-	-	34,647	34,647	
<u>\$ 802</u>	<u>\$ 61</u>	<u>\$ 571</u>	<u>\$ 153</u>	<u>\$ 578</u>	<u>\$ 12,882</u>	<u>\$ 48,427</u>	<u>\$ 114,534</u>	<u>\$ 245,424</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 942	\$ 2,246	
802	61	571	153	578	12,882	48,427	113,573	243,159	
-	-	-	-	-	-	-	19	19	
<u>\$ 802</u>	<u>\$ 61</u>	<u>\$ 571</u>	<u>\$ 153</u>	<u>\$ 578</u>	<u>\$ 12,882</u>	<u>\$ 48,427</u>	<u>\$ 114,534</u>	<u>\$ 245,424</u>	



Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Child Support Recovery Program				
Assets				
Cash and Cash Equivalents	\$ 2,300	\$ 915,784	\$ 894,439	\$ 23,645
Liabilities				
Funds Held for Others	\$ 2,300	\$ 915,784	\$ 894,439	\$ 23,645
County Medicaid Administrative Funds				
Assets				
Cash and Cash Equivalents	\$ (380)	\$ 4,591	\$ 1,523	\$ 2,688
Accounts Receivable	-	1,628	-	1,628
Total Assets	\$ (380)	\$ 6,219	\$ 1,523	\$ 4,316
Liabilities				
Accounts Payable and Other Accruals	\$ 17	\$ 4,621	\$ 3,413	\$ 1,225
Funds Held for Others	(397)	16,865	13,377	3,091
Total Liabilities	\$ (380)	\$ 21,486	\$ 16,790	\$ 4,316
Detainees' Accounts				
Assets				
Cash and Cash Equivalents	\$ 24,474	\$ 27,536	\$ 24,474	\$ 27,536
Liabilities				
Funds Held for Others	\$ 24,474	\$ 27,536	\$ 24,474	\$ 27,536
Flexible Benefits Program				
Assets				
Cash and Cash Equivalents	\$ 7,444	\$ 212,240	\$ 212,668	\$ 7,016
Accounts Receivable	40	-	40	-
Investments	2,069	2,238	2,069	2,238
Total Assets	\$ 9,553	\$ 214,478	\$ 214,777	\$ 9,254
Liabilities				
Accounts Payable and Other Accruals	\$ 36	\$ 209,771	\$ 209,728	\$ 79
Funds Held for Others	9,517	209,917	210,259	9,175
Total Liabilities	\$ 9,553	\$ 419,688	\$ 419,987	\$ 9,254
Railroad Car Tax				
Assets				
Cash and Cash Equivalents	\$ 486	\$ 356	\$ 321	\$ 521
Investments	356	321	356	321
Total Assets	\$ 842	\$ 677	\$ 677	\$ 842
Liabilities				
Funds Held for Others	\$ 842	\$ -	\$ -	\$ 842
Real Estate Transfer Tax				
Assets				
Cash and Cash Equivalents	\$ 1,810	\$ 13	\$ -	\$ 1,823
Liabilities				
Funds Held for Others	\$ 1,810	\$ 13	\$ -	\$ 1,823

(continued)



Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Sales Tax Collections for Local Governments				
<i>Education Local Option Sales Tax</i>				
Assets				
Cash and Cash Equivalents	\$ 1,530	\$ 1,633,498	\$ 1,634,479	\$ 549
Investments	819	253	819	253
Total Assets	<u>\$ 2,349</u>	<u>\$ 1,633,751</u>	<u>\$ 1,635,298</u>	<u>\$ 802</u>
Liabilities				
Funds Held for Others	<u>\$ 2,349</u>	<u>\$ 1,632,679</u>	<u>\$ 1,634,226</u>	<u>\$ 802</u>
<i>Homestead Option Sales Tax</i>				
Assets				
Cash and Cash Equivalents	\$ 112	\$ 123,176	\$ 123,246	\$ 42
Investments	60	19	60	19
Total Assets	<u>\$ 172</u>	<u>\$ 123,195</u>	<u>\$ 123,306</u>	<u>\$ 61</u>
Liabilities				
Funds Held for Others	<u>\$ 172</u>	<u>\$ 123,116</u>	<u>\$ 123,227</u>	<u>\$ 61</u>
<i>Local Option Sales Tax</i>				
Assets				
Cash and Cash Equivalents	\$ 1,183	\$ 1,379,904	\$ 1,380,735	\$ 352
Investments	700	219	700	219
Total Assets	<u>\$ 1,883</u>	<u>\$ 1,380,123</u>	<u>\$ 1,381,435</u>	<u>\$ 571</u>
Liabilities				
Funds Held for Others	<u>\$ 1,883</u>	<u>\$ 1,379,203</u>	<u>\$ 1,380,515</u>	<u>\$ 571</u>
<i>MARTA Sales Tax</i>				
Assets				
Cash and Cash Equivalents	\$ 320	\$ 342,412	\$ 342,627	\$ 105
Investments	173	48	173	48
Total Assets	<u>\$ 493</u>	<u>\$ 342,460</u>	<u>\$ 342,800</u>	<u>\$ 153</u>
Liabilities				
Funds Held for Others	<u>\$ 493</u>	<u>\$ 342,240</u>	<u>\$ 342,580</u>	<u>\$ 153</u>
<i>Special Purpose Local Option Sales Tax</i>				
Assets				
Cash and Cash Equivalents	\$ 1,084	\$ 1,189,071	\$ 1,189,759	\$ 396
Investments	580	182	580	182
Total Assets	<u>\$ 1,664</u>	<u>\$ 1,189,253</u>	<u>\$ 1,190,339</u>	<u>\$ 578</u>
Liabilities				
Funds Held for Others	<u>\$ 1,664</u>	<u>\$ 1,188,491</u>	<u>\$ 1,189,577</u>	<u>\$ 578</u>

(continued)



Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Telecommunications Relay Service Fund				
Assets				
Cash and Cash Equivalents	\$ 10,837	\$ 14,548	\$ 16,525	\$ 8,860
Investments	5,746	4,022	5,746	4,022
Total Assets	\$ 16,583	\$ 18,570	\$ 22,271	\$ 12,882
Liabilities				
Funds Held for Others	\$ 16,583	\$ 43	\$ 3,744	\$ 12,882
Universal Service Fund				
Assets				
Cash and Cash Equivalents	\$ -	\$ 67,948	\$ 67,948	\$ -
Investments	52,241	48,427	52,241	48,427
Total Assets	\$ 52,241	\$ 116,375	\$ 120,189	\$ 48,427
Liabilities				
Funds Held for Others	\$ 52,241	\$ 15,708	\$ 19,522	\$ 48,427
Miscellaneous				
Assets				
Cash and Cash Equivalents	\$ 71,785	\$ 408,692	\$ 410,977	\$ 69,500
Accounts Receivable	624	3,571	3,544	651
Investments	8,011	7,394	5,669	9,736
Other Assets	41,117	34,647	41,117	34,647
Total Assets	\$ 121,537	\$ 454,304	\$ 461,307	\$ 114,534
Liabilities				
Accounts Payable and Other Accruals	\$ 237	\$ 23,107	\$ 22,402	\$ 942
Funds Held for Others	121,155	434,992	442,574	113,573
Other Liabilities	145	-	126	19
Total Liabilities	\$ 121,537	\$ 458,099	\$ 465,102	\$ 114,534
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	\$ 122,985	\$ 6,319,769	\$ 6,299,721	\$ 143,033
Accounts Receivable	664	5,199	3,584	2,279
Investments	70,755	63,123	68,413	65,465
Other Assets	41,117	34,647	41,117	34,647
Total Assets	\$ 235,521	\$ 6,422,738	\$ 6,412,835	\$ 245,424
Liabilities				
Accounts Payable and Other Accruals	\$ 290	\$ 237,499	\$ 235,543	\$ 2,246
Funds Held for Others	235,086	6,286,587	6,278,514	243,159
Other Liabilities	145	-	126	19
Total Liabilities	\$ 235,521	\$ 6,524,086	\$ 6,514,183	\$ 245,424

NONMAJOR COMPONENT UNITS



Description of 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, 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 **One Georgia 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.



Description of Nonmajor Component Units

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

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.



Description of 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 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.

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-



Description of Nonmajor Component Units

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, 2012

(dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Foundation for Public Education	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 219,399	\$ 53	\$ 14,865	\$ 318	\$ 1,574
Investments	47,317	-	-	146	6,916
Receivables					
Accounts (Net)	59,951	-	-	-	802
Taxes	492	-	-	-	-
Interest and Dividends	1,430	-	-	-	-
Notes and Loans (Net)	102,573	-	-	-	-
Due from Primary Government	-	-	-	-	-
Due from Component Units	-	-	-	-	-
Intergovernmental Receivables	1,858	-	490	-	-
Other Current Assets	10,716	-	-	-	17
Noncurrent Assets:					
Investments	7,085	-	-	-	-
Receivables (Net)					
Notes and Loans	2,340	-	-	-	-
Other	-	-	-	-	-
Due from Component Units	-	-	-	-	-
Restricted Assets					
Cash and Cash Equivalents	6,482	-	-	-	-
Investments	16,588	-	-	-	-
Receivables					
Other	49	-	-	-	-
Non-depreciable capital assets	338,394	-	-	-	1,479
Depreciable capital assets, net	690,706	-	-	-	30,600
Deferred Capital Outflow	-	-	-	-	-
Other Noncurrent Assets	9,857	-	-	-	-
Total Assets	1,515,237	53	15,355	464	41,388



Georgia Rail Passenger Authority	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
\$ 101	\$ 16,886	\$ 44,501	\$ 322,935	\$ 21,695	\$ 5,408	\$ 18,397	\$ 666,132
46	3,630	-	179,442	2,038	-	1,057	240,592
-	622	-	280,376	1,901	954	2,659	347,265
-	-	-	-	-	-	-	492
-	-	545	-	-	-	-	1,975
-	-	219,166	-	-	-	-	321,739
-	-	974	5,395	-	-	-	6,369
-	-	92	9,769	-	-	-	9,861
-	1,586	-	-	7,285	-	-	11,219
-	436	454	98,663	2,934	89	1,207	114,516
-	-	-	1,250,243	-	-	590	1,257,918
-	-	-	-	-	-	-	2,340
-	-	-	2,035,454	-	-	-	2,035,454
-	-	-	89,964	-	-	-	89,964
-	-	-	163,015	-	12,141	-	181,638
-	-	-	-	-	-	-	16,588
-	-	-	-	-	-	-	49
-	-	374	163,073	229	-	75,279	578,828
-	35,189	1,074	666,034	4,119	1,110	205,274	1,634,106
-	-	-	11,725	-	-	-	11,725
-	-	-	155,722	-	-	-	165,579
147	58,349	267,180	5,431,810	40,201	19,702	304,463	7,694,349

(continued)

State of Georgia

Combining Statement of Net Assets

Nonmajor Component Units

June 30, 2012

(dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Foundation for Public Education	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunication Commission
Liabilities					
Current Liabilities:					
Accounts Payable and Other Accruals	28,092	-	114	-	448
Due to Primary Government	1,960	-	-	-	-
Due to Component Units	-	-	92	-	-
Funds Held for Others	-	-	-	-	-
Unearned Revenue	26,827	-	-	-	163
Notes and Loans Payable	3,887	-	-	-	-
Revenue/Mortgage Bonds Payable	11,755	-	-	-	-
Other Current Liabilities	6,607	-	215	-	309
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	1,702	-	-	-	-
Revenue Bonds Payable	7,410	-	-	-	-
Other	-	-	-	-	-
Noncurrent Liabilities:					
Unearned Revenue	-	-	-	-	-
Notes and Loans Payable	36,057	-	-	-	-
Revenue/Mortgage Bonds Payable	107,206	-	-	-	-
Due to Primary Government	-	-	-	-	-
Derivative Instrument Payable	-	-	-	-	-
Other Noncurrent Liabilities	43,495	-	-	-	813
Total Liabilities	274,998	-	421	-	1,733
Net Assets					
Invested in Capital Assets, Net of Related Debt	863,561	-	-	-	32,079
Restricted for:					
Bond Covenants/Debt Service	14,886	-	-	-	-
Capital Projects	-	-	-	-	-
Permanent Trusts					
Expendable	-	-	-	-	-
Nonexpendable	-	-	-	-	-
Other Purposes	4,849	53	-	-	-
Unrestricted	356,943	-	14,934	464	7,576
Total Net Assets	\$ 1,240,239	\$ 53	\$ 14,934	\$ 464	\$ 39,655



<u>Georgia Rail Passenger Authority</u>	<u>Georgia Regional Transportation Authority</u>	<u>Georgia Student Finance Authority</u>	<u>Higher Education Foundations</u>	<u>Regional Educational Service Agencies</u>	<u>Superior Court Clerks' Cooperative Authority</u>	<u>Tourism / State Attractions (see combining)</u>	<u>Total</u>
-	1,265	8,244	105,090	7,236	3,650	1,712	155,851
-	12	-	140,001	4	-	4	141,981
-	-	-	-	-	-	2	94
-	-	-	4,150	-	-	-	4,150
-	6,568	585	95,856	368	-	964	131,331
-	-	-	9,479	-	-	2,999	16,365
-	-	-	46,684	395	-	359	59,193
-	5,499	903	53,758	146	-	488	67,925
-	-	-	-	-	-	-	1,702
-	-	-	-	-	-	-	7,410
-	-	-	-	-	9,864	-	9,864
-	-	-	178,171	-	-	-	178,171
-	-	-	388,442	-	-	15,841	440,340
-	-	-	2,438,116	3,265	-	8,399	2,556,986
-	-	-	4,909	-	-	-	4,909
-	-	-	64,065	-	-	-	64,065
-	1,276	182,398	28,039	1,491	-	812	258,324
-	14,620	192,130	3,556,760	12,905	13,514	31,580	4,098,661
-	33,863	1,419	112,051	2,950	1,110	267,458	1,314,491
-	-	-	-	-	-	-	14,886
-	-	-	62,234	-	-	-	62,234
-	-	-	421,972	-	-	-	421,972
-	-	-	639,971	-	-	-	639,971
-	-	19,579	-	-	-	-	24,481
147	9,866	54,052	638,822	24,346	5,078	5,425	1,117,653
<u>\$ 147</u>	<u>\$ 43,729</u>	<u>\$ 75,050</u>	<u>\$ 1,875,050</u>	<u>\$ 27,296</u>	<u>\$ 6,188</u>	<u>\$ 272,883</u>	<u>\$ 3,595,688</u>

State of Georgia

Combining Statement of Activities Nonmajor Component Units For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Foundation for Public Education	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunication Commission
Expenses	\$ 355,516	\$ 62	\$ 6,986	\$ -	\$ 36,581
Program Revenues:					
Sales and Charges for Services	365,346	-	7,775	-	5,337
Operating Grants and Contributions	4,861	112	16	1	21,420
Capital Grants and Contributions	13,009	-	-	-	14,970
Total Program Revenues	383,216	112	7,791	1	41,727
Net (Expenses) Revenue	27,700	50	805	1	5,146
General Revenues:					
Taxes	25,692	-	-	-	-
Payments from the State of Georgia	10,175	-	-	-	-
Contributions to Permanent Endowments	-	-	-	-	-
Total General Revenues	35,867	-	-	-	-
Change in Net Assets	63,567	50	805	1	5,146
Net Assets, July 1 (Restated - Note 3)	1,176,672	3	14,129	463	34,509
Net Assets, June 30	\$ 1,240,239	\$ 53	\$ 14,934	\$ 464	\$ 39,655



Georgia Rail Passenger Authority	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
\$ 14	\$ 40,490	\$ 6,947	\$ 1,830,226	\$ 87,811	\$ 15,157	\$ 56,845	\$ 2,436,635
-	9,550	5,773	906,797	17,375	16,173	48,861	1,382,987
14	24,405	20,053	855,236	69,175	24	1,585	996,902
-	1,251	79	4,413	-	-	27,933	61,655
14	35,206	25,905	1,766,446	86,550	16,197	78,379	2,441,544
-	(5,284)	18,958	(63,780)	(1,261)	1,040	21,534	4,909
-	-	-	-	-	-	1,282	26,974
-	10,094	-	28,589	-	-	995	49,853
-	-	-	23,093	-	-	-	23,093
-	10,094	-	51,682	-	-	2,277	99,920
-	4,810	18,958	(12,098)	(1,261)	1,040	23,811	104,829
147	38,919	56,092	1,887,148	28,557	5,148	249,072	3,490,859
\$ 147	\$ 43,729	\$ 75,050	\$ 1,875,050	\$ 27,296	\$ 6,188	\$ 272,883	\$ 3,595,688

State of Georgia

Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations June 30, 2012 (dollars in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority	Georgia Medical Center Authority
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 49,675	\$ 521	\$ 4,496	\$ 222
Investments	187	3	-	-
Receivables				
Accounts (Net)	18,967	-	354	3
Taxes	-	-	492	-
Interest and Dividends	-	1,430	-	-
Notes and Loans (Net)	-	82,422	-	-
Intergovernmental Receivables	-	-	1,858	-
Other Current Assets	514	3,193	-	-
Noncurrent Assets:				
Investments	-	-	-	-
Receivables (Net)				
Notes and Loans	-	-	-	-
Restricted Assets				
Cash and Cash Equivalents	6,482	-	-	-
Investments	16,588	-	-	-
Receivables	49	-	-	-
Non-depreciable capital assets	37,283	50	28	-
Depreciable capital assets, net	98,541	449	1,274	38
Other Noncurrent Assets	-	-	-	-
Total Assets	228,286	88,068	8,502	263
Liabilities				
Current Liabilities:				
Accounts Payable and Other Accruals	9,444	563	439	12
Due to Primary Government	1	-	-	-
Unearned Revenue	26,158	-	-	-
Notes and Loans Payable	-	1,487	-	-
Revenue/Mortgage Bonds Payable	-	-	-	-
Other Current Liabilities	685	3,267	-	-
Current Liabilities Payable from Restricted Assets:				
Accrued Interest Payable	1,702	-	-	-
Revenue Bonds Payable	7,410	-	-	-
Noncurrent Liabilities:				
Notes and Loans Payable	-	-	-	-
Revenue/Mortgage Bonds Payable	99,975	-	-	-
Other Noncurrent Liabilities	8,341	28,728	-	-
Total Liabilities	153,716	34,045	439	12
Net Assets				
Invested in Capital Assets, Net of Related Debt	27,727	499	1,303	38
Restricted for:				
Bond Covenants/Debt Service	14,886	-	-	-
Other Purposes	61	4,788	-	-
Unrestricted	31,896	48,736	6,760	213
Total Net Assets	\$ 74,570	\$ 54,023	\$ 8,063	\$ 251



Georgia Ports Authority	Georgia Seed Development Commission	OneGeorgia Authority	Total
\$ 97,145	\$ 4,434	\$ 62,906	\$ 219,399
19,700	-	27,427	47,317
39,628	999	-	59,951
-	-	-	492
-	-	-	1,430
416	-	19,735	102,573
-	-	-	1,858
6,550	459	-	10,716
7,085	-	-	7,085
2,340	-	-	2,340
-	-	-	6,482
-	-	-	16,588
-	-	-	49
300,826	207	-	338,394
587,846	2,544	14	690,706
9,857	-	-	9,857
<u>1,071,393</u>	<u>8,643</u>	<u>110,082</u>	<u>1,515,237</u>
16,393	198	1,043	28,092
20	53	1,886	1,960
669	-	-	26,827
2,400	-	-	3,887
11,755	-	-	11,755
2,493	-	162	6,607
-	-	-	1,702
-	-	-	7,410
36,057	-	-	36,057
7,231	-	-	107,206
6,426	-	-	43,495
<u>83,444</u>	<u>251</u>	<u>3,091</u>	<u>274,998</u>
831,229	2,751	14	863,561
-	-	-	14,886
-	-	-	4,849
<u>156,720</u>	<u>5,641</u>	<u>106,977</u>	<u>356,943</u>
<u>\$ 987,949</u>	<u>\$ 8,392</u>	<u>\$ 106,991</u>	<u>\$ 1,240,239</u>

State of Georgia

Combining Statement of Activities Nonmajor Component Units Economic Development Organizations For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority	Georgia Medical Center Authority
Expenses	\$ 90,250	\$ 3,587	\$ 5,896	\$ 388
Program Revenues:				
Sales and Charges for Services	73,167	2,931	741	161
Operating Grants and Contributions	65	-	19	-
Capital Grants and Contributions	-	-	3,311	-
Total Program Revenues	73,232	2,931	4,071	161
Net (Expenses) Revenue	(17,018)	(656)	(1,825)	(227)
General Revenues:				
Taxes	23,073	-	2,619	-
Payments from the State of Georgia	-	-	-	175
Total General Revenues	23,073	-	2,619	175
Change in Net Assets	6,055	(656)	794	(52)
Net Assets, July 1 (Restated - Note 3)	68,515	54,679	7,269	303
Net Assets, June 30	\$ 74,570	\$ 54,023	\$ 8,063	\$ 251



<u>Georgia Ports Authority</u>	<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
<u>\$ 218,809</u>	<u>\$ 4,086</u>	<u>\$ 32,500</u>	<u>\$ 355,516</u>
283,538	4,808	-	365,346
4,329	1	447	4,861
<u>9,698</u>	<u>-</u>	<u>-</u>	<u>13,009</u>
<u>297,565</u>	<u>4,809</u>	<u>447</u>	<u>383,216</u>
<u>78,756</u>	<u>723</u>	<u>(32,053)</u>	<u>27,700</u>
-	-	-	25,692
<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,175</u>
<u>-</u>	<u>-</u>	<u>10,000</u>	<u>35,867</u>
78,756	723	(22,053)	63,567
<u>909,193</u>	<u>7,669</u>	<u>129,044</u>	<u>1,176,672</u>
<u>\$ 987,949</u>	<u>\$ 8,392</u>	<u>\$ 106,991</u>	<u>\$ 1,240,239</u>

State of Georgia

Combining Statement of Net Assets

Nonmajor Component Units

Tourism/State Attractions

June 30, 2012

(dollars in thousands)

	Georgia Agricultural Exposition Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority	Jekyll Island State Park Authority	Lake Lanier Islands Development Authority
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 688	\$ 29	\$ 4	\$ 4,617	\$ 5,339
Investments	-	-	-	118	-
Receivables					
Accounts (Net)	114	5	-	1,573	944
Other Current Assets	-	50	-	357	-
Noncurrent Assets:					
Investments	-	-	-	-	-
Restricted Assets					
Non-depreciable capital assets	4,890	327	-	49,070	-
Depreciable capital assets, net	34,617	2	3	43,575	33,710
Total Assets	40,309	413	7	99,310	39,993
Liabilities					
Current Liabilities:					
Accounts Payable and Other Accruals	-	-	-	874	84
Due to Primary Government	-	-	-	4	-
Due to Component Unit	-	-	-	-	-
Unearned Revenue	340	-	-	624	-
Notes and Loans Payable	-	-	-	555	791
Revenue/Mortgage Bonds Payable	-	-	-	-	359
Other Current Liabilities	-	-	-	253	-
Noncurrent Liabilities:					
Notes and Loans Payable	-	-	-	475	13,713
Revenue/Mortgage Bonds Payable	-	-	-	-	8,399
Other Noncurrent Liabilities	230	-	-	550	32
Total Liabilities	570	-	-	3,335	23,378
Net Assets					
Invested in Capital Assets, Net of Related Debt	39,507	329	3	91,615	24,952
Unrestricted	232	84	4	4,360	(8,337)
Total Net Assets	\$ 39,739	\$ 413	\$ 7	\$ 95,975	\$ 16,615



North Georgia Mountains Authority	Oconee River Greenway Authority	Sapelo Island Heritage Authority	Southwest Georgia Railroad Excursion Authority	Stone Mountain Memorial Association	Total
\$ 872	\$ 131	\$ 2	\$ 251	\$ 6,464	\$ 18,397
299	-	-	-	640	1,057
13	1	-	-	9	2,659
-	-	-	-	800	1,207
-	-	-	-	590	590
2,526	508	4,923	-	13,035	75,279
16,703	990	-	366	75,308	205,274
<u>20,413</u>	<u>1,630</u>	<u>4,925</u>	<u>617</u>	<u>96,846</u>	<u>304,463</u>
206	-	-	8	540	1,712
-	-	-	-	-	4
2	-	-	-	-	2
-	-	-	-	-	964
1,653	-	-	-	-	2,999
-	-	-	-	-	359
-	-	-	-	235	488
1,653	-	-	-	-	15,841
-	-	-	-	-	8,399
-	-	-	-	-	812
<u>3,514</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>775</u>	<u>31,580</u>
15,922	1,497	4,923	366	88,344	267,458
977	133	2	243	7,727	5,425
<u>\$ 16,899</u>	<u>\$ 1,630</u>	<u>\$ 4,925</u>	<u>\$ 609</u>	<u>\$ 96,071</u>	<u>\$ 272,883</u>

State of Georgia

Combining Statement of Activities Nonmajor Component Units Tourism/State Attractions For the Fiscal Year Ended June 30, 2012 (dollars in thousands)

	Georgia Agricultural Exposition Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority	Jekyll Island State Park Authority	Lake Lanier Islands Development Authority
Expenses	\$ 9,602	\$ 261	\$ 133	\$ 19,310	\$ 3,887
Program Revenues:					
Sales and Charges for Services	6,901	6	-	16,192	3,823
Operating Grants and Contributions	16	175	-	761	2
Capital Grants and Contributions	1,100	-	-	26,831	-
Total Program Revenues	8,017	181	-	43,784	3,825
Net (Expenses) Revenue	(1,585)	(80)	(133)	24,474	(62)
General Revenues:					
Taxes	-	-	-	1,282	-
Payments from the State of Georgia	995	-	-	-	-
Total General Revenues	995	-	-	1,282	-
Change in Net Assets	(590)	(80)	(133)	25,756	(62)
Net Assets, July 1 (Restated - Note 3)	40,329	493	140	70,219	16,677
Net Assets, June 30	\$ 39,739	\$ 413	\$ 7	\$ 95,975	\$ 16,615



<u>North Georgia Mountains Authority</u>	<u>Oconee River Greenway Authority</u>	<u>Sapelo Island Heritage Authority</u>	<u>Southwest Georgia Railroad Excursion Authority</u>	<u>Stone Mountain Memorial Association</u>	<u>Total</u>
<u>\$ 11,341</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ 406</u>	<u>\$ 11,807</u>	<u>\$ 56,845</u>
11,476	-	-	478	9,985	48,861
4	96	-	-	531	1,585
<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,933</u>
<u>11,480</u>	<u>98</u>	<u>-</u>	<u>478</u>	<u>10,516</u>	<u>78,379</u>
<u>139</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>(1,291)</u>	<u>21,534</u>
-	-	-	-	-	1,282
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>995</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,277</u>
139	-	-	72	(1,291)	23,811
<u>16,760</u>	<u>1,630</u>	<u>4,925</u>	<u>537</u>	<u>97,362</u>	<u>249,072</u>
<u>\$ 16,899</u>	<u>\$ 1,630</u>	<u>\$ 4,925</u>	<u>\$ 609</u>	<u>\$ 96,071</u>	<u>\$ 272,883</u>



Statistical Section



" Tallulah Gorge"
Artist: Libby Matthews, Lakemont, GA



This part of the *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State’s overall financial health.

Index **Page**

Financial Trends Information

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

Schedule 1 – Net Assets by Component	216
Schedule 2 – Changes in Net Assets	218
Schedule 3 – Fund Balances of Governmental Funds	222
Schedule 4 – Changes in Fund Balances of Governmental Funds	224

Revenue Capacity Information

These schedules contain information to help the reader assess the State’s most significant revenue source: personal income tax.

Schedule 5 – Revenue Base - Personal Income by Industry	228
Schedule 6 – Personal Income Tax Rates by Filing Status and Income Level	230
Schedule 7 – Personal Income Tax Filers and Liability by Income Level	231

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the State’s current levels of outstanding debt and the State’s ability to issue additional debt in the future.

Schedule 8 – Ratios of Outstanding Debt by Type	232
Schedule 9 – Ratios of General Bonded Debt Outstanding	235
Schedule 10 – Computation of Legal Debt Margin	236

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State’s financial activities take place.

Schedule 11 – Population/Demographics	238
Schedule 12 – Principal Private Sector Employers	239

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the State’s financial report relates to the services the State provides and the activities it performs.

Schedule 13 – State Government Employment by Function	240
Schedule 14 – Operating Indicators and Capital Assets by Function	242

Sources: Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year.

State of Georgia

Schedule 1

Net Assets by Component For the Last Nine Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	2012	2011	2010	2009
Governmental Activities ^{(1) (2)}				
Invested in Capital Assets, Net of Related Debt	\$ 13,355,209	\$ 12,880,313	\$ 12,550,617	\$ 12,066,578
Restricted	3,968,493	4,031,347	2,605,116	2,254,051
Unrestricted	(2,456,411)	(2,106,699)	(648,171)	(468,978)
Total Governmental Activities Net Assets	<u>\$ 14,867,291</u>	<u>\$ 14,804,961</u>	<u>\$ 14,507,562</u>	<u>\$ 13,851,651</u>
Business-type Activities ^{(1) (2)}				
Invested in Capital Assets, Net of Related Debt	\$ 6,257,436	\$ 5,952,035	\$ 5,426,787	\$ 5,178,579
Restricted	457,265	489,736	423,325	1,022,564
Unrestricted	(1,293,130)	(1,069,413)	(546,363)	(152,768)
Total Business-type Activities Net Assets	<u>\$ 5,421,571</u>	<u>\$ 5,372,358</u>	<u>\$ 5,303,749</u>	<u>\$ 6,048,375</u>
Total Primary Government ⁽²⁾				
Invested in Capital Assets, Net of Related Debt	\$ 19,612,645	\$ 18,832,348	\$ 17,977,404	\$ 17,245,157
Restricted	4,425,758	4,521,083	3,028,441	3,276,615
Unrestricted	(3,749,541)	(3,176,112)	(1,194,534)	(621,746)
Total Primary Government Net Assets	<u>\$ 20,288,862</u>	<u>\$ 20,177,319</u>	<u>\$ 19,811,311</u>	<u>\$ 19,900,026</u>

- (1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-type Activities).
- (2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-type Activities. Beginning in fiscal year 2009, the Business-type Activities of the State Road and Tollway Authority (as previously reported in Governmental Activities) are included in nonmajor enterprise funds along with the Georgia Higher Education Facilities Authority. Beginning in fiscal year 2012, some business-type activities of the State Road and Tollway Authority (as previously reported in nonmajor Enterprise Funds) are included in the Internal Service Funds.

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



Fiscal Year

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 11,979,690	\$ 10,804,344	\$ 11,274,666	\$ 10,914,903	\$ 10,073,116
1,641,507	2,398,250	2,164,233	2,248,834	2,166,594
1,383,624	2,233,041	994,617	1,332,716	1,381,037
<u>\$ 15,004,821</u>	<u>\$ 15,435,635</u>	<u>\$ 14,433,516</u>	<u>\$ 14,496,453</u>	<u>\$ 13,620,747</u>
\$ 4,801,548	\$ 4,582,190	\$ 4,387,218	\$ 4,214,124	\$ 3,849,935
1,745,185	1,877,790	1,767,054	1,599,878	1,269,663
604,035	475,506	374,831	366,419	604,687
<u>\$ 7,150,768</u>	<u>\$ 6,935,486</u>	<u>\$ 6,529,103</u>	<u>\$ 6,180,421</u>	<u>\$ 5,724,285</u>
\$ 16,781,238	\$ 15,386,534	\$ 15,661,884	\$ 15,129,027	\$ 13,923,051
3,386,692	4,276,040	3,931,287	3,848,712	3,436,257
1,987,659	2,708,547	1,369,448	1,699,135	1,985,724
<u>\$ 22,155,589</u>	<u>\$ 22,371,121</u>	<u>\$ 20,962,619</u>	<u>\$ 20,676,874</u>	<u>\$ 19,345,032</u>

State of Georgia

Schedule 2

Changes in Net Assets For the Last Nine Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	2012	2011	2010	2009
Expenses				
Governmental Activities				
General Government ⁽¹⁾	\$ 1,326,657	\$ 1,222,954	\$ 1,467,147	\$ 1,904,893
Education	10,100,155	10,002,351	10,731,693	10,085,766
Health and Welfare	15,657,704	14,745,268	14,210,928	13,118,680
Transportation ⁽²⁾	1,519,707	1,517,213	1,752,933	1,786,808
Public Safety	1,912,814	1,974,964	1,834,315	1,972,187
Economic Development and Assistance	783,308	843,912	808,742	735,415
Culture and Recreation	233,043	233,608	287,860	273,401
Conservation	50,334	59,159	62,059	69,726
Interest and Other Charges on Long-Term Debt ⁽²⁾	638,775	462,602	446,520	466,077
Total Governmental Activities	<u>32,222,497</u>	<u>31,062,031</u>	<u>31,602,197</u>	<u>30,412,953</u>
Business-type Activities				
Georgia Technology Authority ⁽¹⁾	-	-	-	-
Higher Education Fund	7,916,281	7,622,542	7,067,724	6,728,721
State Employees' Health Benefit Plan	2,362,677	2,224,280	2,298,354	2,211,087
Unemployment Compensation Fund	2,240,295	2,954,208	4,011,802	2,435,344
Nonmajor Enterprise Funds ⁽²⁾	35,735	26,613	26,174	17,835
Total Business-type Activities	<u>12,554,988</u>	<u>12,827,643</u>	<u>13,404,054</u>	<u>11,392,987</u>
Total Primary Government Expenses	<u>\$ 44,777,485</u>	<u>\$ 43,889,674</u>	<u>\$ 45,006,251</u>	<u>\$ 41,805,940</u>
Program Revenues				
Governmental Activities ⁽¹⁾⁽²⁾				
Sales and Charges for Services				
General Government	\$ 1,912,183	\$ 1,887,736	\$ 1,763,847	\$ 1,654,486
Health and Welfare	489,289	473,934	245,953	367,829
Public Safety	162,970	160,161	135,736	232,579
Other Sales and Charges for Services	264,309	248,385	263,202	225,419
Operating Grants and Contributions	14,764,360	14,029,675	15,656,694	12,714,639
Capital Grants and Contributions	1,142,924	1,473,052	1,599,721	1,286,969
Total Governmental Activities	<u>18,736,035</u>	<u>18,272,943</u>	<u>19,665,153</u>	<u>16,481,921</u>
Business-type Activities ⁽¹⁾⁽²⁾				
Sales and Charges for Services				
Georgia Technology Authority	-	-	-	-
Higher Education Fund	2,922,710	2,647,604	2,408,042	2,103,284
Unemployment Compensation Fund	-	-	-	-
State Road and Tollway Authority	38,716	35,476	34,142	27,669
Operating Grants and Contributions	7,245,740	7,557,366	7,837,041	5,376,243
Capital Grants and Contributions	36,157	106,217	41,634	45,385
Total Business-type Activities	<u>10,243,323</u>	<u>10,346,663</u>	<u>10,320,859</u>	<u>7,552,581</u>
Total Primary Government Program Revenues	<u>\$ 28,979,358</u>	<u>\$ 28,619,606</u>	<u>\$ 29,986,012</u>	<u>\$ 24,034,502</u>
Net (Expense) Revenue				
Governmental Activities ⁽¹⁾⁽²⁾	\$ (13,486,462)	\$ (12,789,088)	\$ (11,937,044)	\$ (13,931,032)
Business-type Activities ⁽¹⁾⁽²⁾	(2,311,665)	(2,480,980)	(3,083,195)	(3,840,406)
Total Primary Government	<u>\$ (15,798,127)</u>	<u>\$ (15,270,068)</u>	<u>\$ (15,020,239)</u>	<u>\$ (17,771,438)</u>



Fiscal Year

	2008	2007	2006	2005	2004
\$	1,896,438	\$ 1,830,659	\$ 1,562,693	\$ 1,354,451	\$ 1,900,816
	10,812,665	9,948,891	9,030,145	8,376,252	8,007,435
	12,256,789	11,764,652	11,238,207	11,847,414	11,370,543
	3,056,226	1,705,285	1,624,369	2,316,638	1,844,281
	2,130,454	1,891,555	1,715,838	1,781,048	1,712,346
	504,897	759,979	696,800	702,879	738,425
	251,055	286,132	263,813	225,821	237,831
	69,836	102,149	60,660	48,791	49,089
	405,255	385,449	326,741	318,860	319,034
	<u>31,383,615</u>	<u>28,674,751</u>	<u>26,519,266</u>	<u>26,972,154</u>	<u>26,179,800</u>
	-	-	176,153	193,918	198,937
	6,242,687	5,592,755	5,292,112	5,310,815	4,762,820
	2,043,604	1,868,431	2,182,743	2,092,457	1,850,125
	774,030	626,058	582,171	584,260	877,555
	15,110	12,845	-	-	-
	<u>9,075,431</u>	<u>8,100,089</u>	<u>8,233,179</u>	<u>8,181,450</u>	<u>7,689,437</u>
\$	<u>40,459,046</u>	<u>36,774,840</u>	<u>34,752,445</u>	<u>35,153,604</u>	<u>33,869,237</u>
\$	1,634,855	\$ 1,653,554	\$ 787,894	\$ 267,756	\$ 214,580
	321,172	504,520	706,876	1,435,224	1,198,094
	278,675	334,033	141,432	412,572	395,988
	245,978	258,936	284,498	437,569	448,103
	11,886,083	10,041,218	9,393,686	9,213,591	9,457,170
	1,426,839	1,213,420	1,032,961	1,014,144	828,453
	<u>15,793,602</u>	<u>14,005,681</u>	<u>12,347,347</u>	<u>12,780,856</u>	<u>12,542,388</u>
	-	-	177,137	204,246	198,869
	1,834,826	1,694,368	1,567,385	1,730,328	1,349,989
	-	223	-	-	530,481
	20,648	20,854	-	-	-
	4,509,566	4,214,533	4,374,153	4,050,853	3,330,386
	111,055	48,490	45,965	40,029	148,407
	<u>6,476,095</u>	<u>5,978,468</u>	<u>6,164,640</u>	<u>6,025,456</u>	<u>5,558,132</u>
\$	<u>22,269,697</u>	<u>19,984,149</u>	<u>18,511,987</u>	<u>18,806,312</u>	<u>18,100,520</u>
\$	(15,590,013)	\$ (14,669,070)	\$ (14,171,919)	\$ (14,191,298)	\$ (13,637,412)
	(2,599,336)	(2,121,621)	(2,068,539)	(2,155,994)	(2,131,305)
\$	<u>(18,189,349)</u>	<u>(16,790,691)</u>	<u>(16,240,458)</u>	<u>(16,347,292)</u>	<u>(15,768,717)</u>

(continued)

State of Georgia

Schedule 2

Changes in Net Assets For the Last Nine Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	2012	2011	2010	2009
General Revenues and Other Changes in Net Assets				
Governmental Activities ^{(1) (2)}				
General Revenues				
Taxes				
Personal Income	\$ 8,196,187	\$ 7,797,739	\$ 7,109,984	\$ 7,794,606
Sales - General	5,141,871	5,133,404	5,196,117	5,080,946
Other Taxes	2,636,648	2,330,338	2,334,928	2,370,848
Unrestricted Investment Income	6,183	(3,066)	993	63,074
Unclaimed Property	83,215	98,098	85,277	35,356
Other	12,909	30,285	44,183	112,681
Special Items	-	288,000	(10,090)	-
Transfers	(2,346,986)	(2,532,118)	(2,269,701)	(2,679,135)
Total Governmental Activities	<u>13,730,027</u>	<u>13,142,680</u>	<u>12,491,691</u>	<u>12,778,376</u>
Business-type Activities ^{(1) (2)}				
General Revenues				
Unrestricted Investment Income	-	-	-	76,060
Other	-	-	-	-
Transfers	2,346,986	2,532,118	2,269,701	2,679,135
Total Business-type Activities	<u>2,346,986</u>	<u>2,532,118</u>	<u>2,269,701</u>	<u>2,758,195</u>
Total Primary Government General Revenues and Other Changes in Net Assets	<u>\$ 16,077,013</u>	<u>\$ 15,674,798</u>	<u>\$ 14,761,392</u>	<u>\$ 15,536,571</u>
Changes in Net Assets				
Governmental Activities ^{(1) (2)}	\$ 243,565	\$ 353,592	\$ 554,647	\$ (1,152,656)
Business-type Activities ^{(1) (2)}	35,321	51,138	(813,494)	(1,085,211)
Total Primary Government	<u>\$ 278,886</u>	<u>\$ 404,730</u>	<u>\$ (258,847)</u>	<u>\$ (2,237,867)</u>

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-type Activities. Beginning in fiscal year 2009, the Business-Type Activities of the State Road and Tollway Authority (previously reported in Governmental Activities) are included in nonmajor enterprise funds along with the Georgia Higher Education Facilities Authority. Beginning in fiscal year 2012, some business-type activities of the State Road and Tollway Authority (as previously reported in nonmajor Enterprise Funds) are included in the Internal Service Funds.

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



Fiscal Year

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$	8,834,591	\$ 8,831,753	\$ 8,104,465	\$ 7,133,515	\$ 6,876,663
	5,760,691	6,234,221	5,603,743	5,309,167	4,799,239
	2,694,710	2,810,010	2,451,385	2,385,602	2,058,832
	264,448	470,480	196,422	208,656	116,615
	58,857	140,367	107,149	75,353	54,074
	247,322	54,317	958,131	1,011,803	1,094,450
	-	-	-	-	-
	<u>(2,670,418)</u>	<u>(2,478,882)</u>	<u>(2,306,278)</u>	<u>(2,340,526)</u>	<u>(2,294,450)</u>
	<u>15,190,201</u>	<u>16,062,266</u>	<u>15,115,017</u>	<u>13,783,570</u>	<u>12,705,423</u>
	134,436	147,034	110,942	88,207	58,647
	-	47	-	-	-
	<u>2,670,418</u>	<u>2,478,882</u>	<u>2,306,278</u>	<u>2,340,526</u>	<u>2,294,450</u>
	<u>2,804,854</u>	<u>2,625,963</u>	<u>2,417,220</u>	<u>2,428,733</u>	<u>2,353,097</u>
\$	<u>17,995,055</u>	<u>\$ 18,688,229</u>	<u>\$ 17,532,237</u>	<u>\$ 16,212,303</u>	<u>\$ 15,058,520</u>
\$	(399,812)	\$ 1,393,196	\$ 943,098	\$ (407,728)	\$ (931,989)
	205,518	504,342	348,681	272,739	221,792
\$	<u>(194,294)</u>	<u>\$ 1,897,538</u>	<u>\$ 1,291,779</u>	<u>\$ (134,989)</u>	<u>\$ (710,197)</u>

State of Georgia

Schedule 3

Fund Balances of Governmental Funds

For the Last Nine Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	2012	2011	2010	2009
General Fund				
Nonspendable	\$ 74,206	\$ 94,810	\$ -	\$ -
Restricted	3,004,697	2,951,729	-	-
Unrestricted				
Committed	7,695	9,403	-	-
Assigned	298,557	256,676	-	-
Unassigned	334,655	401,414	-	-
Reserved	-	-	3,737,311	3,520,953
Unreserved	-	-	(41,837)	(492,520)
Total General Fund	\$ 3,719,810	\$ 3,714,032	\$ 3,695,474	\$ 3,028,433
All Other Governmental Funds ⁽¹⁾				
Nonspendable	\$ 8,398	\$ 68	\$ -	\$ -
Restricted	963,782	1,079,604	-	-
Unrestricted				
Assigned	18,227	20,442	-	-
Reserved	-	-	43,114	14
Unreserved, Reported in				
Special Revenue Funds	-	-	33,319	436,838
Capital Projects Funds	-	-	1,323,352	1,496,019
Total All Other Governmental Funds	\$ 990,407	\$ 1,100,114	\$ 1,399,785	\$ 1,932,871

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, the balances of its General Fund are included in the State's Special Revenue Funds. The Georgia Higher Education Facilities Authority, a blended component unit, was reported in the State's Capital Projects Funds in fiscal year 2008. Beginning in fiscal year 2009, the balances of this fund are included in the State's Nonmajor Enterprise Funds.

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



Fiscal Year

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,837,792	3,487,699	3,342,233	3,430,424	3,319,425
1,489,500	2,077,088	924,590	335,828	228,852
<u>\$ 4,327,292</u>	<u>\$ 5,564,787</u>	<u>\$ 4,266,823</u>	<u>\$ 3,766,252</u>	<u>\$ 3,548,277</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
14	14	1,028	1,027	1,639
286,451	187,585	1,219	-	-
1,195,760	1,476,288	1,207,665	804,079	1,236,105
<u>\$ 1,482,225</u>	<u>\$ 1,663,887</u>	<u>\$ 1,209,912</u>	<u>\$ 805,106</u>	<u>\$ 1,237,744</u>

State of Georgia

Schedule 4

Changes in Fund Balances of Governmental Funds For the Last Nine Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	2012	2011	2010	2009
Revenues				
Taxes				
Personal Income	\$ 8,196,187	\$ 7,797,739	\$ 7,109,984	\$ 7,794,606
Sales - General	5,141,871	5,133,404	5,196,117	5,080,946
Other Taxes	2,636,648	2,330,338	2,334,928	2,370,848
Licenses and Permits	593,541	581,994	507,764	667,363
Intergovernmental - Federal	15,294,531	14,709,708	16,456,059	13,417,524
Intergovernmental - Other	505,974	652,244	569,179	360,531
Sales and Services	440,951	471,236	490,954	392,097
Fines and Forfeits	450,457	458,341	300,032	335,485
Interest and Other Investment Income	18,580	12,930	41,535	138,077
Unclaimed Property	83,215	98,098	85,277	35,356
Lottery Proceeds	901,329	846,106	883,882	872,136
Nursing Home Provider Fees	132,393	128,771	122,047	122,623
Hospital Provider Payments	225,260	215,080	-	-
Other	72,657	94,327	96,393	157,741
Total Revenues	34,693,594	33,530,316	34,194,151	31,745,333
Expenditures				
Current				
General Government	920,513	873,658	860,558	1,250,409
Education	10,099,224	9,981,903	10,719,216	10,083,963
Health and Welfare	15,668,820	14,721,528	14,211,763	13,097,393
Transportation	1,664,812	1,699,712	2,127,591	2,725,244
Public Safety	1,921,717	1,874,257	1,895,659	1,976,831
Economic Development and Assistance	782,055	836,341	787,261	718,858
Culture and Recreation	258,472	275,974	275,746	306,434
Conservation	54,694	51,573	62,430	65,007
Capital Outlay	674,905	882,731	500,166	560,229
Debt Service				
Principal	803,600	845,300	804,560	801,565
Interest	475,208	493,845	485,195	469,281
Other Charges	98,368	57,923	42,203	36,059
Intergovernmental	239,879	153,190	220,118	377,607
Total Expenditures	33,662,267	32,747,935	32,992,466	32,468,880
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,031,327	782,381	1,201,685	(723,547)



Fiscal Year

	2008	2007	2006	2005	2004
\$	8,834,591	\$ 8,831,754	\$ 8,104,465	\$ 7,133,515	\$ 6,876,663
	5,760,691	6,234,221	5,603,743	5,309,167	4,799,240
	2,694,710	2,810,010	2,451,385	2,385,603	2,058,832
	682,940	649,930	539,158	496,178	452,008
	11,623,735	10,648,457	10,024,646	10,152,667	10,226,522
	405,077	401,637	117,040	-	-
	376,674	687,277	994,996	1,732,902	1,657,989
	321,804	344,139	303,788	265,708	238,662
	240,337	443,226	186,974	103,155	36,427
	58,857	140,367	107,149	75,353	54,074
	867,686	853,641	822,797	802,083	801,381
	133,974	111,768	95,607	99,271	92,768
	-	-	-	-	-
	152,296	258,313	386,791	212,886	108,653
	<u>32,153,372</u>	<u>32,414,740</u>	<u>29,738,539</u>	<u>28,768,488</u>	<u>27,403,219</u>
	1,251,265	1,207,057	1,158,810	1,088,655	978,666
	10,481,854	9,945,327	9,031,188	8,359,398	8,014,842
	12,475,474	11,724,373	11,270,055	11,861,217	11,374,111
	3,256,231	2,628,075	2,079,873	1,804,448	1,701,666
	2,035,807	1,841,350	1,788,074	1,696,260	1,692,289
	816,766	739,998	685,680	688,658	728,330
	315,578	293,620	282,422	246,261	240,504
	69,883	101,773	61,041	57,677	48,624
	471,251	474,050	478,109	485,995	837,904
	750,909	679,216	570,042	524,583	507,110
	434,494	409,632	324,893	332,808	343,489
	(2,342)	(10,855)	(2,497)	1,037	3,802
	341,524	324,056	243,347	-	-
	<u>32,698,694</u>	<u>30,357,672</u>	<u>27,971,037</u>	<u>27,146,997</u>	<u>26,471,337</u>
	<u>(545,322)</u>	<u>2,057,068</u>	<u>1,767,502</u>	<u>1,621,491</u>	<u>931,882</u>

(continued)

State of Georgia

Schedule 4

Changes in Fund Balances of Governmental Funds For the Last Nine Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	2012	2011	2010	2009
Other Financing Sources (Uses)				
General Obligation Bonds Issuance	803,615	653,925	793,855	1,445,645
Refunding Bonds Issuance	719,465	344,420	640,825	149,730
Revenue Bond Issuance	-	-	-	600,000
Premium on General Obligation Bonds Sold	78,781	32,170	25,206	84,867
Premium on Refunding Bonds Sold	86,523	55,821	112,131	21,730
Premium on Revenue Bonds Sold	-	-	-	57,683
Accrued Interest on Refunding Bonds Sold	-	-	-	-
Accrued Interest on Revenue Bonds Sold	-	-	-	538
Payment to Refunded Bond Escrow Agent	(805,945)	(398,339)	(750,209)	(171,307)
Proceeds from Disposition of General Capital Assets	-	-	-	-
Capital Leases	11,179	25,851	6,201	2,259
Other Financing Agreements	-	-	-	-
Transfers In	1,414,093	1,467,443	1,959,530	2,151,031
Transfers Out	(3,409,603)	(3,532,786)	(3,923,140)	(4,466,328)
Net Other Financing Sources (Uses)	(1,101,892)	(1,351,495)	(1,135,601)	(124,152)
Special Item	-	288,000	-	-
Other Adjustments to Fund Balance	-	-	-	-
Net Change in Fund Balance	\$ (70,565)	\$ (281,114)	\$ 66,084	\$ (847,699)
Debt Service Expenditures as a Percentage of Noncapital Expenditures ⁽¹⁾	4.41%	4.67%	4.32%	4.37%

(1) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

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



Fiscal Year

2008	2007	2006	2005	2004
946,035	1,410,648	1,236,010	206,875	955,395
-	213,720	425,000	458,605	-
600,000	450,000	-	-	-
16,828	3,894	4,040	4,815	-
-	18,922	46,399	61,957	-
39,911	19,967	-	-	-
-	742	-	-	-
-	-	-	-	-
-	(235,516)	(469,479)	(519,316)	-
1,661	-	600	-	2,191
825	777	1,085	1,644	323
-	-	-	-	-
2,121,862	1,925,552	1,022,503	1,023,279	943,719
(4,599,625)	(4,211,954)	(3,165,858)	(3,050,444)	(2,906,674)
(872,503)	(403,248)	(899,700)	(1,812,585)	(1,005,046)
-	-	-	-	-
(1,332)	98,119	37,112	(23,569)	(461)
<u>\$ (1,419,157)</u>	<u>\$ 1,751,939</u>	<u>\$ 904,914</u>	<u>\$ (214,663)</u>	<u>\$ (73,625)</u>
3.98%	3.85%	3.44%	3.28%	3.45%

State of Georgia

Schedule 5

Revenue Base - Personal Income by Industry For the Last Ten Calendar Years

(dollars in millions)

	2011	2010	2009	2008
Accommodation and Food Services	\$ 8,106	\$ 7,763	\$ 7,478	\$ 7,771
Administrative and Waste Services	12,466	11,752	11,133	11,894
Arts, Entertainment and Recreation	2,195	2,106	2,047	2,068
Construction	12,538	12,593	13,221	15,836
Educational Services	4,145	3,953	3,889	3,649
Farm Earnings	1,966	1,847	2,015	2,642
Federal Government - Civilian	11,204	10,965	10,265	9,640
Federal Government - Military	9,651	9,303	8,954	8,447
Finance and Insurance	16,732	15,970	15,749	16,081
Forestry, Fishing and Related Activities	827	793	694	709
Health Care and Social Assistance	25,199	24,498	23,464	22,701
Information	11,581	10,970	11,228	12,145
Management of Companies and Enterprises	5,978	5,540	5,443	5,413
Manufacturing	24,766	23,461	22,889	25,655
Mining	424	414	375	476
Other Services, Except Public Administration	9,274	9,032	8,708	8,747
Professional and Technical Services	24,769	23,488	22,947	24,692
Real Estate, Rental and Leasing	5,054	4,896	4,061	4,552
Retail Trade	16,196	15,657	15,422	16,184
State and Local Government	29,626	29,542	29,618	29,588
Transportation and Warehousing	12,091	11,505	10,943	11,570
Utilities	2,431	2,189	2,377	2,352
Wholesale Trade	17,543	16,813	16,392	17,850
Other	88,380	80,321	76,710	80,157
Total Personal Income	\$ 353,142	\$ 335,371	\$ 326,022	\$ 340,819
Average Effective Rate ⁽¹⁾	2.2%	2.1%	2.4%	2.6%

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

Source: U. S. Department of Commerce, Bureau of Economic Analysis



Calendar Year

	2007	2006	2005	2004	2003	2002
\$	7,900	\$ 7,436	\$ 7,038	\$ 6,734	\$ 6,249	\$ 5,809
	11,908	11,521	10,943	9,916	8,978	8,449
	2,093	1,905	1,843	1,766	1,841	1,899
	16,525	16,528	15,419	14,544	13,444	12,869
	3,464	3,243	2,842	2,734	2,520	2,425
	1,872	1,589	2,478	2,163	2,147	1,636
	9,311	8,832	8,382	7,834	7,458	7,104
	7,510	7,017	6,590	5,849	5,420	4,730
	16,222	15,590	14,411	13,466	12,504	12,060
	713	722	664	649	584	585
	21,436	20,069	18,986	17,959	16,631	15,447
	12,850	12,099	11,476	11,330	11,170	11,095
	5,777	5,432	5,792	4,883	4,351	4,463
	26,208	26,508	25,513	25,153	24,121	23,704
	581	583	532	521	478	456
	9,127	8,516	8,121	7,591	7,318	7,186
	22,956	21,152	19,435	17,782	16,966	16,487
	5,099	5,792	5,698	5,240	4,819	4,732
	16,910	16,425	15,677	14,963	14,641	14,085
	27,990	26,451	24,937	23,662	22,826	21,498
	11,776	10,402	10,335	10,489	9,872	9,444
	2,398	2,492	2,178	2,181	2,105	2,052
	17,937	16,986	15,974	14,878	13,875	13,883
	72,138	64,565	57,280	50,666	48,849	49,119
\$	330,701	\$ 311,855	\$ 292,544	\$ 272,953	\$ 259,167	\$ 251,217
	2.7%	2.6%	2.4%	2.5%	2.4%	2.6%



Schedule 6

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

Filing Status

<u>Georgia Taxable Net Income Level</u>	<u>2003-2012</u>
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 \$1,000	1%
Over \$1,000 But Not Over \$3,000	\$10.00 Plus 2% of Amount Over \$1,000
Over \$3,000 But Not Over \$5,000	\$50.00 Plus 3% of Amount Over \$3,000
Over \$5,000 But Not Over \$7,000	\$110.00 Plus 4% of Amount Over \$5,000
Over \$7,000 But Not Over \$10,000	\$190.00 Plus 5% of Amount Over \$7,000
Over \$10,000	\$340.00 Plus 6% of Amount Over \$10,000

Source: OCGA Section 48-7-20, Paragraph (b)(1)



Schedule 7

Personal Income Tax Filers and Liability by Income Level For Calendar Years 2009(1) and 2000

(dollars, except income level, are in thousands)

2010(1)				
<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$1,000 and under (2)	676,319	15.9%	\$ 405,483	5.3%
\$1,001 to \$5,000	224,888	5.3%	822	0.0%
\$5,001 to \$10,000	372,509	8.7%	14,543	0.2%
\$10,001 to \$15,000	392,300	9.2%	54,515	0.7%
\$15,001 to \$20,000	344,746	8.1%	109,346	1.4%
\$20,001 to \$25,000	288,183	6.8%	151,403	2.0%
\$25,001 to \$30,000	243,416	5.7%	183,613	2.4%
\$30,001 to \$50,000	632,967	14.8%	807,098	10.5%
\$50,001 to \$100,000	681,511	16.0%	1,843,763	24.0%
\$100,001 to \$500,000	390,512	9.2%	2,860,595	37.3%
\$500,001 to \$1,000,000	13,235	0.3%	455,064	5.9%
\$1,000,001 and higher	5,732	0.1%	783,779	10.2%
Totals	<u>4,266,318</u>	<u>100.0%</u>	<u>\$ 7,670,024</u>	<u>100.0%</u>

2001				
<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$1,000 and under (2)	459,723	12.6%	\$ 351,822	5.8%
\$1,001 to \$5,000	282,431	7.7%	10	0.0%
\$5,001 to \$10,000	338,822	9.3%	8,584	0.1%
\$10,001 to \$15,000	308,587	8.5%	41,323	0.7%
\$15,001 to \$20,000	287,313	7.9%	94,203	1.6%
\$20,001 to \$25,000	260,790	7.1%	145,626	2.4%
\$25,001 to \$30,000	219,513	6.0%	174,343	2.9%
\$30,001 to \$50,000	594,660	16.3%	775,413	12.8%
\$50,001 to \$100,000	625,107	17.1%	1,660,475	27.5%
\$100,001 to \$500,000	260,003	7.1%	1,889,492	31.3%
\$500,001 to \$1,000,000	9,231	0.3%	318,692	5.3%
\$1,000,001 and higher	4,248	0.1%	583,466	9.7%
Totals	<u>3,650,428</u>	<u>100.0%</u>	<u>\$ 6,043,449</u>	<u>100.0%</u>

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Georgia Department of Revenue

State of Georgia

Schedule 8

Ratios of Outstanding Debt by Type For the Last Ten Fiscal Years

(dollars in thousands, except per capita amounts)

Fiscal Year	Governmental Activities ⁽¹⁾				
	General Obligation	General State	Revenue ⁽²⁾	Capital	Notes and
	Bonds	Bond Debt	Bonds	Leases	Loans
2012	\$ 8,889,868	\$ -	\$ 1,678,744	\$ 262,111	\$ 14,600
2011	8,774,586	-	1,848,570	223,429	19,600
2010	8,837,728	-	2,009,489	242,430	27,614
2009	8,725,198	-	2,169,235	3,266	27,698
2008	7,927,420	-	1,617,932	5,184	32,820
2007	7,688,919	-	1,037,993	8,162	568
2006	6,909,343	-	-	4,748	796
2005	6,238,934	-	-	5,122	3,583
2004	6,513,380	16	-	4,892	2,506
2003	6,083,975	16	-	5,424	2,570

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-type Activities.

(2) The Governmental Activities Revenue Bonds include \$403.5 million of bonds secured by a joint resolution between the Department of Transportation (DOT) (General Fund) and the SRTA (Nonmajor Governmental Fund) whereby DOT has pledged to provide sufficient motor fuel tax funds to pay the principal and interest of the revenue bonds. According to the State Constitution, motor fuel tax funds are imposed and appropriated for all activities incident to maintaining an adequate system of roads and bridges in the State. In fiscal year 2012, the State collected \$1.02 billion of motor fuel tax funds. The principal and interest on the revenue bonds for fiscal year 2012 was \$49.7 million. The debt service requirements to maturity on these bonds is included in the Notes to the Financial Statements.

(3) See Schedule 11 (Population/Demographics) for personal income and population data.

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



Business-type Activities ⁽¹⁾			Less:		Total Primary Government	Percentage of Personal Income⁽³⁾	Outstanding Debt Per Capita⁽³⁾
Revenue Bonds	Capital Leases	Notes and Loans	Net Assets Restricted to Guaranteed Revenue Debt				
\$ 319,247	\$ 3,436,099	\$ 751,299	\$ (54,003)	\$ 15,297,965	4.3%	\$ 1,558.6	
328,597	3,170,521	734,189	(54,003)	15,045,489	4.5%	1,549.1	
213,814	2,648,321	424,424	(62,886)	14,340,934	4.4%	1,459.0	
121,736	2,240,418	8,733	(62,887)	13,233,397	3.9%	1,364.6	
31,628	1,795,234	9,170	(63,084)	11,356,304	3.4%	1,191.2	
38,540	1,201,524	9,477	(63,084)	9,922,099	3.2%	1,063.5	
-	839,926	2,618	-	7,757,431	2.7%	852.7	
-	678,055	4,244	-	6,929,938	2.5%	777.5	
-	479,272	2,512	-	7,002,578	2.7%	801.6	
-	186,428	2,845	-	6,281,258	2.5%	731.6	





Schedule 9

Ratios of General Bonded Debt Outstanding For the Last Ten Fiscal Years

(dollars in thousands, except per capita amounts)

Fiscal Year	Net General Bonded Debt ⁽¹⁾	Percentage of Personal Income ⁽²⁾	Outstanding Debt Per Capita ⁽²⁾
2012	\$ 9,278,490	2.63%	\$ 945.32
2011	9,197,267	2.74%	946.99
2010	9,280,726	2.85%	944.20
2009	9,200,175	2.70%	948.68
2008	8,431,520	2.55%	884.39
2007	8,219,971	2.64%	881.02
2006	6,909,343	2.36%	759.48
2005	6,238,934	2.29%	699.93
2004	6,513,396	2.51%	745.64
2003	6,083,991	2.42%	708.63

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-type Activities.

(2) See Schedule 11 (Population/Demographics) for personal income and population data.

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

State of Georgia

Schedule 10 Computation of Legal Debt Margin For the Last Ten Fiscal Years (in whole dollars)

	2012	2011	2010	2009
Revenue Base:				
Treasury Receipts for the Preceding Fiscal Year ⁽¹⁾	<u>\$ 17,546,374,291</u>	<u>\$ 16,251,240,187</u>	<u>\$ 17,841,693,806</u>	<u>\$ 19,789,800,881</u>
Debt Limit Amount:				
Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above)	\$ 1,754,637,429	\$ 1,625,124,019	\$ 1,784,169,381	\$ 1,978,980,088
Debt Applicable to the Limit:				
Highest Total Annual Commitments in Current or any Subsequent Fiscal Year ⁽³⁾	<u>1,310,228,303</u>	<u>1,328,679,199</u>	<u>1,369,585,101</u>	<u>1,307,083,843</u>
Legal Debt Margin	<u>\$ 444,409,126</u>	<u>\$ 296,444,820</u>	<u>\$ 414,584,280</u>	<u>\$ 671,896,245</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit Amount	74.7%	81.8%	76.8%	66.0%

(1) Includes Indigent Care Trust Fund Receipts, Brain and Spinal Injury Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Funds.

(2) Interest on Guaranteed Revenue Debt Common Reserve Funds included from this point forward.

(3) Includes issued and outstanding debt as of the end of each fiscal year and appropriated debt service for any authorized but unissued general obligation (and guaranteed revenue) bonds.

Source: Prior Year's Comprehensive Annual Financial Reports, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia.

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10 percent of the prior year's revenue collections.



Fiscal Year

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005⁽²⁾</u>	<u>2004</u>	<u>2003</u>
<u>\$ 19,895,976,559</u>	<u>\$ 18,343,186,033</u>	<u>\$ 16,789,925,631</u>	<u>\$ 15,530,262,707</u>	<u>\$ 14,737,541,220</u>	<u>\$ 15,126,479,334</u>
\$ 1,989,597,656	\$ 1,834,318,603	\$ 1,678,992,563	\$ 1,553,026,271	\$ 1,473,754,122	\$ 1,512,647,933
<u>1,245,513,776</u>	<u>1,144,843,403</u>	<u>1,091,329,526</u>	<u>1,119,589,122</u>	<u>959,876,954</u>	<u>871,741,019</u>
<u>\$ 744,083,880</u>	<u>\$ 689,475,200</u>	<u>\$ 587,663,037</u>	<u>\$ 433,437,149</u>	<u>\$ 513,877,168</u>	<u>\$ 640,906,914</u>
62.6%	62.4%	65.0%	72.1%	65.1%	57.6%



Schedule 11 Population/Demographics For the Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (in millions)</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate</u>
2011	9,815,210	\$ 353,142	\$ 35,979	1,673,740	9.8%
2010	9,712,157	335,371	34,531	1,665,557	10.2%
2009	9,829,211	326,022	33,169	1,656,689	9.8%
2008	9,697,838	340,819	35,144	1,642,033	6.3%
2007	9,533,761	330,701	34,687	1,634,255	4.6%
2006	9,330,086	311,855	33,425	1,618,869	4.7%
2005	9,097,428	292,544	32,157	1,588,803	5.2%
2004	8,913,676	272,953	30,622	1,544,044	4.7%
2003	8,735,259	259,167	29,669	1,513,521	4.8%
2002	8,585,535	251,217	29,260	1,486,694	4.8%

Sources: Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)
 Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis
 Public School Enrollment - Georgia Department of Education (March of each school year)
 Unemployment Rate - U. S. Department of Labor (annual average)



Schedule 12

Principal Private Sector Employers

Fiscal Year 2012 and Nine Years Previous (2003)

2012 Employers

Delta Air Lines, Incorporated
Emory Health Care
Emory University
Georgia Power Company
GMRI, Incorporated
Lowe's Home Centers
Mohawk Carpet
Publix Supermarkets, Incorporated
Shaw Industries, Incorporated
Target
The Home Depot
The Kroger Company
United Parcel Service
Wal-Mart Stores, Incorporated
Wellstar Health System

2003 Employers

BellSouth Corporation
Delta Air Lines, Incorporated
Emory Health Care
Georgia-Pacific Corporation
Mohawk Industries
Promina Health System
Publix Supermarkets, Incorporated
Shaw Industries, Incorporated
Target
The Home Depot
The Kroger Company
The Southern Company/Georgia Power Company
United Parcel Service
Wal-Mart Stores, Incorporated

To protect employer confidentiality, Georgia law prohibits the release of employee numbers by employer.

Sources: Employers - Georgia Department of Labor
2012 Employment based on 3 month average

State of Georgia

Schedule 13

State Government Employment by Function For the Last Ten Fiscal Years (1)

	2012	2011	2010	2009
Governmental Activities				
General Government	7,729	9,658	9,103	8,425
Education	1,371	1,213	1,399	1,156
Health and Welfare	18,007	18,616	27,653	22,629
Transportation	4,577	5,273	5,363	5,340
Public Safety	20,449	21,997	25,014	21,829
Economic Development and Assistance	4,802	5,144	5,375	4,636
Culture and Recreation	3,169	2,548	3,184	2,785
Conservation	664	686	845	746
	<u>60,768</u>	<u>65,135</u>	<u>77,936</u>	<u>67,546</u>
Business-Type Activities ⁽²⁾				
Georgia Technology Authority ⁽³⁾	-	-	-	-
Higher Education Fund	82,109	79,174	96,739	85,193
State Road and Tollway Authority ⁽⁴⁾	71	52	64	53
	<u>82,180</u>	<u>79,226</u>	<u>96,803</u>	<u>85,246</u>
Total Employment	<u>142,948</u>	<u>144,361</u>	<u>174,739</u>	<u>152,792</u>

(1) Includes employees that were active at any time during the Fiscal Year. An individual employee may, therefore, be included in multiple functions if the employee transferred among functions during the fiscal year. This does not represent the number of active employees at the end of the year.

(2) Employees of certain Business-type Activities organizations are included in Governmental Activities as follows:
 Employees of the State Employees' Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.
 Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(3) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its employees are included in Governmental Activities - General Government.

(4) Beginning in fiscal year 2007, the State Road and Tollway Authority, formerly a discretely presented component unit, is blended with the primary government. Although the Authority performs both governmental and business-type activities, the majority of its employee are involved in the business-type activities.

Source: Georgia Department of Audits and Accounts



Fiscal Year

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

State of Georgia

Schedule 14 Operating Indicators and Capital Assets by Function For the Last Ten Years (1)

	2012	2011	2010	2009
General Government				
Department of Revenue				
Number of Personal Income Tax Filers	NCA	NCA	4,266,318	4,166,498
Education				
Department of Education				
Public School Enrollment (March FTE Count)				
Pre Kindergarten through Grade 5	829,900	828,005	825,044	818,709
Grades 6 through 8	383,553	376,315	371,759	367,453
Grades 9 through 12	460,287	461,237	459,886	455,871
Board of Regents of the University System of Georgia				
Number of Separate Institutions	35	35	35	35
Number of Active Educators	13,855	13,311	12,828	11,654
Number of Students	318,027	311,442	301,892	282,978
Health and Welfare				
Department of Human Services				
Food Stamp Recipients	1,875,000	1,737,545	1,389,935	1,202,181
Temporary Assistance for Needy Families Recipients	35,887	36,534	90,581	38,824
Transportation				
Department of Transportation				
Miles of State Highway	17,985	17,985	18,093	18,095
Public Safety				
Department of Corrections				
Number of Inmates	54,336	55,162	52,291	54,049
Number of Probationers	163,265	156,630	154,989	154,218
Economic Development and Assistance				
Department of Economic Development				
Economic Impact of Tourism (in millions):				
Domestic Traveler Spending - Direct	NCA	\$ 20,537	\$ 18,906	\$ 17,570
Domestic Travel-Generated State Tax Revenues	NCA	\$ 919	\$ 855	\$ 816
Culture and Recreation:				
Department of Natural Resources				
Number of State Parks	48	48	48	48
Number of Historic Sites	18	18	15	15
Acreage of State Parks and Historic Sites (in acres)	86,000+	86,000+	84,000+	85,000+
Conservation				
Forestry Commission				
Economic Impact of Forestry Industry				
Output (in millions)	NCA	NCA	\$ 14,500	\$ 16,900
Employment	NCA	NCA	43,425	48,519
Compensation (in millions)	NCA	NCA	\$ 2,600	\$ 2,800

(1) Data is presented by either fiscal year or calendar year based on availability of information.

Source: NCA - Not Currently Available

Information obtained from the individual organizations listed.



Fiscal Year

2008	2007	2006	2005	2004	2003
4,229,929	4,273,200	4,046,275	3,838,000	3,777,000	3,692,000
812,311	801,307	782,428	757,383	745,115	735,821
368,734	371,020	369,809	367,122	364,051	358,592
453,210	446,539	436,566	419,539	404,355	392,281
35	35	35	35	34	34
11,422	11,082	9,721	9,335	8,981	8,870
270,022	259,945	253,552	250,659	247,020	233,098
986,245	947,146	947,683	908,073	847,886	700,876
40,609	47,395	68,993	99,370	135,515	138,624
18,096	18,066	18,084	18,084	18,084	18,019
54,016	53,226	52,635	47,304	48,619	47,111
148,629	142,663	136,175	115,177	128,395	130,505
\$ 19,026	\$ 18,680	\$ 17,743	\$ 16,572	\$ 15,390	\$ 14,524
\$ 851	\$ 845	\$ 812	\$ 779	\$ 740	\$ 709
48	48	48	48	48	48
15	15	15	15	15	15
82,000+	82,000+	72,835	72,835	72,835	72,835
\$ 18,300	\$ 18,500	\$ 17,760	\$ 16,150	\$ 14,163	\$ 12,679
57,812	64,192	67,733	67,694	67,633	65,706
\$ 3,100	\$ 3,400	\$ 3,513	\$ 3,422	\$ 3,299	\$ 3,007



Single Audit Report
Fiscal Year Ended June 30, 2012
Prepared by: State Accounting Office



Georgia

"The Old Home Place"
Artist: Keith R. Nelms, Tallulah Falls, Georgia



The artwork within this document was created by artists in Northeast Georgia and will be hanging in the Office of the Governor as part of a rotating exhibit "The Art of Georgia" through January 25, 2013. For more information about the exhibit, the artists and their work visit www.gaarts.org.

State of Georgia

NATHAN DEAL, GOVERNOR

Single Audit Report For the Fiscal Year Ended June 30, 2012

Prepared by
State Accounting Office and
Georgia Department of Audits and Accounts





AUDITOR’S SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS*..... 3

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133..... 9

FINDINGS AND QUESTIONED COSTS

- Summary of Auditor’s Results*..... 19
- Financial Statement Findings*..... 23
- Federal Awards Findings and Questioned Costs*..... 81

AUDITEE’S SECTION

EXPENDITURES OF FEDERAL AWARDS

- Schedule of Expenditures of Federal Awards*..... 131
- Notes to the Schedule of Expenditures of Federal Awards*..... 243
- Schedule of Cluster Programs*..... 251

AUDITEE’S RESPONSES

- Summary Schedule of Prior Year Findings and Questioned Costs*..... 269
- Corrective Action Responses to Current Year Findings and Questioned Costs*..... 293

APPENDIX “A” – ORGANIZATIONAL UNITS

Listing of Organizational Units Comprising the State of Georgia Reporting Entity..... AP3



Auditor's Section



" Morning Mist", Photograph
Artist: David Veal, Eatonton, Georgia

**Report on Internal Control Over Financial
Reporting and on Compliance and Other
Matters Based on an Audit of Financial
Statements Performed in Accordance With
*Government Auditing Standards***





DEPARTMENT OF AUDITS AND ACCOUNTS

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

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, business-type activities, the aggregated discretely presented component units, each major fund and the aggregated remaining fund information of the State of Georgia as of and for the year ended June 30, 2012, which collectively comprise the State of Georgia's basic financial statements and have issued our report thereon dated December 28, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the following percentages of total assets and revenues or additions of the indicated opinion units as described in our report on the State of Georgia's financial statements.

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities	15%	25%
Business-Type Activities	4%	18%
Aggregate Discretely Presented Component Units	95%	95%
Governmental Fund - General Fund	20%	21%
Governmental Fund - Georgia Obligation Bond Projects Fund	99%	99%
Proprietary Fund/Enterprise Fund – State Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	89%	30%

This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Armstrong Atlantic State University Educational Properties Foundation, Incorporated, Georgia College & State University Foundation, Incorporated, Georgia Lottery Corporation, Georgia Southern University Housing Foundation, Incorporated, Georgia State University Research

Foundation, Incorporated, Georgia Tech Athletic Association, Georgia Tech Foundation, Incorporated, Kennesaw State University Foundation, Incorporated, MCG Health System, Incorporated, Medical College of Georgia Foundation, Incorporated, Medical College of Georgia Physicians Practice Group Foundation, North Georgia College & State University Real Estate Foundation, Incorporated, University of Georgia Athletic Association, Incorporated, University of Georgia Foundation, University System of Georgia Foundation, Incorporated, and VSU Auxiliary Services Real Estate Foundation, Incorporated, audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the State of Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we and other auditors considered the State of Georgia’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Georgia’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Georgia’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of *Findings and Questioned Costs*, we and other auditors identified certain deficiencies in internal control over financial reporting that we and other auditors consider to be material weaknesses and other deficiencies that we and other auditors consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the State of Georgia’s financial statements will not be prevented, or detected and corrected, on a timely basis. We and other auditors consider the deficiencies described in the accompanying schedule of *Findings and Questioned Costs* to be material weaknesses.

<i>Community Health, Department of:</i>	<i>Labor, Department of:</i>
FS-419-12-100	FS-440-12-05
FS-419-12-101	FS-440-12-100
FS-419-12-103	
	<i>Revenue, Department of:</i>
<i>Human Services, Department of:</i>	FS-474-12-01
FS-427-12-01	
FS-427-12-08	<i>Transportation, Department of:</i>
FS-427-12-09	FS-484-12-03
FS-427-12-100	FS-484-12-100
	FS-484-12-101
<i>Community Affairs, Department of:</i>	
FS-428-12-100	<i>Georgia Perimeter College:</i>
	FS-571-12-03

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We and other auditors consider the following deficiencies as described in the accompanying schedule of *Findings and Questioned Costs* to be significant deficiencies.

<i>Agriculture, Department of:</i>	<i>Personnel Administration, State:</i>
FS-402-12-01	FS-460-12-01
FS-402-12-06	
FS-402-12-07	<i>Natural Resources, Department of:</i>
FS-402-12-08	FS-462-12-01
FS-402-12-100	FS-462-12-100
<i>Public Health, Department of:</i>	<i>Revenue, Department of:</i>
FS-405-12-100	FS-474-12-02
<i>Financing and Investment Commission, Georgia State:</i>	<i>Secretary of State:</i>
FS-409-12-01	FS-478-12-01
	<i>Transportation, Department of:</i>
<i>Prosecuting Attorneys' Council of Georgia:</i>	FS-484-12-01
FS-418-12-02	FS-484-12-02
<i>Community Health, Department of:</i>	<i>Fort Valley State University:</i>
FS-419-12-102	FS-533-12-01
	FS-533-12-02
<i>Human Services, Department of:</i>	FS-533-12-03
FS-427-12-02	FS-533-12-04
FS-427-12-03	
FS-427-12-05	<i>Southern Polytechnic State University:</i>
FS-427-12-06	FS-550-12-01
FS-427-12-07	FS-550-12-02
FS-427-12-10	
	<i>Valdosta State University:</i>
<i>Community Affairs, Department of:</i>	FS-551-12-01
FS-428-12-03	
	<i>Georgia Perimeter College:</i>
<i>Superior Courts:</i>	FS-571-12-01
FS-436-12-01	FS-571-12-02
FS-436-12-100	FS-571-12-04
	FS-571-12-05
<i>Labor, Department of:</i>	
FS-440-12-01	<i>Gordon State College:</i>
FS-440-12-02	FS-576-12-01
FS-440-12-03	
FS-440-12-04	<i>South Georgia College:</i>
	FS-587-12-01
<i>Behavioral Health and Developmental Disabilities, Department of:</i>	<i>West Georgia Technical College:</i>
FS-441-12-01	FS-826-12-01
FS-441-12-02	

<i>Firefighters' Pension Fund, Georgia</i>	
FS-950-12-01	

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Georgia's financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of *Findings and Questioned Costs* as items listed below.

<i>Community Health, Department of:</i>	<i>Transportation, Department of:</i>
FS-419-12-100	FS-484-12-100
FS-419-12-103	
	<i>Georgia Perimeter College:</i>
	FS-571-12-03

We and other auditors noted certain matters that were reported to management of the State of Georgia and management of various organizational units of the State of Georgia, respectively, in separate letters.

The State of Georgia's responses to findings identified in our audit are described in the *Corrective Action Responses to Current Year Audit Findings and Questioned Costs* section of the accompanying schedule of *Auditee's Responses*. We did not audit the State of Georgia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management of the State of Georgia, including the Governor and the Georgia General Assembly, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Greg S. Griffin
State Auditor

December 28, 2012

**Report on Compliance with Requirements
that Could have a Direct and Material
Effect on Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133**





DEPARTMENT OF AUDITS AND ACCOUNTS

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

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the State of Georgia's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of Georgia's major federal programs for the year ended June 30, 2012. The State of Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of *Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Georgia's management. Our responsibility is to express an opinion on the State of Georgia's compliance based on our audit. We did not audit the following major federal programs or percentages of federal programs:

CFDA NO.	PROGRAM NAME	% AUDITED BY OTHER AUDITORS	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
14.231	Emergency Shelter Grants Program	100%	\$2,508,242	\$0
14.238	Shelter Plus Care	100%	\$9,862,640	\$0
14.239	Home Investment Partnerships Program	100%	\$20,086,164	\$0
14.241	Housing Opportunities for Persons with AIDS	100%	\$1,783,685	\$0
14.257	ARRA-Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)	100%	\$3,378,421	\$0
66.039*	National Clean Diesel Emissions Reduction Program	79%	\$4,069,508	\$0
66.458	Capitalization Grants for Clean Water State Revolving Funds	100%	\$46,825,783	\$0
66.468	Capitalization Grants for Drinking Water State Revolving Funds	100%	\$28,453,011	\$0
81.041*	State Energy Program	100%	\$46,022,849	\$0
81.042	Weatherization Assistance for Low-Income Persons	100%	\$35,953,509	\$0
81.128	Energy Efficiency and Conservation Block Grant Program	100%	\$7,141,938	\$0
93.767	Children's Health Insurance Program (CHIP)	100%	\$272,341,916	\$0
93.791	Money Follows the Person Rebalancing Demonstration	100%	\$20,249,419	\$0

Medicaid Cluster	99%	\$6,044,857,278	\$0
Research and Development Cluster	92%	\$759,219,604	\$0
Student Financial Assistance Cluster	29%	\$2,536,414,831	\$764,447,505
TRIO Cluster	19%	\$9,788,950	\$0

* Includes Research and Development Cluster

The programs listed above were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to compliance requirements for these programs, is based on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Georgia's compliance with those requirements.

As described in finding number FA-484-12-05 in the accompanying schedule of *Findings and Questioned Costs*, we were unable to obtain sufficient documentation supporting the compliance of the State of Georgia with the Highway Planning and Construction Cluster Program regarding Subrecipient Monitoring, nor were we able to satisfy ourselves as to the State of Georgia's compliance with those requirements by other auditing procedures.

As described in finding number FA-427-12-07 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Reporting that are applicable to its Low-Income Home Energy Assistance Program (CFDA 93.568). Compliance with such requirements is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to that program.

As described in finding number FA-440-12-05 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Period of Availability of Federal Funds that are applicable to its Workforce Investment Act Cluster Program. Compliance with such requirements is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to that program.

As described in finding number FA-571-12-01 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Reporting that are applicable to its Student Financial Assistance Cluster Program. Compliance with such requirements is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to that program.

In our opinion, based on our audit and the report of other auditors, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the State of Georgia's compliance with the requirements described in paragraph four, and except for the noncompliance described in the preceding three paragraphs, the State of Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our and other auditors' auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the Federal Awards Findings and Questioned Costs section of the accompanying schedule of *Findings and Questioned Costs* as items listed below.

<p>Activities Allowed or Unallowed FA-405-12-01 FA-419-12-03</p> <p>Allowable Costs/Cost Principles FA-405-12-01 FA-414-12-01 FA-419-12-03 FA-440-12-02 FA-440-12-03</p> <p>Davis-Bacon FA-484-12-01</p> <p>Eligibility FA-419-12-02 FA-419-12-05</p> <p>Matching, Level of Effort, Earmarking FA-405-12-02 FA-419-12-04 FA-419-12-06 FA-427-12-01 FA-427-12-02 FA-427-12-03 FA-427-12-04 FA-484-12-02</p>	<p>Period of Availability of Federal Funds FA-440-12-04 FA-441-12-01</p> <p>Procurement and Suspension and Debarment FA-414-12-02 FA-419-12-01 FA-484-12-03</p> <p>Program Income FA-427-12-01</p> <p>Reporting FA-405-12-03 FA-414-12-03 FA-427-12-01 FA-427-12-02 FA-427-12-03 FA-427-12-04 FA-427-12-06 FA-427-12-08 FA-427-12-09 FA-427-12-10 FA-440-12-07 FA-440-12-08 FA-440-12-09</p>	<p>Reporting (continued) FA-441-12-02 FA-441-12-03 FA-484-12-04 FA-826-12-01</p> <p>Subrecipient Monitoring FA-427-12-11 FA-441-12-04 FA-484-12-06</p> <p>Special Tests and Provisions FA-405-12-04 FA-405-12-05 FA-427-12-12 FA-484-12-03 FA-509-12-01 FA-5092-12-01 FA-5092-12-02 FA-524-12-01 FA-571-12-02 FA-572-12-01 FA-576-12-01 FA-576-12-02 FA-584-12-01 FA-826-12-02 FA-826-12-03 FA-846-12-01</p>
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Internal Control Over Compliance

Management of the State of Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. We did not consider the internal control structures applicable to the federal programs listed in the table in paragraph one. Those internal control structures were considered by other auditors whose reports have been furnished to us. Our report, insofar as it relates to the internal control structures used in administering the federal programs mentioned previously is based on the reports of the other auditors.

In planning and performing our audit, we and other auditors considered the State of Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Georgia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we and other auditors identified certain deficiencies in internal control over compliance that we considered to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We and other auditors consider the deficiencies in internal control over compliance described in the accompanying schedule of *Findings and Questioned Costs* as items listed below to be material weaknesses.

<p>Matching, Level of Effort, Earmarking FA-427-12-01</p> <p>Period of Availability of Federal Funds FA-440-12-05</p>	<p>Program Income FA-427-12-01</p> <p>Reporting FA-427-12-01 FA-427-12-07 FA-571-12-01</p>	<p>Subrecipient Monitoring FA-427-12-11 FA-441-12-04 FA-484-12-05</p> <p>Special Tests and Provisions FA-427-12-12</p>
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A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We and other auditors consider the deficiencies in internal control over compliance described in the Federal Awards Findings and Questioned Costs section of the accompanying schedule of *Findings and Questioned Costs* as items listed below to be significant deficiencies.

Activities Allowed or Unallowed FA-405-12-01 FA-419-12-03 Allowable Costs/Cost Principles FA-405-12-01 FA-414-12-01 FA-419-12-03 FA-440-12-02 FA-440-12-03 Davis-Bacon FA-484-12-01 Eligibility FA-419-12-02 FA-419-12-05 Matching, Level of Effort, Earmarking FA-405-12-02 FA-419-12-04 FA-419-12-06 FA-427-12-02 FA-427-12-03 FA-427-12-04 FA-484-12-02	Period of Availability of Federal Funds FA-440-12-04 FA-441-12-01 Procurement and Suspension and Debarment FA-414-12-02 FA-419-12-01 FA-484-12-03 Program Income FA-427-12-05 Reporting FA-405-12-03 FA-414-12-03 FA-427-12-02 FA-427-12-03 FA-427-12-04 FA-427-12-06 FA-427-12-08 FA-427-12-09 FA-427-12-10 FA-440-12-07 FA-440-12-08	Reporting (continued) FA-440-12-09 FA-441-12-02 FA-441-12-03 FA-484-12-04 FA-826-12-01 Subrecipient Monitoring FA-484-12-06 Special Tests and Provisions FA-405-12-04 FA-405-12-05 FA-484-12-03 FA-509-12-01 FA-5092-12-01 FA-5092-12-02 FA-524-12-01 FA-571-12-02 FA-572-12-01 FA-576-12-01 FA-576-12-02 FA-584-12-01 FA-826-12-02 FA-826-12-03 FA-846-12-01
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Schedule of Expenditures of Federal Awards

We have audited the 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, 2012, and have issued our report thereon dated December 28, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of Georgia's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The State of Georgia's responses to the findings identified in our audit are described in the Corrective Action Responses to Current Year Audit Findings and Questioned Costs section of the accompanying schedule of *Auditee's Responses*. We did not audit the State of Georgia's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management of the State of Georgia, including the Governor and the Georgia General Assembly, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



Greg S. Griffin
State Auditor

February 28, 2013

Findings and Questioned Costs



Summary of Auditor's Results



State of Georgia

Summary of Auditor's Results For the Fiscal Year Ended June 30, 2012

Financial Statements

Type of auditor's report issued:

Governmental Activities; Business-Type Activities; Aggregate Discretely Presented Component Units; Major Governmental Funds: General Fund and General Obligation Bond Projects Fund; Major Proprietary Funds/Enterprise Funds: Higher Education Fund, State Health Benefit Plan and Unemployment Compensation Fund and Aggregate Remaining Fund Information	Unqualified
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Internal control over financial reporting:

Significant Deficiencies identified?	Yes
Significant Deficiencies evaluated as Material Weaknesses?	Yes

Noncompliance material to financial statements noted?	Yes
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Federal Awards

Internal control over major programs:

Significant Deficiencies identified?	Yes
Significant Deficiencies evaluated as Material Weaknesses?	Yes

Type of auditor's report issued on compliance for major programs:

Highway Planning and Construction Cluster	Qualified
Low-Income Home Energy Assistance (CFDA 93.568)	Qualified
Workforce Investment Act Cluster	Qualified
Student Financial Assistance Cluster	Qualified

All other major programs	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) SNAP Cluster
14.231	Emergency Shelter Grants Program
14.238	Shelter Plus Care
14.239	Home Investment Partnerships Program
14.241	Housing Opportunities for Persons with AIDS
14.257	ARRA-Homelessness Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)
	JAG Program Cluster
17.225	Unemployment Insurance (UI) Employment Service Cluster
	WIA Cluster
20.509	Formula Grants for Other Than Urbanized Areas
	Federal Transit Cluster
	Highway Planning and Construction Cluster

State of Georgia

Summary of Auditor's Results For the Fiscal Year Ended June 30, 2012

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.039	National Clean Diesel Emissions Reduction Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
81.041	State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.128	ARRA-Energy Efficiency and Conservation Block Grant Program
84.048	Career and Technical Education-Basic Grants to States (Perkins IV)
84.287	Twenty-First Century Community Learning Centers
84.395	ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act
	Student Financial Assistance Cluster
	School Improvement Grants Cluster
	TRIO Cluster
	Vocational Rehabilitation Cluster
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program (CHIP)
93.791	Money Follows the Person Rebalancing Demonstration
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
	CCDF Cluster
	CSBG Cluster
	Immunization Cluster
	Medicaid Cluster
	TANF Cluster
	Disability Insurance/SSI Cluster
	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs - \$33,163,235

Auditee Qualified as low-risk auditee

No

Financial Statement Findings



State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

FINANCIAL STATEMENT RELATED FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

<u>ENTITY CODE</u>	<u>ORGANIZATIONAL UNIT</u>	<u>PAGE NO.</u>
402	Agriculture, Department of	26
405	Public Health, Department of	29
409	Financing and Investment Commission, Georgia State	30
418	Prosecuting Attorneys' Council of Georgia	31
419	Community Health, Department of	32
427	Human Services, Department of	38
428	Community Affairs, Department of	47
436	Superior Courts	50
440	Labor, Department of	52
441	Behavioral Health and Developmental Disabilities, Department of	56
460	Personnel Administration, State	58
462	Natural Resources, Department of	58
474	Revenue, Department of	60
478	Secretary of State	62
484	Transportation, Department of	63
	Colleges and Universities	
533	Fort Valley State University	67
550	Southern Polytechnic State University	71
551	Valdosta State University	72
571	Georgia Perimeter College	73
576	Gordon State College	76
587	South Georgia College	77
	State Technical Colleges	
826	West Georgia Technical College	78
950	Firefighters' Pension Fund, Georgia	78

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

AGRICULTURE, DEPARTMENT OF

Finding Control Number: **FS-402-12-01**

ACCOUNTING CONTROLS (OVERALL)

Failure to Obtain Verification Documentation for New Employees in a Timely Manner

Condition: The Department of Agriculture (Department) did not verify, in a timely manner, the employment eligibility through the federal work authorization program, known as E-Verify, for four (4) newly hired employees. The Department verified the employment eligibility of the newly hired employees between two (2) to twelve (12) months after the hire date. E-Verify is an electronic program, maintained by the U.S. Department of Homeland Security, through which employers verify the employment eligibility of their employees after hire.

Criteria: An adequate system of internal controls dictates that the employment eligibility of each newly hired employee is verified in a timely manner.

As prescribed by O.C.G.A. 13-10-91, "(a) Every public employer, including, but not limited to, every municipality and county, shall register and participate in the federal work authorization program to verify employment eligibility of all newly hired employees."

Cause: The deficiency noted above was a result of the Department's failure to have proper controls in place to ensure employment verifications were performed on all newly hired employees in a timely manner.

Effect: Failure to verify employment eligibility for all newly hired employees in a timely manner is indicative of a lack of adequate controls relating to the hiring process and noncompliance with O.C.G.A. 13-10-91 until the employment verifications were performed.

Recommendation: The Department of Agriculture should enhance their policies and procedures related to their hiring process to ensure that employment eligibility is verified in a timely manner for all newly hired employees in accordance with O.C.G.A. 13-10-91.

Finding Control Number: **FS-402-12-06**

GENERAL LEDGER

EXPENSES/EXPENDITURES AND LIABILITIES

Internal Control Deficiencies Over Contractual Obligations

Condition: Our examination of the Department of Agriculture (Department) included a review of source documentation maintained in purchase order files for contractual obligations. Our review disclosed the following deficiencies:

(1) The Department did not record contracts payable in the amount of \$50,472.86 on the general ledger at June 30, 2012.

(2) The Department charged \$32,745.00 of non-contract expenditures to contract expenditure accounts.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Three, states, in part: "State budgetary accounting practices require liabilities and expenditures to be recorded when a vendor has been selected and a purchase order approved or a contract executed. In general, budgetary basis expenditures are recorded based on encumbrances. This differs from GAAP in that goods and services need not have been received for liabilities and expenditures to be recorded."

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal control policies and procedures to ensure that contractual obligations are recorded on the general ledger in a timely manner and that expenditures are recorded correctly.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Effect: Failure to appropriately record contractual obligations and expenditures increases the risk of material misstatement in the financial statements including misstatements due to error or fraud.

Recommendation: The Department of Agriculture should implement policies and procedures to ensure that contract payables/expenditures are recorded on the general ledger when a contract has been executed. In addition, the Department should use the correct account for the recording of expenditures.

Finding Control Number: **FS-402-12-07**

REVENUES AND RECEIVABLES

Improper Retention of Fees

Condition: Pursuant to Act No. 360 of the 2009-2010 General Assembly, additional fees were collected by the Department of Agriculture (Department). The Department collected and retained a portion of the following fees rather than remitting the fees to the State Treasury:

1. Food Sale License Fees (O.C.G.A. 26-2-25) - Amount Retained \$2,443,611.01
2. Gas Quality/Pump Inspection Fees (O.C.G.A. 10-1-159) - Amount Retained \$2,574,690.00

Based on our review of the constitutional provisions and the statutory authority to impose fees related to Food Sale Licenses and Gas Quality/Pump Inspections described below, there does not appear to be a legal basis by which the Department may retain and expend these funds.

Criteria: Article VII, Section III, Paragraph II (a) of the Georgia Constitution provides as follows: "Except as otherwise provided in this Constitution, all revenue collected from taxes, fees, and assessments for state purposes, as authorized by revenue measures enacted by the General Assembly, shall be paid into the general fund of the state treasury."

Statutory authority to impose fees related to Food Sale Licenses is set forth in Chapter 2 of Title 26 of the Official Code of Georgia Annotated. However, no authority to retain such fees was identified within this code section.

Statutory authority to impose fees related to Gas Quality/Pump Inspections is set forth in Chapter 1 of Title 10 of the Official Code of Georgia Annotated. However, no authority to retain such fees was identified within this code section.

Information: The Appropriations Act for fiscal year 2013 provides the Department with State funds in the amount of \$10,007,050.00 to replace fees required to be remitted to the Office of the State Treasurer, pursuant to the State of Georgia 2011 Budgetary Compliance Report.

Cause: Fees for Food Sale Licenses and Gas Quality/Pump Inspections was retained by the Department, however, we are unaware of either a constitutional provision or a statutory authority allowing the Department to retain such fees.

Effect: Retention and use of the aforementioned fees by the Department results in noncompliance with the Georgia Constitution.

Recommendation: As noted in the Information paragraph above, State funds to replace the retention of fees required to be remitted to the Office of the State Treasurer have been added to the Department of Agriculture's budget by the Appropriations Act for fiscal year 2013. The Department of Agriculture should consult with the Attorney General regarding any questions they may have involving the constitutionality of or statutory authority for the retention of fees they collect.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FS-402-12-08**

CAPITAL ASSETS

Inadequate Capital Asset Records

Condition: The accounting procedures of the Department of Agriculture (Department) were insufficient to provide adequate internal controls over the capital asset management system. As part of our examination of the Department's capital asset inventory records, a total of forty-one (41) items totaling \$908,825.30 out of a population of seven-hundred twenty (720) items totaling \$54,335,787.20 were selected for physical inspection. The following deficiencies were noted:

- (1) Six (6) items totaling \$105,567.61 could not be located.
- (2) One (1) item lacked a decal.
- (3) Three (3) items were not located in the designated location as reported on the capital asset inventory listing.

Criteria: In accordance with the Statewide Accounting Policy & Procedure issued by the State Accounting Office, Section Capital Assets, "To ensure compliance with GAAP and other requirements of this policy, State of Georgia organizations must:

- (1) Establish controls to ensure proper identification of capital assets.
- (2) Ensure that capital asset transactions are properly valued and recorded in asset management records in compliance with State of Georgia policies and laws.
- (3) Ensure that a physical inventory of capital assets is conducted at least every two years to validate the existence of capital assets reported in financial statements..."

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate policies and procedures necessary to properly record and maintain capital asset inventory records in accordance with State guidelines.

Effect: Failure to maintain complete and accurate capital asset inventory records could result in the misappropriation of assets and a material misstatement of the financial statements.

Recommendation: The Department of Agriculture should develop and implement appropriate policies and procedures to ensure that all capital assets are properly accounted for and reported in accordance with capitalization guidelines and instructions as provided in the Statewide Accounting Policy & Procedure issued by the State Accounting Office.

Finding Control Number: **FS-402-12-100**

EXPENSES/EXPENDITURES AND LIABILITIES

BUDGET

Inadequate Documentation for Allocations Across Budget Programs

Condition: Our examination included a review of journal entries and expenditure transactions that were posted to the Department of Agriculture's (Department) general ledger during fiscal year 2012. The following deficiencies with the documentation provided are as follows:

- (1) The documentation for two (2) journal entries did not provide evidence to substantiate the rationale for moving expenditures between authorized programs or funding sources within authorized programs.
- (2) Seven (7) expenditure transactions were incorrectly allocated between authorized programs or funding sources within authorized programs.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- (3) Two (2) expenditure transactions were allocated across different programs without adequate documentation to support the rationale and methods used in determining the amounts charged to the programs.

Criteria: In accordance with the Statewide Accounting Policy & Procedure Manual issued by the State Accounting Office under Documentation Requirements, "All transactions must be supported by appropriate documentation. The same documentation requirements apply to transactions entered directly into an accounting system, as well as those initially entered and processed in an organization subsystem that are transmitted through an automated interface. In all cases, the documentation must be complete and accurate and must allow a transaction to be traced from the source documentation, through its processing, to the financial reports. All documentation should be readily available for examination." This policy means that the entire life cycle of the transaction should be recorded, including initiation and authorization, processing, and final classification and would include any allocation methodology used.

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate control procedures to ensure compliance with the Statewide Accounting Policy & Procedure Manual. The Department also did not have adequate policies and procedures in place to ensure that their basis of allocation of costs across multiple budget programs was adequately documented.

Effect: Failure to document the basis of allocation of costs across multiple budget programs could result in a budget unit organization charging its expenditures to incorrect programs, thereby resulting in inaccuracies in their Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source. Inaccurate or improper allocation of expenditures could allow management to manipulate the reporting of costs which could serve to prevent exposing the presence of budgetary noncompliance.

Recommendation: The Department of Agriculture should develop and implement policies and procedures to ensure that the decision to allocate expenditures across different budget programs as well as the methods used to distribute the costs are properly documented. The Department should also develop and implement policies and procedures to ensure that the costs are properly allocated between authorized programs and funding sources within programs.

PUBLIC HEALTH, DEPARTMENT OF

Finding Control Number: **FS-405-12-100**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
BUDGET
Inadequate Journal Entry Documentation

Condition: The Department of Public Health (Department) failed to maintain adequate documentation to support their post closing adjustment (PCA) entries.

Criteria: The Financial Management Policies and Procedures, policy number 4-8-1, issued by the Office of Planning and Budget and State Accounting Office, states that "Documentation should be maintained for adjustments posted during a fiscal year, especially as a part of year-end closing procedures, that allows for the verification of the adjusted transaction to the source documentation supporting the original transaction. Such documentation should include, but is not necessarily limited to, analysis identifying original deposit ID's, purchase orders, voucher ID's or other relevant identifying reference and should identify the original transaction's budget program by fund source or justification for a change in allocation methodology."

Information: Our testing included a review of all seventeen (17) post closing adjustment entries that the Department submitted after period 998, the TeamWorks Financials System year-end adjustment period. The PCA entries had a total absolute value of \$36,722,559.14. We noted that the majority of the PCA entries,

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

which affected various fund sources and budget programs, did not contain sufficient documentation to support the validity of the entry being made.

We performed inquiries of management to determine the purpose of the PCA entries. The inquiries revealed that the Department used the PCA entries to re-rate various fund sources and budget programs, and also to correct multiple issues that arose during the fiscal year.

- Cause: The deficiency noted above was a result of the Department's failure to implement adequate internal control policies and procedures to ensure compliance with the Financial Management Policies and Procedures.
- Effect: Approving post closing adjustment entries without adequate supporting documentation may result in a material misstatement in the financial statements including misstatements due to fraud.
- Recommendation: The Department of Public Health should develop and implement policies and procedures to ensure that adequate documentation is maintained and reviewed prior to approving post closing adjustment entries. Also, additional training on the guidelines included in the Financial Management Policies and Procedures should be provided to employees responsible for preparing and approving post closing adjustment entries as needed.

FINANCING AND INVESTMENT COMMISSION, GEORGIA STATE (*)

Finding Control Number: **FS-409-12-01**
EXPENSES/EXPENDITURES AND LIABILITIES
Accounts Payable and Related Expenses/Expenditures

- Condition: For construction payments, the Commission has historically recognized the liability and related expenditure when the goods or services are received and approvals have been provided. For the Commission's transactions in which it is reimbursing another state agency, this practice is appropriate as the approvals and request for reimbursement would trigger the recognition of the liability and expenditure for the Commission. However, for the Commission's transactions in which it is managing the construction project on behalf of another state agency, the recognition of the liability and related expenditure should occur when the good or service is provided.
- Criteria: Under generally accepted accounting principles for governments, ordinarily a liability and related expenditure should be recognized as soon as the goods or services are received, regardless of the timing of the related cash flows.
- Cause: Due to the Commission's practice, an audit adjustment was required for the current year in order to record additional accounts payable and expenditures for the Capital Projects Fund in the amount of \$14,381,323.
- Effect: Audit adjustments were needed to correctly report liabilities and expenditures.
- Recommendation: We recommend that the Commission change its historical practice for accrual of fiscal year end expenditures to ensure that payments made subsequent to year-end, on projects it is managing, are reviewed to determine if a liability is required due to the goods or services being received.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

PROSECUTING ATTORNEYS' COUNCIL OF GEORGIA

Finding Control Number: **FS-418-12-02**

GENERAL LEDGER

BUDGET

Inadequate Accounting Procedures

Condition: Prosecuting Attorneys' Council (PAC) failed to record the activity from an external accounting system (Solomon) used to account for Federal funds received from Department of Human Services (DHS) and Other Funds received from the judicial circuits.

Criteria: The State Accounting Office *Accounting Policy Manual*, General Guidelines Category, Accounting Manual Introduction Section, Fiscal Management Objectives policy states that to ensure accountability, state governmental financial reports should exhibit, among other characteristics, reliability. Information should be "verifiable, free from bias, faithfully represented, and comprehensive."

The State Accounting Office *Accounting Policy Manual*, General Guidelines Category, Accounting Manual Introduction Section, Management Responsibilities policy states "The management of each organization of state government is ultimately responsible for the accuracy and completeness of its accounting and financial records and reports, including ensuring compliance with applicable laws and regulations."

Financial Management Policies and Procedures issued by Office of Planning and Budget and State Accounting Office on Budgeting of Federal Funds from Another State Agency states "Federal funds received from sources other than the Federal government should be amended as Federal funds if the receiving agency is required to comply with the original grant or other financial assistance requirements."

Information: PAC did not record the Solomon general ledger activity in Teamworks Financials. PAC also failed to submit post-closing adjustments to record this activity prior to the State Accounting Office deadline. In addition, PAC did not budget for this activity, nor was it included in their Budgetary Compliance Report. No adjustment was posted to the Budgetary Compliance Report since the activity had not been budgeted.

Cause: These deficiencies were the result of management's failure to record Solomon activity onto the Teamworks Financials general ledger and their failure to budget the activity and include it in their Budgetary Compliance Report.

Effect: PAC's failure to record Solomon activity resulted in adjustments by the State Accounting Office being necessary to avoid misstating the Comprehensive Annual Financial Report. It also required audit adjustments to avoid misstating the Schedule of Expenditures of Federal Awards for the Single Audit Report. In addition, activity that should have been budgeted and included in the Budgetary Compliance Report was not reported. The failure to record transactions in a timely manner increases the risk of material misstatement in the financial statements, including misstatement due to fraud.

Recommendation: Prosecuting Attorneys' Council should implement policies and procedures to ensure that all of their accounting activity is recorded in a timely manner in the Teamworks Financials system to ensure accurate financial reporting. Policies and procedures should also be implemented to ensure that the Solomon activity is budgeted and included in the Budgetary Compliance Report.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

COMMUNITY HEALTH, DEPARTMENT OF

Finding Control Number: **FS-419-12-100**

BUDGET

Deficit Fund Balances/Statutory (Budgetary) Basis Financial Statement Noncompliance

Condition: Based on our review of the Budgetary Compliance Report (BCR) for the Department of Community Health (Department) and their administratively attached organizations, the Georgia Composite Medical Board and the Georgia Board for Physician Workforce, the following instances of noncompliance were identified:

- 1) Program - Medicaid: Aged, Blind and Disabled
 - Fund Source - State Appropriation/State General Funds
 - Noncompliance Identified -
 - a) Expenditures exceeded the authorized Budget by \$72,763,135.38
 - b) Deficiency of Funds Available Under Expenditures of \$72,763,135.38
 - c) Deficit Ending Fund Balance of \$72,422,320.72

 - Total Medicaid: Aged, Blind and Disabled Program Overall
 - Noncompliance Identified -
 - a) Deficiency of Funds Available Under Expenditures of \$66,799,746.87
 - b) Deficit Ending Fund Balance of \$66,547,421.13

- 2) Program - Medicaid: Low-Income Medicaid
 - Fund Source - State Funds – Prior Year Carry-Over/State General Funds – Prior Year
 - Noncompliance Identified - Deficit Ending Fund Balance of \$4,558,411.75

 - Fund Source - Federal Funds/Federal Funds Not Specifically Identified
 - Noncompliance Identified - Expenditures exceeded the authorized Budget by \$2,650,013.70

- 3) Program - PeachCare
 - Fund Source - State Appropriation/State General Funds
 - Noncompliance Identified -
 - a) Expenditures exceeded the authorized Budget by \$5,220,041.29
 - b) Deficiency of Funds Available Under Expenditures of \$5,220,041.29
 - c) Deficit Ending Fund Balance of \$5,213,869.48

 - Fund Source - Federal Funds/State Children’s Insurance Program
 - Noncompliance Identified - Expenditures exceeded the authorized Budget by \$16,637,455.15

 - Total PeachCare Program Overall
 - Noncompliance Identified -
 - a) Expenditures exceeded the authorized Budget by \$21,838,717.35
 - b) Deficiency of Funds Available Under Expenditures of \$5,196,555.29
 - c) Deficit Ending Fund Balance of \$5,190,383.48

- 4) Program - State Health Benefit Plan
 - Fund Source - Other Funds
 - Noncompliance Identified -
 - a) Expenditures exceeded the authorized Budget by \$11,497,061.89
 - b) Deficiency of Funds Available Under Expenditures of \$18,425,644.62
 - c) Deficit Ending Fund Balance of \$18,425,645.13

 - Total State Health Benefit Plan Program Overall
 - Noncompliance Identified -
 - a) Expenditures exceeded the authorized Budget by \$11,130,465.61

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- b) Deficiency of Funds Available Under Expenditures of \$18,425,644.62
- c) Deficit Ending Fund Balance of \$18,425,645.13

- 5) Program - Adult Essential Health Treatment Services
 - Fund Source - State Appropriation/State General Funds
 - Noncompliance Identified - Deficit Ending Fund Balance of \$49,637.45

 - Total Adult Essential Health Treatment Services Program Overall
 - Noncompliance Identified - Deficit Ending Fund Balance of \$49,637.45

- 6) Program - Epidemiology
 - Fund Source - State Appropriation/State General Funds
 - Noncompliance Identified - Deficit Ending Fund Balance of \$55,372.77

 - Total Epidemiology Program Overall
 - Noncompliance Identified - Deficit Ending Fund Balance of \$55,372.77

- 7) Program - Public Health Formula Grants to Counties
 - Fund Source - State Appropriation/State General Funds
 - Noncompliance Identified - Deficit Ending Fund Balance of \$122,945.30

 - Total Public Health Formula Grants to Counties Program Overall
 - Noncompliance Identified - Deficit Ending Fund Balance of \$122,945.30

- 8) Attached Organization - Georgia Composite Medical Board
 - Fund Source - Other Funds
 - Noncompliance Identified -
 - a) Deficiency of Funds Available Under Expenditures of \$113,096.56
 - b) Deficit Ending Fund Balance of \$3,076.10

 - Total Georgia Composite Medical Board Attached Organization Overall
 - Noncompliance Identified - Deficiency of Funds Available Under Expenditures of \$102,704.60

- 9) Budget Unit Totals Overall
 - Noncompliance Identified -
 - a) Deficiency of Funds Available Under Expenditures of \$23,042,289.16
 - b) Deficit Ending Fund Balance of \$31,930,192.84

Criteria: Each appropriated budget unit of the State of Georgia was examined for compliance with the 2012 Appropriations Act, as amended, (Final Budget) and Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia.

The Appropriations Act, as amended, (Final Budget) prohibits an appropriated budget unit from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program). As applied here, this means that amounts reflected in the "variance" column of the appropriated budget unit's budgetary comparison schedule under the heading of Expenditures Compared to Budget at each legal level of budgetary control are not negative variances.

Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "... the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column of the appropriated budget unit's budgetary comparison schedule under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures at each legal level of budgetary control are not negative variances.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Each budget unit subject or subjecting to the allotment process is required to limit the total of its expenditures and contractual obligations of State general funds to the reduced amount in appropriations it then withdraws by warrant pursuant to the reduced allotment. In the obligation and expenditure of Federal funds, a budget unit may not expend or obligate more in federal funds than it has available for obligation by the appropriation and grant of relevant federal funds (with the addition of excess, changed or unanticipated federal funds also available to it). In the obligation and expenditure of other funds, a budget unit may not expend or obligate more than it has in hand for the purpose of the expenditure or encumbrance. 1975 Op. Att'y Gen. 75-88.

Cause: The Department failed to exhibit that adequate controls were in place to appropriately manage their fiscal responsibilities relating to their statutory (budgetary) basis financial statements to ensure compliance with the 2012 Appropriations Act, as amended, (Final Budget) and Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia.

The Department experienced claims in excess of projections and available funds in several programs including Medicaid: Aged, Blind and Disabled program, the PeachCare program and the State Health Benefit Plan. The Department ended the fiscal year with an overall departmental deficit of \$31,930,192.84 which was the result of several factors including the discovery of a prior year accounting error by the Department resulting in an inaccurate amount of reserves being recorded for the prior fiscal year, higher than projected healthcare claims and an approximate 41% spike in claims from the State's largest Medicaid provider. The Department failed to act in a timely manner and to take the appropriate actions necessary to mitigate the resulting instances of noncompliance.

Effect: For the programs as identified in the Condition paragraph and the attached organization, Georgia Composite Medical Board, management failed to comply with the Appropriations Act, as amended, (Final Budget) and the Constitution of the State of Georgia. The cumulative effect of these instances of noncompliance are deemed to be material to the Department's BCR overall and supports a qualification of this information.

Recommendation: The Department of Community Health should implement policies and procedures which address any future budget reductions and closely monitor their expenditures throughout the year within all fund sources to insure that funds are available for these expenditures. If the situation arises where the Department feels they may be in budgetary noncompliance, all avenues of resolution such as seeking amended appropriations, fiscal affairs, etc., should be immediately explored as solutions.

In addition, State government officers and the budget and accounting offices are being notified of this deficit fund balance for their respective consideration.

Finding Control Number: **FS-419-12-101**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
REVENUES AND RECEIVABLES
BUDGET
Inadequate Year-End Close-Out and Accounting Procedures

Condition: The Department of Community Health (Department) failed to have an effective oversight process in place relating to their year-end close-out procedures. The Department appeared to have an excessive number of post-closing adjusting entries after period 998, the TeamWorks Financial System year-end adjustment period. Also, final post-closing adjustments were still being made as late as November 16, 2012; more than three (3) months after year-end close and three (3) business days after the Department agreed to submit their final Budgetary Compliance Report (BCR) for review.

Based on responses by the Department to inquiries we made, the Department received and expensed 12 months' worth of CMO capitation (CAP) payments for the Medicaid: Low-Income Medicaid program in the 2012 Appropriations Act, as Amended, but only 10 months of payments were made during the

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

year. Although, the Department's June 30, 2012 budget fund balance sheet (statutory basis) reported over \$27 million in Cash and Cash Equivalents and over \$850 million in Accounts Receivable overall, the Department indicated they did not have adequate cash on hand to make the final two (2) months of CAP payments to their CMO providers for the Medicaid: Low-Income Medicaid program.

Criteria: The State Accounting Office (SAO) provides tools, guidance and calendars for all appropriated budget unit organizations to utilize in relation to the year-end close-out process. All of this information is designed to assist these organizations in applying best accounting practices which suggest that transactions be recorded properly and timely during the fiscal year to eliminate the need for excessive adjusting journal entries after year-end close.

In addition, Policy Number CM-100001, Cash Management Overview, from the State Accounting Manual Policies and Procedures issued by the SAO provides the minimum requirements that state agencies shall adhere to in regards to the collection of cash, recording deposits, disbursing funds, and establish internal controls designed to safeguard the state's cash and maximize interest earnings on state funds as a whole. This policy states, "Agencies are responsible for selecting the best collection and payment mechanisms as well as adopting appropriate oversight, and review guidelines, policies and procedures." As it relates to "cash position management" the policy states, "This component includes the daily monitoring of cash inflows and outflows to determine whether internal sources of cash are available to fund the organizations cash requirement. Daily cash position management is then extended to weekly, monthly, quarterly, and annual cash forecasts and projections."

Lastly, as it relates to internal controls this policy states, "Effective internal controls is a critical component of cash management and a foundation for the safe and sound operation of state government. In view of the potential for material loss, particularly through electronic activities, agencies must establish a strong internal control environment. The extent of an agencies' internal control program should be commensurate with the complexity and sophistication of the activities in which it engages. As with many other aspects of agency operations, the type of controls used will vary but will likely consist of policies, procedures, operating parameters, monitoring activities, separation of duties, reporting, audit, and management information systems."

Information: Our review revealed the Department submitted 74 post closing adjusting entries with a total absolute value of \$665,309,850.47 after period 998. In addition, prior year post-closing adjustments were not recorded to the official books of record (TeamWorks Financial System) until March 2012 [approximately eight (8) months] after year-end.

Cause: The deficiencies noted are a result of the Department's failure to have adequate policies, procedures and processes in place to expedite the timely completion of the year-end close-out process for their BCR.

Effect: Excessive post-closing adjusting entries gives the appearance that transactions may have not been recorded properly and timely during the fiscal year and could result in a material misstatement in the financial statements including misstatements due to fraud.

In addition, the excessive close-out process on behalf of the Department could cause the statewide BCR to be released after the targeted release date and potentially may also negatively impact the targeted release date of the Comprehensive Annual Financial Report (CAFR).

CMO CAP payments for the final two (2) months of the fiscal year were not made on a timely basis due to the lack of an effective cash management process and the uncertainty the Department had relating to their cash balances.

Recommendation: The Department of Community Health should develop and implement additional policies and procedures to make their year-end close-out process more effective by improving the timeliness of the process and reduce the number of resulting post-closing adjusting entries. To that end, we suggest that consideration be given as to whether a "soft" close of the Department's financial records takes place at

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

interim dates throughout the year. While it may not be practical to perform a soft close on a department-wide basis, there are many accounts within the control of the finance office for which an interim soft close would facilitate the closing process at year-end. As part of the process described above, management should assess the timelines provided to departments for completion of requested audit documentation, GAAP schedules for SAO and period 998 reporting to see if those timelines can be accelerated.

Finding Control Number: **FS-419-12-102**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
BUDGET
Encumbrance Exceptions

- Condition:** In an effort to reduce their overall departmental deficit fund balance, the Department of Community Health (Department) identified eight (8) encumbrances, totaling \$5,773,579, to write off in the current fiscal year. Based on our review, we noted that there were three (3) invalid encumbrances, totaling \$769,730, which existed at year-end. In two (2) instances, the contracts had already expired effective June 30, 2012. In the other instance, the contract was still in negotiations with the vendor and not yet executed, therefore, not a valid obligation that should have been recorded as an encumbrance at year-end.
- Criteria:** Article III, Section 9, Paragraph 4 (c) of the Georgia State Constitution states that, "All appropriated state funds, except for mandatory appropriations required by the Constitution, remaining unexpended and not contractually obligated at the expiration of the general appropriations act shall lapse." A valid obligation should be supported by the following information: 1) Confirmed Vendor, 2) Specific Project/Services/Goods, 3) Specific Price for Project/Services/Goods, and 4) Stated Time or Range of Time for Delivery/Completion.
- Cause:** In regards to contract management, the Department failed to have adequate controls in place to appropriately identify the status of and correctly account for contracts that had either already expired or were not valid obligations.
- Effect:** Prior to our audit adjustment to correct the misstatement, the Department overstated current year expenditures by \$769,730 which contributed to the Department overall reported deficit amount.
- Recommendation:** As part of their annual close-out process, the Department of Community Health should analyze their encumbrances to ensure they are valid obligations of the Department and are recorded in the correct accounting period.

Finding Control Number: **FS-419-12-103**
ACCOUNTING CONTROLS (OVERALL)
BUDGET
Budgetary Noncompliance on Statutory (Budgetary) Basis Financial Statements

- Condition:** In conjunction with our review of the Budgetary Compliance Report (BCR) for the Department of Community Health (Department), an analysis of fund balance between current year and prior year was performed. Based on this analysis, the following instances of prior year fund balance deficits were identified:
- 1) Program-Health Care Access and Improvement
Fund Source-Other Funds
Deficit Ending Fund Balance-\$5,907.83

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- 2) Program-Medicaid: Aged, Blind and Disabled
Fund Source-Other Funds
Deficit Ending Fund Balance-\$88,488.92

- 3) Program-Medicaid: Low-Income Medicaid
Fund Source-State Funds-Prior Year Carry-Over/State General Funds-Prior Year
Deficit Ending Fund Balance-\$34,322,536.75

Fund Source-Other Funds
Deficit Ending fund Balance-\$25,952.02

- 4) Program-Adult Essential Health Treatment Services
Fund Source-State Appropriation/State General Funds
Deficit Ending Fund Balance-\$49,637.45

- 5) Program-Epidemiology
Fund Source-State Appropriation/State General Funds
Deficit Ending Fund Balance-\$55,372.77

- 6) Program-Public Health Formula Grants to Counties
Fund Source-State Appropriation/State General Funds
Deficit Ending Fund Balance-\$122,945.30

Criteria: Article VII, Section IV, Paragraph VIII of the Constitution of the State of Georgia provides, in part, "...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that Fund Balance by budget year, budget program, and funding source (i.e., the legal level of budgetary control) should not be debit balances in the accounting records.

The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

Cause: The deficiencies noted were a result of the Department's failure to implement adequate controls that would enable management to consistently monitor program fund balances between current year and prior years.

In addition, a prior year accounting error in the Medicaid: Low-Income Medicaid program resulting in an inaccurate amount of reserves being recorded for the prior fiscal year and contributed to the deficit ending fund balance for the prior year in this program.

Effect: Noncompliance with the Constitution of the State of Georgia. In addition, inadequate internal controls increase the risk that material misstatement in the budget comparison report will occur and not be detected.

Lastly, upon discovery and correction of the prior year accounting error during the year under review, the Department failed to act in a timely manner and to take appropriate actions necessary to mitigate the resulting instance of noncompliance, such as examining and writing off open purchase orders as applicable.

Recommendation: The Department of Community Health should implement additional policies and procedures, as needed, to adequately monitor program fund balances between current year and prior years and to make adjustments, as needed, to ensure compliance with Constitution of the State of Georgia.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

HUMAN SERVICES, DEPARTMENT OF

Finding Control Number: **FS-427-12-01**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
Inadequate Journal Entry Documentation

Condition: Our examination included a review of journal entries posted, for seven (7) major Federal compliance programs, to the Department of Human Services' (Department) general ledger during fiscal year 2012. In total, 175 journal entries were selected for review. The testing of journal entries was performed in two parts:

1. Interim testing where 56 journal entries with a dollar value of \$3,140,003,218.42 for the periods 1 through 11 (July through May) for State fiscal year 2012 were selected and reviewed.

Of the 56 journal entries tested, we found that 25 with a dollar value of \$3,073,949,314.71 were not adequately supported.

2. Final testing, where 119 journal entries with a dollar value of \$1,958,264,666.80 for the periods 12 through 998 (June including the year-end adjustment period) for State fiscal year 2012 were selected and reviewed.

Of the 119 journal entries tested, we found that 11, with a dollar value of \$217,186,120.43, were not adequately supported.

Criteria: The Financial Management Policies and Procedures, policy number 4-8-1, issued by the Office of Planning and Budget and the State Accounting Office, states that "Documentation should be maintained for adjustments posted during a fiscal year, especially as a part of year-end closing procedures, that allows for the verification of the adjusted transaction to the source documentation supporting the original transaction. Such documentation should include, but is not necessarily limited to, analysis identifying original deposit ID's, purchase orders, voucher ID's or other relevant identifying reference and should identify the original transaction's budget program by fund source or justification for a change in allocation methodology."

Further, the *Accounting Policy Manual* from the State Accounting Office of Georgia, Category 3 - Closing Procedures, Section: Documentation Requirements, states that "All transactions must be supported by appropriate documentation. The same documentation requirements apply to transactions entered directly into an accounting system, as well as those initially entered and processed in an organization subsystem that are transmitted through an automated interface. In all cases, the documentation must be complete and accurate and must allow a transaction to be traced from the source documentation, through its processing, to the financial reports. All documentation should be readily available for examination."

Information: The dollar values reported relating to the testing of journal entries are absolute dollar values of all relevant lines of the journal entries, divided by two.

The entries were mostly for recording Federal revenues and receivables, and moving expenditures between fund sources, departments, and Federal fiscal years within the programs. The deficiencies are mostly an internal control issue for lack of adequate supporting documentation.

Cause: The deficiencies noted above were the result of the Department's failure to fully and adequately apply their existing internal control procedures to ensure compliance with the Financial Management Policies and Procedures and the *Accounting Policy Manual* for the State of Georgia.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Effect: Approving journal entries without adequate supporting documentation may result in a material misstatement in the financial statements including misstatements due to fraud.

Recommendation: In order to resolve the manual journal entry issues, actions to be taken by the Department should include, but not be limited to, the following:

1. Improve controls over Manual Journal Entries to ensure that adequate documentation is provided for each journal entry, including listing the actual invoices being moved when expenditures are rerouted to other fund sources. Details and totals on supporting documentation must tie to the amounts on the journal entry.
2. Revise the review process to ensure that the personnel who are approving journal entries understand the effect that each journal entry will have on the fund sources and programs.
3. Provide additional training on the guidelines included in the Financial Management Policies and Procedures to employees responsible for preparing and approving journal entries.

Finding Control Number: **FS-427-12-02**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
EQUITY AND FINANCIAL STATEMENT RECONCILIATIONS
Unsubstantiated Other Reserves Balance

Condition: Our examination of the Statement of Changes to Fund Balance, by Program and Funding Source, Budget Fund, found that the Department of Human Services (Department) had a \$4,052,527.98 balance in Other Reserves, for which the Department was unable to provide adequate documentation and authorization. See related finding FS-427-12-100.

Criteria: An adequate system of internal control dictates that controls be in place to ensure that the receipt and disbursement of Other Funds are properly recorded in accordance with the *Accounting Policy Manual* for the State of Georgia (Manual). The Manual, section "Revenue & Receivables", subsection "Prior Year Carry-Over (Accounting)", states that: "At fiscal year-end, all fund balances that are retained for subsequent period expenditures (based on external restrictions, statutory authority, etc.) should be classified as Other Reserves of fund balances. Such classification should be made after funding source trial balances have been analyzed and unexpended balances have been examined and classified in accordance with the policies in the Grants and Other Financial Assistance section of the *Accounting Policy Manual*."

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal controls to ensure that the receipt and disbursement of Other Funds were properly identified and recorded on the financial statements.

Effect: The Department may not be remitting the actual surplus to the Office of the State Treasurer for the year under review.

Recommendation: The Department should develop and implement additional internal control policies and procedures to ensure that the receipt and disbursement of Other Funds are properly recorded in accordance with the *Accounting Policy Manual* for the State of Georgia.

During the first half of the current fiscal year, the Department should review the programs with reserve balances at year end and determine their validity, and if any of the reserve amounts should have been remitted as surplus, the Department should immediately forward those amounts to Office of the State Treasurer as Early Remittance of Surplus for fiscal year 2013.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FS-427-12-03**

ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
FINANCIAL REPORTING AND DISCLOSURE

Failure to Accurately Report Pass-Through Amounts on the Schedule of Expenditures of Federal Awards

- Condition:** Our examination of the Pass-Through by Entity report, for the Schedule of Expenditures of Federal Awards (SEFA), submitted by the Department of Human Services (Department) revealed that the pass-through amounts provided to subrecipients, required for the notes to the SEFA in the Single Audit Report, were not reported correctly for the Child Support Enforcement (CSE) program (CFDA No. 93.563). The pass-through amount for the CSE program was understated by \$1,813,204.98.
- Criteria:** In accordance with OMB Circular A-133 Subpart C Section .300(a), "The auditee shall identify all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency and name of the passthrough entity."
- The State Accounting Office also issued instructions to all organizations of the State reporting entity for the SEFA which state, "Agency management is responsible to ensure proper accounting and reporting of Federal grants. Expenditures reported in the SEFA must be reported on the GAAP basis of accounting relevant to the organization's reporting fund and must reconcile to expenditures recorded in the organization's accounting records."
- Cause:** The Department failed to implement adequate policies and procedures to ensure that total Federal award amounts provided to subrecipients are reported correctly in the SEFA.
- Effect:** Prior to an audit adjustment to correct the understatement identified, the SEFA as reported by the Department was inaccurate. Failure to accurately report Federal award amounts could result in inaccurate reporting of the SEFA within the Single Audit Report.
- Recommendation:** The Department of Human Services should implement policies and procedures to ensure that total award amounts provided to subrecipients are accurately reported in the Schedule of Expenditures of Federal Awards database for reporting within the Single Audit Report.

Finding Control Number: **FS-427-12-05**

GENERAL LEDGER
REVENUES AND RECEIVABLES
Failure to Record Federal Grant Awards in a Timely Manner

- Condition:** The Department of Human Services (Department) failed to record some Federal grant awards in a timely manner. A review of 56 grant awards revealed that 14 grant awards were not recorded on the general ledger for at least 30 days after receipt of the award. Of the 14 grant awards, seven (7) were recorded between 30-59 days, six (6) were recorded between 60-120 days, and one (1) was recorded after 120 days.
- Criteria:** To accurately account for Federal program revenues and expenditures, grant awards should be recorded on the general ledger in a timely manner.
- Information:** The Department has been, and is continuing to work with the awarding agencies in order to improve the time taken to receive grant award notices. In addition, the Department has been taking proactive steps to track the status of grant awards in order to make sure they are recorded on the general ledger in a timely manner.
- Cause:** The deficiencies noted above were a result of the Department's failure to have adequate internal control procedures in place, at the time of these awards to ensure that Federal grant awards, are recorded on the general ledger in a timely manner.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Effect: Failure to record grant availability in a timely manner could affect the proper recording of Federal program revenues (and expenditures) which could result in misstatements in the financial statements.

Recommendation: The Department of Human Services should review their current internal control procedures for recording Federal program activity and continue to work to enhance their procedures, as needed, to ensure the timely recording of Federal grant awards on the general ledger.

Finding Control Number: **FS-427-12-06**

GENERAL LEDGER

REVENUES AND RECEIVABLES

Failure to Reconcile Accounts Receivable to the General Ledger

Condition: Review of the Department of Human Services' (Department) year-end accounts receivable reconciliation revealed the following deficiencies:

- (1) Nine (9) of the nineteen (19) accounts on the year-end accounts receivable reconciliation contained variances totaling \$111,266,234.72. In addition, no subsidiary listing was available to support the balance in three (3) of the individual accounts.
- (2) The Department failed to provide, for review, documentation for four (4) accounts receivable items selected for testing.

Criteria: The Department of Human Services should have policies and procedures in place to ensure that monthly and year-end reconciliations of the accounts receivable module to the general ledger for all accounts receivable accounts are being performed, and to ensure that all accounts receivable documentation is appropriately maintained.

Cause: The deficiencies noted above were caused by the Department's failure to implement adequate policies and procedures to ensure reconciliations performed identified all variances and included proper supporting documentation, as well as the Department's failure to maintain all accounts receivable documents for review. In addition, high turnover in staff may also have been a contributing factor.

Effect: Failure to perform accurate reconciliations and to maintain all accounts receivable documentation could result in invalid accounts receivable not being detected in a timely manner. This could lead to errors in financial reporting and increase the risk of material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that:

- 1) Monthly and year-end reconciliations of the accounts receivable module to the general ledger are accurately completed,
- 2) The reconciliation includes relevant subsidiary ledgers and
- 3) Any variances noted are resolved in a timely manner.

Controls should also be implemented to ensure that all accounts receivable documentation is appropriately maintained.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FS-427-12-07**

GENERAL LEDGER

EXPENSES/EXPENDITURES AND LIABILITIES

Account Payable Reconciliation Deficiencies

Condition: The Department of Human Services' (Department) reconciliation of the accounts payable module (subsidiary ledger) to the general ledger for June 30, 2012 was not accurately completed. On the June reconciliation, there were five (5) accounts payable accounts, totaling \$37,713.77, that had debit balances.

In addition, 17 accounts were not fully reconciled as of June 30, 2012. The variance in these accounts totaled \$28,001,543.35.

A review of accounts payable balances over one year old revealed that the Department failed to apply repayment of funds for debit balances in the accounts payable module for four (4) out of seven (7) outstanding balances. In addition, one (1) accounts payable balance over a year old in the amount of \$33,617.61, and one (1) other accounts payable debit balance in the amount of \$856.68 had been paid in full; however, the amounts still remain in the accounts payable module.

Criteria: The Department should improve their policies and procedures to ensure that monthly and year-end reconciliations of the accounts payable module to the general ledger for all accounts payable accounts and outstanding balances are completed accurately and in a timely manner.

Cause: The deficiencies noted above were caused by the Department's failure to adequately apply their existing internal control of completing an accounts payable reconciliation, and the failure to verify the accuracy of outstanding accounts payable balances.

Effect: Failure to perform accurate reconciliations could result in the accounts payable module containing invalid information that is not detected in a timely manner. This could result in errors in financial reporting and increase the risk of material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Human Services should improve their existing policies and procedures to ensure monthly and year-end reconciliations of the accounts payable module to the general ledger are accurately completed and verify the validity of the outstanding accounts payable balances on a regular basis.

Finding Control Number: **FS-427-12-08**

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

Condition: Our examination included a review of the Department of Human Services' (Department) bank reconciliation procedures performed on the Operating, Payroll, Child Support, Public Assistance, Revenue Collections, Vital Records Refund, DHS WIC Program, and the Decentralized Trust Funds accounts. The following deficiencies were noted:

1. For the Operating account (101102), the Department had not posted a significant number of book adjustments in the amount of \$30,928,536.79, dating back to September 2009. The outstanding checklist has 4,098 checks totaling \$2,233,840.15 that date back to January 2008, which have yet to be canceled or corrected.
2. For the new Child Support Recovery account (101154), the Department had not posted a significant number of book adjustments in the amount of \$82,262,364.45. The following months' reconciliations were not performed in a timely manner, ranging from one (1) to three (3) months late: January, February, March, April, and June. In addition, the reconciliations performed for the months of September 2011 through January 2012 indicate that the bank account is being used but

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

the deposits and disbursements were not being recorded on the general ledger. Finally, the May reconciliation did not show evidence of proper review and approval.

3. For the Payroll account (101415), the Department had not posted a significant number of book adjustments in the amount of \$1,631,968.76, dating back to November 2009. The outstanding checklist has 763 checks totaling \$257,879.26 that date back to July 2005, which have yet to be canceled or corrected. In addition, the per book amount on the June 2012 reconciliation did not agree with the amount shown on the general ledger in the amount of \$590.37. Finally, the June reconciliation was performed three (3) months late.
4. For the Public Assistance (101761) account, the Department had not posted a significant number of book adjustments in the amount of \$87,233,378.76, dating back to April 2011. In addition, the June reconciliation was performed three (3) months late.
5. For the old Child Support Recovery account (101762), the Department had not posted a significant number of book adjustments in the amount of \$100,896,311.23, dating back to July 2009. There are book reconciling items in the amount of \$505,142.37 dating back to November 2010. In addition, the outstanding checklist has 279 checks in the amount of \$501,622.81 that date back to November 2007, which have yet to be canceled or corrected. Finally, the June reconciliation was performed three (3) months late.
6. For the Vital Records Refund (101601) account, the Department had not performed any reconciliations throughout the year. The account held a balance of \$(1,576.92) on the general ledger at fiscal year end.
7. For the WIC program (103582) account, the Department had not performed any reconciliations throughout the year. The account held a balance of \$198,317.78 on the general ledger at fiscal year end.
8. For the Revenue Collections (102017) account, the June reconciliation was performed three (3) months late.
9. For the Decentralized Trust Funds (103580) account, Debt Set Off sub-account (117.145), the Department had not posted several book adjustments in the amount of \$689.56 dating back to February 2011. The outstanding checklist has 505 checks totaling \$235,319.77 that date back to June 2006, which have yet to be canceled or corrected. In addition, the June reconciliation was performed three (3) months late.

Criteria:

Policy Number CM-100008 of the State Accounting Manual issued by the State Accounting Office (SAO) provides bank reconciliation guidelines for all organizations to follow. An adequate system of internal controls dictate that bank reconciliations be performed at a minimum on a monthly basis, and as appropriate, include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description and amount, 3) adjustments which are needed are identified and made in a timely manner, 4) accurate general ledger balances, and 5) evidence of an effective supervisory review and approval function.

In addition, the Disposition of Unclaimed Property Act as identified in OCGA 44-12-190 through 44-12-236, provides for procedures to be followed for those holding property for someone else and contact has been lost with that person. This act applies to outstanding checks written to both individuals and vendors. Policy Number CM-100006 of the State Accounting Manual provides guidance on the proper accounting procedures regarding old outstanding checks.

Cause:

The Department's bank account reconciliation process failed to ensure that reconciling items were properly supported and that outstanding checks were canceled in a timely manner, and that bank activity was recorded on the trial balance. In addition, high turnover in staff may also have been a contributing factor.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Effect: Failure to maintain an effective bank account reconciliation process increases the risk of misstatement due to fraud and the possible misappropriation of the Department's assets.

Recommendation: The Department of Human Services should review their current internal control procedures in relation to bank reconciliations and implement additional policies and procedures to ensure an effective bank reconciliation process is in place to manage and monitor their bank accounts.

Finding Control Number: **FS-427-12-09**

REVENUES AND RECEIVABLES

Inadequate Procedures Over Cash Draws of Federal Grants

Condition: The following deficiencies were noted based on our combined examination of the cash management process over the seven (7) major Federal Financial Assistance Programs selected for the year under review at the Department of Human Services' (Department):

1. For all programs combined, a total of 31 months were identified where the requests for reimbursements were not sufficient to cover the respective Federal program expenditures. The average monthly insufficient balances ranged from a low of \$9.6 million to a high of \$109 million.
2. For all programs combined, a total of 52 months were identified where the requests for reimbursements were in excess of the respective Federal program expenditures. The average monthly excess balances ranged from a low of \$15.8 million to a high of \$59.9 million.
3. Timing variances were identified between the reimbursement amounts recorded in the general ledger and amounts reported in the Department's Cash Management Database reports. A general explanation was provided for the variances, however, those explanations were not sufficient to address the reasons for each variance individually.

Criteria: The Cash Management and Letter of Credit Procedures of the Department of Human Services state that the objective of the Department's cash management plan is to draw appropriate amounts of each type of fund available on an as-needed basis to assure that the Department does not have in excess of three days of Federal funds on hand, does not use state funds to subsidize Federal funds, and has sufficient funds to cover checks when they are presented.

Code of Federal Regulations Title 31, Chapter II, Part 205.33 indicates that "a State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project."

Cause: The Department's policies and procedures for requesting, recording, and distributing Federal funds to reimburse program costs were inadequate.

Effect: Failure to request, record, and distribute Federal funds in an accurate and timely manner could result in the use of other sources of funds to subsidize Federal program expenditures.

In addition, the drawdown of excess Federal funds over what is needed to cover Federal expenditures could result in penalties and interest to the Department.

Recommendation: The Department of Human Services should review their policies and procedures for requesting, recording, and distributing Federal funds to ensure that they are adequate to meet cash management objectives.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FS-427-12-10**

CAPITAL ASSETS

Failure to Accurately Report Capital Assets

Condition: Five (5) amounts reported by the Department of Human Services (Department) to the State Accounting Office on the Capital Assets form for the fiscal year under review were found to be misstated. The following exceptions were noted:

1. Capital Assets tab - The Department overstated Intangibles - Software by \$2,351,425.25.
2. Capital Assets tab - The Department understated Construction-in-progress by \$2,364,716.70.
3. Capital Assets tab - The Department understated Personal Property - machinery & equipment by \$168,211.06.
4. Depreciation tab - The Department overstated accumulated depreciation on Personal Property - machinery, equipment and furniture by \$612,872.32.
5. Depreciation tab - The Department overstated accumulated depreciation on Intangibles - Software by \$744,617.99.

Criteria: As prescribed by O.C.G.A. 50-5B-4, "All organizations of state government... shall conform to and comply with the rules, regulations, policies, procedures, and forms devised, promulgated, and installed by the state accounting officer. All organizations of state government shall submit statements, reports, information, and data necessary to enable the state accounting officer to complete the reports required under this Code section... All organizations of state government shall provide information to the state accounting officer necessary to properly account for and report real property and personal property."

Cause: The deficiencies noted above are the result of management's failure to implement adequate internal controls to ensure that all capital assets are properly reported to the State Accounting Office.

Effect: The failure to report accurate capital asset information can result in misstatements in the financial statements and notes to the financial statements as reported in the State's Comprehensive Annual Financial Report. The misstatements noted above were corrected by an audit adjustment.

Recommendation: The Department of Human Services should implement adequate internal controls to ensure that the capital asset information reported to the State Accounting Office is accurate.

Finding Control Number: **FS-427-12-100**

ACCOUNTING CONTROLS (OVERALL)

FINANCIAL REPORTING AND DISCLOSURE

BUDGET

Failure to Certify the Accuracy of the Budgetary Compliance Report

Condition: The Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund in the Budgetary Compliance Report (BCR) as presented for review by the Department of Human Services (Department) reported the following instances of noncompliance:

- 1) Adolescent and Adult Health Promotion/Federal Funds/Medical Assistance Program
Expenditures exceeded Funds Available by \$0.01
- 2) Adult Addictive Disease Service/Federal Funds/Prevention & Treatment of Substance Abuse Block Grant
Expenditures exceeded Funds Available by \$3.01
- 3) Adult Essential Health Treatment/Federal Funds/Medical Assistance Program
Expenditures exceeded Funds Available by \$0.01

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- 4) After School Care/Federal Funds/TANF Unobligated Balance
Expenditures exceeded Funds Available by \$8,100.00
- 5) Family Violence Services/Federal Funds/TANF Unobligated Balance
Expenditures exceeded Funds Available by \$108,622.00
- 6) Immunization/Federal Funds/Medical Assistance Program
Expenditures exceeded Funds Available by \$0.10
- 7) Infant and Child Essential Health/Federal Funds/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$71.84
- 8) Infectious Disease Control/Federal Funds/Medical Assistance Program
Expenditures exceeded Funds Available by \$0.01
- 9) Support for Needy Families - Basic Assistance/Federal Funds/TANF Unobligated Balance
Expenditures exceeded Funds Available by \$4,361,567.00
- 10) Support for Needy Families - Family Assistance/Federal Funds/Federal Funds not Itemized
Expenditures exceeded Funds Available by \$176,121.20
- 11) Support for Needy Families - Family Assistance/Federal Funds/American Recovery and
Reinvestment Act of 2009/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$176,121.20
- 12) Program Not Identified/Federal Funds/Maternal & Child Health Services Block Grant
Expenditures exceeded Funds Available by \$95,663.09

Our cursory review of the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund also appeared to indicate that each of the 12 noncompliance matters identified above were due to the carry-over of negative reserve amounts from the prior year. Also, for numbers 2, 4, 5, 7 and 9 above, there are apparent fund source issues present due to each of those deficiencies of funds available under expenditures being equally offset by an excess of funds available over expenditures of the same amount in another funding source.

The Department, however, declined to sign the "Letter of Representation" certifying the accuracy of the amounts reported by fund source within budgetary program. As a result, we did not perform detailed testing of the underlying documentation supporting the amounts reported in the BCR. Accordingly, we were unable to determine the Department's compliance with the requirements of the current Appropriations Act, as amended, (Final Budget) and the Constitution of the State of Georgia. These compliance requirements are:

- An appropriated budget unit cannot overspend their authorized budgeted amounts at the legal level of budgetary control (funding source within program). This means that the amounts that are reflected in the "variance" column under the heading of Expenditures Compared to Budget in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.
- Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

Criteria:

Each appropriated budget unit of the State of Georgia was subject to compliance testing to be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AT Section 601). Compliance attestations require the responsible party at the budget unit to provide various written representations related to the accuracy of their BCR, to the best of their knowledge and belief. The responsible party's refusal or inability to furnish all appropriate representations in accordance with the attestation standards constitutes a limitation on the scope of the engagement.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Information:** The BCR reflects the Department's budgetary activity at the legal level of budgetary control as prescribed by the FY 2012 Amended Appropriations Act. Also at this level, the BCR reports whether the Department is operating within the debt limitations of the Constitution of the State of Georgia which prohibits expenditures from exceeding funds available.
- Cause:** Due to the uncertainty regarding the accuracy of the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source, particularly as it relates to the carry-over of prior year reserve amounts, the Department declined to prepare and sign a letter of representation for the examination engagement of the organization's compliance with the 2012 Appropriations Act, as amended, and Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia.
- Effect:** The amounts reported in the Department's BCR should not be used for decision-making purposes at the legal level of budgetary control because of the lack of assurances by management and the likelihood that material errors are present.
- Recommendation:** The Department should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:
1. Improve controls over Manual Journal Entries to ensure that adequate documentation is provided for each journal entry, including listing the actual invoices being moved when expenditures are rerated to other fund sources. Details and totals on supporting documentation must tie to the amounts on the journal entry.
 2. Revise the review process to ensure that the personnel who are approving journal entries understand the effect that each journal entry will have on the accounts, fund sources, and programs.
 3. Monitor transactions posted during the fiscal year on a regular basis rather than relying on journal entries to correct problems identified at year-end.
 4. Review all funds sources and programs for compliance with the State Chart of Accounts and the Appropriations Act. Provide SAO with information for correcting any errors noted in the set up of fund sources and programs.
 5. Automate the Cost Allocation Process, preferably within the Statewide accounting system, in order to improve efficiencies and reduce current manual accounting practices to ensure that all required transactions are processed and recorded timely.

COMMUNITY AFFAIRS, DEPARTMENT OF

Finding Control Number: **FS-428-12-03**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation and Accounting Procedures

Condition: During our review of the Department of Community Affairs' (Department) bank reconciliations, we noted some reconciling items appearing on the bank reconciliations were not posted to the general ledger in a timely manner. In addition, most bank reconciliations were lacking either the signature of the preparer and the approver and the date this activity was performed.

Criteria: In accordance with Cash Management Policies and Procedures Policy Number CM-100008 - Bank Reconciliation Policy and Procedure issued by the State Accounting Office (SAO), "All Agencies shall reconcile their state bank accounts monthly by an employee not involved in recording cash receipts and disbursements. All monthly reconciliations should be reviewed and signed by a fiscal officer who

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

did not participate in the reconciling function. Book reconciling items shall be investigated and adjusting book entries shall be recorded within the same month as monthly bank reconciliation sheets are received."

An adequate system of internal controls calls for the performance of a monthly reconciliation between the bank statement and the general ledger. Each bank reconciliation should be reviewed and approved by someone not involved with the reconciliation and all reconciling items should be corrected in a timely manner.

Information: We reviewed all 12 months of bank reconciliations for three (3) of the Department's bank accounts. The following deficiencies were noted:

- All 12 of the reconciliations for one (1) account (Payroll Account) lacked the signature of the preparer and the date the reconciliation was performed and 10 instances where there was no reviewer signature or date.
- There were deposits [16 totaling \$2,167,337 on one (1) account and nine (9) totaling \$1,021,938 on the second account] reflected on two (2) of the bank accounts that were not being recorded timely to the general ledger and, as a result, were being carried forward month-to-month as reconciling items on the bank reconciliations; in some cases for more than 12 months before clearing the reconciliations.
- Lastly, on two (2) bank reconciliations it was noted that both the preparer and reviewer had dated performing those functions at least 45 days prior to the bank statement date.

Cause: These deficiencies were the result of the Department's failure to adequately manage and monitor the bank reconciliation process, including adjusting the general ledger in a timely manner when applicable.

Effect: The failure to maintain an effective bank reconciliation process increases the risk of material misstatements in the financial statements including misstatements due to fraud.

Recommendation: The Department of Community Affairs should implement additional policies and procedures to ensure an effective bank reconciliation process is in place, and reconciling items are reviewed and adjusted to the general ledger in a timely manner when appropriate in accordance with Cash Management Policies and Procedures issued by SAO.

Finding Control Number: **FS-428-12-100**
ACCOUNTING CONTROLS (OVERALL)
BUDGET

Failure to Certify the Accuracy of the Budgetary Compliance Report

Condition: The Budgetary Compliance Report (BCR) as presented for review by the Department of Community Affairs (Department) reported the following instances of noncompliance:

1. Coordinated Planning/Federal Funds/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$89,015.29
2. Department Administration/Other Funds
Expenditures exceeded Funds Available by \$112,327.23
3. Federal Community and Economic Development Programs/Federal Funds/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$4,728,716.57

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

4. Federal Community and Economic Development Programs/American Recovery and Reinvestment Act of 2009/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$114,264.71
5. Regional Services/Federal Funds/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$120,805.16
6. Special Housing Initiatives/Federal Funds/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$1,950,165.83
7. Special Housing Initiatives/American Recovery and Reinvestment Act of 2009/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$5,881.00
8. State Community Development Programs/Federal Funds/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$145.52
9. Payments to OneGeorgia Authority/Other Funds
Expenditures exceeded Funds Available by \$357.01
10. Programs Not Identified/Other Funds
Expenditures exceeded Funds Available by \$79,887.50

The Department of Community Affairs, however, declined to sign the “Letter of Representation” certifying the accuracy of the amounts reported by fund source within budgetary program. As a result, we did not perform detailed testing of the underlying documentation supporting the amounts reported in the BCR. Accordingly, we were unable to determine the Department’s compliance with the requirements of the current Appropriations Act, as amended, (Final Budget) and the Constitution of the State of Georgia. These compliance requirements are:

- An appropriated budget unit cannot overspend their authorized budgeted amounts at the legal level of budgetary control (funding source within program). This means that the amounts that are reflected in the “variance” column under the heading of Expenditures Compared to Budget in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.
- Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, “...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association.” As applied here, this means that amounts reflected in the “variance” column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

Criteria: Each appropriated budget unit of the State of Georgia was subject to compliance testing to be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AT Section 601). Compliance attestations require the responsible party at the budget unit to provide various written representations related to the accuracy of their BCR, to the best of their knowledge and belief. The responsible party’s refusal or inability to furnish all appropriate representations in accordance with the attestation standards constitutes a limitation on the scope of the engagement.

Information: The BCR reflects the Department’s budgetary activity at the legal level of budgetary control as prescribed by the FY 2012 Amended Appropriations Act. Also at this level, the BCR reports whether the Department is operating within the debt limitations of the Constitution of the State of Georgia which prohibits expenditures from exceeding funds available.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Cause: Due to the uncertainty regarding the accuracy of the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund, the Department declined to prepare and sign a letter of representation for the examination engagement of the organization's compliance with the 2012 Appropriations Act, as amended, and Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia.
- Effect: The amounts reported in the Department's BCR should not be used for decision-making purposes at the legal level of budgetary control because of the lack of assurances by management and the likelihood that material errors are present.
- Recommendation: The Department of Community Affairs should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:
1. Ensure that all staff involved in the Department's budgetary activities have an adequate understanding of Program-Based Budgeting.
 2. Ensure that staff obtains additional training relating to Program-Based Budgeting as appropriate.
 3. Monitor budgetary reports on a monthly basis.

SUPERIOR COURTS

Finding Control Number: **FS-436-12-01**
ACCOUNTING CONTROLS (OVERALL)
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inaccurate Bank Reconciliations and Old Outstanding Checks

- Condition: Our examination included a review of Superior Courts' bank reconciliation for the Operating Account. The June 30th bank reconciliation outstanding check list contained one (1) check where the amount had been changed from the accounting records and seventeen (17) checks were left off of the outstanding checks list in their entirety, for an unidentified cash variance totaling \$50,786.50. The outstanding check list also included 55 checks, totaling \$20,249.50, that were outstanding for more than 180 days.
- Criteria: The State Accounting Office Cash Management Policy number CM-100008 states, "It is the responsibility of each Agency to reconcile its bank accounts monthly and to satisfactorily track all reconciling items to resolution in a timely manner. All methods (manual, semi-manual, automatic bank reconciliation) should clearly show the balances being reconciled and the details of all reconciling items."
- The State Accounting Office Cash Management Policy number CM-100006 states, "All agencies shall comply with state statutes, 'Disposition Unclaimed Property Act', and filing requirements established by the Georgia Department of Revenue." Section V of this policy outlines specific actions that the agency should take, including attempting to locate all payees for checks held over 180 days that are over \$50 and escheating all stale checks over 180 days old, regardless of amount. After five (5) years, agencies must make a final attempt to locate the payee for checks over \$50 and then remit the payment to the Department of Revenue. For checks less than \$50, the payment should be remitted to the Department of Revenue.
- Information: Subsequent to the completion of field work, Superior Courts disclosed concerns regarding inaccurate bank reconciliations. As a result, our review of bank reconciliations for the Operating Account was expanded.
- Cause: Superior Courts policies and procedures were inadequate to ensure compliance with the State Accounting Office Cash Management Policies.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Effect: Failure to prepare accurate and complete bank reconciliations is a violation of the State Accounting Office Cash Management Policy number CM-100008 and could result in a material misstatement to the financial statements, including misstatements due to fraud.

Reporting checks that have been outstanding for more than 180 days on the bank reconciliation resulted in a violation of the State Accounting Office Cash Management Policy number CM-100006.

Recommendation: Superior Courts should prepare accurate and complete bank reconciliations, ensure that the outstanding check list is accurate, and investigate and resolve any reconciling items on the monthly bank reconciliation.

In addition, Superior Courts should review outstanding checks and implement policies and procedures to escheat checks that have been outstanding for more than 180 days and remit checks that have been outstanding for more than 5 years to the Department of Revenue in accordance with State Accounting Office Policy number CM-100006.

Finding Control Number: **FS-436-12-100**
ACCOUNTING CONTROLS (OVERALL)
EQUITY AND FINANCIAL STATEMENT RECONCILIATIONS
FINANCIAL REPORTING AND DISCLOSURE
BUDGET
Failure to Adequately Monitor State and Other Funds Within Budgetary Programs

Condition: During the fiscal year 2012 review of Superior Courts, prior budget year and overall fund balance deficits were identified in the Superior Court Judges program in State Funds in the amount of \$1,695.71.

In addition, a prior budget year fund balance was noted in Program Not Identified in State Funds of \$1,133.63.

Criteria: Article VII, Section IV, Paragraph VIII of the Constitution of the State of Georgia provides, in part, "...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that Fund Balance by budget year, budget program, and funding source (i.e., the legal level of budgetary control) should not be debit balances in the accounting records.

The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

Information: Audit adjustments were made to correct the State Fund deficit and Program Not Identified fund balance. These deficits were attributed by Superior Courts to activity associated with clearing prior year outstanding accounts payable balances. An additional current budget year and overall fund balance deficit was identified in Other Funds for the Judicial Administrative Districts program in the amount of \$0.06; however, no adjustment was made to reduce the deficit as it is clearly immaterial.

Cause: Superior Courts failed to submit an appropriate post closing adjusting entry to rectify the fund balance deficits in prior budget years within the time frame specified by the State Accounting Office.

Effect: Failure to monitor fund balance by budget year, budget program, and funding source could result in overexpenditure of funds from either a current year or a prior year Appropriations Act, effectively violating the Constitution of the State of Georgia by pledging or loaning the credit of the State.

Recommendation: Superior Courts should implement internal controls to monitor fund balance by budget year, budget program, and funding source.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

LABOR, DEPARTMENT OF

Finding Control Number: **FS-440-12-01**

ACCOUNTING CONTROLS (OVERALL)

Inadequate Supporting Documentation for Adjusting Journal Entries

Condition: Our examination included a review of five (5) adjusting journal entries totaling to \$541,472,491.68 that were posted to the Department of Labor's (Department) general ledger in the month of June 2012 involving the Department's major Federal programs. The adjusting journal entries reviewed allocated overhead costs to specific programs, transferred expenses between grant years within programs, or transferred expenses between programs. The supporting documentation for each of these journal entries was inadequate. They did not contain adequate explanations for the purpose of the journal entries, information was not provided to support the amounts adjusted, nor was there any indication of the original transactions being adjusted.

Criteria: The Financial Management Policies and Procedures, policy number 4-8-1, issued by the Office of Planning and Budget and State Accounting Office, states that "Documentation should be maintained for adjustments posted during a fiscal year, especially as a part of year-end closing procedures, that allows for the verification of the adjusted transaction to the source documentation supporting the original transaction. Such documentation should include, but is not necessarily limited to, analyses identifying original deposit ID's, purchase orders, voucher ID's or other relevant identifying reference and should identify the original transaction's budget program by fund source or justification for a change in allocation methodology."

Further, the *Accounting Policy Manual*, Category 3 - Closing Procedures, Documentation Requirements, issued by the State Accounting Office, states in part that documentation "...Regardless of the format used for storage purposes, all recorded transactions (including adjusting entries and transfers) should be supported by copies of source documents (such as vendor invoices, receiving records, cash receipts, timesheets, loan documents, or bank statements) and other supporting information sufficient to provide clear evidence of...adjustments reclassifying transactions should be traceable to the documentation supporting the original transaction."

Cause: The deficiencies noted were a result of the Department's failure to implement adequate internal control procedures to ensure compliance with the Financial Management Policies and Procedures and the *Accounting Policy Manual* for the State of Georgia.

Effect: Approving and posting journal entries without adequate supporting documentation could result in a material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Labor should develop and implement policies and procedures to ensure that adequate documentation is maintained and reviewed prior to approving and posting journal entries. Additional training on the guidelines included in the Financial Management Policies and Procedures and the *Accounting Policy Manual* for the State of Georgia should be provided to employees responsible for preparing and approving journal entries.

Finding Control Number: **FS-440-12-02**

ACCOUNTING CONTROLS (OVERALL)

Ineffective Change Management and Logical Access Controls

Condition: Our review of the established internal control structure associated with certain financial applications revealed deficiencies in change management and logical access controls designed to protect the integrity of financial information, mitigate the risk of manipulation, corruption, or loss of data, and ensure financial information is processed accurately.

Criteria: IT governance should be established over significant financial systems to prevent or detect unauthorized use, damage, loss, or modifications.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Information: The following deficiencies were noted:

- Developers have the ability to promote changes to the production environment. In addition, users have the ability to promote changes to the production environment which is not commensurate with their job responsibilities.
- Sufficient evidence supporting authorization, testing, and approval of changes promoted to production was not maintained.
- A process to subsequently monitor changes that have been promoted to production is not in place to determine whether those changes were authorized, tested, and approved and have not circumvented the standard change management process.
- A formal process to periodically review user access to certain applications is not currently in place to determine whether access continues to be appropriate.
- Users have the ability to provision access to certain applications which is not commensurate with their job responsibilities.
- Users have access to certain applications which is not commensurate with their job responsibilities.
- Terminated employees had continued access to certain applications.
- General security settings for certain applications and their supporting operating systems and databases are not configured to provide reasonable assurance that access is limited to authorized individuals.

Cause: The Department did not adequately establish and implement policies and procedures to govern the integrity and accuracy of the information used in the financial statement preparation process.

Effect: Without proper controls in place, loss, manipulation, or corruption of financial data within this significant system could occur.

Recommendation: Department of Labor should enhance change management and logical access policies and procedures to include the following:

- Inappropriate access to promote changes to the production environment should be removed. If there is a business need for such access, mitigating controls, such as monitoring of changes, should be put in place to determine that only appropriate changes are promoted to the production environment.
- A defined change management process should be established to ensure changes are authorized, tested, and approved prior to migration.
- A process to periodically review changes promoted to production should be put in place to detect changes performed outside of the normal change management process.
- A periodic review of application access should be established to determine that access continues to be appropriate based on job responsibility.
- Privileges which are not necessary for a particular job function should be removed. If there is a business need for such access, mitigating controls should be put in place to ensure no inappropriate activity is taking place.
- A process should be established to determine that terminated users are removed in a timely manner.
- General security settings should be reconfigured to reduce the risk of unauthorized access.

Finding Control Number: **FS-440-12-03**
GENERAL LEDGER
Inadequate General Ledger

Condition: The Department of Labor (Department) utilizes a secure, ongoing host-based application to process and account for transactions relating to the State of Georgia Unemployment Insurance Program, whereas the general ledger utilized by the Department to produce the financial statements for the Unemployment Compensation Fund is an Excel-based set of spreadsheets which are manually updated on a daily basis from reports and information produced by the host application. This type of setup is commonly referred to as “end-user computing.” The general ledger utilized by the Department is inadequate due to being basically a set of ongoing cash sheets.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Criteria:** For all State organizational units, the *Accounting Policy Manual* for the State of Georgia requires for financial accountability purposes, that accounting records be uniformly maintained. Also, in order to eliminate potential information systems security concerns with the processing environment and in order to be able to rely on accounting data and other information produced by the systems which are maintained as end-user computers, traditional internal control procedures (i.e., reconciling, balancing, etc.) must be in place and operating without flaws.
- Cause:** The deficiency noted was caused by the Department's failure to establish adequate policies and procedures over the reporting process for the Unemployment Compensation Fund.
- Effect:** The failure to maintain an effective general ledger process increases the risk of material misstatement in the financial statements including misstatements due to fraud. In addition, there is potentially unsupported and/or unauditible financial statement account balances and lack of data integrity if traditional internal controls are not in place and operating effectively.
- Recommendation:** The Department of Labor should implement policies and procedures to perform and document complete and accurate reconciliations between the HOST based detail transactions and the summary data in the Excel-based spreadsheet including proper year end cut-offs.

Finding Control Number: **FS-440-12-04**
 GENERAL LEDGER
 REVENUES AND RECEIVABLES
 Inadequate Procedures Over Cash Draws of Federal Grants

Condition: Our examination of Cash Management over the Federal Financial Assistance Programs at the Department of Labor (Department) disclosed the following deficiency:

Requests for reimbursement were not sufficient to cover Federal program expenditures. The following table identifies programs that had insufficient cash balances during fiscal year 2012:

CFDA #	Program Name	Number of Months of Insufficient Requests	Average Monthly Insufficient Cash Balance
17.225	Unemployment Insurance Administration	7	\$ (2,542,336.00)
17.225	Unemployment Insurance Administration - American Recovery and Reinvestment Act	6	\$ (327,253.00)

- Criteria:** The Code of Federal Regulations Title 31, Chapter II, Section 205.33 states, in part: "The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs."
- Cause:** The Department's policies and procedures for requesting and recording Federal funds to reimburse program costs were inadequate.
- Effect:** Failure to request Federal funds in an accurate and timely manner can result in the use of State or Other funds to subsidize Federal program expenditures.
- Recommendation:** The Department of Labor should review their policies and procedures for requesting and recording Federal funds to ensure that they are adequate to meet cash management objectives. The Department should also review the clearance patterns used for drawing Federal funds to ensure that they are still relevant to current trends.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FS-440-12-05**

BUDGET

Program Budgeting Deficiencies

- Condition:** Because the Department of Labor's (Department) accounting system does not generate a budget comparison report by program and fund source that complies with the Prioritized Program Based Budgeting requirements of the Appropriations Act as enacted by the Georgia General Assembly, the Department manually prepares a budget comparison report after fiscal year end. Also, Federal expenditures from the Department-prepared year end budget comparison report, in total, did not agree to the Department's grant activity schedule.
- Criteria:** The State of Georgia's budget, as enacted by the General Assembly within the Appropriations Acts, was prepared on a prioritized program basis. This budget serves as a control to ensure that spending is limited to authorized areas and amounts. The Department must demonstrate their compliance by reporting their revenues and expenditures by fund source within program as compared to their budget.
- Cause:** This deficiency is due to the limitations of the accounting system utilized by the Department to report their activity in a manner that is prescribed by the Appropriations and Amended Appropriations Acts.
- Effect:** Without periodic budget comparison reports by program to review throughout the year, it is questionable whether or not the Department was monitoring their expenditures against their program budgets throughout the fiscal year. Also, since the Federal expenditure amounts reported on the year end budget comparison report prepared by the Department do not agree in total with their grant activity schedule, the budget comparison may not be accurate.
- Recommendation:** The Department of Labor should implement processes and procedures to produce periodic Budget Comparison reports, by fund/fund source, throughout the fiscal year. This could be accomplished via automated solutions such as TeamWorks Financials which is used by the majority of the appropriated budget units within the State or program their accounting system to create a budget comparison report that complies with the requirements of Prioritized Program Based Budgeting. This report should reconcile to the trial balance report by fund source. In addition, a detailed report should be created to support the activity by program and fund source as reported in the budget comparison report.

Finding Control Number: **FS-440-12-100**

BUDGET

Failure to Certify the Accuracy of the Budgetary Compliance Report

- Condition:** The Budgetary Compliance Report (BCR) as presented for review by the Department of Labor (Department) reported the following instances of non-compliance:
- 1) Department of Labor Administration/Federal Funds/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$181,374.61
 - 2) Department of Labor Administration/American Recovery and Reinvestment Act of 2009/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$768,445.40
 - 3) Department of Labor Administration/Other Funds
Expenditures exceeded Funds Available by \$821,952.86
 - 4) Workforce Development/Federal Funds/Federal Funds Not Itemized
Expenditures exceeded Funds Available by \$4,422,753.91

The Department of Labor, however, declined to sign the "Letter of Representation" certifying the accuracy of the amounts reported by fund source within budgetary program. As a result, we did not perform detailed testing of the underlying documentation supporting the amounts reported in the BCR. Accordingly, we were unable to determine the Department's compliance with the requirements of the current Appropriations Act, as amended, (Final Budget) and the Constitution of the State of Georgia. These compliance requirements are:

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- An appropriated budget unit cannot overspend their authorized budgeted amounts at the legal level of budgetary control (funding source within program). This means that the amounts that are reflected in the “variance” column under the heading of Expenditures Compared to Budget in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.
- Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, “...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association.” As applied here, this means that amounts reflected in the “variance” column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

Criteria: Each appropriated budget unit of the State of Georgia was subject to compliance testing to be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AT Section 601). Compliance attestations require the responsible party at the budget unit to provide various written representations related to the accuracy of their BCR, to the best of their knowledge and belief. The responsible party’s refusal or inability to furnish all appropriate representations in accordance with the attestation standards constitutes a limitation on the scope of the engagement.

Information: The BCR reflects the Department’s budgetary activity at the legal level of budgetary control as prescribed by the FY 2012 Amended Appropriations Act. Also at this level, the BCR reports whether the Department is operating within the debt limitations of the Constitution of the State of Georgia which prohibits expenditures from exceeding funds available.

Cause: Due to the uncertainty regarding the accuracy of the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source, the Department of Labor declined to prepare and sign a letter of representation for the examination engagement of the organization’s compliance with the 2012 Appropriations Act, as amended, and Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia.

Effect: The amounts reported in the Department’s BCR should not be used for decision-making purposes at the legal level of budgetary control because of the lack of assurances by management and the likelihood that material errors are present.

Recommendation: Since the Department of Labor is obligated to manage its budgetary activity at the legal level of control (fund source within program), the Department should either modify its present accounting system to accommodate such activity and reporting or convert to an accounting system with these capabilities; such as TeamWorks Financials which is used by the majority of the appropriated budget units within the State.

BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES, DEPARTMENT OF

Finding Control Number: **FS-441-12-01**

ACCOUNTING CONTROLS (OVERALL)

EXPENSES/EXPENDITURES AND LIABILITIES

FINANCIAL REPORTING AND DISCLOSURE

Failure to Accurately Report Pass-Through Amounts on the Schedule of Expenditures of Federal Awards

Condition: Our examination of the Pass-Through by Entity report for the Schedule of Expenditures of Federal Awards (SEFA), submitted by the Department of Behavioral Health and Developmental Disabilities (Department) revealed that pass-through amounts provided to subrecipients, required for the Notes to the SEFA in the Single Audit Report, were not reported correctly. For the Block Grants for Prevention and Treatment of Substance Abuse program (CFDA No. 93.959), no pass-through amount was

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

reported. Based on fiscal year 2012 testing, \$34,719,326.80 should have been reported as the pass-through amount for the program. An audit adjustment was made to correct the SEFA.

Criteria: In accordance with OMB Circular A-133 Subpart C, Section .300, "The auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity."

The State Accounting Office also issued instructions to all organizations of the State of Georgia reporting entity for the SEFA which state, "Agency management is responsible for the proper accounting and reporting of federal grants. Expenditures reported in the SEFA must be reported on the GAAP basis of accounting relevant to the organization's reporting fund and must reconcile to expenditures recorded in the organization's accounting records..."

Cause: The Department failed to implement adequate policies and procedures to ensure that total Federal award amounts provided to subrecipients are reported correctly in the SEFA.

Effect: Failure to accurately report Federal award amounts could result in inaccurate reporting of the SEFA within the Single Audit Report.

Recommendation: The Department of Behavioral Health and Developmental Disabilities should implement policies and procedures to ensure that total award amounts provided to subrecipients are accurately reported in the Schedule of Expenditures of Federal Awards database for reporting within the Single Audit Report.

Finding Control Number: **FS-441-12-02**
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

Condition: Our examination included a review of the Department of Behavioral Health and Developmental Disabilities' (Department) bank reconciliation procedures performed on their Operating Account. The following deficiency was noted:

The outstanding checklist has 170 checks, totaling \$80,611.25, dating back to July 2009 which are six (6) months or older that have yet to be cancelled or corrected.

Criteria: Policy Number CM-100006 of the State Accounting Manual Policies and Procedures issued by the State Accounting Office provides guidance on the proper accounting procedures regarding old outstanding checks. In addition, the Disposition of Unclaimed Property Act as identified in OCGA 44-12-190 through 44-12-236 provides for procedures to be followed for those holding property for someone else and contact has been lost with that person. This act applies to outstanding checks written to both individuals and vendors.

Cause: The Department failed to have adequate policies and procedures in place relating to their bank account reconciliation process to ensure that outstanding checks were being canceled in a timely manner.

Effect: Although the total old outstanding check amount is minimal, failure to maintain an effective bank account reconciliation process increases the risk of misstatement due to fraud and the possible misappropriation of the Department's assets, as well as potential book errors and noncompliance with State laws, policies and procedures.

Recommendation: The Department of Behavioral Health and Developmental Disabilities should review their current internal control procedures in relation to bank reconciliations and implement additional policies and procedures to ensure an effective bank reconciliation process is in place to manage and monitor the bank accounts in accordance with applicable State laws, policies and procedures.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

PERSONNEL ADMINISTRATION, STATE

Finding Control Number: **FS-460-12-01**
ACCOUNTING CONTROLS (OVERALL)
Failure to Verify Employment Eligibility for New Employees

- Condition: The State Personnel Administration failed to verify the employment eligibility through the federal work authorization program, known as E-Verify, for three (3) newly hired employees.
- Criteria: As prescribed by O.C.G.A. 13-10-91, "(a) Every public employer, including, but not limited to, every municipality and county, shall register and participate in the federal work authorization program to verify employment eligibility of all newly hired employees."
- Information: E-Verify is an electronic program, maintained by the U.S. Department of Homeland Security, through which employers verify the employment eligibility of their employees after hire.
- Cause: The deficiency noted above was a result of the State Personnel Administration's failure to have adequate controls in place to ensure employment verifications were performed on all newly hired employees.
- Effect: Failure to verify employment eligibility for all newly hired employees resulted in noncompliance with O.C.G.A. 13-10-91.
- Recommendation: Management now responsible for the activity of the State Personnel Administration, the Department of Administrative Services, should ensure that employment eligibility is being verified for all newly hired employees in accordance with O.C.G.A. 13-10-91.

NATURAL RESOURCES, DEPARTMENT OF

Finding Control Number: **FS-462-12-01**
EXPENSES/EXPENDITURES AND LIABILITIES
Invalid Encumbrances

- Condition: Our review of the Department of Natural Resources' (Department) outstanding encumbrances at fiscal year end revealed eight (8) outstanding encumbrances that were no longer valid.
- Criteria: The *Accounting Policy Manual* for the State of Georgia, Category 4 - Financial Accounting and Reporting Policies and Procedures, Expenditures, Payables and Encumbrances section, states, in part: "In general, transactions which purport to obligate appropriated funds must be supported by an approved purchase order, at a minimum, or an executed contract which contains the following:
- a confirmed vendor,
 - specific services or goods,
 - specific price for the services or goods, and
 - a stated time or range of time for delivery or completion."
- The State Accounting Office (SAO) Statewide Accounting Directive AD 200905, PO Year End Procedures - Disencumber Balances that will not be used, states that, "For proper accounting and year end calculation of surplus, all open encumbrances should be reviewed and any funds that will not be needed should be disencumbered. This is done by either canceling or closing the Purchase Order associated with the encumbrance."
- Information: Supporting documentation for a total of 11 encumbrances as of June 30, 2012, totaling \$35,643.27, was requested for review. Of the 11 encumbrances reviewed, eight (8) encumbrances, totaling \$19,055.66, were identified as being invalid. There were various reasons as to why the encumbrances

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

were not valid; these included: 1) Services had already been provided and the remainder of the encumbrance balance should have previously been written off; 2) Goods/services were subsequently deemed not to be needed; and 3) The initial needs were altered so as to render the encumbrance inadequate for its original purpose. The eight (8) invalid encumbrances identified were deemed insignificant and immaterial and, as a result, were noted only as misstatements.

Cause: The Department failed to follow the guidelines as outlined in the *Accounting Policy Manual* for the State of Georgia and SAO Accounting Directive 200905.

Effect: The invalid encumbrances resulted in budgetary expenditures and liabilities being overstated with fund balance and surplus being understated.

Recommendation: The Department of Natural Resources should implement additional internal controls to ensure that all open encumbrances are valid.

Finding Control Number: **FS-462-12-100**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
BUDGET
Inadequate Journal Entry Documentation

Condition: The Department of Natural Resources (Department) failed to maintain adequate documentation to support their manual journal entries.

Criteria: The Financial Management Policies and Procedures, policy number 4-8-1, issued by the Office of Planning and Budget and State Accounting Office, states that "Documentation should be maintained for adjustments posted during a fiscal year, especially as a part of year-end closing procedures, that allows for the verification of the adjusted transaction to the source documentation supporting the original transaction. Such documentation should include, but is not necessarily limited to, analysis identifying original deposit ID's, purchase orders, voucher ID's or other relevant identifying reference and should identify the original transaction's budget program by fund source or justification for a change in allocation methodology."

Information: Our testing included a review of 11 manual journal entries with a total absolute value of \$3,257,232.15. Seven (7) of the 11 manual journal entries with a total absolute value of \$1,789,206.91 did not contain sufficient documentation to support the entry being made. The seven (7) manual journal entries affected various fund sources and budget programs.

We performed inquiries of management to determine the purpose of these manual journal entries. Our inquiries revealed that the manual journal entries were made to re-rate balances on various fund sources in order to stay in compliance with the Appropriations Act. For instance, one manual journal entry included in our review moved expenditures totaling \$889,639.60 from State funds to Other funds in the Parks, Recreation and Historic Sites program. Without this manual journal entry, the Department would have reported a deficit fund balance of \$818,422.67 in State funds in the Parks, Recreation and Historic Sites program.

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal control policies and procedures to ensure compliance with the Financial Management Policies and Procedures.

Effect: Making journal entries without adequate supporting documentation may result in misstatements in the financial statements including misstatements due to fraud.

Recommendation: The Department of Natural Resources should develop and implement policies and procedures to ensure that adequate documentation is maintained and reviewed prior to approving journal entries. Also,

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

additional training on the guidelines included in the Financial Management Policies and Procedures should be provided to employees responsible for preparing and approving journal entries as needed.

REVENUE, DEPARTMENT OF

Finding Control Number: **FS-474-12-01**

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

Condition: The Department of Revenue (Department) did not perform adequate bank reconciliation procedures for various bank accounts. Exceptions noted were as follows:

1. The bank statement balance on the bank reconciliations for the Electronic Fund Transfer (EFT) account did not agree with the bank statement balance on the bank statements for the months of September 2011 and October 2011.
2. The bank reconciliation for the Revenue Collections – IRS Offsets account for the month of June 2012 was incorrect. The adjustments added to the general ledger balance should have been subtracted from the bank balance.
3. The following reconciliations contained supporting schedules in the bank reconciliation package that did not agree with the bank reconciliation:
 - The Revenue Collections account for the months of July 2011, October 2011, and November 2011.
 - The Corporate Control Disbursement account for the month of November 2011.
4. The following bank reconciliations contained adjustments that were not corrected in accordance with cash management policies and procedures:
 - The Operating account for the months of November 2011, December 2011, and April 2012 through June 2012.
 - The Payroll account for the months of September 2011 through November 2011 and January 2012 through June 2012.
 - The General Disbursement account for the months of July 2011 through February 2012, April 2012, and June 2012.
 - The Lockbox account for the months of July 2011, September 2011, October 2011, December 2011 through February 2012, and April 2012.
 - The Revenue Collections account for the months of July 2011 through June 2012.
 - The Income Tax - Control Disbursement account for the months of July 2011 through December 2011, April 2012, and May 2012.
 - The Corporate Refunds account for the months of July 2011 through June 2012.
 - The Corporate Control Disbursement account for the months of July 2011 through April 2012.
5. The following bank reconciliations contained completion dates on the electronic bank reconciliations that were different from the completion dates on the hard copy bank reconciliations:
 - The Payroll account for the month of July 2011.
 - The Revenue Collections – IRS Offsets account for the month of July 2011.
 - The Income Tax – Control Disbursement account for the month of July 2011.
 - The Corporate Refunds account for the months of July 2011, October 2011, and November 2011.
6. The bank reconciliation for the Corporate Refunds account for the month of December 2011 contained a December 15, 2011 completion date and a December 19, 2011 approval date.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

7. The following bank reconciliations were not prepared and approved in a timely manner:
 - The Operating account for the month of June 2012.
 - The Corporate Refund account for the months of September 2011, and December 2011 through May 2012.
8. The bank reconciliations for the Operating account, Income Tax - Control Disbursement account, Corporate Refunds account, and Corporate Control Disbursement account contained outstanding checks that have been outstanding for over one year.

Criteria: Cash Management Policies and Procedures Policy Number CM-100008 issued by the State Accounting Office provides bank reconciliation policy and procedures for organizations to follow. An adequate system of internal controls dictates that bank reconciliations be performed at a minimum on a monthly basis, and as appropriate, include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description and amount, 3) adjustments are identified and made in accordance with applicable policies and procedures, and 4) evidence of an effective supervisory review and approval function. In addition, best business practices dictate that all checks over a year old should be canceled or voided.

Cause: The deficiencies noted above were the result of the Department's failure to adequately manage and monitor their bank reconciliation process.

Effect: Failure to maintain an effective bank reconciliation process increases the risk of material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Revenue should review their current internal control procedures regarding their bank reconciliations and implement additional policies and procedures to ensure an effective bank reconciliation process is in place. In addition, the Department should review outstanding checklists each month and make adjustments accordingly for outstanding checks over one year old.

Finding Control Number: **FS-474-12-02**

REVENUES AND RECEIVABLES

Improper Retention of Fees

Condition: Pursuant to Act No. 360 of the 2009-2010 General Assembly, additional fees were collected by the Department of Revenue (Department). The Department collected and retained a portion of the License Fees for Coin Operated Amusement Machines in the amount of \$381,000.00 rather than remitting the fees to the State Treasury.

Based on our review of the constitutional provisions and the statutory authority to impose fees related to coin operated amusement machines described below, there does not appear to be a legal basis by which the Department may retain and expend these funds.

Criteria: Article VII, Section III, Paragraph II (a) of the Georgia Constitution provides as follows: "Except as otherwise provided in this Constitution, all revenue collected from taxes, fees, and assessments for state purposes, as authorized by revenue measures enacted by the General Assembly, shall be paid into the general fund of the state treasury."

Statutory authority to impose fees related to coin operated amusement machines is set forth in Chapter 17 of Title 48 of the Official Code of Georgia Annotated (O.C.G.A.). However, no authority to retain such fees was identified within this code section.

Information: The Appropriations Act for fiscal year 2013 in regards to License Fees for Coin Operated Amusement Machines provides for State funds in the amount of \$300,000.00 to replace fees required to be remitted to the Office of the State Treasurer, pursuant to the State of Georgia 2011 Budgetary Compliance Report.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Cause:** A portion of the License Fees for Coin Operated Amusement Machines, as indicated above, was retained by the Department to recover processing costs; however, we are unaware of either a constitutional provision or a statutory authority allowing the Department to retain such fees.
- Effect:** Retention and use of the aforementioned fees by the Department results in noncompliance with the Georgia Constitution and O.C.G.A.
- Recommendation:** As noted in the Information paragraph above, State funds to replace the retention of License Fees for Coin Operated Amusement Machines have been added to the Department of Revenue's budget by the Appropriations Act for fiscal year 2013. The Department of Revenue should consult with the Attorney General regarding any questions they may have regarding the constitutionality of or statutory authority for the retention of fees they collect.

SECRETARY OF STATE

Finding Control Number: **FS-478-12-01**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation and Accounting Procedures

- Condition:** During our review of the Office of the Secretary of State's bank reconciliation process, we noted instances where the bank reconciliations and the bank reconciliation approvals were not performed in a timely manner and an instance where a reconciling item was not recorded on the general ledger in a timely manner.
- Criteria:** In accordance with Cash Management Policies and Procedures Policy Number CM-100008 - Bank Reconciliation Policy and Procedure issued by the State Accounting Office (SAO), "All Agencies shall reconcile their state bank accounts monthly by an employee not involved in recording cash receipts and disbursements. All monthly reconciliations should be reviewed and signed by a fiscal officer who did not participate in the reconciling function. Book reconciling items shall be investigated and adjusting book entries shall be recorded within the same month as monthly bank reconciliation sheets are received."
- An adequate system of internal controls calls for the performance of a monthly reconciliation between the bank statement and the general ledger. Each bank reconciliation should be reviewed and approved by someone not involved with the reconciliation and all reconciling items should be corrected in a timely manner.
- Information:** Our review of the bank reconciliation for four (4) bank accounts at the Office of the Secretary of State revealed 15 instances where the reconciliation was not performed within 30 days and 20 instances where the review and approval of the bank reconciliations were performed after 60 or more days.
- In addition for the Operations Bank Account, we noted that two (2) items listed as "Items in Transit" originally posted to the December 2011 reconciliation were still showing as reconciling items on the June 2012 bank reconciliation.
- Cause:** These deficiencies were the result of the Department's failure to adequately manage and monitor the bank reconciliation process, including adjusting the general ledger in a timely manner when applicable. In addition, the Accounting Supervisor for the Office of the Secretary of State indicated that there had been significant turnover in staff during the past year and that this issue would be corrected going forward.
- Effect:** The failure to maintain an effective bank reconciliation process increases the risk of material misstatements in the financial statements including misstatements due to fraud.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Recommendation: The Office of the Secretary of State should implement additional policies and procedures to ensure an effective bank reconciliation process is in place, and reconciling items are reviewed and adjusted to the general ledger in a timely manner when applicable.

TRANSPORTATION, DEPARTMENT OF

Finding Control Number: **FS-484-12-01**
EXPENSES/EXPENDITURES AND LIABILITIES
Closeout Procedures

Condition: The Department of Transportation (Department) did not have adequate monitoring procedures in place to ensure that their project closeout procedures were properly and consistently performed, documented and completed in a timely manner by project managers or field operations personnel.

Criteria: The *Accounting Procedures Manual* for the State of Georgia (Manual), Section Five, Page 5-6-1 states, in part: "... monitoring helps to ensure that control activities and other planned actions that effect internal control are carried out properly and in a timely manner and that the end result is effective internal control. Ongoing monitoring activities include various management and supervisory activities that evaluate and improve the design, execution, and effectiveness of internal control..." The Manual also states that management should establish procedures for adequate inter-departmental communication and "...should regularly ensure that the people they are responsible for are receiving and sharing information appropriately, and that information is timely, sufficient and appropriate to the user(s)."

According to the State Accounting Office (SAO) Accounting Directive AD 200905, "For proper accounting and year end calculation of surplus, all open encumbrances should be reviewed and any funds that will not be needed should be disencumbered. This is done by either canceling or closing the Purchase Order associated with the encumbrance."

Information: Our examination of project data recorded in the Department's accounting records revealed 610 open purchase orders with no payment activity in over three (3) years. Of the 610 open purchase orders, the Department identified 213 open purchase orders with outstanding balances totaling \$17,783,729.93 that were not expected to have additional payments. These purchase orders were closed by the Department during the fiscal year.

In addition, during our examination of ten (10) open purchase orders totaling \$3,086,025.82 that obligated State General Funds and had no payment activity in over a year, we identified three (3) open purchase orders totaling \$618,453.98 that should have been closed or canceled by the Department since no additional payments were expected. Audit adjustments were posted to close these purchase orders.

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal control procedures that provide for consistent monitoring of project closeout procedures and timely communication of project status.

Effect: Inadequate monitoring procedures increase the risk of material misstatement in the financial statements including misstatements due to error or fraud.

Recommendation: The Department of Transportation should develop and implement monitoring procedures that enable management to identify and investigate any delays in the completion of project closeout procedures and evaluate the status of inactive projects in a timely manner.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FS-484-12-02**

EXPENSES/EXPENDITURES AND LIABILITIES

Internal Control Deficiencies Over Contractual Obligations

Condition: Our examination of the Department of Transportation's (Department) fiscal year 2012 contractual obligations, which consisted of construction, consultant, railroad, utility and right-of-way contracts and contract modifications (i.e. contract amendments and supplemental agreements), disclosed the following deficiencies:

1. The Department did not have adequate internal controls in place to monitor the recording of consultant, railroad, utility and right-of-way contracts and contract modifications.
2. Controls performed to ensure the timely recording of construction contracts were not adequately documented from July 2011 through March 2012.
3. Fifty-two (52) contractual obligations were recorded on the general ledger more than sixty (60) days after execution by the Department. Forty-seven (47) of the fifty-two (52) contractual obligations were consultant contracts.
4. One (1) supplemental agreement in the amount of \$9,040.00 and three (3) consultant contracts totaling \$1,970,419.41 were unrecorded as of fiscal year end. The supplemental agreement was executed by the Department in October 2011 and the consultant contracts were executed in June 2012.

Criteria: An adequate system of internal controls dictates that contractual obligations be supported with adequate documentation and recorded on the general ledger in a timely manner to ensure that liabilities are recognized as soon as they are incurred in accordance with generally accepted accounting principles.

The Department of Transportation's Contracts Processing policy (7110-9) states, in part:

"It is the policy of the Georgia Department of Transportation, Office of General Accounting to process contracts, supplemental agreements (SAs), and modifications (MODs) as they are received in the Contracts Payable Unit on a daily basis or as time permits"; and

"To ensure all construction contracts are received and recorded timely, the Contracts Payable Unit will check off the contracts as they are received on a tracking document created from the letting and follow up periodically with appropriate departments/personnel if the contracts are not received."

Information: Six (6) of the fifty-two (52) contractual obligations noted above were identified during our review of sixty-one (61) contractual obligations consisting of twenty-one (21) individually significant item contractual obligations totaling \$515,597,647.96 and forty (40) random sample item contractual obligations totaling \$22,698,762.33 that were recorded on the Department's general ledger during the fiscal year (FY). Furthermore, forty-six (46) of the fifty-two (52) contractual obligations were identified during our review of contractual obligation data, which included one hundred forty-five (145) items totaling \$60,215,775.55, reported on six (6) vendor confirmations. The unrecorded supplemental agreement and consultant contracts were also identified on the vendor confirmations.

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal controls to ensure the timely recording of consultant, railroad, utility and right-of-way contracts and contract modifications and to provide for adequate documentation of controls in place over the construction contract recording process.

Effect: Failing to record contractual obligations in a timely manner resulted in budgetary expenditures and liabilities being understated with fund balance being overstated by \$1,979,459.41. In addition,

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

inadequate internal controls over contractual obligations increase the risk of material misstatement in the financial statements including misstatements due to error or fraud.

Recommendation: The Department of Transportation should develop and implement additional internal control policies and procedures that will enable management to consistently identify and investigate delays in the recording of consultant, railroad, utility and right-of-way contracts and contract modifications. In addition, management should monitor controls over the construction contract recording process to ensure that the controls are properly performed and documented.

Finding Control Number: FS-484-12-03

CAPITAL ASSETS

Inadequate Capital Asset Records - Land

Condition: The Department of Transportation (Department) failed to maintain an adequate subsidiary capital asset inventory record for land. The Department's records as presented for audit did not include the following information: Number of acres, location, parcel number, and total cost per parcel.

Criteria: The State Accounting Office's *Accounting Policy Manual* requires that state organizations maintain a complete and accurate capital asset inventory record. The inventory record for land should include detailed information such as number of acres or square footage, location, parcel number, and total cost per parcel.

Cause: The deficiency noted above is a result of management's failure to implement adequate policies and procedures to ensure that the Department's capital assets are accounted for and reported in accordance with guidelines established by the *Accounting Policy Manual*.

Effect: Failure to maintain complete and accurate capital asset inventory records could result in the misappropriation of assets and a material misstatement in the financial statements.

Recommendation: The Department of Transportation should maintain its land inventory in a manner such that each parcel of land identifies, at a minimum, the number of acres, location, parcel number, and cost (or estimated historical cost).

Finding Control Number: FS-484-12-100

ACCOUNTING CONTROLS (OVERALL)

GENERAL LEDGER

FINANCIAL REPORTING AND DISCLOSURE

BUDGET

Budgetary Compliance Deficiencies

Condition: Our examination of the Department of Transportation's (Department) accounting records and statutory basis financial statements as presented in the Budgetary Compliance Report disclosed the following deficiencies:

1. We could not determine the accuracy of the prior year reserve carry-over amounts for "Other Funds" by program, and consequently the subsequent adjustments to those balances in the current year.
2. State Motor Fuel total funds available exceeded appropriated amounts, primarily attributable to a prior year audit adjustment amount from the Uncontrolled Program that was allocated by the Department to various programs during the current fiscal year. The amount adjusted during the fiscal year as reported under the column heading Program Transfers or Adjustments in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source was not appropriated to budget programs by the 2012 Amended Appropriations Act.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Although deficiencies were identified during our examination, it was noted that the Department made significant efforts during the fiscal year to record budget year 2012 revenue and expenditure transactions to the proper programs and funding sources. The deficiencies identified during our examination primarily relate to prior year reserve carry-over balances and adjustments (i.e., manual journal entries and post-closing adjusting entries) for transactions with prior budget years.

Based on discussions with the Department, most of the aforementioned adjustments were made to correct prior year deficit fund balances and other apparent misstatements reported on the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source when the prior year balances were carried over and recognized as funds available in the current year. The deficit fund balances were the result of the Department's inability in prior years to maintain their accounting records at the legal level of budgetary control, which is funding source within program.

Criteria: Each appropriated budget unit of the State is subject to compliance requirements relating to Prioritized Program-Based Budgeting. These compliance requirements are identified in Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia which states in part, "...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." and in the 2012 Appropriations Act, as amended which prohibits an appropriated budget unit from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program).

The Management Responsibilities section in the State Accounting Office's (SAO) *Accounting Policy Manual* states, in part: "The management of each organization of state government is ultimately responsible for the accuracy and completeness of its accounting and financial records and reports, including ensuring compliance with applicable laws and regulations."

Cause: The deficiencies noted were the result of the Department's failure to properly record prior year transactions at the legal level of budgetary control and documentation was insufficient to support amounts reported in the financial statements.

Effect: We were unable to determine whether the Department complied with the requirements of the 2012 Amended Appropriations Act and Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia with regard to the amounts for Other Funds and adjustments to State Motor Fuel Funds that were reported under the column heading of Program Transfers or Adjustments on the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source.

Recommendation: The Department of Transportation should develop an overall action plan, including timeline, to correct all prior year fund balances by program and fund source. Unless new legislation is adopted to address the situation, the Department should continue to seek reallocation through the General Assembly for all prior year reserve carry-over balances for State Motor Fuel Funds that were not allocated to budget programs by the 2012 Amended Appropriations Act.

Finding Control Number: **FS-484-12-101**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
FINANCIAL REPORTING AND DISCLOSURE
BUDGET
Budgetary Noncompliance on Statutory (Budgetary) Basis Financial Statements

Condition: In conjunction with our review of the Budgetary Compliance Report (BCR) for the Department of Transportation (Department), an analysis of fund balance between current year and prior years was performed. Based on this analysis, the following instances of prior year ending fund balance deficits were identified:

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

1. Program: Departmental Administration
Fund Source: State Motor Fuel Funds - Prior Year
Deficit Ending Fund Balance: \$582.83
2. Program: Transit
Fund Source: Other Funds
Deficit Ending Fund Balance: \$93,835.68
3. Program: Program Not Identified
Fund Source: State Motor Fuel Funds
Deficit Ending Fund Balance: \$57,166,365.31

In addition, the Department was unable to provide adequate supporting documentation for the overall Other Funds reserve balance of \$4,145,410.06 that was reported on the Statement of Changes to Fund Balance by Program and Funding Source as presented in the State of Georgia Budgetary Compliance Report.

Criteria: Article VII, Section IV, Paragraph VIII of the Constitution of the State of Georgia provides, in part, "...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that Fund Balance by budget year, budget program, and funding source (i.e., the legal level of budgetary control) should not be debit balances in the accounting records.

The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

In addition, adequate documentation supporting reserves of Other Funds should include a detail of the transactions that support the reserve amount, intended usage, and legal authorization.

Cause: The deficiencies noted were due to the net effect of the Department's adjustments, primarily attributable to error corrections to carryover amounts from prior budget periods, and inability to provide sufficient supporting documentation for Other Reserves reported on the Statement of Changes in Fund Balance by Program and Funding Source.

Effect: Noncompliance with the Constitution of the State of Georgia and increased risk of material misstatement in the financial statements and budget comparison report. In addition, failure to properly identify and provide adequate supporting documentation for the overall Other Funds reserve balance does not allow for the proper classification of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54 as reported in other statewide reports.

Recommendation: The Department of Transportation should implement additional policies and procedures, as needed, to adequately monitor program fund balances between current year and prior years and to make adjustments, as needed, to ensure compliance with Constitution of the State of Georgia. In addition, the Department should ensure that all Other Reserves reported on the Statement of Changes to Fund Balance by Program and Funding Source are properly identified and supported by adequate documentation.

FORT VALLEY STATE UNIVERSITY

Finding Control Number: **FS-533-12-01**
ACCOUNTING CONTROLS (OVERALL)
Logical Access - Inadequate Separation of Duties

Condition: The University did not maintain adequate separation of duties involving key accounting functions. The University does not have a formal process to periodically review application access to financial systems. This is a repeat finding (FS-533-11-01) from the year ended June 30, 2011.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Criteria: Management of the University is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are properly processed and reported. Separation of duties involving key accounting functions and the monitoring of user access to financial systems are the basis for achieving an adequate system of internal control.

Information: The following deficiencies were noted:

1. An employee responsible for the receipt and custody of cash also prepared and approved deposits; posted receipts into the student information system (BANNER); had the ability to maintain and update detail codes in the BANNER system; reconciled deposits posted to the general ledger in the financial accounting system (PeopleSoft); and performed the reconciliation of the feed of financial information from BANNER to PeopleSoft (TGRRCON).
2. Two employees were found to have a security role in the PeopleSoft System outside of their job responsibilities.
3. Employees who had the ability to add new hires also had the ability to make pay changes.
4. One user had inappropriate access to the privileged IT menus within the PeopleSoft financial system.
5. Three employees had continued access to the PeopleSoft and BANNER systems after the date of separation from employment.

Cause: The University did not adequately separate the functions of initiating, authorizing, and recording transactions, reconciliations, and maintaining the custody of assets. Additionally, the University did not adequately establish a process to monitor appropriate access to financial systems. Compensating controls were either not adequately designed or not formally documented.

Effect: Without satisfactory accounting policies and procedures requiring proper separation of duties and governing financial system access, the University could place itself in a position where potential misappropriation of assets, fraud, errors and/or irregularities could occur. In addition, the lack of controls could impact reporting of the University's financial position and results of operations.

Recommendation: Management should review the established internal control structure and revise or implement controls to ensure that proper separation of duties exists. Application access controls in the accounting information systems should complement the system of internal control by limiting an employee's access to only the accounting functions necessary for the performance of the employee's duties. In the case when management determines separation of duties is not cost beneficial, management should implement compensating controls that assist in assuring that financial transactions are properly processed and reported. A periodic review of financial system access should be implemented by management to determine that access continues to be appropriate based on job responsibility. Evidence of the review process should be maintained for a period of 18 months.

Finding Control Number: FS-533-12-02
CASH AND CASH EQUIVALENTS
Inadequate Accounting Controls

Condition: The accounting procedures of the University were insufficient to provide adequate controls over Cash and Cash Equivalents.

Criteria: An adequate system of internal controls dictates that bank reconciliations be performed on a monthly basis, and include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description, 3) adjustments identified and made in a timely manner, and 4) evidence of an effective supervisory review and approval function.

Information: A review of the bank reconciliations for the operating and payroll accounts revealed the following:

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

1. Bank reconciliations were not performed in a timely manner. No preparation date was reflected on any of the monthly bank reconciliations and many of the operating account reconciliations did not reflect a review and approval date.
2. The book balance per the June 30, 2012 operating account bank reconciliation did not agree to the general ledger by \$43,866.44.
3. Reconciling items recurred on the operating account bank reconciliations for an extended period of time.
4. The bank reconciliations did not reflect the preparer's signature or initials. Therefore, auditors were unable to verify the actual preparer of the reconciliations.
5. An entry to cash was duplicated on the general ledger, resulting in the overstatement of the operating cash by \$129,869.

Cause: The University's management did not implement satisfactory controls to ensure that bank reconciliations were properly performed and reviewed and reconciling items were properly identified and corrected within a reasonable amount of time.

Effect: Without satisfactory accounting controls and procedures in place, the University could place itself in a position where the potential misappropriation of assets could occur. In addition, the lack of controls could impact reporting of its financial position and results of operations.

Recommendation: Management should monitor accounting controls and procedures currently in place, identify weaknesses and implement procedures to strengthen the internal controls over the bank reconciliation process.

Finding Control Number: **FS-533-12-03**

FINANCIAL REPORTING

Inadequate Controls over the Financial Reporting Process

Condition: The University's accounting procedures were insufficient to provide for adequate controls over the preparation of the financial statements. This is a repeat finding (FS-533-11-04) from the year ended June 30, 2011.

Criteria: A system of internal control over financial reporting does not stop at the general ledger. Management is responsible for implementing a system of internal control over the preparation of financial statements prepared in accordance with generally accepted accounting principles (GAAP) and the budget basis financial statements provided for inclusion of the State of Georgia Budgetary Compliance Report.

Information: The following deficiencies were noted in the University's GAAP and budget basis financial statements:

1. Several reclassification and journal entry errors were made to the budget funds, causing fund balance reserves to be incorrect on the budget basis financial statements. Immaterial audit adjustments were proposed and posted to correct these errors.
2. Numerous misstatements and misclassifications were noted on the GAAP basis financial statements. Audit adjustments were proposed and posted to correct errors noted. The effect of the remaining uncorrected misstatements is immaterial.
3. Several errors were noted in the Notes to the Financial Statements. Audit adjustments were proposed and posted to correct these errors.

Cause: The University's management did not implement controls to adequately review the year-end financial statements to ensure that the statements as presented for audit were accurate and properly supported by underlying accounting records.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Effect: The lack of controls and monitoring could impact the reporting of the University's financial position and results of operations. Failure to prepare and submit accurate financial statements prohibits users from having access to pertinent financial information needed for decision making.

Recommendation: The University should review the accounting controls and procedures currently in place, identify weaknesses, and design and implement procedures necessary to strengthen controls over the preparation of the financial statements.

Finding Control Number: **FS-533-12-04**
REVENUES/RECEIVABLES/RECEIPTS
Inadequate Accounting Procedures

Condition: Internal control procedures were insufficient to provide adequate collection of student accounts receivable balances.

Criteria: The Board of Regents' Business Procedures Manual establishes guidelines for granting of credit to students and the collection and billing of student account balances. Violations of the following policy requirements were noted upon testing student accounts receivable amounts at the University:

- 1) Per Section 10.1.1, "all students having student accounts with a balance older than ninety (90) days must have services withheld until the balance is paid. The restriction of services will prevent the student from having access to transcripts, registering for additional classes, or graduating until the receivable is paid."
- 2) Per Section 10.7.4, "collection efforts should occur at 30, 60 and 90 days since the due date and the account should be referred to a collection agency when the account is more than 180 days past due."
- 3) Per Section 10.4.1, "all uncollectible accounts aged more than one hundred eighty (180) days from the due date should be reserved as an uncollectible account."

Information: A review of student accounts receivable balances revealed the following:

1. Upon testing of ten students, there were three instances noted of services that were provided to students and charges were placed on student accounts when the student had maintained an outstanding balance on their student account for a period greater than 90 days.
2. Auditor found that out of a sample of 36 students, collection efforts were not sufficient for 16 students.
3. Receivables amounts held in financial aid clearing accounts were not reviewed to determine if balances aged more than 180 days should be recorded as an uncollectible account.

Cause: The University's management did not properly implement Board of Regents' policies designed to promote the collection of past due student accounts receivables.

Effect: The University has incurred student accounts receivable that are not likely to be collected.

Recommendation: The University should follow billing and collection guidelines as set forth in the Board of Regents' Business Procedures Manual.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

SOUTHERN POLYTECHNIC STATE UNIVERSITY

Finding Control Number: **FS-550-12-01**

CAPITAL ASSETS

Inadequate Controls

Condition: Accounting procedures of the University were insufficient to provide adequate controls over Capital Assets.

Criteria: The University should maintain capital asset records in accordance with capitalization guidelines and Instructions provided in Chapter 7 of the Board of Regents' Business Procedures Manual.

Information: The following deficiencies were noted relating to Capital Assets:

1. The University made manual entries to the financial statements to record Georgia State Financing and Investment Commission capital asset activity, however detailed listings of these additions were not provided to the auditor. Buildings were adjusted by \$1,469,612 and Equipment was adjusted by \$1,246,289.
2. An unknown variance was noted between the current year additions and current year deletions for Equipment in the amount of \$26,989.
3. Assets totaling \$69,128 reported as Equipment did not meet the capitalization threshold according to the University's Capital Asset Policy.
4. Two assets were not depreciated correctly, resulting in a net overstatement of depreciation expense of \$497,476.
 - a. One building was depreciated for only eleven months during the fiscal year which resulted in depreciation expense being understated by \$120,769.
 - b. One building is currently being depreciated with an estimated useful life of thirty years. According to the University's capital asset policy, the useful life should be sixty years. The effect of this error in the current fiscal year is an overstatement of depreciation expense of \$618,245.

Cause: The University's management failed to implement appropriate internal controls and procedures necessary to properly record, maintain, and monitor capital assets.

Effect: Failure to accurately record, maintain and monitor capital assets could result in potential misappropriation of assets and misrepresentation of the University's financial position and results of operations could occur.

Recommendation: The University should establish appropriate procedures and controls to ensure that adjustments are made in a timely manner to the Capital Assets Module and the related subsidiary records to ensure proper reporting by category in the future. In addition, controls should be implemented to ensure that depreciation expense is properly recorded.

Finding Control Number: **FS-550-12-02**

FINANCIAL REPORTING

Inadequate Controls

Condition: The University's accounting procedures were insufficient to provide for adequate controls over the financial statement preparation process.

Criteria: A system of internal control over financial reporting does not stop at the general ledger. Management is responsible for implementing a system of internal control over the preparation of financial

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

statements prepared in accordance with generally accepted accounting principles (GAAP). Additionally, the University is required to annually submit GAAP basis financial statements for inclusion in the State of Georgia's Comprehensive Annual Financial Report (CAFR) and the State of Georgia's Single Audit Report.

Information: During the audit the following deficiencies were noted in the University's GAAP basis financial statements.

1. The University did not restate their beginning net assets for a change in its method of reporting Summer Tuition and Fees and associated expenses. Adjustments to Tuition and Fees in the amount of (\$3,304,376), Salaries and Benefits expenses of \$1,059,232 and the net change to beginning net assets of (\$2,245,144) were proposed and accepted to correct the error.
2. Activity between the University and Foundation was not reported properly. Funds due to the University and held by the Foundation at June 30, 2012, were reported as an Investment instead of as Accounts Receivable. A reclassification entry of \$1,808,625 was proposed and accepted to correct the error.
3. During the fiscal year, it was determined that past Housing Revenues were improperly distributed to the University's Foundation. The University performed an analysis and recouped the funds from the Foundation. The recoup of funds associated with prior periods totaled \$543,825, which were recorded as revenue in the current fiscal year. An adjustment to auxiliary enterprises revenue and beginning net assets was proposed and accepted to correct the error.
4. Various errors were noted for correction by the auditors in the Notes to the Financial Statements related to Note 2: Deposits and Investments and Note 8: Lease Obligations.
5. Entries made during the fiscal year to record the activity of an investment account resulted in the investment being reported on the Statement of Net Assets as both an Investment and also within Cash and Cash Equivalents. This resulted in an overstatement of assets of \$59,570.
6. Accounts Payable in the amount of \$1,277,121 could not be documented by the University.

Cause: The University's management failed to adequately review the year-end financial statements to ensure that the statements as presented for audit were accurate and properly supported by underlying accounting records.

Effect: Significant and material misstatements were included in the financial statements presented for audit. In addition, the lack of controls and monitoring could impact the reporting of the University's financial position and results of operations.

Recommendation: The University should review the accounting controls and procedures currently in place, identify weaknesses, and design and implement procedures necessary to strengthen controls over the preparation of the financial statements.

VALDOSTA STATE UNIVERSITY

Finding Control Number: **FS-551-12-01**
EMPLOYEE COMPENSATION
Inadequate Controls over Employee Compensation

Condition: The accounting procedures of the University were insufficient to provide adequate controls over employee compensation.

Criteria: The University's management is responsible for designing and maintaining policies and procedures to ensure that financial activity is properly processed and reflected on the University's financial records.

Information: The following deficiencies were noted during our review of activities performed by the Human Resource Department:

1. Two employees had not properly elected to enroll in a retirement program and therefore no deductions had been made to contribute to a retirement program.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

2. One employee continued to accrue sick and vacation time while on unpaid leave.
3. One individual received a direct deposit payment for salary who was not officially hired by the University.
4. One employee received four months salary while on unpaid leave during fiscal years 2011 and 2012.
5. Several errors were noted in the payment of benefit premiums for those employees who were on unpaid leave.

Cause: These deficiencies were the result of management's failure to ensure that internal controls over the employee compensation process were established, implemented and functioning.

Effect: This could result in errors in financial reporting and increases the risk of material misstatement in the financial statements, including misstatements due to fraud.

Recommendation: The University should review the accounting controls and procedures in place and design and implement procedures relative to the accounting functions in the human resources department to ensure that financial activity is properly processed and reflected on the University's accounting records.

GEORGIA PERIMETER COLLEGE

Finding Control Number: **FS-571-12-01**

CAPITAL ASSETS

Inadequate Internal Controls

Condition: The accounting procedures of the College were insufficient to provide adequate control over Capital Assets.

Criteria: The College should maintain capital asset records in accordance with capitalization guidelines and instructions provided in Chapter 7 of the Board of Regents' Business Procedures Manual.

Information: The following deficiencies were noted relating to Capital Assets:

1. Periodic reconciliations of capital asset additions to capital outlay expenses were not performed for the period under review.
2. During the financial statement preparation process, the College identified and corrected numerous errors related to unrecorded capital assets, unsupported acquisition costs, and inaccurate depreciation expense.

Cause: The College's previous management failed to implement appropriate internal controls and procedures necessary to properly record, maintain and track capital assets.

Effect: By failing to accurately record and track capital assets, the College could place itself in a position where potential misappropriation of assets could occur and impact reporting of its financial position and results of operations.

Recommendation: While clean-up efforts were completed by the end of the fiscal year, the College should ensure that appropriate procedures and controls exist throughout the year to ensure that capital asset activity is properly recorded, maintained and reported on the financial accounting system.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FS-571-12-02**
GENERAL LEDGER
REVENUES/RECEIVABLES/RECEIPTS
Inadequate Controls over Restricted Funds

- Condition:** The accounting procedures of the College were insufficient to provide adequate controls over the Restricted Fund activity.
- Criteria:** NCGA Statement 1, paragraph 1, prescribes that an accounting system (1) present fairly and fully disclose the funds of the governmental unit in accordance with generally accepted accounting principles and (2) demonstrate compliance with finance related legal and contractual provisions. Additional administrative requirements are contained in the University System of Georgia, Board of Regents Business Procedure Manual and pertinent sections of the Official Code of Georgia Annotated (O.C.G.A.).
- Information:** The following deficiencies were noted in the review of the Restricted Grant Activity:
1. Revenues/Receivables/Receipts
Numerous accounts receivable and revenues associated with Restricted Grant funds were inadequately documented and/or inaccurately recorded on the general ledger. The College made significant adjustments throughout the fiscal year in an effort to correct these issues.
 2. General Ledger
Reconciliations of net assets by Restricted fund project were not performed to ensure that revenues equaled expenditures. At the beginning of fiscal year 2012, deficit balances existed totaling \$1,433,607.29 within 18 restricted projects. The College has performed procedures to correct errors related to these deficits. A net unidentified excess fund balance of approximately \$108,000 remained as of the end of fieldwork. The College is continuing efforts to identify the proper restricted projects related to the unidentified fund balance.
- Cause:** The College's previous management failed to implement satisfactory controls to ensure that activity for the Restricted Grant Funds is properly documented and recorded in the accounting records.
- Effect:** Failure to implement satisfactory accounting controls and procedures could cause internal reports to management, grantor reimbursement request and other restricted grant information generated from the general ledger to be inaccurate and misleading. In addition, the College could place itself in a position where potential misrepresentations of financial activities could occur.
- Recommendation:** The College should review the accounting controls and procedures currently in place, identify weaknesses, and design and implement procedures necessary to strengthen controls over the accounting function for Restricted Grant Funds.

Finding Control Number: **FS-571-12-03**
FINANCIAL REPORTING
Inadequate Accounting Procedures over Budget Preparation and Execution

- Condition:** The College failed to properly monitor budgetary financial activity during the year.
- Criteria:** Management is responsible for establishing, maintaining and monitoring procedures, the purpose of which is to ensure the fair presentation of the budget basis financial statements provided for inclusion in the State of Georgia Budgetary Compliance Report.
- Information:** The following deficiencies were noted in the College's budget preparation and execution:
1. Budget amendments submitted to the Board of Regents were not accurately loaded into the College's financial system until the end of the fiscal year.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

2. Budgets that were loaded were consistently overridden, and up to 16 College personnel had authority to override financial system budget controls.
3. Management relied on inaccurate, internally generated spreadsheets that did not correspond to the General Ledger.
4. Evidence to support periodic monitoring of budgeted activity to actual activity could not be provided.

Due to the deficiencies in budget preparation and execution, the College experienced a significant financial shortfall during the current fiscal year. In an effort to reduce the budgetary deficit and to provide cash flow, the College made the following entries:

1. The College moved \$4.7 million in summer 2012 tuition and fee revenue from fiscal year 2013 to fiscal year 2012. This created a situation where both summer 2011 and summer 2012 tuition and fee revenue is reported in the same period for budgetary reporting. This treatment is unsustainable and overstates the College's budgetary financial position at year end. Tuition and fee revenue is correctly reported in the 2012 GAAP basis financials.
2. In an effort to provide immediate cash flow to cover current liabilities, the Board of Regents of the University System of Georgia provided a special appropriation of \$9.5 million on June 8, 2012.

Cause: These deficiencies occurred due to inadequate procedures over the College's budget preparation and execution by the College's previous management.

Effect: Failure to implement adequate procedures over budget preparation and execution did cause significant financial shortfalls during the current year. The inability to provide accurate budget basis statements prohibits users from having access to pertinent financial information needed for decision making.

Recommendation: The College should design and implement procedures to ensure appropriate budget preparation and execution and the consistent application of budgetary revenue recognition.

Finding Control Number: **FS-571-12-04**

EMPLOYEE COMPENSATION

Inadequate Internal Controls

Condition: The accounting procedures of the College were insufficient to provide for adequate internal controls over employee compensation (salaries).

Criteria: The College's management is responsible for maintaining internal controls that provide reasonable assurance that employee compensation expense reflected on the financial statements is properly documented, processed and reported.

Information: A review of internal control procedures over the employee compensation process revealed that individuals responsible for ensuring the accuracy of payroll amounts did not adequately monitor the payroll wages disbursed during the entire fiscal year.

Additionally, a sample of 30 employees revealed the following deficiencies:

1. Eleven employees did not have adequate approval on the Personnel Action Request (PAR) form according to the College's policy. Several instances were noted of a stamp rather than a signature being used. The College should monitor the PAR forms to ensure the policy is being adhered to.
2. One employee had unsupported pay. The College should ensure all documentation for pay rate changes are maintained.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

3. One employee was paid 5 checks outside of the end date as noted on the PAR forms. The College should monitor terms of agreements to ensure the approved payments are supported.

Cause: These deficiencies were the result of the weaknesses in the design and operation of the internal controls over employee compensation by the College's previous management.

Effect: Without proper accounting controls and procedures in place, employee compensation abuse could occur and the employee compensation expense could be misstated on the financial statements.

Recommendation: The College should implement policies and procedures to ensure that the processing and reporting of employee compensation expense is properly documented. The College should review employee compensation expenses periodically for accuracy.

Finding Control Number: **FS-571-12-05**

CASH AND CASH EQUIVALENTS

Inadequate Separation of Duties

Condition: The College did not maintain adequate separation of duties involving key accounting functions.

Criteria: Management of the College is responsible for designing and maintaining internal controls that provide reasonable assurance that the transactions are properly processed and reported. Separation of duties involving key accounting functions, both manual and automated, is the basis for achieving an adequate system of internal control.

Information: A review of the College's cash process revealed inadequate separation of duties. One employee reconciled cash, initiated and performed wire transfers, had the ability to prepare and approve cash journal entries and performed several budget overrides during the fiscal year.

Cause: The College did not adequately segregate the functions of initiating, authorizing and recording transactions, reconciliations, and maintaining the custody of assets.

Effect: Without satisfactory accounting policies and procedures requiring separation of duties, the College could place itself in a position where potential misappropriation of assets, fraud, errors and/or irregularities could occur. In addition, the lack of controls could impact reporting of the College's financial position and results of the operations.

Recommendation: Management should review the established internal control structure and revise or implement controls to ensure that proper separation of duties exists.

GORDON STATE COLLEGE

Finding Control Number: **FS-576-12-01**

ACCOUNTING CONTROLS (OVERALL)

Logical Access – Monitoring/Inadequate Separation of Duties

Condition: The College did not maintain adequate separation of duties involving key accounting functions and financial accounting systems.

Criteria: Internal control is a process – affected by an entity's board of directors, management and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Management of the College is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are properly processed and reported. Separation of duties

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

involving key accounting functions, both manual and automated, is the basis for achieving an adequate system of internal control.

- Information: The following deficiencies were noted:
1. Users were noted with access to financial applications that was not required for their job role/responsibilities.
 2. Separation of duties exceptions were identified in several key financial processes including journal entries, cash maintenance, auxiliary-bookstore, purchasing and P-cards.
- Cause: The College did not adequately separate the functions of initiating, authorizing, and recording transactions, and reconciliations. Compensating controls were either not adequately designed or not operating effectively. Additionally, the College did not limit financial accounting system application access to restrict conflicting job responsibilities. The College did not ensure that access to financial systems was appropriate based on job responsibility.
- Effect: A lack of monitoring processes or recertification of access may potentially allow inappropriate access to financial systems to go undetected. Without satisfactory accounting policies and procedures requiring separation of duties and governing financial system access, the College could place itself in a position where potential misappropriation of assets, fraud, errors and/or irregularities could occur. In addition, the lack of controls could impact reporting of the College's financial position and results of operations.
- Recommendation: Management should review the established internal control structure and revise or implement controls to ensure that proper separation of duties exists. Application access controls in the accounting information systems should complement the system of internal control by limiting an employee's access to only the accounting functions necessary for the performance of the employee's duties. In the case when management determines separation of duties is not cost beneficial, management should implement compensating controls that assist in assuring that financial transactions are properly processed and reported. A periodic review of financial system access should be implemented by management to determine that access continues to be appropriate based on job responsibility. Evidence of the review process should be maintained for a period of 18 months.

SOUTH GEORGIA COLLEGE

Finding Control Number: **FS-587-12-01**
EXPENDITURES/LIABILITIES/DISBURSEMENTS
Inadequate Internal Controls

- Condition: The accounting procedures of the College were insufficient to provide adequate controls over the expenditure process.
- Criteria: The College's management is responsible for designing and maintaining internal controls over expenditures that provide reasonable assurance that transactions are valid and are in line with program objectives.
- Information: During the majority of the fiscal year under review, the College did not have adequate policies or procedures in place for expenditures to have proper approval before an expense was incurred. The College did not utilize purchase requisitions or purchase orders in order to document approvals.
- Cause: These deficiencies were a result of management's failure to ensure that internal controls were established, implemented and functioning at the College during the entire fiscal year.
- Effect: Without satisfactory accounting controls and procedures in place, the College could place itself in a position where the potential misappropriation of assets could occur. In addition, the lack of controls could impact reporting of its financial position and results of operations.

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Recommendation: The College's management should design and implement adequate internal controls that provide reasonable assurance that all transactions are valid and are in line with program objectives.

WEST GEORGIA TECHNICAL COLLEGE

Finding Control Number: **FS-826-12-01**

EXPENDITURES/LIABILITIES/DISBURSEMENTS

Inadequate Segregation of Duties

Condition: This is a repeat finding (FS-826-11-03 and FS-826-10-03) from the years ended June 30, 2011, and June 30, 2010, respectively. The accounting procedures of the Technical College were insufficient to provide adequate segregation of duties.

Criteria: Internal control is a process – affected by an entity's board of directors, management and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Separation of duties involving key accounting functions, both manual and automated, is the basis for achieving an adequate system of internal controls.

Information: Accounting procedures were designed to allow certain employees the ability to create and post express vouchers within PeopleSoft and process check runs. Potential compensating controls could not be tested due to a lack of documentation.

Cause: The Technical College has not adequately designed procedures to ensure different employees were responsible for initiating transactions, authorizing transactions, recording transactions, reconciling information, and maintaining custody of assets. In addition, potential compensating controls were either not adequately designed or not formally documented.

Effect: Misstatements due to errors or fraud may occur and not be detected in a timely manner.

Recommendation: The Technical College should revise and implement internal controls to ensure that proper segregation of duties is established. In the case when management determines segregation of duties is not cost beneficial, management should implement compensating controls that utilize system generated reports and data.

FIREFIGHTERS' PENSION FUND, GEORGIA

Finding Number: **FS-950-12-01**

REVENUES AND RECEIVABLES

EXPENSES/EXPENDITURES AND LIABILITIES

FINANCIAL REPORTING AND DISCLOSURE

Admission of Ineligible Members to the Pension Plan

Condition: Prior to beginning our audit of the Georgia Firefighters' Pension Fund (Pension Fund), the Pension Fund's management brought to our attention that part-time firefighters had been granted membership into the Pension Fund even though the statutes establishing and governing the Pension Fund did not specify that part-time firefighters should be considered for membership.

Criteria: Per O.C.G.A. 47-7-1(3), "Firefighter" means a person who is:

(A) A full-time employee of a fire department who in the course of his or her employment by and within a department either is a candidate for or holds a current firefighter's certificate issued under Article 1 of Chapter 4 of Title 25 and has as incident to his or her position of employment the

State of Georgia

Financial Statement Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

principal duty of, and actually performs the function of, preventing and suppressing fires; provided, however, that such term shall not include persons whose primary responsibility is the performance of emergency medical services; or

(B) Appointed and regularly enrolled as a volunteer with a volunteer fire department or combination full-time and volunteer fire department which satisfies the requirements specified in subparagraph (a)(1)(D) of Code Section 25-3-23 and who, as a volunteer firefighter, has and primarily performs the principal responsibility of preventing or suppressing fires.

Cause: The Pension Fund began admitting part-time firefighters as members on July 1, 2006 based on House Bill (HB) 344 which was introduced and passed during the 2005-2006 Regular Session of the Georgia General Assembly with an effective date of July 1, 2006. Parts of HB 344 were specifically related to eligibility for retirement benefits under the Pension Fund. Accordingly, HB 344 amended O.C.G.A. 47-7-1 to change certain definitions. In particular, HB 344 amended O.C.G.A. 47-7-1 to define part-time employment within Section 3 Paragraph 5.1 as “working at a permanent job position for less than 40 hours a week.” However, the amended definition of what constitutes a firefighter did not include any mention of a part-time firefighter.

Effect: The Pension Fund appears to be operating in non-compliance with O.C.G.A. 47-7-1 by granting membership to part-time firefighters. Approving membership into the Pension Fund for participants not authorized by statute calls into question the disposition of member fees received from and benefits paid to those unauthorized members. Furthermore, member data information used in determinations made in the Report of the Actuary on the Valuation of the Georgia Firefighters’ Pension Fund has included counts for unauthorized part-time members; which misstates financial reporting and note disclosure information in the Pension Fund’s audit report. Lastly, the admission of unauthorized members could result in potential litigation or claims against the Pension Fund.

Recommendation: In recognition of this apparent noncompliance with Georgia law, the Georgia Firefighters’ Pension Fund should develop a plan of action regarding how the inclusion of the part-time firefighters as members of the Pension Fund will be addressed going forward. This plan should include the Pension Fund’s proposed approach to handling the consequences of the past participation from July 1, 2006 to the present time and include consideration of past member fees collected and benefits paid to unauthorized members. The plan should also include examining the extent of the impact the unauthorized participation has had on the Report of the Actuary on the Valuation of the Georgia Firefighters’ Pension Fund. Resolution to these areas by the Pension Fund could possibly include seeking legislation to allow for the part-time firefighters to be authorized members of the Pension Fund retroactive to July 1, 2006. In addition, the Pension Fund’s plan of action should include alternative steps to resolving the apparent noncompliance with O.C.G.A. 47-7-1 in its current state should the Pension Fund fail to resolve the issue through legislative efforts. Lastly, the Georgia Firefighters’ Pension Fund’s plan of action should include the development of policies and procedures to ensure that eligibility determinations in the future will be in compliance with all applicable laws and regulations governing the Pension Fund.

(*) THIS FINDING RESULTED FROM AN AUDIT PERFORMED BY OTHER AUDITORS.



**Federal Awards
Findings and Questioned Costs**



State of Georgia

Federal Awards Findings and Questioned Costs Table of Contents For the Fiscal Year Ended June 30, 2012

<u>ENTITY CODE</u>	<u>ORGANIZATIONAL UNIT</u>	<u>PAGE NO.</u>
405	Public Health, Department of.....	84
414	Education, Department of	88
419	Community Health, Department of.....	91
427	Human Services, Department of	96
440	Labor, Department of.....	103
441	Behavioral Health and Developmental Disabilities, Department of.....	109
484	Transportation, Department of.....	112
	Colleges and Universities and Higher Education Foundations	
509	Georgia State University.....	118
5092	Georgia State University Research Foundation	119
524	Armstrong Atlantic State University.....	120
571	Georgia Perimeter College.....	120
572	East Georgia State College.....	122
576	Gordon State College.....	122
584	Middle Georgia College.....	123
	State Technical Colleges	
826	West Georgia Technical College	124
846	Southwest Georgia Technical College	126

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

PUBLIC HEALTH, DEPARTMENT OF

Finding Control Number: **FA-405-12-01**
ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
Inadequate Internal Control Procedures and Documentation
Immunization Grants (CFDA 93.268)
ARRA - IMMUNIZATION (CFDA 93.712)
U.S. Department of Health and Human Services
Grant Awards: Year 2012 - 3H23IP422521-11S1; 6H23IP422521-11

Condition: Our examination of all eleven (11) indirect costs, totaling \$289,695.74, that were charged to the Immunization Cluster (CFDA Nos. 93.268 and 93.712) during fiscal year 2012 revealed that the Department of Public Health (Department) did not have adequate monitoring procedures in place to ensure indirect costs were properly documented, approved and recorded. The following deficiencies were identified:

1. The Department could not provide supporting documentation for two (2) indirect costs totaling \$250,126.17.
2. The Department could not provide evidence of approval for four (4) indirect costs.
3. The amounts recorded on the general ledger for four (4) indirect costs did not tie to supporting documentation. The variance totaled \$30,272.20.

In addition, during our review of Immunization Cluster expenditures, we noted that a portion of one expenditure transaction (in the amount of \$1,653.60 out of \$18,581.14) was charged to the incorrect fund source code.

Criteria: The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 1, Page 1-6 states, in part: "As a condition of receiving Federal awards, non-Federal entities agree to comply with applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."

To be allowable under Federal awards, costs must meet the general criteria identified in OMB Circular A-87, Attachment A, paragraph C.1. Included in the criteria is the requirement for costs to be authorized and supported by adequate documentation.

Questioned Cost: \$282,051.97

Cause: Management failed to have adequate monitoring procedures in place to ensure that costs charged to the Immunization Cluster were allowable, approved and properly documented.

Effect: These deficiencies resulted in questioned costs of \$282,051.97. In addition, inadequate monitoring procedures increase the risk of material misstatement in the financial statements and noncompliance with Federal regulations.

Recommendation: The Department of Public Health should implement additional monitoring procedures that provide for consistent reviews of costs charged to the Immunization Cluster to ensure that they are allowable under OMB Circular A-87, approved and properly documented.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FA-405-12-02**

MATCHING, LEVEL OF EFFORT, EARMARKING

Lack of Internal Controls over Matching, Level of Effort, Earmarking

HIV Care Formula Grants (CFDA 93.917)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 2X07HA22709-02-00; Year 2011 - 6X07HA22709-01-02

- Condition:** The Department of Public Health (Department) did not have policies and procedures in place for verifying and monitoring compliance with the Matching, Level of Effort, Earmarking requirements for the HIV Care Formula Grant program (CFDA No. 93.917).
- Criteria:** OMB Circular A-133 Compliance Supplement, Part 1, Page 1-6, states, in part: "As a condition of receiving Federal awards, non-Federal entities agree to comply with applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."
- Information:** Our review included inquiries of the Department's program and budget personnel to identify what controls were in place relating to Matching, Level of Effort, Earmarking.
- Cause:** The Department could not identify any internal control procedures in place to provide reasonable assurance of compliance with the Matching, Level of Effort, Earmarking requirements.
- Effect:** Lack of internal controls over Matching, Level of Effort, Earmarking could result in Federal programs being overcharged or undercharged in error, which causes misstatements in the financial statements and noncompliance with Federal regulations.
- Recommendation:** The Department of Public Health should establish, implement and formally document policies and procedures over Matching, Level of Effort, Earmarking. The policies and procedures should enable management to verify and monitor compliance with the requirements of OMB Circular A-133.

Finding Control Number: **FA-405-12-03**

REPORTING

Required Transparency Act Reports Not Filed

Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA 10.557)

U.S. Department of Agriculture

HIV Care Formula Grants (CFDA 93.917)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 11115GA718W1003; 11115GA718W5003; 12125GA718W1006; X07HA22709 HIV

- Condition:** Our examination included a review of the Federal Funding Accountability and Transparency Act (FFATA) requirements for the Special Supplemental Nutrition Program For Women, Infants and Children (CFDA No. 10.557) and HIV Care Formula Grant (CFDA No. 93.917) program. The Department of Public Health (Department) did not have controls in place to ensure the FFATA reporting requirements were met.
- Criteria:** The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), effective October 1, 2010, in the section that relates to subaward reporting under grants and cooperative agreements states that:
- "Information on first-tier subawards related to Federal contracts and grants and the executive compensation of awardees must be made publicly available."
- In response to the Federal Funding Accountability and Transparency Act, the Office of Management and Budget (OMB) requires a prime grant awardee to submit a FFATA report for each applicable Federal grant by the end of the month following the month a subaward or obligation is made.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Cause: The deficiency noted was caused by the Department's failure to implement controls and procedures necessary to properly report the required FFATA information.
- Effect: The effect of this deficiency is noncompliance with Federal Funding Accountability and Transparency Act requirements.
- Recommendation: The Department of Public Health should develop and implement appropriate controls and procedures to ensure that all FFATA reporting requirements as identified in the OMB guidelines and instructions provided in the OMB "Open Government Directive - Federal Spending Transparency and Subaward and Compensation Data Reporting" guidance are being met.

Finding Control Number: **FA-405-12-04**

SPECIAL TESTS AND PROVISIONS

Failure to Document Review and Approval of Compliance Investigations

Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA 10.557)

U.S. Department of Agriculture

Grant Awards: Year 2012 - 11115GA718W1003; 11115GA718W5003; 12125GA718W1006

- Condition: Our examination included a review of documentation maintained by the Department of Public Health's (Department) Office of Inspector General for compliance investigations performed for the Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557). Our review disclosed that the Department's Office of Inspector General did not maintain evidence of the review and approval procedures that were performed on compliance investigations prior to the issuance of closeout letters.
- Criteria: OMB Circular A-133 Compliance Supplement, Part 1, Page 1-6, states, in part: "As a condition of receiving Federal awards, non-Federal entities agree to comply with applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."
- The *Accounting Procedures Manual* for the State of Georgia, Section 5, Pages 5-4-2 and 5-4-3, states, in part: 1) "Documentation – involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly." 2) "...Verification is the determination of the completeness, accuracy, authenticity and/or validity of transactions, events or information. This control activity enables management to ensure activities are being done in accordance with directives."
- Cause: The Department's Office of Inspector General failed to document the review and approval of the compliance investigations they performed.
- Effect: Failure to document the performance of internal control procedures impedes management's ability to verify that controls are properly and consistently performed and increases the risk that noncompliance with Federal regulations will not be prevented or detected.
- Recommendation: The Department of Public Health should establish and implement additional policies and procedures, as needed, to ensure that the review and approval of compliance investigations are properly documented.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FA-405-12-05**

SPECIAL TESTS AND PROVISIONS

Inadequate Internal Controls and Noncompliance with Special Tests and Provisions

Immunization Grants (CFDA 93.268)

ARRA IMMUNIZATION (CFDA 93.712)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 3H23IP422521-11S1; 6H23IP422521-11

Condition: Our examination of the Immunization Grants Cluster program included a review of the Quality Assurance Site Visit documentation that was maintained by the Department of Public Health for 41 of 1274 active Vaccines for Children (VFC) providers. The review revealed four (4) instances where the required site visits were not conducted within the prescribed two (2) year time period and one (1) instance where a follow-up site visit was not conducted to determine if the VFC provider implemented a corrective action plan. In addition, we noted that the Department did not ensure 50 percent of all active VFC providers received a site visit for the calendar year that ended December 31, 2011 as required by the Centers for Disease Control and Prevention (CDC).

During our examination we also noted that the procedures performed to monitor VFC provider site visits during the year were not adequately documented.

Criteria: The Department of Public Health is responsible for administering the State of Georgia's Immunization Grants Cluster program, which is overseen by the U.S. Department of Health and Human Services through the CDC, and for establishing and maintaining effective internal controls over compliance with the Special Tests and Provisions requirements for Record of Immunization and Control, Accountability and Safeguarding of Vaccine included in the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement.

The CDC requires that 50 percent of all VFC providers receive a site visit on an annual basis, which means that all VFC providers should receive at least one (1) site visit within a two (2) year period.

Information: The Department only performed site visits on 39% of the VFC providers during calendar year 2011, which means that the 50% requirement was not met as of December 31, 2011.

According to the Department, a new tracking spreadsheet was established in January 2012 to track the performance of site visits on a monthly basis. The tracking spreadsheet, however, did not provide any evidence to show how often it was being updated. As the tracking spreadsheet is updated each month, evidence of prior tracking is no longer available since it is over written by the current update.

Cause: The Department's procedures for documenting VFC provider site visits did not provide evidence that the required number of site visits were properly and consistently performed within the prescribed timeframe.

Effect: Failure to perform the required number of site visits within the prescribed timeframe resulted in noncompliance with Federal regulations and increases the risk that provider noncompliance, as a result of not maintaining proper control and accountability for vaccine, properly safeguarding vaccine or maintaining proper records of immunization for administered vaccines, will not be identified and addressed in a timely manner.

Recommendation: The Department of Public Health should review current policies and procedures for monitoring VFC provider site visits to determine if they are functioning properly. The Department should establish and implement additional policies and procedures, as needed, to ensure the required number of site visits are properly and consistently performed within the prescribed timeframe and adequate documentation of monitoring procedures is maintained.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

EDUCATION, DEPARTMENT OF

Finding Control Number: **FA-414-12-01**

ALLOWABLE COSTS/COST PRINCIPLES

Internal Control Deficiencies Regarding Personal Services Expenditures

School Improvement Grants (CFDA 84.377)

School Improvement Grants, Recovery Act (CFDA 84.388)

State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA 84.395)

U.S. Department of Education

Grant Awards: Year 2011 - S377A100011; Year 2010 - S388A090011A; S395A100050

Condition: The Department of Education (Department) did not maintain an adequate system of internal controls to ensure personal services expenditures charged to a Federal program were properly documented. The following deficiencies were noted:

State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395)

Monthly Personnel Activity Reports (PAR) for two (2) employees were typically prepared one (1) to nine (9) months late. Required year-end adjusting journal entries to clear up variances between budgeted and actual salary (time) distributions were not performed until after the end of the fiscal year under review.

School Improvement Grants (CFDA No. 84.377) and School Improvement Grants, Recovery Act (CFDA No. 84.388)

PAR's for one (1) employee covered a work week instead of one (1) pay period [two (2) work weeks]. Required quarterly adjusting journal entries to clear up variances between budgeted and actual salary (time) distributions were not accurately recorded for the 1st and 3rd quarters of fiscal year 2012 for the aforementioned employee. In addition, no journal entries were made to clear up variances for the 4th quarter. Upon being notified of these errors, the Department indicated they would make all needed corrections in fiscal year 2013.

Criteria: OMB Circular A-87, Attachment B, Section 8(h), Subsection 4, states, in part: "Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on: (a) More than one Federal award,..."

OMB Circular A-87, Attachment B, Section 8(h), Subsection 5, states: "Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- (i) The governmental unit's system for establishing the estimates produces\ reasonable approximations of the activity actually performed;
- (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances."

OMB Circular A-133, Subpart C, Section .300, states: "The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs."

Cause: The deficiencies noted above were caused by the Department's failure to implement adequate controls and procedures necessary to properly document personal service expenditures charged to Federal programs.

Effect: Failure to properly document personal service expenditures could result in the submission of inaccurate Federal financial reports and misstatements in the Single Audit Report.

Recommendation: The Department of Education should implement adequate controls and procedures necessary to properly record in a timely and accurate manner personal service expenditures charged to Federal programs.

Finding Control Number: **FA-414-12-02**

PROCUREMENT AND SUSPENSION AND DEBARMENT

Failure to Follow Procurement and Suspension and Debarment Regulations

State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA 84.395)

U.S. Department of Education

Grant Award: Year 2010 - S395A100050

Condition: Our examination of the Department of Education's (Department) Race-to-the- Top program disclosed that the Department lacked adequate internal controls related to procurement and suspension and debarment requirements. Of the 49 procurements tested, 18 contracts did not contain the suspension and debarment clause and one (1) purchase order did not have adequate verification of the suspension and debarment requirement.

Criteria: The Code of Federal Regulations, Title 2, Section 180.300 states, "When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by: (a) Checking the EPLS; or (b) Collecting a certification from that person; or (c) Adding a clause or condition to the covered transaction with that person."

Cause: The deficiencies noted occurred as a result of the Department's failure to establish adequate internal controls to ensure compliance with Federal regulations.

Effect: Failure to maintain adequate internal controls related to procurement and suspension and debarment requirements may cause the Department unnecessary financial risk by contracting with entities that may have been suspended or debarred by the Federal government.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Recommendation: The Department of Education should implement additional policies and procedures to ensure that procurement activities are in compliance with federal procurement and suspension and debarment regulations.

Finding Control Number: **FA-414-12-03**
REPORTING

Internal Control Deficiencies Regarding Federal Funding Accountability and Transparency Act
Career and Technical Education-Basic Grants to States (CFDA 84.048)
Twenty-First Century Community Learning Centers (CFDA 84.287)
School Improvement Grants (CFDA 84.377)
U.S. Department of Education
Grant Awards: Year 2011 - S287C110010; S377A100011; V048A110010

Condition: Our examination included a review of the Department of Education's (Department) compliance with the Federal Funding Accountability and Transparency Act (FFATA). Under FFATA reporting requirements, the following grants awarded to the Department as a prime awardee qualified for FFATA subaward reporting:

1. Career and Technical Education - Basic Grants to States (CFDA No. 84.048)
2. School Improvement Grants (CFDA No. 84.377)
3. Twenty-First Century Community Learning Centers (CFDA No. 84.287)

Based on the dates the Board of Education (Board) obligated each grant award and approved allocations to subawardees for each grant, the FFATA subaward report for each grant was late as follows:

1. Career and Technical Education - Basic Grants to States - 177 days late
2. School Improvement Grants - 260 days late
3. Twenty-First Century Community Learning Centers - 201 days late

In addition, the Department did not have a process in place to determine whether or not a subawardee was required to report the names and total compensation of its five (5) most highly compensated officers.

Criteria: As a result of the FFATA of 2006, the Office of Management and Budget (OMB) requires a prime grant awardee to submit an FFATA report for each applicable Federal grant by the end of the month following the month a subaward or obligation is made. According to OMB Memorandum for Senior Accountable Officials dated August 27, 2010, "If applicable, the prime awardee must report information related to a subaward by the end of the month following the month the subaward or obligation was made." The Department obligates awards when allocations to subawardees are approved by the Board.

The OMB Memorandum for Senior Accountable Officials also states a prime awardee is required to report the "names and total compensation of the five most highly compensated officers of the entity if the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934...or section 6104 of the Internal Revenue Code of 1986."

Cause: The deficiencies noted were caused by the Department's failure to establish adequate internal controls to ensure that the FFATA subaward reports are submitted in a timely manner and to determine whether or not a subawardee is required to report the names and total compensation of its five (5) most highly compensated officers.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Effect:** Failure to submit FFATA subaward reports results in noncompliance with Federal regulations. In addition, the failure to determine whether or not a subawardee was required to report the names and total compensation of its five (5) most highly compensated officers could result in noncompliance with FFATA reporting requirements by the Department.
- Recommendation:** The Department of Education should develop additional policies and procedures to ensure that FFATA subaward reports are submitted in a timely manner and to provide appropriate guidance or direction to subawardees regarding the reporting of the names and total compensation of their five (5) most highly compensated officers.

COMMUNITY HEALTH, DEPARTMENT OF (*)

Finding Control Number: **FA-419-12-01**

PROCUREMENT AND SUSPENSION AND DEBARMENT

Controls Over and Compliance With Procurement

ARRA - Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative (CFDA 93.720)

Children's Health Insurance Program (CFDA 93.767)

State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (CFDA 93.777)

Medical Assistance Program (CFDA 93.778)

Money Follows the Person Rebalancing Demonstration (CFDA 93.791)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 05-1105GA5021; 05-1105GA5ADM; 05-1105GA5MAP; 05-1105GAARRA; 05-1105GACBPB; 05-1105GAEXTN; 05-1205GA5021; 05-1205GA5ADM; 05-1205GA5MAP; 05-1205GAIMPL; 05-1205GAINCT;

ILICMS030163-01-06

- Condition:** When procuring goods and services that are federally funded, the Department of Community Health is required to use the same State policies and procedures used for procurements from non-federal funds. In addition, the Department must also ensure that federally funded contracts include any clauses required by federal statutes or regulations. We noted two (2) contract files in a sample of eleven (11) did not contain required certifications for covered contracts. Those two (2) contract files did not include a signed Drug Free Workplace certification which is required documentation.
- Criteria:** The Department of Community Health is responsible for administering the following programs: the Medicaid program, the Children's Health Insurance Program and the Money Follows the Person Rebalancing Demonstration. These programs are overseen by the U.S. Department of Health and Human Services through the Centers for Medicare and Medicaid Services (CMS). The Department of Community Health is responsible for complying with the Procurement, Suspension, and Debarment requirements applicable to these federally subsidized programs and is also responsible for establishing and maintaining effective internal controls over compliance with the aforementioned requirements.
- Information:** The Department did not obtain appropriate documentation from two contractors in accordance with the departmental policies and procedures in place to ensure compliance with federal guidelines and the Georgia Procurement Manual.
- Cause:** The Department of Community Health has policies and procedures in place to ensure that goods and services are procured and contracts are enacted in compliance with applicable federal and state regulations. The Department did not appropriately obtain required certifications for two contracts and the policies and procedures in place did not prevent or detect this oversight in a timely manner.
- Effect:** Federal funds may be used to fund contracts with entities that are not in compliance with federal provisions and the Georgia Procurement Manual.
- Recommendation:** The Department of Community Health should improve internal controls as they relate to the procurement and contracting processes to ensure that all required documents are obtained and the Department complies with all applicable federal and state regulations.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FA-419-12-02**

ELIGIBILITY

Verification and Documentation of Eligibility

ARRA - Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative (CFDA 93.720)

State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (CFDA 93.777)

Medical Assistance Program (CFDA 93.778)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 05-1105GA5ADM; 05-1105GA5MAP; 05-1105GAARRA; 05-1105GAEXTN; 05-1205GA5ADM; 05-1205GA5MAP; 05-1205GAIMPL; 05-1205GAINCT

Condition: This is a modification and a substantial repeat of finding FA-419-11-04 from the year ended June 30, 2011.

The Department of Community Health has contracted with the Division of Family and Children Services (DFCS) to provide enrollment and monitoring services for Medicaid members. During fieldwork we noted three (3) recipients' files in a sample of sixty (60) Medicaid recipients whose eligibility was not properly documented. Those three (3) files included the following documentation deficiencies:

- 1) Two (2) case files did not contain a signed application;
- 2) Two (2) case files did not contain acceptable documentation verifying income; and
- 3) One (1) case file did not contain evidence that eligibility was recertified in a timely manner.

Criteria: The Department of Community Health is responsible for administering the State of Georgia's Medicaid program. The Medicaid program is overseen by the U.S. Department of Health and Human Services through the Centers for Medicare and Medicaid (CMS). The Department of Community Health is responsible for determining that all recipients meet prescribed eligibility requirements and ensuring those requirements are appropriately documented.

Information: Without adherence to the Department of Community Health's policies and procedures in place to determine and document Medicaid eligibility, members in the Medicaid program may no longer be eligible to receive benefits if documentation of their eligibility status is incomplete or inadequate.

Cause: The Department of Community Health does not have an adequate monitoring process in place over DFCS to ensure that all CMS guidelines in regards to the documentation of a member's eligibility are properly followed.

Effect: An indeterminate number of participants are inadequately documented as to eligibility for Medicaid. The monetary effect is that federal funds used to fund the Medicaid program may be used to provide benefits for members who are not eligible for the program.

Recommendation: The Department of Community Health should improve their verification and documentation monitoring policy for Medicaid members and create more stringent controls over the eligibility process.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FA-419-12-03**

ACTIVITIES ALLOWED OR UNALLOWED

ALLOWABLE COSTS/COST PRINCIPLES

Controls Over and Compliance with Medicaid Administrative Expenditures

ARRA - Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative (CFDA 93.720)

State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (CFDA 93.777)

Medical Assistance Program (CFDA 93.778)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 05-1105GA5ADM; 05-1105GA5MAP; 05-1105GAARRA; 05-1105GAEXTN; 05-1205GA5ADM; 05-1205GA5MAP; 05-1205GAIMPL; 05-1205GAINCT

- Condition:** The Department of Community Health was unable to provide appropriate documentation to adequately support that one (1) expenditure in a sample of sixty (60) was appropriately reviewed and approved in accordance with the procedures put in place by the Department of Community Health and to adequately support that the expenditure met the allowable activities and cost principles applicable to the Medicaid program.
- Criteria:** The Department of Community Health is responsible for the State of Georgia's Medicaid program. Management is responsible for establishing and maintaining effective internal controls over compliance with the allowable activities and cost principles applicable to the Medicaid program and for complying with those requirements.
- Information:** The Department of Community Health was unable to locate the voucher documentation for a Medicaid administrative expenditure.
- Cause:** The Department of Community Health did not appropriately file and retain supporting documentation for a Medicaid administrative expenditure.
- Effect:** A Medicaid administrative expenditure was inadequately documented as to appropriate departmental review and approval of Medicaid expenditures and allowability for payment using federal Medicaid funds. The monetary effect is that federal funds used to fund the Medicaid program may be used for unallowable activities or costs.
- Recommendation:** The Department of Community Health needs to appropriately maintain supporting documentation for all Medicaid program expenditures.

Finding Control Number: **FA-419-12-04**

MATCHING, LEVEL OF EFFORT, EARMARKING

Matching of Allowable Expenditures for Children's Health Insurance Program

Children's Health Insurance Program (CFDA 93.767)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 05-1105GA5021; 05-1105GACPBP; 05-1205GA5021

Condition: This is a modification and substantial repeat of finding FA-419-11-05 from the year ended June 30, 2011.

The state matching rate for the Department of Community Health's CHIP expenditures is determined in accordance with the federal matching rate for such expenditures, referred to as enhanced Federal Medical Assistance Percentage (Enhanced FMAP). The Enhanced FMAP for federal fiscal year (FFY) 2012 is 76.31 percent and the Enhanced FMAP for FFY 2011 is 75.73 percent. During fieldwork, we noted two (2) instances in a sample of fifty-one (51) CHIP administrative expenditures in which incorrect federal matching rates were used. Those two (2) instances were as follows:

- 1) An expenditure was incorrectly matched at the FFY 2010 Enhanced FMAP (75.57 percent) based on the date of the expenditure.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- 2) An expenditure was incorrectly matched at a rate other than the Enhanced FMAP for CHIP expenditures.

Criteria: The Department of Community Health is responsible for administering CHIP. CHIP is overseen by the U.S. Department of Health and Human Services through the Centers for Medicare and Medicaid Services (CMS). The Department of Community Health is responsible for matching federal program expenditures at the federally determined rate.

Information: The Department of Community Health has an extensive chart of accounts to separately denote expenditure funding sources and other details. If the funding and other account information is documented incorrectly and is not corrected during the review and approval process, the expenditure could be recorded incorrectly.

Cause: The Department of Community Health did not adequately monitor the matching rate applied to CHIP administrative expenditures.

Effect: The Department of Community Health did not match CHIP expenditures at the correct federally determined rate.

Recommendation: The Department of Community Health should improve the monitoring policy for the payment of CHIP administrative expenditures to ensure expenditures are coded appropriately and matched at the proper rate.

Finding Control Number: **FA-419-12-05**

ELIGIBILITY

Controls Over Money Follows the Person (MFP) Eligibility Determination

Money Follows the Person Rebalancing Demonstration (CFDA 93.791)

U.S. Department of Health and Human Services

Grant Award: Year 2012 - 1LICMS030163-01-06

Condition: The Department of Community Health has contracted with the Georgia Department of Human Services' Division of Aging Services (DAS) and the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) to provide enrollment and monitoring services for Money Follows the Person participants. During fieldwork we noted nine (9) participant files in a sample of sixty (60) Money Follows the Person (MFP) participants whose eligibility was not properly documented in accordance with departmental procedures. Those nine (9) files included the following documentation deficiencies:

- 1) One (1) participant file did not contain MFP Transition screening form;
- 2) Four (4) participant files did not contain form DMA 6/Level of Care; and
- 3) Four (4) participant files did not contain form DMA 59/Authorization for Nursing Facility Reimbursement.

Criteria: The Department of Community Health is responsible for administering the State of Georgia's Money Follows the Person program. The Money Follows the Person program is overseen by the U.S. Department of Health and Human Services through the Centers for Medicare and Medicaid Services (CMS). The Department of Community Health is responsible for determining that all recipients meet prescribed eligibility requirements and ensuring those requirements are appropriately documented.

Information: Without adherence to the Department of Community Health's policies and procedures in place to determine and document MFP eligibility, participants in the MFP program may not be eligible to receive benefits.

Cause: The Department of Community Health does not have an adequate monitoring process in place to review eligibility determinations made by the DAS and the DBHDD. In addition, the Department of

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Community Health did not obtain from DAS and DBHDD all of the appropriate eligibility documentation for MFP participants in accordance with departmental policy and procedures.

Effect: An indeterminate number of participants are inadequately documented in accordance with departmental policy and procedures to demonstrate eligibility for the Money Follows the Person program. The monetary effect is that federal funds used to fund the MFP program may be used to provide benefits for participants who are not eligible for the program.

Recommendation: The Department of Community Health should implement an eligibility determination review process to ensure that DAS and DBHDD are appropriately determining participant MFP eligibility in accordance with federal and departmental guidelines. In addition, the Department should improve the procedures for monitoring the participant file documentation received from DAS and DBHDD to ensure that all appropriate documents are received.

Finding Control Number: FA-419-12-06

MATCHING, LEVEL OF EFFORT, EARMARKING

Matching of Allowable Medicaid Benefit Expenditures

ARRA - Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative (CFDA 93.720)

State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (CFDA 93.777)

Medical Assistance Program (CFDA 93.778)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 05-1105GA5ADM; 05-1105GA5MAP; 05-1105GAARRA; 05-1105GAEXTN; 05-1205GA5ADM; 05-1205GA5MAP; 05-1205GAIMPL; 05-1205GAINCT

Condition: The state matching rate for the Department of Community Health's Medicaid Benefit expenditures is determined in accordance with the federal matching rate for such expenditures, referred to as the Federal Medical Assistance Percentage (FMAP). The FMAP for federal fiscal year (FFY) 2012 is 66.16 percent and the FMAP for FFY 2011 is 65.33 percent. During fieldwork, we noted three (3) instances in a sample of sixty (60) Medicaid administrative expenditures in which incorrect federal matching rates were used. Specifically, three (3) expenditures were using the FMAP rate for a prior year.

Criteria: The Department of Community Health is responsible for the State of Georgia's Medicaid program. The Medicaid program is overseen by the U.S. Department of Health and Human Services through the Centers for Medicare and Medicaid Services (CMS). The Department of Community Health is responsible for matching federal program expenditures at the federally determined rate.

Questioned Cost: The Department of Community Health over paid the state portion. The dollar variance of the overpayments is immaterial.

Information: The Department of Community Health has an extensive chart of accounts to separately denote expenditures funding sources and other details. If the funding and other account information is documented incorrectly and is not corrected during the review and approval process, the expenditure could be recorded incorrectly.

Cause: The Department of Community Health did not adequately monitor the matching rate applied to Medicaid Benefit expenditures.

Effect: The Department of Community Health did not match Medicaid Benefit expenditures at the correct federally determined rate.

Recommendation: The Department of Community Health should improve the monitoring policy for the payment of Medicaid Benefit expenditures to ensure expenditures are matched at the proper rate.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

HUMAN SERVICES, DEPARTMENT OF

Finding Control Number: **FA-427-12-01**
MATCHING, LEVEL OF EFFORT, EARMARKING
PROGRAM INCOME
REPORTING

Financial Reporting Internal Control Deficiencies
Child Support Enforcement (CFDA 93.563)
U.S. Department of Health and Human Services
Grant Awards: Year 2012 - 2012G9912CS; Year 2011 - 2011G9911CJ; 2011G9911CS

Condition: Our examination included a review of the financial reports (OCSE-396A) for the Child Support Enforcement (CSE) program (CFDA No. 93.563) at the Department of Human Services (Department) that were submitted to the Federal awarding agency. For the year under review, reports submitted for the quarters ending 9/30/2011 and 12/31/11 were selected for testing. The reconciliation for the quarter ending 9/30/2011 report contained an unreconciled variance of \$2,408,029.04 between the total expenditures reported on the OCSE-396A report and the amount recorded in the general ledger. The reconciliation for the quarter ending 12/31/2011 report contained the following deficiencies:

- 1) The Grants Accounting and Reporting System (GARS) expenditures were used to prepare the OCSE-396A report, however, the reconciliation had not addressed the variances between GARS and the general ledger.
- 2) Failure to adequately document reconciliation of amounts other than Federal expenditures.

Criteria: The Code of Federal Regulations, Title 2, Section 215.21, states:

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section 215.52."

Cause: The deficiencies noted above occurred as a result of the Department's failure to implement adequate policies and procedures to ensure a complete and accurate reconciliation of the OCSE-396A report to the general ledger, including Matching expenditures and Program Income amounts.

Effect: Failure to adequately reconcile the Federal reports to the general ledger before submission to the Federal grantor agency could result in the submission of inaccurate and/or incomplete Federal financial reports. In addition, these deficiencies raise concerns as to the accuracy of the Matching and Program Income amounts reported.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that the Federal financial reports are fully and adequately reconciled to the general ledger.

Finding Control Number: **FA-427-12-02**
MATCHING, LEVEL OF EFFORT, EARMARKING
REPORTING

Financial Reporting Internal Control Deficiencies
Child Care and Development Block Grant (CFDA 93.575)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)
U.S. Department of Health and Human Services
Grant Awards: Year 2012 - 2012G996005; 2012G999004; 2012G999005; Year 2011 - 2011G996005; 2011G999004; 2011G999005; Year 2010 - 2010G996005; 2010G999004; 2010G999005; Year 2009 - 2009G996005; 2009G999004; 2009G999005

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Condition: Our examination included a review of the financial reports (ACF-696) for the Child Care and Development Fund Cluster (Child Care Cluster) program at the Department of Human Services (Department) that were submitted to the Federal awarding agency. For the year under review, reports submitted for the quarters ending 9/30/2011 and 12/30/2011 were selected for testing. There were three (3) quarterly ACF-696 reports submitted for quarter ending 9/30/2011 [one (1) each for grant years 2009 through 2011] and three (3) for quarter ending 12/30/2011 [one (1) each for grant years 2010 through 2012]. Although the reports were deemed to be materially correct, the following deficiencies were noted:

- 1) Failure to consistently apply either the Cash Basis or the Accrual Basis with regards to the reconciliations.
- 2) Failure to properly reconcile Unliquidated Obligations reported on the ACF-696 reports back to the general ledger (TeamWorks FSCM).
- 3) Failure to adequately document reconciliation of amounts other than Federal expenditures.

Criteria: The Code of Federal Regulations, Title 2, Section 215.21, states:

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section 215.52."

Cause: The deficiencies noted above occurred as a result of the Department's failure to fully and adequately apply their existing internal control procedures to ensure that a consistent basis of accounting is used on the reconciliations, and that Unliquidated Obligations and Matching, Level of Effort, and Earmarking expenditures are adequately reconciled back to the general ledger.

Effect: Failure to adequately reconcile the Federal reports to the general ledger before submission to the Federal grantor agency could result in the submission of inaccurate and/or incomplete Federal financial reports. In addition, these deficiencies raise concerns as to the accuracy of the Matching, Level of Effort, and Earmarking amounts reported.

Recommendation: The Department of Human Services should ensure that existing policies and procedures are adequate and, if so, are being followed to ensure that the Federal financial reports are fully and adequately reconciled to the general ledger.

Finding Control Number: **FA-427-12-03**

**MATCHING, LEVEL OF EFFORT, EARMARKING
REPORTING**

Financial Reporting Internal Control Deficiencies

Temporary Assistance for Needy Families (CFDA 93.558)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 2012G996115; Year 2011 - 2011G996115; 2011G991451; Year 2010 - 2010G996115; Year 2009 - 2009G991451; 2009G996115

Condition: Our examination included a review of the financial reports (ACF-196) for the Temporary Assistance for Needy Families (TANF) program (CFDA No. 93.558) at the Department of Human Services (Department) that were submitted to the Federal awarding agency. For the year under review, reports submitted for the quarters ending 9/30/2011 and 12/31/2011 were selected for testing. There were three (3) quarterly ACF-196 reports submitted for quarter ending 9/30/2011 [one (1) each for grant years 2009 through 2011] and three (3) for quarter ending 12/30/2011 [one (1) each for grant years 2010 through 2012]. Although the reports were deemed to be materially correct, the following deficiencies were noted:

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- 1) Failure to consistently apply either the Cash Basis or the Accrual Basis with regards to the reconciliations.
- 2) Failure to adequately document reconciliation of amounts other than Federal expenditures.

Criteria: The Code of Federal Regulations, Title 2, Section 215.21, states:

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section 215.52."

Cause: The deficiencies noted above occurred as a result of the Department's failure to fully and adequately apply their existing internal control procedures to ensure that a consistent basis of accounting is used on the reconciliations, and that Level of Effort and Earmarking expenditures are adequately reconciled back to the general ledger.

Effect: Failure to adequately reconcile the Federal reports to the general ledger before submission to the Federal grantor agency could result in the submission of inaccurate and/or incomplete Federal financial reports. In addition, these deficiencies raise concerns as to the accuracy of the Level of Effort and Earmarking amounts reported.

Recommendation: The Department of Human Services should ensure that existing policies and procedures are adequate and, if so, are being followed to ensure that the Federal financial reports are fully and adequately reconciled to the general ledger.

Finding Control Number: **FA-427-12-04**

**MATCHING, LEVEL OF EFFORT, EARMARKING
REPORTING**

Financial Reporting Internal Control Deficiencies

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA 10.561)

U.S. Department of Agriculture

Grant Awards: Year 2012 - 5GA810802; Year 2011 - 5GA400403; 5GA420413

Condition: Our examination included a review of the financial reports (SF-425) for the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.561) at the Department of Human Services (Department) that were submitted to the Federal awarding agency. For the year under review, reports submitted for the quarters ending 9/30/2011 and 12/31/11 were selected for testing. Although the reports were deemed to be materially correct, the following deficiencies were noted:

- 1) Failure to document the accounting basis used for reporting.
- 2) Failure to post correcting journal entries in a timely manner, causing the same reconciling items to appear on subsequent reconciliations.
- 3) Failure to ensure reconciling items moving expenditures from one (1) fund source to another and/or one (1) budget year to another is actually posted on the corresponding reconciliation and agrees to the amounts actually being adjusted for.
- 4) Failure to ensure the mathematical accuracy and completeness of the reconciliations.

Criteria: The Code of Federal Regulations, Title 2, Section 215.21, states:

"(b) Recipients' financial management systems shall provide for the following.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section 215.52."

Cause: The deficiencies noted above occurred as a result of the Department's failure to implement adequate internal controls to ensure that the basis of accounting is documented and reconciliations are accurate.

Effect: Failure to adequately reconcile the Federal reports to the general ledger before submission to the Federal grantor agency could result in the submission of inaccurate and/or incomplete Federal financial reports. In addition, these deficiencies raise concerns as to the accuracy of the Matching amounts reported.

Recommendation: The Department of Human Services should implement adequate internal controls to ensure that the Federal financial reports are fully and adequately reconciled to the general ledger.

Finding Control Number: **FA-427-12-05**

PROGRAM INCOME

Internal Control Deficiencies Over Program Income

Child Support Enforcement (CFDA 93.563)

U.S. Department of Health and Human Services

Grant Awards: Year - 2012 - 2012G9912CS; Year 2011 - 2011G9911CJ; 2011G9911CS

Condition: Our examination included a review of Program Income collected by the Child Support Enforcement (CSE) program (CFDA No. 93.563) at the Department of Human Services (Department). For the year under review, all CSE revenue collections for quarters ending 9/30/2011 and 12/31/2011 were selected for testing. The following deficiencies were noted:

- 1) The revenue was not recorded on the general ledger in a timely manner.
- 2) There was no reconciliation between the income collected and the income recorded on the general ledger.

Criteria: The Code of Federal Regulations Title 2, section 215.24, states: "(b) ...program income earned during the project period shall be retained by the recipient and, in accordance with Federal awarding agency regulations or the terms and conditions of the award, shall be used in one or more of the ways listed in the following.

- (1) Added to funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objectives.
- (2) Used to finance the non-Federal share of the project or program.
- (3) Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based."

Cause: The deficiencies noted occurred as a result of the Department's failure to establish adequate internal control procedures to ensure that program income is recorded on the general ledger in a timely manner and reconciliation exists between the income collected and the income recorded on the general ledger. In addition, high turnover in staff may also have been a contributing factor.

Effect: Failure to record program income collected in a timely manner and the failure to reconcile program income to the general ledger could result in the submission of inaccurate Federal financial reports.

Recommendation: The Department of Human Services should implement adequate internal control procedures to ensure that all program income revenue collected is recorded on the general ledger in a timely manner and reconciled to the general ledger on a regular basis.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: **FA-427-12-06**

REPORTING

Financial Reporting Internal Control Deficiency

Community Services Block Grant (CFDA 93.569)

U.S. Department of Health and Human Services

Grant Awards: Year 2011 - 2011G994002; Year 2010 - 2010G994002

Condition: Our examination included a review of the financial reports (SF-269A) for the Community Services Block Grant (CSBG) program (CFDA No. 93.569) at the Department of Human Services (Department) that were submitted to the Federal awarding agency. For the year under review, the Federal fiscal year's 2010 and 2011 annual reports were selected for testing. Although the reports were deemed to be materially correct, the Department failed to ensure that the journal entries used to post the reconciling items to the general ledger were correct and complete, which resulted in an unreconciled variance of \$25,141.74 on both annual reports selected for testing.

Criteria: The Code of Federal Regulations, Title 2, Section 215.21, states:

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section 215.52."

Cause: The deficiency noted above occurred as a result of the Department's failure to implement adequate policies and procedures to ensure that journal entries to correct reconciling items are complete and accurate.

Effect: Failure to ensure the completeness and accuracy of correcting journal entries could result in the submission of inaccurate and/or incomplete Federal financial reports.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that the Federal financial reports are completely and accurately reconciled to the general ledger.

Finding Control Number: **FA-427-12-07**

REPORTING

Financial Reporting Internal Control Deficiency

Low-Income Home Energy Assistance (CFDA 93.568)

U.S. Department of Health and Human Services

Grant Awards: Year 2011 - 2011G992201; 2011G992212

Condition: Our examination of the fiscal year 2011 Carryover and Reallotment Report for the Low-Income Home Energy Assistance (CFDA No. 93.568) program (LIHEAP) revealed that the Department of Human Services (Department) was unable to provide any supporting documentation for \$3,502,140 reported as the projected unobligated balance.

Criteria: According to the Office of Management and Budget (OMB) A-133 compliance supplement: "LIHEAP Carryover and Reallotment Report (OMB No. 0970-0106) – Grantees must submit a report no later than August 1 indicating the amount expected to be carried forward for obligation in the following fiscal year and the planned use of those funds. Funds in excess of the maximum carryover limit are subject to reallotment to other LIHEAP grantees in the following fiscal year, and must also be reported (42 USC 8626)."

Cause: The deficiency noted was the result of the Department's failure to establish policies and procedures to ensure appropriate review and approval of the Carryover and Reallotment Report, and to ensure that the amounts reported were accurately calculated and supported by the accounting records.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Effect: Failure to establish adequate policies and procedures could result in the submission of inaccurate and/or incomplete special reports.

Recommendation: The Department of Human Services should establish policies and procedures to ensure that amounts reported on the Carryover and Reallotment Report are accurately calculated, supported by the accounting records, and are appropriately reviewed and approved before submission to the Federal grantor agency.

Finding Control Number: **FA-427-12-08**

REPORTING

Required Transparency Act Reports Not Filed in a Timely Manner

Child Support Enforcement (CFDA 93.563)

Low-Income Home Energy Assistance (CFDA 93.568)

Community Services Block Grant (CFDA 93.569)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 2012G9912CS; 2012G992201; 2012G994002; 2012G99BX11

Condition: Our examination included a review of the Federal Funding Accountability and Transparency Act (FFATA) requirements for the following programs: Child Support Enforcement program (CFDA No. 93.563), Low-Income Home Energy Assistance Program (CFDA No. 93.568), and Community Services Block Grant (CFDA No. 93.569). For each of these three (3) programs, the Department of Human Services (Department) failed to report subawards by the last day of the month following the month in which the initial award or any subsequent modification of the award was signed.

Criteria: The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), effective October 1, 2010, in the section that relates to subaward reporting under grants and cooperative agreements states that: "Information on first-tier subawards related to Federal contracts and grants and the executive compensation of awardees must be made publicly available."

As a result of the FFATA of 2010, the Office of Management and Budget (OMB) requires a prime grant awardee to submit an FFATA report for each applicable Federal grant by the end of the month following the month a subaward or obligation is made.

Cause: The deficiency noted was due to the Department's failure to implement adequate controls and procedures necessary to ensure that the FFATA subaward reports are submitted in a timely manner.

Effect: The effect of this deficiency is noncompliance with OMB directives and the FFATA.

Recommendation: The Department of Human Services should develop adequate controls and procedures to ensure that the FFATA subaward reports are submitted in a timely manner.

Finding Control Number: **FA-427-12-09**

REPORTING

Required Transparency Act Reports Not Filed

Child Care and Development Block Grant (CFDA 93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 2012G996005; 2012G999004; 2012G999005

Condition: Our examination included a review of the Federal Funding Accountability and Transparency Act (FFATA) requirements for the Child Care and Development Fund Cluster (Child Care Cluster). The Department of Human Services (Department) did not have adequate controls in place to ensure that these requirements were being met.

Criteria: The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), effective October 1, 2010, in the section that relates to subaward reporting under grants and

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

cooperative agreements states that: "Information on first-tier subawards related to Federal contracts and grants and the executive compensation of awardees must be made publicly available."

Cause: The deficiency noted was due to the Department's failure to implement adequate controls and procedures necessary to properly report the required FFATA information.

Effect: The effect of this deficiency is noncompliance with FFATA requirements.

Recommendation: The Department of Human Services should develop adequate controls and procedures to ensure that all FFATA reporting requirements are met.

Finding Control Number: **FA-427-12-10** REPORTING

Required Transparency Act Reports Not Filed
Social Services Block Grant (CFDA 93.667)
U.S. Department of Health and Human Services
Grant Award: Year 2012 - 2012G992342

Condition: Our examination included a review of the Federal Funding Accountability and Transparency Act (FFATA) requirements for the Social Services Block Grant (CFDA No. 93.667). The Department of Human Services (Department) did not have adequate controls in place to ensure that the filing requirements were being met.

Criteria: The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), effective October 1, 2010, in the section that relates to subaward reporting under grants and cooperative agreements states that: "Information on first-tier subawards related to Federal contracts and grants and the executive compensation of awardees must be made publicly available."

Cause: The deficiency noted was due to the Department's failure to implement adequate controls and procedures necessary to properly report the required FFATA information.

Effect: The effect of this deficiency is noncompliance with FFATA requirements.

Recommendation: The Department of Human Services should develop adequate controls and procedures to ensure that all FFATA reporting requirements are met.

Finding Control Number: **FA-427-12-11** SUBRECIPIENT MONITORING

Failure to Monitor Subrecipient
Child Care and Development Block Grant (CFDA 93.575)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)
U.S. Department of Health and Human Services
Grant Awards: Year 2012 - 2012G996005; 2012G999004; 2012G999005; Year 2011 - 2011G996005; 2011G999004; 2011G999005; Year 2010 - 2010G996005; 2010G999004; 2010G999005; Year 2009 - 2009G996005; 2009G999004; 2009G999005

Condition: The Department of Human Services (Department) failed to implement subrecipient monitoring procedures for the Department of Early Care and Learning, a subrecipient of Child Care Development Fund Cluster (CCDF) funds.

Criteria: Section 7502(f)(2) of the Single Audit Act Amendments of 1996 provides in part that, "Each pass-through entity shall...(B) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means;..."

Cause: The deficiency was a result of the Department's failure to implement subrecipient monitoring procedures for the Department of Early Care and Learning for CCDF.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Effect: Noncompliance with subrecipient monitoring requirements of the Single Audit Act. In addition, the failure to monitor subrecipients increases the risk that subrecipients will not use Federal awards for authorized purposes, comply with laws, regulations, and the provisions of contracts and grant agreements, and achieve performance goals.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that all subrecipients are monitored in accordance with Federal requirements.

Finding Control Number: FA-427-12-12

SPECIAL TESTS AND PROVISIONS

Failure to Monitor Health and Safety Requirements For Exempt Providers

Child Care and Development Block Grant (CFDA 93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 2012G996005; 2012G999004; 2012G999005; Year 2011 - 2011G996005; 2011G999004; 2011G999005; Year 2010 - 2010G996005; 2010G999004; 2010G999005; Year 2009 - 2009G996005; 2009G999004; 2009G999005

Condition: Our examination of the Department of Human Services (Department) included a review of the health and safety requirements for Child Care providers that are managed by the Department of Early Care and Learning (DECAL) for the Child Care Development Fund Cluster (CCDF). The Department failed to provide evidence of monitoring the exempt providers managed by DECAL to ensure that health and safety requirements were met.

Criteria: The OCGA 49-5-12 states that: "(f) The department shall refuse a license or commission upon a showing of: (1) Noncompliance with the rules and regulations for child welfare agencies as adopted by the Board of Human Services which are designated in writing to the facilities as being related to children's health and safety."

Cause: The deficiencies noted occurred as a result of the Department's failure to establish internal control procedures to ensure that the health and safety requirements were met by the exempt providers managed by DECAL.

Effect: Failure by the Department to monitor the exempt providers managed by DECAL could result in a provider receiving CCDF funding even though the provider may have failed to meet health and safety requirements.

Recommendation: The Department of Human Services should develop adequate policies and procedures to ensure that health and safety requirements are met by exempt providers managed by DECAL.

LABOR, DEPARTMENT OF

Finding Control Number: FA-440-12-02

ALLOWABLE COSTS/COST PRINCIPLES

Lack of Supporting Documentation for the Allocation of Personal Services

WIA Adult Program (CFDA 17.258)

WIA Youth Activities (CFDA 17.259)

WIA Dislocated Workers (CFDA 17.260)

WIA Dislocated Worker Formula Grants (CFDA 17.278)

U.S. Department of Labor

Grant Awards: Year 2011 - AA- 21390-11-55-A-13; Year 2010 - AA-20189-10-55-A-13; Year 2009 - AA-18634-09-55-A-13

Condition: The Department of Labor (Department) charged personal service expenditures to the Workforce Investment Act (WIA) cluster program without maintaining adequate supporting records to substantiate that the amounts charged against the program were for the purposes of the program.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Management did not provide any documentation or satisfactory explanation in support of these expenditures.

- Criteria: OMB Circular A-87 states, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received... and any cost allocable to a particular Federal award or cost objective under the principles provided for in this Circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons."
- Information: The Department charged an average of \$288,100 in personal services expenditures to the WIA cluster program for the months of July through November 2011 and February through June 2012. The Department charged \$1,142,915 of personal services for the month of December 2011 and charged \$1,231,057 of personal services for the month of January 2012. We noted this large difference and inquired with the Department as to the cause of the significant variance. We received no supporting documentation or sufficient explanation to prove the allocability of the personal service charges to the WIA cluster program; and therefore, were unable to determine a projected question cost amount.
- Cause: The Department's failure to have adequate policies and procedures in place to ensure documentation and information supporting the allocation of personal service charges to the WIA cluster program was available for review.
- Effect: Personal service expenditures were apparently allocated to the WIA cluster program without adequate supporting documentation resulting in noncompliance with OMB Circular A-87. In addition, failure to adhere to OMB Circular A-87 could result in the reporting of inaccurate information.
- Recommendation: The Department should implement sufficient internal control procedures to adhere to OMB Circular A-87 cost principles and ensure that personal service charges being allocated to Federal awards and programs are fully supported by adequate documentation.

Finding Control Number: **FA-440-12-03**

ALLOWABLE COSTS/COST PRINCIPLES

Questionable Expenditures

WIA Dislocated Workers (CFDA 17.260)

WIA Dislocated Worker Formula Grants (CFDA 17.278)

U.S. Department of Labor

Grant Awards: Year 2011 - AA- 21390-11-55-A-13; Year 2010 - AA-20189-10-55-A-13

- Condition: A review of the expenditures charged to the Workforce Investment Act (WIA) cluster program revealed that the Department of Labor (Department) failed to follow the OMB Circular A-87 guidelines for allocable program expenditures. We noted eight (8) transactions totaling 11,072.12 were not allocable to the Federal program or adequately documented.
- Criteria: Provisions of OMB Circular A-87, Cost Principles for Local, State and Indian Tribal Governments, require that "to be allowable under Federal awards, costs must be...allocable to Federal awards under the provisions of this Circular." and "be adequately documented".
- Questioned Cost: \$11,072.12
- Information: A review of the expenditures revealed that seven (7) of the eight (8) questionable expenditures lacked adequate documentation. In reviewing the accounts that the expenditures were charged to, we noted that the expenditures were moved from the Employment Service Cluster (17.ESC) to the WIA cluster program. The Department could not provide evidence of the allocability of the expenditures to the WIA program.

Additionally, we noted one (1) transaction was charged to the Rapid Response program, which is a statewide program within the Dislocated Worker program that is not allocable to the WIA cluster

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

program. The Department could not provide proof of how the expenditure related to the operating of the Rapid Response program, and therefore, we determined the cost to be unallowable.

- Cause: Management failed to monitor compliance with Federal guidelines to ensure that expenditures charged to the Federal program were allowable.
- Effect: Total questioned costs in the amount of \$11,072.12. In addition, failure to ensure that program expenditures are allowable can result in noncompliance with the OMB Circular A-87.
- Recommendation: The Department of Labor should implement controls to ensure that all expenditures charged to the Federal program are allowable under OMB Circular A-87.

Finding Control Number: **FA-440-12-04**
PERIOD OF AVAILABILITY OF FEDERAL FUNDS
Expenses Recorded Outside of Grant Period
Unemployment Insurance (CFDA 17.225)
U.S. Department of Labor
Grant Awards: Year 2011 – UI-21094-11-55-A-13

Condition: Our examination included a review of expenses charged by the Department of Labor (Department) for the Unemployment Insurance (UI) Administration program. We noted three (3) expenses totaling \$1,849.98 were recorded outside of the grant period.

Criteria: The Unemployment Insurance Administration grant is made up of non-automation and automation funds. ET Handbook No. 336 defines automation funds as: "the costs of goods and services directly related to the automation of UI operations. Automation goods consist of computers and their peripheral and auxiliary equipment and associated software." The handbook also defines the funding period as follows: "Non-automation funds must be obligated by December 31 of the following fiscal year, and liquidated within 90 days thereafter. ETA may extend the liquidation date upon written request. Automation funds must be obligated by the end of the 3rd fiscal year, and liquidated within 90 days thereafter. ETA may extend the liquidation date on written request."

Federal regulations at 29 CFR 97.23(b) states: "A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period...The Federal agency may extend this deadline at the request of the grantee."

Questioned Costs: \$1,849.98

Information: A review of expenses recorded on the general ledger for the Unemployment Insurance Administration non-automation grants noted that there were expenditures recorded outside of the 2011 grant period of availability. Based on our review of grant awards provided by the Department, expenses for the fiscal year 2011 Unemployment Insurance Administration non-automation grants (Fund Ledger 0210) should not have been recorded after December 31, 2011. The following expenses were allowable expenses for the program and should have been charged to the 2012 grant year:

\$910.00 charged on March 22, 2012
\$64.98 charged on May 29, 2012
\$875.00 charged on June 13, 2012

- Cause: The Department's policies and procedures for recording Unemployment Insurance Administration expenses to the proper grant period were inadequate.
- Effect: Failure to develop adequate policies and procedures can result in noncompliance with applicable Federal laws, regulations, and other compliance requirements. In this instance, three (3) payments were made that were outside the period of availability for the grant to which they were charged.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Recommendation: The Department of Labor should review their current internal controls in relation to the recording of expenses to the proper grants and implement additional internal controls as needed to ensure that Federal funds are recorded in accordance with period of availability requirements.

Finding Control Number: FA-440-12-05

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Expenses Recorded Outside of Grant Period of Availability

WIA Adult Program (CFDA 17.258)

WIA Youth Activities (CFDA 17.259)

WIA Dislocated Workers (CFDA 17.260)

U.S. Department of Labor

Grant Award: Year 2008 - AA-17116-08-55-A-13

Condition: Our examination included a review of expenses charged by the Department of Labor (Department) for the Workforce Investment Act (WIA) cluster program. We noted 3,178 expenditure transactions totaling \$3,222,212.49 that were recorded outside of the grant period. Expenditures recorded outside the period of availability included both American Recovery and Reinvestment Act (ARRA) program funds and non-ARRA program funds.

Criteria: The WIA cluster program funding is generated through two different periods; Program Year (PY) and Fiscal Year (FY). Program Year begins on July 1 for the Adult and Dislocated Worker programs, and April 1 for the Youth program. Fiscal Year grants begin on October 1, and are based on the Federal Fiscal Year. All grants expire on June 30, three years after the grant was initiated.

According to 20 CFR 667.107 (a), funds "are available for expenditure by the State receiving the funds only during that program year and the two succeeding program years."

Additionally, ARRA funding for the WIA program expired on June 30, 2011. According to Training Employment Notice (TEN) 30-08, issued by the Employment and Training Administration, "WIA funds may be obligated through the entire period of availability and must be expended by June 30, 2011."

Both ARRA and non-ARRA WIA cluster funds have a liquidation period. Federal regulations at 29 CFR 97.23(b) states: "A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period...The Federal agency may extend this deadline at the request of the grantee."

While WIA is entitled to a liquidation period, all expenditures must have been booked to the general ledger by the end of the period of obligation.

Information: During our review of expenses recorded on the general ledger for the WIA cluster grants, we noted that there were expenditures recorded outside of the PY08 and FY09 grant period availability as well as the ARRA grant period of availability. Based on our review of grant awards provided by the Department, expenses for the PY08, FY09, and the ARRA grants should not have been recorded after June 30, 2011. Upon further review, we noted that the majority of expenditures recorded to the PY08, FY09, and ARRA grants after the period of availability were for subrecipient drawdown requests. These drawdown requests should have been received and recorded prior to the grant closing on June 30, 2011. While the Department maintains that the expenditures were for allowable activities and were incurred within the period of availability, the Department did not actually record the transactions until after the close of the grant period of availability.

Cause: The Department's policies and procedures for recording WIA cluster expenses within the appropriate period of availability were inadequate.

Effect: Apparent noncompliance with Federal laws, regulations, and other compliance requirements regarding period of availability.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Recommendation: The Department of Labor should review their current internal controls in relation to the recording of expenses within the period of availability and implement additional internal controls as needed to ensure that Federal funds are recorded in accordance with period of availability requirements.

Finding Control Number: FA-440-12-07

REPORTING

Deficiencies in Financial Reporting

Unemployment Insurance (CFDA 17.225)

U.S. Department of Labor

Grant Awards: Various

Condition: Our examination of the Department of Labor (Department) included a review of the financial reports for the Unemployment Insurance (UI) program (CFDA No. 17.225) that were submitted to the Federal awarding agency for the quarters ended September 30, 2011, December 31, 2011, March 31, 2012, and June 30, 2012. We noted several instances where the documentation provided was not adequate to support the amounts reported on the 9130 Reports including amounts in the Remarks section of the reports.

Criteria: According to the Code of Federal Regulations, Title 29, Section 97.20, Part (b) (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

In addition, an adequate system of internal controls dictates that all program financial reports be supported by adequate documentation and are reconciled to the accounting records.

Information: Amounts reported in the Federal Share of Expenditures "This Period" column (Part 10.e), Federal Share of Unliquidated Obligations, "Cumulative" column (Part 10. g), and Remarks section (Part 12) of the 9130 Financial Reports were not fully supported by the documentation provided to the auditors.

Cause: The deficiencies noted occurred as a result of Department's failure to ensure that the Federal financial reports are supported by the appropriate documentation.

Effect: Failure to adhere to the prescribed internal control procedures could result in the submission of inaccurate and/or incomplete financial reports which would result in noncompliance with Federal program regulations.

Recommendation: The Department of Labor should ensure that the internal control procedures for Financial Reporting are adequate and operating as designed. Additionally, internal controls should be in place to provide adequate documentation to support the amounts reported.

Finding Control Number: FA-440-12-08

REPORTING

Reports not Reconciled to the Accounting Records

WIA Adult Program (CFDA 17.258)

WIA Youth Activities (CFDA 17.259)

WIA Dislocated Workers (CFDA 17.260)

U.S. Department of Labor

Grant Awards: Year 2008 - AA-17116-08-55-A-13

Condition: Our examination of the Workforce Investment Act (WIA) cluster program American Recovery and Reinvestment Act (ARRA) 1512 report for the quarter ended June 30, 2011 revealed that the Department of Labor (Department) completed the report using information outside the period of availability. The Department submitted the final 1512 report for the period ending June 30, 2011 by utilizing expenditures from subsequent periods.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

The Department's ARRA 1512 submission included overreporting of expenditures in the amount of \$2,400,269.04.

- Criteria: Federal regulations (20 CFR 667.300) require the Department ensure that reported information is accurate and reconciled as necessary.
- Cause: The deficiencies noted were the result of the Department's failure to ensure the timely reporting of expenditures and drawdown requests of subrecipients and that adequate internal control procedures were in place to ensure that the ARRA 1512 reports are reconciled to the accounting records prior to their submission.
- Effect: Because of deficiencies within the subrecipient monitoring of drawdown requests and accounting policies, the expenditure information on the ARRA 1512 report was overstated. In addition, failure to adhere to prescribed internal control procedures could result in the submission of inaccurate and/or incomplete reports.
- Recommendation: The Department of Labor should ensure that established internal control procedures for reporting are adequate and operating as designed. The Department should also ensure that established internal control procedures for monitoring and collecting subrecipient expenditures and drawdown requests are adequate and operating as designed so as to report accurate and complete information.

Finding Control Number: **FA-440-12-09**

REPORTING

Reports not Reconciled to the Accounting Records

WIA Adult Program (CFDA 17.258)

WIA Youth Activities (CFDA 17.259)

WIA Dislocated Workers (CFDA 17.260)

WIA Dislocated Worker Formula Grants (CFDA 17.278)

U.S. Department of Labor

Grant Awards: Year 2001 - AA-21390-11-55-A-13; Year 2010 - AA-20189-10-55-A-13; Year 2009 - AA-18634-09-55-A-13

- Condition: Our examination of the Workforce Investment Act (WIA) cluster program ETA-9130 financial reports included a total of 74 individual reports for the quarters ended December 31, 2011 and June 30, 2012. We noted that 11 reports did not reconcile to the financial information maintained within the accounting records and the subsidiary Grants Administration Financial System (GAFS).
- Criteria: Federal regulations (20 CFR 667.300) require the Department to ensure that reported information is accurate and reconciled as necessary.
- Information: The Department utilized information from the FARS accounting system and the GAFS to prepare the ETA-9130 reports. Three (3) fund ledgers (5300, 5301, and 5310) from FARS and one (1) report (FS450L1) from GAFS should be used to prepare the ETA-9130 reports.
- Cause: The deficiencies noted were the result of the Department's failure to ensure that the internal control procedures in place for reporting were consistently performed and that adequate internal control procedures were in place to ensure that the financial reports are reconciled to the accounting records prior to their submission.
- Effect: Failure to adhere to prescribed internal control procedures could result in the submission of inaccurate and/or incomplete reports.
- Recommendation: The Department of Labor should ensure that established internal control procedures for reporting are adequate and operating as designed. The Department should also develop and implement additional internal control procedures to ensure that reports reconcile to the accounting records and any differences are properly investigated and documented. The Department should follow guidelines

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

detailed in the Federal regulations of the WIA cluster program to ensure compliance with program requirements.

BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES, DEPARTMENT OF

Finding Control Number: **FA-441-12-01**

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Expenditures Charged Outside the Period of Availability

Social Services Block Grant (CFDA 93.667)

U.S. Department of Health and Human Services

Grant Award: Year 2010 - 2010G992342

- Condition:** Our review of the Department of Behavioral Health and Developmental Disabilities (Department) Social Services Block Grant (SSBG) program revealed expenditures for fund source 30495, totaling \$513,220.59, that were charged outside the period of availability.
- Criteria:** According to Section H of the OMB A-133 Compliance Supplement for 2012, "Any amounts awarded to the State for a fiscal year shall be available for obligation and expenditure until the end of the fiscal year following the fiscal year for which the amounts were awarded."
- Questioned Cost:** \$513,220.59
- Cause:** The deficiency noted above occurred as a result of the Department's failure to establish adequate internal controls for recording SSBG program expenditures to the proper grant periods and paying program expenditures within the correct liquidation period.
- Effect:** Failure to record and pay SSBG program expenditures to the proper grant periods results in noncompliance with Federal regulations and results in a questioned cost amount as identified.
- Recommendation:** The Department of Behavioral Health and Developmental Disabilities should establish adequate internal controls to ensure that SSBG program expenditures are recorded in accordance with period of availability requirements and paid out within the liquidation period.

Finding Control Number: **FA-441-12-02**

REPORTING

Internal Control Deficiencies

Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)

U.S. Department of Health and Human Services

Grant Awards: Year 2011 - 3B08TI010061-11S2; Year 2010 - 2B08TI010061-10

- Condition:** Our examination included a review of the annual financial reports (SF-425) for the Block Grants for Prevention and Treatment of Substance Abuse program (CFDA No. 93.959) at the Department of Behavioral Health and Developmental Disabilities (Department) that were submitted to the Federal awarding agency. For the year under review, reports submitted for the Federal fiscal year ending 9/30/2011 were selected for testing. There were two (2) SF-425 financial reports submitted for the Federal fiscal year ending 9/30/2011, one (1) for Federal Grant Year 2010 and one (1) for Federal Grant Year 2011. The following deficiencies were noted:
- There was no accurate reconciliation between the general ledger (TeamWorks FSCM) and the SF-425 reports.
 - The reconciliations between the Grants Accounting Reporting System (GARS) and the SF-425 reports were incorrect.
 - The Department used journal entries to change the budget year on encumbrances payable and accounts payable rather than making the change in the appropriate accounting system modules.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Criteria: The Code of Federal Regulations, Title 45, Section 96.30, states:
- "(b) Financial summary of obligation and expenditure of block grant funds — (1) Block grants containing time limits on both the obligation and the expenditure of funds. After the close of each statutory period for the obligation of block grant funds and after the close of each statutory period for the expenditure of block grant funds, each grantee shall report to the Department:
- (i) Total funds obligated and total funds expended by the grantee during the applicable statutory periods; and
 - (ii) The date of the last obligation and the date of the last expenditure...
- (4) Submission of information. Grantees shall submit the information required by paragraph (b)(1), (2), and (3) of this section on OMB Standard Form 269A, Financial Status Report (short form). Grantees are to provide the requested information within 90 days of the close of the applicable statutory grant periods."
- Also, the Code of Federal Regulations, Title 2, Section 215.21, states:
- "(b) Recipients' financial management systems shall provide for the following.
- 1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section 215.52."

Cause: The deficiencies noted above occurred as a result of the Department's failure to implement adequate internal controls to ensure that all required Federal reports are appropriately prepared and reconciled back to the general ledger, and to ensure that all adjustments for reconciling items are processed appropriately.

Effect: Failure to reconcile the Federal reports to the general ledger before submission to the Federal grantor agency could result in the submission of inaccurate and/or incomplete Federal financial reports.

Recommendation: The Department of Behavioral Health and Developmental Disabilities should implement adequate internal controls to ensure that Federal reports are reconciled to the general ledger and that adjustments for reconciling items are processed appropriately before submission of the Federal reports to the Federal grantor agency.

Finding Control Number: **FA-441-12-03**

REPORTING

Required Transparency Act Reports Not Filed

Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 3B08TI010061-12S1

Condition: Our examination included a review of the Block Grants for the Prevention and Treatment of Substance Abuse program (CFDA No. 93.959) for the Federal Funding Accountability and Transparency Act (FFATA) requirements. The Department of Behavioral Health and Developmental Disabilities (Department) did not meet the FFATA requirements for reporting.

Criteria: The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), effective October 1, 2010, in the section that relates to subaward reporting under grants and cooperative agreements, states that: "Information on first-tier subawards related to Federal contracts and grants and the executive compensation of awardees must be made publicly available."

In addition, the Open Government Directive – Federal Spending Transparency and Subaward and Compensation Data Reporting, dated August 27, 2010, provides "...Federal agencies with guidance on reporting subaward and compensation data for Federal contracts and grants. As required by the

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Federal Funding Accountability and Transparency Act1 ("Transparency Act" or "FFATA") and subsequent OMB guidance, information on the first-tier subawards related to Federal contracts and grants and the executive compensation of awardees must be made publicly available."

Cause: The deficiency noted above was due to the Department's failure to implement adequate internal controls and procedures necessary to properly report the required FFATA information.

Effect: Failure to properly report the required FFATA information results in noncompliance with Federal regulations.

Recommendation: The Department of Behavioral Health and Developmental Disabilities should implement adequate internal controls and procedures to ensure that all reporting requirements as identified in the OMB guidelines and instructions provided in the OMB "Open Government Directive - Federal Spending Transparency and Subaward and Compensation Data Reporting" guidance are being met.

Finding Control Number: FA-441-12-04

SUBRECIPIENT MONITORING

Failure To Confirm DUNS Number Prior To Issuance Of Subaward

Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)

U.S. Department of Health and Human Services

Grant Awards: Year 2012 - 3B08TI010061-12S1; Year 2011 - 3B08T1010061-11S2; Year 2010 - 2B08T1010061-10

Condition: Based on our examination of subaward and approval documents for first-tier subawards granted to non-ARRA Subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program (CFDA No. 93.959), the Department of Behavioral Health and Developmental Disabilities (Department) failed to confirm that applicants for non-ARRA subawards had registered for a Dun and Bradstreet Data Universal Numbering System (DUNS) number prior to the issuance of the subaward.

Criteria: In accordance with OMB Circular A-133 Part 3, Section M: "A pass-through entity is responsible for:

- Determining Subrecipient Eligibility - In addition to any programmatic eligibility criteria under E, "Eligibility for Subrecipients," for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award (2 CFR section 25.110 and Appendix A to 2 CFR part 25)."

In accordance with Appendix A to 2 CFR Part 25:

"B. Requirement for Data Universal Numbering System (DUNS) Numbers

If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity...may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you."

Cause: The deficiency noted above was the result of the Department's failure to implement appropriate policies and procedures to ensure compliance with verifying the DUNS number registration requirement for non-ARRA subrecipients.

Effect: Failure to ensure non-ARRA subrecipients have registered for a DUNS number prior to the issuance of a subaward results in noncompliance with Federal regulations.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Recommendation: The Department of Behavioral Health and Developmental Disabilities should implement appropriate policies and procedures to ensure that all non-ARRA subrecipients have registered for a Dun and Bradstreet Data Universal Numbering System (DUNS) number prior to the issuance of subawards.

TRANSPORTATION, DEPARTMENT OF

Finding Control Number: **FA-484-12-01**

DAVIS-BACON

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

Highway Planning and Construction (CFDA 20.205)

U.S. Department of Transportation

Grant Awards: Year 2012 - N4510.746; N4510.749; N4510.750; N4520.211; N4520.214; N4520.216

Condition: During our examination of twelve (12) project files maintained by three (3) Department of Transportation (Department) District Offices, we identified ten (10) project files that contained inconsistent or incomplete payroll information or were missing the required labor interview forms. In addition, the Department failed to maintain evidence of the Equal Opportunity Officer's (EEO) review of certified payrolls and to document the follow up procedures performed for three (3) instances where the employee wage rate from the labor interview was not consistent with the certified payrolls and below the Federal wage rate determination.

Criteria: The Department's Construction Manual, 8.2 Project Payroll Review states, in part: "The Department conducts labor interviews of the contractor's and subcontractor's employees, including trainees; a minimum goal of 3 labor interviews per month on prime contractors and 3 per month on subcontractors active on the project shall be conducted on all Federal projects to verify payroll information." Area Engineers will compile a report stating the total number of labor interviews conducted each quarter in their Area and submit the report to the District EEO Officer for review.

According to the Davis Bacon Act, 29 CFR 5.5 (a)(3) "...the contracting agency in a financially-assisted construction contract has the primary, day-to-day responsibility for administering and enforcing the prevailing wage rate requirements in covered contracts." The contracting agency is responsible for ensuring that the contractor maintains appropriate records by performing activities, such as reviewing certified payrolls in a timely manner, conducting employee interviews and conducting investigations.

Cause: The Department of Transportation did not have adequate policies and procedures in place to ensure labor interviews and reviews of certified payrolls were properly and consistently performed and documented in accordance with the Department's Construction Manual.

Effect: Inadequate policies and procedures could result in non-compliance with requirements of the Davis Bacon Act.

Recommendation: The Department of Transportation should develop and implement additional policies and procedures, as needed, to ensure labor interviews are properly and consistently conducted and evidence of certified payroll reviews and investigations of reported wage rate inconsistencies is properly maintained.

Finding Control Number: **FA-484-12-02**

MATCHING, LEVEL OF EFFORT, EARMARKING

Inaccurate Application of Matching Percentages

Highway Planning and Construction (CFDA 20.205)

U.S. Department of Transportation

Grant Awards: Year 2012 - N4510.746; N4510.749; N4510.750; N4520.211; N4520.214; N4520.216

Condition: The Department of Transportation (Department) did not apply the correct matching percentages to four (4) out of 52 Highway Planning and Construction Cluster program expenditures tested.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Criteria: The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 1, Page 1-6 states, in part: "As a condition of receiving Federal awards, non-Federal entities agree to comply with applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."
- According to Parts 3 and 4, Section G - Matching, Level of Effort, Earmarking of the OMB Circular A-133 Compliance Supplement: "Matching or cost sharing includes requirements to provide contributions (usually non-Federal) of a specified amount or percentage to match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions)..." "The State is generally required to pay a portion of the project costs. Portions vary according to the type of funds authorized and the type of project and are stated in project agreements."
- Information: The matching percentages for the 52 Highway Planning and Construction Cluster program expenditures, totaling \$36,654,075.71, were verified by comparing invoice amounts to the Federal Allotment Notices. The errors identified above resulted in overcharges to the HPCC program totaling \$216,529.60. The Department corrected the errors, which were identified during interim period testing, prior to the end of the fiscal year and included the appropriate credit expense amounts on subsequent Federal Bills. Year-end testing did not disclose any additional errors.
- Cause: The Department did not have adequate internal control procedures in place to ensure that the matching requirements for the Highway Planning and Construction Cluster program were consistently met in accordance with Federal regulations.
- Effect: Inadequate internal controls over matching requirements may result in Federal programs being overcharged or undercharged in error. Overcharges to Federal programs may result in an interest liability being incurred.
- Recommendation: The Department of Transportation should consistently monitor Federal program expenditures and implement additional policies and procedures, as needed, to ensure that the correct State matching contribution rates are properly applied to expenditures in accordance with Federal regulations.

Finding Control Number: **FA-484-12-03**

PROCUREMENT AND SUSPENSION AND DEBARMENT
SPECIAL TESTS AND PROVISIONS

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

Highway Planning and Construction (CFDA 20.205)

U.S. Department of Transportation

Grant Awards: Year 2012 - N4510.746; N4510.749; N4510.750; N4520.211; N4520.214; N4520.216

- Condition: The Department of Transportation's (Department) Office of Materials and Research did not consistently complete and/or maintain quarterly Materials Certificate (MC) Checklists in accordance with the Department's Quality Assurance program. During our examination of the Office of Materials and Research project files, we noted that quarterly Materials Certificate Checklists were not completed for 17 of the 23 projects tested even though the construction reports for these projects indicated that materials were used. In addition, the Materials Certificate Checklists were not completed for four (4) projects that were funded with American Recovery and Reinvestment Act (ARRA) funds.

- Criteria: According to the Department's policies and procedures, Sections 20.2 and 20.3, "Projects let January 2002 and after require a Materials Certificate Checklist to be completed and sent to the Office of Materials and Research, Materials Audit Unit for every project that has a construction report turned in during the preceding three months... The MC checklist shall be completed every January, April, July and October by the Project Engineer for every project that had work going on for the previous three months... The deadline to turn in the checklist is 30 days after the last day of the report month."

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Section 1605 of the American Recovery and Reinvestment Act specifies that for any ARRA funded project requiring the construction, alteration, maintenance or repair of a public building or public work, 100% of the iron, steel and manufactured goods used in the project must be produced in the United States.

- Information:** During the last two months of fiscal year 2012, the Office of Materials and Research hired an internal field auditor to review project files for missing quarterly Materials Certificate Checklists. At the time of our examination the field auditor had identified one (1) of the project files that were selected for testing and had mailed an internal audit field letter requesting the missing quarterly Materials Certificate Checklists from the District Engineer.
- Cause:** The deficiencies noted were the result of the Department's failure to ensure that the quarterly Materials Certificate Checklists were consistently completed and maintained in accordance with the internal control procedures established in the Quality Assurance program.
- Effect:** Failure to adhere to the prescribed internal control procedures may affect project costs and project closeout procedures and could result in noncompliance with Federal regulations.
- Recommendation:** The Department of Transportation should review their internal controls and implement additional controls, as needed, to ensure that the established procedures relating to the completion of the quarterly Materials Certificate Checklists are properly and consistently followed.

Finding Control Number: **FA-484-12-04** REPORTING

Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Formula Grants for Other Than Urbanized Areas (CFDA 20.509)
U.S. Department of Transportation
Grant Awards: Year 2012 - GA-18-X032; Year 2011 - GA-18-X031; Year 2010 - GA-18-X030; Year 2009 - GA-18-X029;
GA-86-X001; Year 2008 - GA-18-X028

Condition: Our examination of Special Reporting for the Nonurbanized Area Formula Grants program included a review of the Statewide Summary report (RU-30) that the Department of Transportation (Department) submitted to the National Transit Database (NTD) during fiscal year 2012 and the supporting source documentation, which included the following:

- Rural General Public Transit Service forms (RU-20)
- Subrecipient Financial and Operating Information (reported in the Rural Management Information System)

Our examination revealed the following deficiencies:

- (1) The Department did not have a review process in place to ensure the accuracy and completeness of the financial and operating information reported in the RU-30 report and the supporting RU-20 forms.
- (2) Discrepancies were identified between the financial and operating information reported in the Rural General Public Transit Service forms and Rural Management Information System for eight (8) of the 20 subrecipients that were randomly selected for testing.

Criteria: The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 1, Page 1-6, states, in part: "As a condition of receiving Federal awards, non-Federal entities agree to comply with applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."

An adequate system of internal controls requires that reports of Federal Awards be reviewed by a supervisor or manager prior to being submitted to the Federal awarding agency to assure accuracy and

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

completeness of the data and information included in the reports. Proper documentation should be maintained to preserve evidence that the review was performed. The date of the review and the signature of the reviewer (even in electronic form) should be included in the supporting documentation.

Cause: The deficiencies noted were the result of the Department's failure to have adequate internal control procedures over Special Reporting to ensure the accuracy and completeness of the financial and operating information reported in the Statewide Summary report and supporting Rural General Public Transit Service forms.

Effect: Inadequate internal controls over Special Reporting resulted in the submission of inaccurate and/or incomplete information to the National Transit Database and increased the risk that the Department will not comply with Federal regulations.

Recommendation: The Department of Transportation should develop and implement internal controls over Special Reporting to ensure that reviews of the financial and operating information included in the Statewide Summary report and Rural General Public Transit Service forms are performed and that the information reported is accurate and properly supported by the subrecipient information maintained in the Rural Management Information System.

Finding Control Number: **FA-484-12-05**

SUBRECIPIENT MONITORING

Inadequate Internal Controls over Subrecipient Monitoring

Highway Planning and Construction (CFDA 20.205)

U.S. Department of Transportation

Grant Awards: Year 2012 - N4510.746; N4510.749; N4510.750; N4520.211; N4520.214; N4520.216

Condition: Our examination of Subrecipient Monitoring for the Highway Planning and Construction Cluster (HPCC) revealed that the deficiencies reported in prior year finding control number FA-484-11-03 were not resolved by the Department of Transportation (Department) during fiscal year 2012. We were unable to determine if the Department complied with the Subrecipient Monitoring requirements as a result of these deficiencies, which included inadequate documentation of Subrecipient Monitoring procedures and failure to provide formal written internal control policies and procedures for:

- (1) Evaluating and monitoring compliance with the Subrecipient Monitoring requirements when determining Subrecipient Eligibility, Central Contractor Registration, Award Identification, Pass-Through Entity Impact, and subrecipient project delivery systems and accounting controls.
- (2) Defining or establishing what constitutes reasonable or adequate performance and documentation of "During-the-Award Monitoring" of HPCC subrecipients, except to require that subrecipient expenditures be approved prior to reimbursement.
- (3) Monitoring compliance with the subrecipient audit requirements of OMB Circular A-133, which includes: a) ensuring that subrecipients expending \$500,000 or more in Federal awards have the required audits, b) enforcing sanctions or other appropriate actions for noncompliance with the audit requirements, c) issuing management decisions on subrecipient audit findings and d) verifying the timely implementation of corrective actions by subrecipients.

Criteria: The OMB Circular A-133 Compliance Supplement, Part 1, Page 1-6, states: "As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."

According to the Subrecipient Monitoring section included in Part 3 of the OMB Circular A-133 Compliance Supplement, a pass-through entity is responsible for:

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

-Determining Subrecipient Eligibility

“... for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award...”

-Central Contractor Registration (CCR)

“For ARRA subawards, identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a DUNS number, and maintaining the currency of that information...”

-Award Identification

“At the time of the subaward, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements. For ARRA subawards, identifying to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC...”

-During-the-Award Monitoring

“Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.”

-Subrecipient Audits

“(1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133...” “...and that the required audits are completed within 9 months of the end of the subrecipient’s audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.”

-Pass-Through Entity Impact

“Evaluating the impact of subrecipient activities on the pass-through entity’s ability to comply with applicable Federal regulations.”

In addition, the Highway Planning and Construction Cluster (HPCC) program compliance requirements included in Part 4 of the OMB Circular A-133 Compliance Supplement state that “State DOTs are responsible for determining that subrecipients of Federal-aid highway funds have adequate project delivery systems for projects approved under 23 USC. They also are required to determine whether subrecipients have sufficient accounting controls to properly manage such Federal-aid funds...”

Information:	According to interviews with the Department's Internal Audit Division, the reported corrective action plan for finding control number FA-484-11-03 is scheduled to be in effect on July 1, 2012 (fiscal year 2013).
Cause:	The deficiencies noted were the result of the Department’s failure to have adequate internal control policies and procedures in place to ensure compliance with the A-133 requirements for Subrecipient Monitoring.
Effect:	We were unable to determine if the Department complied with the Subrecipient Monitoring requirements as a result of these deficiencies. In addition, inadequate internal controls over

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Subrecipient Monitoring could result in improper program costs being reimbursed to subrecipients and noncompliance with Federal regulations.

Recommendation: The Department of Transportation should develop, implement, and formally document policies and procedures over Subrecipient Monitoring to ensure that the A-133 compliance requirements are consistently followed and documented for subrecipients of Highway Planning and Construction Cluster funds.

Finding Control Number: FA-484-12-06

SUBRECIPIENT MONITORING

Inadequate Subrecipient Monitoring Documentation

Federal Transit_Capital Investment Grants (CFDA 20.500)

Federal Transit_Formula Grants (CFDA 20.507)

Formula Grants for Other Than Urbanized Areas (CFDA 20.509)

U.S. Department of Transportation

Grant Awards: Year 2012 - GA-18-X032; GA-90-X309; Year 2011 - GA-18-X031; GA-90-X286; Year 2010 - GA-04-X030; GA-90-X259; GA-18-X030; Year 2009 - GA-04-X013; GA-04-X017; GA-18-X029; GA-57-X006; GA-86-X001; GA-96-X012; Year 2008 - GA-03-X089; GA-04-X006; GA-04-X028; GA-18-X028; GA-90-X242; Year 2006 - GA-03-X086; Year 1999 - GA-03-X058

Condition: Our examination of Subrecipient Monitoring for the Formula Grants for Other Than Urbanized Areas program (CFDA No. 20.509) and Federal Transit Cluster (CFDA No. 20.500 and 20.507) disclosed that the Department of Transportation's Office of Intermodal failed to maintain adequate documentation of risk assessments and compliance reviews of subrecipients. As a result, we were unable to determine if the risk assessments and compliance reviews were effective during-the-award monitoring procedures.

Criteria: Section 7502 of the Single Audit Act of 1996 provides that each pass-through entity shall monitor the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements.

According to Sections 5307 and 5311 of the Office of Intermodal's Program Procedures Manual, "GDOT Intermodal Programs Division through the Transit Program Manager and Transit Program Coordinators is responsible for performance of an assessment to identify subrecipient risk on an annual basis, in May-June of each year. Full Compliance Monitoring Reviews will be performed as needed by the Transit Program Coordinator based on the results of the risk assessment. For high risk subrecipients, compliance reviews will be performed within 90 days of findings of noncompliance or determination of high risk. For medium risk subrecipients, reviews will be performed every two (2) years. Complete compliance reviews are conducted by GDOT Program Transit Coordinator every three (3) years for low risk. The Transit Program Manager must keep subrecipient assessments in a central repository for tracking, reporting and historical risk assessment information. All relevant information relating to the oversight of each subrecipient should be maintained in such manner as to be easily and quickly identified, complete, and readily available for use."

Cause: The Office of Intermodal was unable to provide adequate documentation of risk assessments and compliance reviews.

Effect: Inadequate Subrecipient Monitoring documentation increases the risk that the Office of Intermodal will not be able to prevent or detect instances where subrecipients fail to use awards for authorized purposes, comply with laws, regulations, and the provisions of contracts or grant agreements, and achieve performance goals.

Recommendation: The Office of Intermodal should review their current internal control procedures for Subrecipient Monitoring and implement additional procedures, as needed, to ensure that risk assessments and

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

compliance reviews are properly performed and documented in accordance with their Program Procedures Manual.

GEORGIA STATE UNIVERSITY

Finding Control Number: **FA-509-12-01**

SPECIAL TESTS AND PROVISIONS

Inadequate Control Procedures over Unofficial Withdrawals

U. S. Department of Education

Student Financial Assistance Cluster Program

Condition: The University did not have adequate internal control procedures in place to identify students who unofficially withdraw during an academic semester.

Criteria: 34 CFR 668.22 provides requirements over the treatment of Title IV funds when a student withdraws. The University is required to determine the amount of Title IV grant that the student earned as of the student's withdrawal date when a recipient of Title IV grant withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance. A refund must be returned to Title IV programs when the total amount of Title IV grant that the student earned is less than the amount of Title IV grant that was disbursed to the student as of the withdrawal date.

When determining a student's last date of attendance, an institution that is not required to take attendance may use the student's last date of attendance at an academically-related activity. The institution must document the student's attendance at the academically-related activity. In addition, an institution must document the institution's determined withdrawal date for the student and maintain the documentation as of the date of the institution's determination that the student withdrew.

In situations where an institution cannot document withdrawal date, the institution should use the mid-point of the payment period or period of enrollment as the student's withdrawal date.

Questioned Cost: Questioned Costs of \$1,375.00 were identified for a student who received student financial aid in excess of the amount earned as of the determined withdrawal date, which when projected over the entire population, resulted in a projected misstatement of \$1,015,659.34.

Information: A sample of twenty-five financial aid files was selected to determine if financial aid was properly calculated and disbursed to students. This sample revealed one student that received all W's and F's as grades.

In situations when a student receives all W's and F's as grades, an institution is required to determine if the student unofficially withdrew from the institution. The University could not document that a determination of withdrawal was performed or that the student attended an academically-related activity after the mid-point of the period of enrollment.

Cause: The University did not perform established procedures to identify unofficial withdrawals.

Effect: The University was not in compliance with Federal regulations concerning unofficial withdrawal calculations and refunds.

Recommendation: The University should improve established monitoring processes in place to ensure that unofficial withdrawals are identified and the required Return of Title IV Funds calculation is performed. The University should also contact the U. S. Department of Education regarding the resolution of this finding.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION (*)

Finding Control Number: **FA-5092-12-01**

SPECIAL TESTS AND PROVISIONS

Required Reports Not Filed or Not Submitted on Time

Research and Development Cluster

- Condition:** Certain financial and other reports required by grant and contractual agreements entered into by the Research Foundation with various federal agencies were not submitted on time. Of a total of 31 reports judgmentally selected for testing, 2 were not submitted within the required timeframe.
- Criteria:** The Research Foundation is required to submit performance and financial reports as required by the award terms and conditions. Such reports are required to be submitted within a specified timeframe as required by the applicable grant or contract agreement.
- Cause:** Insufficient monitoring of compliance with the reporting terms and conditions of awards.
- Effect:** A violation or failure to comply with an award's terms and conditions may result in the Federal agency withholding payments to the Research Foundation, withholding approval of further grants with the Research Foundation, and any other action deemed necessary to gain compliance.
- Recommendation:** Efforts should continue to be made by the Research Foundation to reemphasize policies and procedures to ensure required reports are submitted to the contracting agencies by the specified due dates.

Finding Control Number: **FA-5092-12-02**

SPECIAL TESTS AND PROVISIONS

Failure to Comply with Special Contract Terms and Conditions

Research and Development Cluster

- Condition:** The Research Foundation was unable to provide documentation that the required income verification had occurred for participants in the After-School All-Stars Program as required under contract with the State of Georgia Department of Human Services.
- Criteria:** Per the Special Terms and Conditions of the program contract, the Research Foundation is required to complete and maintain on site a required Income Eligibility Reporting Form for each participant in order to verify the program participants met the sponsoring agency's guidelines.
- Cause:** Insufficient monitoring of compliance with the special terms and conditions of awards.
- Effect:** A violation or failure to comply with an award's terms and conditions may result in the Federal agency withholding payments to the Research Foundation, withholding approval of further grants with the Research Foundation, and any other action deemed necessary to gain compliance.
- Recommendation:** Efforts should be made by the Research Foundation to put in place policies and procedures to identify the terms and conditions of each grant and contractual agreement and to monitor the program's compliance with these terms and conditions.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

ARMSTRONG ATLANTIC STATE UNIVERSITY

Finding Control Number: **FA-524-12-01**

SPECIAL TESTS AND PROVISIONS

Deficiencies in Student Financial Assistance Refund Process
Student Financial Assistance Cluster Program

- Condition:** The Student Financial Assistance office failed to properly perform the refund process and ensure that the unearned Title IV funds were accurately calculated and returned in the correct amount.
- Criteria:** Provisions included in 34 CFR 668 provide general requirements for administering Student Financial Assistance (SFA) programs. Provisions included in 34 CFR 685 provide eligibility and other related program requirements that are specific to the William D. Ford Direct Student Loan Program.
- Questioned Cost:** Questioned costs of \$2,633.39 were identified in the sample of student refunds, which when projected over the entire population, resulted in a projected misstatement of \$16,010.85.
- Information:** Twenty-five students that received Federal financial assistance and either officially or unofficially withdrew from the University were randomly selected to determine if refunds were calculated and returned in the correct amount to the proper funding agency and/or student.
- Our examination revealed two instances where the University failed to accurately calculate the amount of earned and unearned Federal financial assistance funds after receiving notification of the student's withdrawal. The University did not include all institutional charges when calculating these refunds. This resulted in an underpayment of Title IV funds returned to the U. S. Department of Education by the University in the amount of \$2,633.39.
- Cause:** This deficiency was the result of management's failure to properly calculate student financial assistance refunds in accordance with Federal regulations.
- Effect:** The SFA Office failed to accurately calculate funds earned and unearned when determining the amount of unearned Title IV funds to be returned.
- Recommendation:** The University should develop and implement procedures to ensure that Student Financial Assistance refunds are properly calculated and returned in accordance with the Higher Education Amendments of 1998, Public Law 105-244. The University should contact the U. S. Department of Education regarding resolution of this finding.

GEORGIA PERIMETER COLLEGE

Finding Control Number: **FA-571-12-01**

REPORTING

Reports Not Reconciled

U. S. Department of Education

Student Financial Assistance Cluster Program

- Condition:** Fiscal year 2011 amounts reported on the Fiscal Operations and Application to Participate (FISAP) report submitted by the College to the U. S. Department of Education were not properly reconciled.
- Criteria:** Federal regulations (34 CFR 668.24, 34 CFR 675.19, 34 CFR 690.81 and 34 CFR 690.83) require the College to ensure that reported information is accurate and reconciled as necessary.
- Information:** The fiscal year 2011 FISAP report included amounts reported for Tuition and Fees for Undergraduates, State Grant and Scholarships Made to Undergraduates, Information on Eligible Aid Applicants

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Enrolled in the College, the Pell Grant Program, the Federal Work-Study Program and the Federal Supplemental Educational Opportunity Grant Program that did not reconcile to the accounting records.

Cause: This deficiency was a result of management's failure to adequately reconcile information submitted on the FISAP with activity recorded in the accounting records.

Effect: Information submitted to the U. S. Department of Education was not accurate and was not supported by the accounting records.

Recommendation: The College should implement policy and procedures to ensure that all reports submitted to the U. S. Department of Education are accurately completed and supported by the accounting records. The College should also contact the U. S. Department of Education regarding the resolution of this finding.

Finding Control Number: **FA-571-12-02**

SPECIAL TESTS AND PROVISIONS

Inadequate Control Procedures over Unofficial Withdrawals

U. S. Department of Education

Student Financial Assistance Cluster Program

Condition: The College did not have adequate internal control procedures in place to identify students who unofficially withdraw during an academic semester.

Criteria: 34 CFR 668.22 provides requirements over the treatment of Title IV funds when a student withdraws. The College is required to determine the amount of Title IV grant that the student earned as of the student's withdrawal date when a recipient of a Title IV grant withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance. A refund must be returned to Title IV programs when the total amount of Title IV grant that the student earned is less than the amount of Title IV grant that was disbursed to the student as of the withdrawal date.

Questioned Cost: Questioned costs of \$16,736 were identified for students who received student financial assistance in excess of the amount earned as of the determined withdrawal date. The College performed procedures to estimate likely questioned costs of \$897,366. Auditor performed procedures to ensure the College's estimate was reasonable.

Information: A sample of twenty-five financial assistance files was selected to determine if financial assistance was properly calculated and disbursed to students. This sample revealed six students that unofficially withdrew from the College.

This matter was brought to the attention of the College. The College was asked to determine the number of students and the amount of the refunds related to the unofficial withdrawals.

The College determined that 4,243 students earning less than 60% of Title IV aid disbursed unofficially withdrew during the period under review. The likely estimated refunds related to these unofficial withdrawals were \$897,366.

As of the end of fieldwork, the College was in the process of performing the required refund calculations and refunding Title IV aid to the U. S. Department of Education.

Cause: This deficiency occurred because the College's management did not have procedures in place to identify unofficial withdrawals that received Title IV funds.

Effect: The College did not properly calculate a refund for students who unofficially withdrew. Unearned Title IV funds are not being returned as required.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Recommendation: The College should implement policies and procedures to ensure that unofficial withdrawals that received Title IV funds are identified and the required refund calculation is performed. The College should also contact the U. S. Department of Education regarding the resolution of this finding.

EAST GEORGIA STATE COLLEGE

Finding Control Number: **FA-572-12-01**

SPECIAL TESTS AND PROVISIONS

Deficiencies in Student Financial Assistance Refund Process

U. S. Department of Education

Student Financial Assistance Cluster

Condition: The Student Financial Assistance Office did not properly calculate refunds for students who withdrew from the College.

Criteria: Provisions included in 34 CFR 668 provide general requirements for administering Student Financial Assistance (SFA) programs.

Questioned Cost: Questioned costs of \$200.92 were identified for refunds not properly calculated, which when projected over the entire population, resulted in a projected misstatement of \$2,014.28.

Information: Twenty-five students that received Federal financial assistance and withdrew from the College were selected to determine if refunds were calculated and returned in the correct amount to the proper funding agency and/or student. Our examination revealed that the College failed to properly calculate the withdrawal refunds for four students. The miscalculations were due to a deficiency in the operation of the manual control process. The refund for one student caused the College to refund \$225.59 more than should have been to the various SFA programs. The refund calculation for three students caused the College to refund \$24.67 less than should have been to various SFA programs. These errors resulted in a net questioned cost of \$200.92.

Cause: These deficiencies were a result of data entry errors and management's failure to properly process student financial assistance refunds in accordance with Federal regulations.

Effect: The SFA Office did not calculate the correct amount of refunds for the Title IV Federal program.

Recommendation: The College should develop and implement procedures to ensure that student financial assistance refunds are properly calculated and unearned funds are correctly returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments of 1998, Public Law 105-244. The College should also contact the U. S. Department of Education regarding the resolution of this finding.

GORDON STATE COLLEGE

Finding Control Number: **FA-576-12-01**

SPECIAL TESTS AND PROVISIONS

Deficiencies Over the Title IV Refund Process

U. S. Department of Education

Student Financial Assistance Cluster Program

Condition: The Student Financial Assistance Office (SFA) failed to ensure unearned Title IV funds were returned in a timely manner.

Criteria: Provisions included in 34 CFR 668 provide general provisions for administering Student Financial Assistance programs. 34 CFR 668.22(j)(1) states that "An institution must return the amount of Title

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

IV funds...as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew."

- Information: Five students were identified in a sample of seventeen students that withdrew from the College that received Federal awards during the year whose refunds were not processed timely.
- Cause: These deficiencies were the result of management's failure to properly process student financial assistance refunds in accordance with Federal regulations.
- Effect: The Student Financial Assistance Office did not return unearned funds in a timely manner.
- Recommendation: The College should develop and implement procedures to ensure that student financial assistance refunds are properly calculated and that unearned funds are correctly returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments 1998, Public Law 105-244. The College should also contact the U. S. Department of Education regarding resolution of this finding

Finding Control Number: **FA-576-12-02**

SPECIAL TESTS AND PROVISIONS

Exit Counseling not Conducted

U. S. Department of Education

Student Financial Assistance Cluster Program

- Condition: The Student Financial Assistance office failed to ensure exit counseling took place and was properly documented.
- Criteria: Federal regulation (34 CFR 685.304) requires institutions to conduct exit counseling with each Direct Loan borrower shortly before the student ceases at least half-time study at the institution. Documentation of the required counseling should be maintained in the student's financial assistance file.
- Information: A sample of twenty-five financial assistance files revealed that two Direct Loan recipients' files that did not contain the required exit counseling documentation.
- Cause: The College's Student Financial Assistance Office had not maintained exit counseling documentation for all students that withdrew from school without the school's prior knowledge.
- Effect: The College was not in compliance with Federal regulations concerning the exit counseling shortly before the student borrower ceases at least half-time time study at the institution.
- Recommendation: The College should implement the necessary controls to ensure that each recipient receives the required counseling and that this counseling is documented in the student's file. Additionally, the College should develop and implement a monitoring process to ensure that controls are properly implemented.

MIDDLE GEORGIA COLLEGE

Finding Control Number: **FA-584-12-01**

SPECIAL TESTS AND PROVISIONS

Inadequate Control Procedures over Unofficial Withdrawals

U. S. Department of Education

Student Financial Assistance Cluster Program

- Condition: The internal control procedures to determine whether a student completed the academic period or unofficially withdrew were inadequate.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

- Criteria: Provisions included 34 CFR 668 provide general provisions for administering Student Financial Assistance (SFA) programs.
- Questioned Cost: Questioned costs of \$9,174.04 were identified for refunds not calculated for "unofficial" withdrawals, which when projected over the entire population, resulted in a projected misstatement of \$86,815.80.
- Information: The College failed to perform refund calculations for students who unofficially withdrew in accordance with the College's grading policy. Based on the grading policy, a student with all Withdrawn/Fail (WF) or Incomplete (IC) grades denotes an unofficial withdrawal. For the year under review, the Bursar's office did not calculate a refund for students with all WF and/or IC grades.
- Cause: These conditions occurred because the College did not follow its established procedures for unofficial withdrawals.
- Effect: The College has not properly calculated a refund for students who unofficially withdrew. Unearned Title IV funds are not being returned as required.
- Recommendation: The College should establish appropriate controls to ensure that the procedures in place are utilized and properly applied to determine whether a SFA recipient who began attendance during a semester completed the academic period or unofficially withdrew. The College should also contact the U. S. Department of Education regarding the resolution of this finding.

WEST GEORGIA TECHNICAL COLLEGE

Finding Control Number: **FA-826-12-01**

REPORTING

Failure to Award Federal Funds in a Timely Manner or Report Non-use of Funding

U. S. Department of Education

Student Financial Aid Cluster Program

- Condition: The Technical College failed to award its fiscal year allocation of Federal Supplemental Education Opportunity Grant (FSEOG) funds in a timely manner, or report to the U. S. Department of Education that funds were not expended.
- Criteria: Provisions included in 34 CFR 673.4(d)(3) provide the requirements of the reallocation of unused FSEOG funds. The U. S. Department of Education requires awardees to report unexpended funds.
- Information: Upon review of the fiscal year allocations of FSEOG funds, it was noted that \$217,431.00 was allocated to the Technical College to be awarded to students during fiscal year 2012. In addition, under the guidelines for Campus-Based Funds, the Technical College had \$41,834.78 in unused Federal Work Study funds that could have been transferred into FSEOG and awarded to students. A total of \$259,265.78 in available Federal funds remained unawarded at the end of the fiscal year. In June 2012 the U. S. Department of Education released a "Dear Colleague" letter requiring awardees to report any unexpended funds. The Technical College failed to meet this reporting requirement. This failure to report also resulted in the Technical College facing an underuse penalty which will result in the loss of the fiscal year 2013 allocation of \$217,431.00.
- Cause: The Technical College has not adequately designed controls to ensure that Federal awards are awarded in a timely manner, or that if funds are not awarded they are reported and released to the U. S. Department of Education.
- Effect: The Technical College was not in compliance with Federal regulations concerning the use of FSEOG funds.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Recommendation: The Technical College should establish procedures to ensure that campus-based funds are awarded based on the allocation, or that if unused, the unexpended funds are reported to the U. S. Department of Education.

Finding Control Number: **FA-826-12-02**

SPECIAL TESTS AND PROVISIONS

Failure to Properly Comply with the Verification Process

U. S. Department of Education

Student Financial Aid Cluster Program

Condition: The Student Financial Assistance Office failed to meet student verification and documentation requirements.

Criteria: Provisions included in 34 CFR 668 provide the compliance requirements for the verification process that the Technical College should follow for students who receive financial aid and identifies the acceptable documentation. The OMB Circular A-133 Compliance Supplement requires implementation of internal controls over Federal awards.

Questioned Cost: Questioned costs of \$3,701.00 were identified in the sample of student verification, which when projected over the entire population, resulted in a projected misstatement of \$642,728.98.

Information: Our sample of 25 students selected for verification revealed one student verification for which sample documentation was not maintained by the Technical College.

Cause: The Student Financial Aid Office did not adequately follow the Federal requirements for verification, and internal controls are not in place to prevent or detect noncompliance.

Effect: Without properly verifying the information in the selected student files, the Technical College places itself in a position to award students incorrectly.

Recommendation: The Student Financial Aid Office must ensure that verification and documentation requirements are met, and internal controls are designed as required by OMB Circular A-133.

Finding Control Number: **FA-826-12-03**

SPECIAL TESTS AND PROVISIONS

Deficiencies Over the Title IV Refunds Process

U. S. Department of Education

Student Financial Aid Cluster Program

Condition: The Student Financial Assistance Office (SFA) failed to properly perform the refund process and ensure that unearned Title IV funds were returned in a timely manner.

Criteria: Provisions included in the 34 CFR 668 provide general provisions for administering Student Financial Assistance programs. 34 CFR 668.22(j)(1) states that "An institution must return the amount of Title IV funds...as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew."

Information: Two students were identified in a sample of 25 students that withdrew from the Technical College that received Federal awards during the year whose refunds were not processed properly. Our examination revealed the following deficiencies:

1. One student withdrew September 8, 2011, and the refund calculation was not completed until June 13, 2012. This student's refund was calculated correctly as \$332.35; however, the refund was not processed in a timely manner.

State of Georgia

Federal Awards Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

2. One student withdrew on March 26, 2012, and at the time of audit testing in July 2012, the refund calculation had not been processed. This student had completed over 60% of the semester and did not owe a refund.

Cause: These deficiencies were the result of management's failure to properly process student financial aid refunds in accordance with Federal regulations.

Effect: The Student Financial Assistance Office did not return unearned funds in a timely manner.

Recommendation: The Technical College should develop and implement procedures to ensure that student financial aid refunds are properly calculated and that unearned funds are correctly returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments 1998, Public Law 105-244. The college should also contact the U. S. Department of Education regarding resolution of this finding.

SOUTHWEST GEORGIA TECHNICAL COLLEGE

Finding Control Number: **FA-846-12-01**
SPECIAL TESTING AND PROVISIONS
Deficiencies in Student Financial Assistance Process
U. S. Department of Education
Student Financial Assistance Cluster Program

Condition: The Student Financial Assistance Office failed to ensure that unearned Title IV funds were returned in a timely manner.

Criteria: Provisions included in 34 CFR 668 provide general requirements for administering Student Financial Assistance (SFA) programs. 34 CFR 668.22(j)(1) states that "An institution must return the amount of the Title IV funds . . . as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew . . .".

Information: A sample of twenty-four students that received Federal financial assistance and withdrew from the Technical College were selected to determine if refunds were calculated and returned in the correct amount and in a timely manner to the proper funding agency and/or student. Our examination revealed that the Technical College failed to return the funds to the grantor program within the required time frame for nine of the twenty-four students tested.

Cause: These deficiencies were the result of management's failure to ensure that student financial assistance refunds are properly refunded in a timely manner in accordance with Federal regulations.

Effect: The SFA Office is not refunding the student financial assistance refunds to the Title IV Federal programs in a timely manner.

Recommendation: The Technical College should develop and implement procedures to ensure that student financial assistance refunds are returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments of 1998, Public Law 105-204.

(*) THIS FINDING RESULTED FROM AN AUDIT PERFORMED BY OTHER AUDITORS.

Auditee's Section



"Lighthouse in the Oaks", Digital Photography
Artist: Keith R. Nelms, Tallulah Falls, GA

Expenditures of Federal Awards



Schedule of Expenditures of Federal Awards



State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
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State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of			
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10.572	Y Ö Á Çã { ^ • Çã çã ^ çã } Á] [* ã Á Çã P Ú D	í í í Ë í í	
Öã ^ & c		<u>656,975</u>	
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10.574	V ^ çã Á ~ d ã ã } Á Ö ç } •	F í Ë F	
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State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of			
10.672 Ü~ æ/Ö^ç^[] [{ ^ } çÖ !^•d^ Êæ åÁÖ [{ { ~ } æ• V@! * * @k WpαÖÜÜQYÁJØF WÜUWÜÖÜSWT ÖÖE Ú! [* æ Á [çæ	GEI H	Å FHÊ € F QJD <u>13,501</u>	
10.675 Wàææ Åæ åÁÖ [{ { ~ } æ Á !^•d^ Á! [* æ Öã^&c Ú! [* æ Á [çæ		FJÊH QJD <u>19,338</u>	
10.676 Q !^•Ö^* ææ Á! [* æ Öã^&c Ú! [* æ Á [çæ		î î ÊÎ € QJD <u>86,360</u>	
10.678 Q !^•Ö^, æå• @ Á! [* æ Öã^&c Ú! [* æ Á [çæ		H JÊU QJD <u>369,394</u>	
10.680 Q !^•Ö^æçÖÜ! [ç&ç } Öã^&c Ú! [* æ Á [çæ		FÊ GÊG QJD <u>1,523,927</u>	
10.683 Pææ } æ/Ö @æ åÁ çã æ^Á [~ } åææ } V@! * * @k PçEWPçSÁWPçPçÖÁ çÖSçÖÁUWPççEWPç Ú! [* æ Á [çæ	I GFH I FHU	G Ê€€ <u>25,000</u>	
10.688 ÖÜÜÖÜ^& ç^!^ ÁÖç^ ÁÇEJAY çã æ åÁÖ^ÁT ææ^ { ^ } ç Öã^&c Ú! [* æ Á [çæ		FÊ Í Î ÊJ <u>1,656,197</u>	
10.766 Ö [{ { ~ } æ Á çæçãã • Á [çæ • Åæ åÁÖ æ ç çÖSÖD Öã^&c Ú! [* æ Á [çæ		G Ê€€ <u>25,000</u>	
10.769 Ü~ æ/Ö^ • ç ^•• ÁÖ ç ä ^ ÁÖ æ ç Öã^&c Ú! [* æ Á [çæ		Fì Êè F <u>18,081</u>	
10.777 P [{ çæ /ÖÖ [æ * Á ç ææ } æ/Ö æ ç ç Á Ü&@ } & Åæ åÁ^&@ [* ^ Öã^&c Ø , • @ Ú! [* æ Á [çæ		GÇÊ Ì Ì QJD <u>22,578</u>	
10.783 ÖÜÜÖÜ^ æ/Ö^ • ç ^•• ÁÖ ç ä ^ ÁÖ æ ç ç ÖÜÜÖE Öã^&c Ú! [* æ Á [çæ		HÊÎ € <u>3,380</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
12.401	Pass-through award for the purchase of supplies and materials for the Department of Defense	\$ 42,225,086	
12.401	Pass-through award for the purchase of supplies and materials for the Department of Defense	\$ 268,770	
12.404	Pass-through award for the purchase of supplies and materials for the Department of Defense	\$ 9,157,300	
12.420	Transfer of funds from the Department of Defense to the State of Georgia for various purposes		\$ 3,741,516
12.431	Transfer of funds from the Department of Defense to the State of Georgia for various purposes		\$ 3,741,516

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
Through: DUPONT CENTRAL R&D/WILMINGTON, DE	W19CRB-06-D-0032	\$ 148,217 (R)	
DYNETICS INCORPORATED	HHM402-04-D-0007	2,571 (R)	
EARTHLY DYNAMICS CORPORATION/ATLANTA,GA	W9124R-09-P-1088	63,415 (R)	
ELECTRICORE INC/VALENCIA, CA	W909MY-08-C-0032	40,751 (R)	
ENGENIUSMICRO/MABLETON, GA	W31P4Q-10-C-0027	68,676 (R)	
FLORIDA A&M UNIV/TALLAHASSEE, FL	W911NF-11-1-0142	45,587 (R)	
HSTAR TECHNOLOGIES CORP/BOXBOROUGH, MA	W81XWH-11-C-0007	59,391 (R)	
INTELLIGENT SOFTW SOL/COLORADO SPRINGS, CO	FA8750-09-D-0022-000	3,838	
KILGORE FLARES COMPANY LLC/TOONE,TN	W15QKN-09-9-1001	27,052 (R)	
KITWARE INC/CLIFTON PARK, NY	D11PC20069	208,365 (R)	
KITWARE INC/CLIFTON PARK, NY	W31P4Q-10-C-0214	79,398 (R)	
KITWARE INC/CLIFTON PARK, NY	W31P4Q-10-C-0262	41,887 (R)	
LOCKHEED MARTIN INTEGRATED SERVICES/MARLTON, NJ	W15P7T-06-D-E405	227,652 (R)	
LUNA INNOVATIONS/BLACKSBURG, VA	W15P7T-11-C-H206	131,511 (R)	
MARTIN-BLANCK & ASSOCIATES	W91278-11-D-0006	38,107 (R)	
MICROWAVE PACKAGING TECHNOLOGIES INC (MPT)/BREA,CA	W31P4Q-12-C-0011	18,991 (R)	
OHIO STATE UNIVERSITY/COLUMBUS, OH	W911NF-08-1-0238	104,584 (R)	
OHIO STATE UNIVERSITY/COLUMBUS, OH	91-NF-10-1-0290	56,348 (R)	
PARAMOUNT INDUSTRIES INC/LANGHORNE,PA	FA8650-10-C-5705	85,966 (R)	
PENNSYLVANIA STATE UNIV/UNIV PARK, PA	W911NF-08-1-0124	202,164 (R)	
RADIANCE TECHNOLOGIES/HUNTSVILLE, AL	W9113M-11-C-0013	186,036 (R)	
RAYTHEON	W31P4Q-11-C-0341	6,647 (R)	
SA PHOTONICS/SAN FRANCISCO, CA	W911NF-11-C-0010	97 (R)	
SAIC	W911SR-08-C-0052	62,629 (R)	
SAIC	W31P4Q-05-A-0031; TO	3,694,151 (R)	
SAIC	W13O4Q-05-A-0031	138,791 (R)	
SCIENTIFIC RESEARCH CORP/ATLANTA, GA	W31P4Q-06-D-A004	2,583 (R)	
SCIEVAL LLC / TARPON SPRINGS, FL	W31P4Q-11-C0-0275	32,599 (R)	
SOC NEVADA LLC/HAWTHORNE, NV	W52P1J-11-D-0002	14,485 (R)	
TECHNOLOGY SERVICE CORP/FAIRFAX,VA	W31P4Q-10-C-0203	203,628 (R)	
TECHSOLVE/CINCINNATI, OH	WK15QKN-08-2-006	49,685 (R)	
TRIVECTORS SERVICES INC/HUNTSVILLE,AL	W31P4Q-12-P-0141	19,440 (R)	
UES INC/DAYTON, OH	FA8650-04-D-2404	24,288 (R)	
UNITED TECHNOLOGIES/EAST HARTFORD, CT	W91CRB-09-C-0055	7,562 (R)	
UNITED TECHNOLOGIES/EAST HARTFORD, CT	W31P4Q-09-C-0067	157,562 (R)	
UNITED TECHNOLOGIES/EAST HARTFORD, CT	W912HQ-10-C-0050	68,908 (R)	
UNIVERSITY OF CALIFORNIA/SANTA BARBARA, CA	W911NF-09-1-0553	158,116 (R)	
UNIVERSITY OF CENTRAL FL	W911NF-06-1-0283	96,110 (R)	
UNIVERSITY OF FLORIDA	W911QY-08-C-0136	-25 (R)	
UNIVERSITY OF ILLINOIS/URBANA, ILLINOIS	W911NF-10-1-0524	213,322 (R)	
UNIVERSITY OF MARYLAND/COLLEGE PARK, MD	W911NF-07-1-0576	326,205 (R)	
UNIVERSITY OF TENNESSEE	W911NF-12-1-0017	7,337 (R)	
UNIVERSITY OF WASHINGTON	W911NF-11-2-0068	129,613 (R)	
VERTICAL LIFT CONSORTIUM INC (CRI)/GLEN MILL, PA	W911W6-05-2-003/P000	87,254 (R)	
VERTICAL LIFT CONSORTIUM INC (CRI)/GLEN MILL, PA	W911W6-05-2-0003	172,882 (R)	
VERTICAL LIFT CONSORTIUM INC (CRI)/GLEN MILL, PA	W911W6-05-2-0003/P00	252,340 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
Through: VERTICAL LIFT CONSORTIUM INC/GLEN MILL, PA	W911W6-06-2-0002-1	\$ 18,780 (R)	
VIRTUAL AEROSURFACE TECHNOLOGIES/ATLANTA, GA	W911W6-09-C-0029	57,223 (R)	
WOOLPERT INC/COLUMBIA, SC	W5J9CQ-11-C-0007	24,888 (R)	
YULISTA MANAGEMENT SERVICES/HUNTSVILLE, AL	W31P4Q-10-C-R190	68,240 (R)	
YULISTA MANAGEMENT SERVICES/HUNTSVILLE, AL	W31P4Q-06-C-R190	322,065 (R)	
Program Total		36,354,224	
12.431 ARRA-Basic Scientific Research			
Through: EATON CORPORATION	W9132T-10-C-0018	72,961 (R)	
STONE MOUNTAIN TECHNOLOGIES INC.	W909MY-10-C-1014	291,190 (R)	
UNITED TECHNOLOGIES/EAST HARTFORD, CT	W9132T-10-C0013	2,358 (R)	
Program Total		366,509	
12.550 The Language Flagship Grants to Institutions of Higher Education			
Direct		149,103	
Through: INSTITUTE OF INTERNATIONAL ED	68160	112,521 (R)	
INST OF INTERNATIONAL EDU/WASHINGTON, DC	H98210-11-2-0001	150,344	
Program Total		411,968	
12.556 Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools			
Through: MUSCOGEE COUNTY BOARD OF EDUCATION	7061	494,037	
Program Total		494,037	
12.579 Language Training Center			
Direct		84,886	
Program Total		84,886	
12.610 Community Economic Adjustment Planning Assistance for Joint Land Use Studies			
Direct		4,604	
Program Total		4,604	
12.630 Basic, Applied, and Advanced Research in Science and Engineering			
Direct		42,379,112 (R)	
Through: ACADEMY OF APPLIED SCIENCE	67899	19,372 (R)	
UNIVERSITY OF PUERTO RICO	20414	262,836 (R)	
ACQUISITION, RES. & LOG INC / NATIONAL HARBOR, MD	HSHQDC-11-D-00003	15,733 (R)	
AEGIS TECHNOLOGIES GROUP INC	HQ0147-11-C-7652	29,005 (R)	
AERIUS PHOTONICS LLC/VENTURA, CA	HQ0147-11-C-7507	30,000 (R)	
ANALYTICAL RESEARCH LLC/BOWIE,MD	HSHQDC-10-J-00114	6,122 (R)	
ARGONNE NATL LAB/UCHICAGO ARGONNE LLC/ARGONNE, IL	DE-AC02-06CH11357	40,602 (R)	
BAE SYSTEMS/ CALIFORNIA, MD	HDTRA1-11-C0013	203,521 (R)	
BATTELLE	GS-23F-0011L	18,324 (R)	
BOEING AEROSPACE COMPANY	HR0011-10-C-0075	16,638 (R)	
BOEING/MESA, AZ	HR0011-10-9-0001	30,154 (R)	
BOOZ, ALLEN AND HAMILTON INC	SPO700-03-D-1380	331,356 (R)	
CACI	HR0011-06-C-0127	428,183 (R)	
CAPCO INCORPORATED/GRAND JUNCTION,CO	N68335-11-C-0351	15,212 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
Through: CERADYNE THERMO MATERIALS	W31P4Q-09-G-0001	\$ 28,090 (R)	
CORVID TECHNOLOGIES/MOORESVILLE, NC	HQ0006-09-C-7090	49,871 (R)	
DYNETICS INCORPORATED	HHM402-09-D-0015	1,456,003 (R)	
GLOBAL TECHNOLOGY CONNECTIONS/ATLANTA, GA	HQ0147-11-C-7658	25,000 (R)	
HARRIS CORPORATION	NNA09308164R-PBH	49,230 (R)	
HAWKER BEACHCRAFT CORPORATION/ WICHITA, KS	FA8637-10-R-6000	-7,569 (R)	
HRL LABORATORIES/MALIBU, CA	HR0011-09-C-0126	62,286 (R)	
ICES CORP	HC1028-12-C-0017	10,000	
ICES CORP/FAIRFAX, VA	HC1047-10-C-4022	68,749	
IMPACT TECHNOLOGIES/ATLANTA, GA	W31P4Q-09-0538	13,592 (R)	
INTEGRITY APPLICATIONS INC/CHANTILLY,VA	HHM402-10-C-0075	214,921 (R)	
INTELLIGENT INFORMATION SERVICES/ATLANTA, GA	UNKNOWN	1,215,063 (R)	
JOHNS HOPKINS APPLIED PHYSICS LAB/LAUREL, MD	08-G-4030	34,406 (R)	
JT3 LLC	F42650-01-C-7218	11,150 (R)	
KITWARE INC/CLIFTON PARK, NY	HR0011-10-C-0112	291,287 (R)	
LOCKHEED - MARTIN/MARIETTA, GA	7206572	6,403 (R)	
LOCKHEED - MARTIN/MARIETTA, GA	DARPA-BAA-10-94	310,637 (R)	
LOCKHEED MARTIN ADV TECH LAB/CHERRY HILL,NJ	HR0011-11-C-0033	351,529 (R)	
LOCKHEED MARTIN INTEGRATED SERVICES/MARLTON, NJ	W15P7T-06-D-E405	270,700 (R)	
LOCKHEED MARTIN SPACE SYSTEMS/DENVER, CO	HR0011-08-C-0090	173,075 (R)	
LOCKHEED-MARTIN	D-10-PC20022	651,045 (R)	
LOCKHEED-MARTIN	H92254-09-D-0001	42,104 (R)	
MAGNOLIA OPTICAL TECHNOLOGIES INC/WOBURN, MA	D11PC20161	2,616 (R)	
MARCO /DURHAM, NC	HR-0011-10-3-0002	5,975,176 (R)	
NATIONAL SECURITY INNOVATION/BOSTON, MA	W913E5-11-C-0006	8,500 (R)	
NITEK INC/IRMO, SC	FA23861014168	18,810 (R)	
NJVC LLC/VIENNA,VA	HM0176-11-C-0002	149,977 (R)	
NOBLIS/FALLS CHURCH, VA	W81XWH-07-D-0017	388,097 (R)	
NORTHROP CORPORATION	HR0011-00-C-0032	322,539 (R)	
NORTHROP GRUMMAN SYSTEMS CORP/EL SEGUNDO, CA	NNC11CA22C	32,639 (R)	
NVIDIA/AUSTIN, TX	HR0011-10-9-0008	254,887 (R)	
POLYMER AGING CONCEPTS INC/DAHLONEGA, GA	DE-FG02-07ER84687	33,201 (R)	
PRATT & WHITNEY AIRCRAFT	UNKNOWN	398,592 (R)	
PRINCETON UNIVERSITY/PLAINSBORO, NJ	N00014-09-1-1074	143,987 (R)	
RAYTHEON	HR0011-11-C-0069	143,268 (R)	
RAYTHEON	N66001-09-C-2013	262,267 (R)	
RAYTHEON	5301-01-IO	48,465 (R)	
RAYTHEON	HR0011-11-C-0058	342,342 (R)	
RF MICRO DEVICES INC/GREENSBORO,NC	W31P4Q-12-C-0068	67 (R)	
RICARDO INC	HR0011-12-C-0074	38,143 (R)	
S2 CORPORATION/BOZEMAN, MT	HQ0006-10-C-7209	8,896 (R)	
SAIC	12-C-0108	135,524 (R)	
SAIC	HHM402-09-D-0031/DO	4,980 (R)	
SAIC	HHM402-09-D-0031	12,859 (R)	
SAIC	HHM402-09-D-003131	8,165 (R)	
SAIC	UNKNOWN	187,580 (R)	
SAIC	HHM02-09-D-0031/DO00	54,048 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
Through: SANDIA NATIONAL LABS	997951	\$ 186,173 (R)	
SANDIA NATIONAL LABS	977060	75,988 (R)	
SANDIA NATL LABS/SANDIA CORP	1200260	21,011 (R)	
SANDIA NATL LABS/SANDIA CORP	1195414	60,688 (R)	
SANDIA NATL LABS/SANDIA CORP	1126237	45,323 (R)	
SANDIA NATL LABS/SANDIA CORP	1098513	33,378 (R)	
SANDIA NATL LABS/SANDIA CORP	NO. 051000010417509	4,000	
SANDIA NATL LABS/SANDIA CORP	1032429	4,490	
SANDIA NATL LABS/WESTERN ELECTRIC CO INC	965899	20,297 (R)	
SPARTA INC	09-D-0012	11,560 (R)	
STEVENS INST OF TECHNOLOGY	H98230-08-D-0171	367,678 (R)	
STEVENS INST OF TECHNOLOGY	H98230-10-D-0031	8	
SYSTEM HIGH/ ARLINGTON,VA	HR0011-12-C-0024	136,782 (R)	
TELEDYNE SYSTEMS COMPANY/NORTHRIDGE, CA	HR0011-10-C-0031	66,128 (R)	
UNIVERISTY OF SOUTH FL POLYTEC/LAKELAND,FL	W911-QY-11-C-0011	10,188 (R)	
UNIVERSITY OF ALABAMA/TUSCALOOSA, AL	C20380055	187,244 (R)	
UNIVERSITY OF CALIFORNIA/BERKELEY, CA	HM1582-08-1-0007	72,173 (R)	
UNIVERSITY OF VIRGINIA/CHARLOTTESVILLE, VA	HR0011-10-C-0117	122,630 (R)	
VANDERBILT UNIVERSITY	FA8650-10-C-7082	279,923 (R)	
VANDERBILT UNIVERSITY	FA8650-10-C-7075	161,254 (R)	
VANDERBILT UNIVERSITY/NASHVILLE, TN	HR0011-12-C-0008	250,511 (R)	
WYLE LABORATORIES	HC1047-05-D-4005	67,924 (R)	
Program Total		60,314,718	
12.631 Science, Technology, Engineering and Mathematics (STEM)			
Educational Program: Science, Mathematics And Research for Transformation (SMART)			
Direct		94	
Program Total		94	
12.800 Air Force Defense Research Sciences Program			
Direct		153,575,813 (R)	
Through: AZIMUTH CORPORATION	61427	26,711 (R)	
NDP OPTRONICS LLC	UNKNOWN	-11,601 (R)	
APPLIED RESEARCH ASSOCIATES/PANAMA CITY, FL	FA8650-11-C-7177	245,220 (R)	
AURORA FLIGHT SCIENCES	FA8650-11-C-2189	76,023 (R)	
AURORA FLIGHT SCIENCES/CAMBRIDGE, MA	FA9550-10-C-0039	108,965 (R)	
BAE SYSTEMS MISSION SOLUTIONS/SAN DIEGO, CA	FA-8720-04-D-0002 00	515,071 (R)	
BAE SYSTEMS/NASHUA, NH	FA9451-11-C-0256	10,376 (R)	
BAE SYSTEMS/NASHUA, NH	FA8650-09-C-7926	2,546 (R)	
BALL AEROSPACE SYSTEMS DIV	FA8601-08-F-0105	5,517 (R)	
BENNETT AEROSPACE	UNKNOWN	53,179 (R)	
BERRIEHILL RESEARCH CORP/DAYTON, OH	UNKNOWN	549,709 (R)	
BIHRLE APPLIED RESEARCH/ HAMPTON, VA	FA8640-06-D-3624	64,384 (R)	
BOEING AEROSPACE COMPANY	FA8650-08-D-3857	139,693 (R)	
BOEING AEROSPACE COMPANY	NNC07CB76C	72,149 (R)	
BOEING AEROSPACE COMPANY	FA8633-05-D-2003	6,094 (R)	
BOOZ, ALLEN AND HAMILTON INC	SPO700-03-D-1380	47,236 (R)	
BOOZ, ALLEN AND HAMILTON INC	FA8650-11-D-1011	26,809 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
Through: CFD RESEARCH CORPORATION/HUNTSVILLE, AL	FA95501-10-C-0053	\$ 113,390 (R)	
CFD RESEARCH CORPORATION/HUNTSVILLE, AL	FA95501-10-C-0053	12,751	
COMBUSTION RESEARCH FLOW TECH INC / HUNTSVILLE, AL	FA8650-11-C-2190	1,118 (R)	
COMBUSTION SCIENCE AND ENGINEERING LTD	FA8650-09-C-2009	7,683 (R)	
COMBUSTION SCIENCE AND ENGINEERING LTD	FA8650-11-M-2175	40,000 (R)	
CREARE INC/HANOVER, NH	FA8650-11-M-2157	30,250 (R)	
CREARE INC/HANOVER, NH	FA9101-11-M-0004	10,083 (R)	
DATA FUSION AND NEURAL NETWORKS/BROOMFIELD, OH	FA8750-12-C-0163	1,714 (R)	
DOTY CONSULTING SERVICES/DAYTON, OH	FA8650-11-C-2200	10,000 (R)	
DYNETICS INCORPORATED	HHM402-9-D-0015	-1 (R)	
EG&G/LAS VEGAS, NV	FA9200-080C-0179	47,341 (R)	
EMERGENT SPACE TECHNOLOGIES INC/GREENBELT, MD	FA9550-11-C-0060	29,112 (R)	
ENERGY RESEARCH CONSULTANTS/LAGUNA HILLS, CA	FA8650-07-M-2784	60,536 (R)	
GENERAL DYNAMICS	FA8650-07-D-6800	43	
GRAMMATECH INC	FA8650-10-C-7025	425,458 (R)	
HARVARD UNIVERSITY/BOSTON, MA	FA9550-09-1-0669	215,660 (R)	
HONEYWELL MILITARY AVION	W911W6-08-02-0011	13,683 (R)	
IMAGING SYSTEMS TECHNOLOGY/TOLEDO, OH	FA8601-07-P-0472	9,887 (R)	
IMPACT TECHNOLOGIES LLC/ROCHESTER, NY	FA8501-11-C-0048	77,228 (R)	
IMPACT TECHNOLOGIES LLC/ROCHESTER, NY	FA8501-11-C-0045	60,271 (R)	
IMPACT TECHNOLOGIES LLC/ROCHESTER, NY	FA8501-10-C-0035	20,116 (R)	
IMPACT TECHNOLOGIES LLC/ROCHESTER, NY	FA9550-10-C-0036	18,716 (R)	
INFOSCITEX CORPORATION/ DAYTON, OH	FA8650-09-D-3900/000	35,342 (R)	
INNOVATIVE SCIENTIFIC SOL INC (ISSI)/DAYTON, OH	F33615-03-D-2329: DO	157,842 (R)	
ITT SYSTEMS & SCIENCES CORP/COLORADO SPRINGS, CO	F19628-02-C-0010	108,398 (R)	
JOHNSON RES & DEVELOPMT CO/ATLANTA, GA	FA9550-11-C-0004	119,757 (R)	
JT3 LLC	F42650-01-C-7218	1,686,172 (R)	
KDH DEFENSE SYSTEM INC/EDEN,NC	FA4819-09-C-0046	150,000 (R)	
L3 CINCINNATI ELECTRONICS/MASON, OHIO	FA8540-08-C-0024 /	13,957 (R)	
L3 COMMUNICATIONS/ROCKWALL, TEXAS	FA8620-06-G-4003	126,577 (R)	
LAVENDER INDUSTRIES INC/CHATSWORTH, CA	FA8650-07-C-6766	-1,378 (R)	
LOCKHEED MARTIN/FORT WORTH, TEXAS	N00019-02-C-3002	98,909 (R)	
MA INST OF TECHNOLOGY/CAMBRIDGE, MA	FA9550-09-1-0420	91,386 (R)	
MAINSTREAM GS LLC/ROBINS,IA	FA8244-07-D-0001	284,467 (R)	
MAINSTREAM GS LLC/ROBINS,IA	FA8224-07-D-0001-006	106,181 (R)	
MITRE CORPORATION/BEDFORD,MA	FA8721-12-C-0001	19,715	
NANO ENGINEERED MATERIALS CORP	FA9550-10-C-0030	69,078 (R)	
NORTHROP CORPORATION	FXXXXX-08-C-8569	27,822 (R)	
NORTHROP GRUMMAN INFORMATION TECHNOLOGY/RESTON, VA	FA8771-04-D-0004	11,522 (R)	
NORTHROP GRUMMAN SYSTEMS CORP/EL SEGUNDO, CA	FA8650-08-D-3859	14,967 (R)	
OAK RIDGE NAT'L LAB/MARTIN MARIETTA	DE-AC05-00OR22725	63,820 (R)	
OHIO STATE UNIVERSITY/COLUMBUS, OH	FA9550-09-1-0602	113,624 (R)	
PENNSYLVANIA STATE UNIV/UNIV PARK, PA	FA-9550-11-1-0002	230,475 (R)	
PRATT & WHITNEY AIRCRAFT	FA9300-10-C-0010	133,963 (R)	
PRATT & WHITNEY AIRCRAFT	FA8650-06-2-5211	16,896 (R)	
PROPAGATION RESEARCH ASSOCIATES/MARIETTA	FA8650-11-M-1168	32,638 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
Through: QUES TEK INNOVATIONS LLC/EVANSTON, IL	FA8650-10-C-5206	\$ 45,187 (R)	
RADIANCE TECHNOLOGIES/HUNTSVILLE, AL	FA8650-09-C-1644	-7 (R)	
RAYTHEON/BBN SYSTEM AND TECHNOLOGIES/CAMBRIDGE, MA	FA8750-11-C-0098	131,109 (R)	
ROLLS-ROYCE ALLISON/INDIANAPOLIS,IND	FA8650-06-2-5203	1,058 (R)	
SAIC	UNKNOWN	-2,626 (R)	
SAIC	FA8750-10-C-0032	56,753 (R)	
SAIC	FA8650-08-D-1327	88,300 (R)	
SAIC	FA8650-08-D-13275	152,116 (R)	
SAIC	FA8650-09-C-7961	92,313 (R)	
SAIC	FA8650-11-C-7138	241,378 (R)	
SARNOFF CORPORATION, PRINCETON,NJ	FA8650-11-C-7137	374,295 (R)	
SCHAFFER CORPORATION/CHELMSFORD, MA	FA4953-05-D-0176	-311 (R)	
SCIENTIFIC RESEARCH CORP	FA8530-08-D-0014	3,010	
SCIENTIFIC RESEARCH CORP/ATLANTA, GA	FA8530-08-D-0014	42,168 (R)	
SET CORPORATION/VIENNA, VA	FA8650-10-C-1716	77,330 (R)	
SINOORA INC/SUWANEE,GA	FA9550-11-C-0070	30,000 (R)	
SPECTRAL ENERGIES LLC / DAYTON, OH	FA9451-11-M-0198	6,608 (R)	
SPECTRAL ENERGIES LLC / DAYTON, OH	FA8650-12-M-2218	13,711 (R)	
STATE UNIV OF NEW YORK	FA9550-11-1-0121	43,178 (R)	
TECHNOLOGY SERVICE CORP/SANTA MONICA, CA	FA8650-12-M-1379	14,375 (R)	
TELCORDIA TECHNOLOGIES/MORRISTOWN, NJ	DAAD19-01-C-0062 TO	100,087 (R)	
UES INC	FA8650-09-D-5037	50,693 (R)	
UES INC/DAYTON, OH	FA8650-09-D-5037/T00	26,352 (R)	
UES INC/DAYTON, OH	FA8650-08-C-6832	45,333 (R)	
UES INCDAYTON, OH	FA8650-09-D-503713	20,935 (R)	
UES INCDAYTON, OH	FA8650-09-D-50371	176,008 (R)	
UNIVERSAL TECHNOLOGY CORP, DAYTON, OH	FA8650-05-D-1912	289,089 (R)	
UNIVERSITY OF DAYTON RES INST/DAYTON, OH	FA8650-10-2-2934	40,404 (R)	
UNIVERSITY OF ILLINOIS/URBANA, ILLINOIS	FA9550-10-1-0573	133,733 (R)	
UNIVERSITY OF ILLINOIS/URBANA, ILLINOIS	FA9550-12-1-0193	6,168 (R)	
UNIVERSITY OF TEXAS/ARLINGTON, TX	FA9550-08-1-0317	-8,000 (R)	
UNIVERSITY OF WISCONSIN/MADISON, WISCONSIN	FA9550-10-1-0396	-12,486 (R)	
WYLE LABORATORIES	HC1047-05-D-4005	18,780 (R)	
Program Total		162,728,104	
12.900 Language Grant Program			
Through: KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION	37-1535589	93,315	
Program Total		93,315	
12.901 Mathematical Sciences Grants Program			
Direct		123,222 (R)	
Program Total		123,222	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
12.902 Information Security Grant Program			
Direct		\$ 19,332	(R)
Program Total		<u>19,332</u>	
12.910 Research and Technology Development			
Direct		10,030,357	(R)
Through:			
CALIFORNIA INSTITUTE OF TECH	FA8650-08-C-7853	53,879	(R)
CHARLES RIVER ASSOCIATES/BOSTON, MA	UNKNOWN	18,085	(R)
CORNELL UNIVERSITY/ITHACA, NY	W911NF-11-1-0183	75,340	(R)
DYNETICS INCORPORATED	HHM402-09-D-0015	383,494	(R)
JT3 LLC	F42650-01-C-7218	8,799	(R)
LOCKHEED-MARTIN	F09603-01-D-0207-015	250,214	(R)
PRINCETON UNIVERSITY/PLAINSBORO, NJ	HR0011-09-1-0055	112,218	(R)
RESERVOIR LABS INC/NEW YORK,NY	FA8750-12-C-0146	519	(R)
UCLA/LOS ANGELES, CA	HR0011-10-1-0009	31,813	(R)
UNIVERSITY OF CALIFORNIA RIVERSIDE/RIVERSIDE, CA	H94003-10-2-1003	261,804	(R)
UNIVERSITY OF FLORIDA	N66001-11-1-4198	110,099	(R)
US DEPT OF INTERIOR	N10AP20030/D11AP0024	137,919	(R)
US DEPT OF INTERIOR/NATIONAL BUSINESS CENTER	D11AP00280	107,364	(R)
Program Total		<u>11,581,904</u>	
12.OFA Other Federal Assistance			
Direct		4,671,421	(R)
Through:			
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	20,979	(R)
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	8,766	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	194,462	(R)
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	32,571	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	47,108	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	39,506	(R)
PENNSYLVANIA STATE UNIVERSITY	20269	1,915	(R)
Program Total		<u>5,016,728</u>	
AGENCY TOTAL		<u>\$ 380,765,707</u>	
Housing and Urban Development, U.S. Department of			
14.169 Housing Counseling Assistance Program			
Direct		\$ 165,922	(R)
Program Total		<u>165,922</u>	
14.171 Manufactured Home Dispute Resolution			
Direct		734,826	
Program Total		<u>734,826</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Housing and Urban Development, U.S. Department of			
14.218	Community Development Block Grants/Entitlement Grants(CDBG-R)		
Through:	CITY OF WARNER ROBINS 20382	\$ 2,000	
	Program Total	<u>2,000</u>	
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii(CDBG-S)		
	Direct	49,502,574	
	Program Total	<u>49,502,574</u>	
14.231	Emergency Shelter Grants Program		
	Direct	2,508,242	
	Program Total	<u>2,508,242</u>	
14.235	Supportive Housing Program		
	Direct	603,644	
	Program Total	<u>603,644</u>	
14.238	Shelter Plus Care		
	Direct	9,862,640	
	Program Total	<u>9,862,640</u>	
14.239	Home Investment Partnerships Program		
	Direct	20,086,164	
	Program Total	<u>20,086,164</u>	(3)
14.241	Housing Opportunities for Persons with AIDS		
	Direct	1,783,685	
	Program Total	<u>1,783,685</u>	
14.253	ARRA-Community Development Block Grant ARRA Entitlement Grants (CDBG-R)(Recovery Act Funded)(CDBG-R)		
Through:	ATHENS-CLARKE COUNTY 581911146	3,015	
	Program Total	<u>3,015</u>	
14.257	ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)		
	Direct	3,378,421	
	Program Total	<u>3,378,421</u>	
14.258	ARRA-Tax Credit Assistance Program (Recovery Act Funded)		
	Direct	5,107,650	
	Program Total	<u>5,107,650</u>	(3)
14.264	Neighborhood Stabilization Program		
	Direct	580,764	
	Program Total	<u>580,764</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Housing and Urban Development, U.S. Department of			
14.401	Fair Housing Assistance Program_State and Local		
Direct		\$ 378,579	
Program Total		<u>378,579</u>	
14.871	Section 8 Housing Choice Vouchers(HVC)		
Direct		109,418,862	
Program Total		<u>109,418,862</u>	
14.889	Choice Neighborhoods Implementation Grants		
Through: ALBANY HOUSING AUTHORITY	CTY108	16,949	
Program Total		<u>16,949</u>	
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing		
Direct		463,886	
Program Total		<u>463,886</u>	
14.OFA	ARRA-Other Federal Assistance		
Direct		290,615	
Program Total		<u>290,615</u>	
AGENCY TOTAL		<u>\$ 204,888,438</u>	
Interior, U.S. Department of			
15.506	Water Desalination Research and Development Program		
Direct		\$ 41,248 (R)	
Program Total		<u>41,248</u>	
15.605	Sport Fish Restoration Program(FWC)		
Direct		7,200,036	
Program Total		<u>7,200,036</u>	
15.608	Fish and Wildlife Management Assistance		
Direct		97,525 (R)	
Program Total		<u>97,525</u>	
15.611	Wildlife Restoration and Basic Hunter Education(FWC)		
Direct		8,838,138	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	20,506	
SOUTHEAST AQUATIC RES PARTNERS	68959	9,999 (R)	
TENNESSEE WILDLIFE RESC AGENCY	20480	-238 (R)	
VIRGINIA DEPT GAME INLAND FISH	20453	23,926 (R)	
Program Total		<u>8,892,331</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Interior, U.S. Department of			
15.615			
Cooperative Endangered Species Conservation Fund			
Direct		\$ 1,207,158 (R)	
Through:			
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	3,633 (R)	
UNIVERSITY OF FLORIDA	20220	212 (R)	
Program Total		<u>1,211,003</u>	
15.616			
Clean Vessel Act			
Direct		93,214	
Program Total		<u>93,214</u>	
15.625			
Wildlife Conservation and Restoration			
Through:			
LOUISIANA DEPT WILDLIFE & FISH	20415	31,419 (R)	
LOUISIANA DEPT WILDLIFE & FISH	20415	8,944 (R)	
WILDLIFE MANAGEMENT INSTITUTE	67406	35,191 (R)	
Program Total		<u>75,554</u>	
15.628			
Multistate Conservation Grant Program			
Direct		-981 (R)	
Through:			
MISSISSIPPI STATE UNIVERSITY	64-6000819	7,125	
Program Total		<u>6,144</u>	
15.629			
Great Apes Conservation Fund			
Direct		11,375 (R)	
Program Total		<u>11,375</u>	
15.630			
Coastal Program			
Direct		4,872 (R)	
Program Total		<u>4,872</u>	
15.631			
Partners for Fish and Wildlife			
Direct		81,708 (R)	
Program Total		<u>81,708</u>	
15.632			
Conservation Grants Private Stewardship for Imperiled Species			
Direct		62,177 (R)	
Program Total		<u>62,177</u>	
15.634			
State Wildlife Grants			
Direct		1,963,396	
Through:			
SC DEPT OF NATURAL RESOURCES	20329	4,992 (R)	
Program Total		<u>1,968,388</u>	
15.635			
Neotropical Migratory Bird Conservation			
Through:			
FUNDACION MAQUIPUCUNA	79003	-25,507 (R)	
Program Total		<u>-25,507</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Interior, U.S. Department of			
15.637			
Migratory Bird Joint Ventures			
Direct		\$ 27,736 (R)	
Program Total		<u>27,736</u>	
15.648			
Central Valley Project Improvement (CVPI) Anadromous Fish Restoration Program (AFRP)			
Direct		114,001 (R)	
Program Total		<u>114,001</u>	
15.650			
Research Grants (Generic)			
Direct		1,777,221 (R)	
Through: ALABAMA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES	20468	20,000 (R)	
NORTHERN KENTUCKY UNIVERSITY	20477	10 (R)	
UNIVERSITY OF MICHIGAN	NBCHC080037	947 (R)	
Program Total		<u>1,798,178</u>	
15.655			
Migratory Bird Monitoring, Assessment and Conservation			
Direct		199,883 (R)	
Through: WILDLIFE MANAGEMENT INSTITUTE	67406	14,274 (R)	
Program Total		<u>214,157</u>	
15.657			
Endangered Species Conservation - Recovery Implementation Funds			
Direct		9,194 (R)	
Program Total		<u>9,194</u>	
15.657			
ARRA-Endangered Species Conservation - Recovery Implementation Funds			
Direct		25,000	
Program Total		<u>25,000</u>	
15.660			
Endangered Species - Candidate Conservation Action Funds			
Direct		2,213 (R)	
Program Total		<u>2,213</u>	
15.663			
National Fish and Wildlife Foundation			
Through: NATL FISH & WILDLIFE FDN	69254	60 (R)	
Program Total		<u>60</u>	
15.675			
National Fire Plan- Rural Fire Assistance			
Through: CHARLTON COUNTY	586000796	3,934	
CLINCH COUNTY	586000803	3,934	
WARE COUNTY	586023164	3,934	
Program Total		<u>11,802</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Interior, U.S. Department of			
15.805 Assistance to State Water Resources Research Institutes			
Direct		\$ 121,381 (R)	
Program Total		<u>121,381</u>	
15.807 Earthquake Hazards Reduction Program			
Direct		74,611 (R)	
Program Total		<u>74,611</u>	
15.808 U.S. Geological Survey_ Research and Data Collection			
Direct		600,819 (R)	
Through: AFS FISHERIES INFO TECH SECTION	521467469	13,330	
AMERICA VIEW, INCORPORATED	77-0602801	3,573	
GEORGIA AQUARIUM INC	G10AC00672	5,331 (R)	
Program Total		<u>623,053</u>	
15.810 National Cooperative Geologic Mapping Program			
Direct		53,906 (R)	
Program Total		<u>53,906</u>	
15.811 Gap Analysis Program			
Direct		13,471 (R)	
Program Total		<u>13,471</u>	
15.812 Cooperative Research Units Program			
Direct		415,541 (R)	
Program Total		<u>415,541</u>	
15.815 National Land Remote Sensing_Education Outreach and Research			
Direct		29,014 (R)	
Program Total		<u>29,014</u>	
15.817 ARRA-National Geospatial Program: Building The National Map			
Direct		233,036 (R)	
Program Total		<u>233,036</u>	
15.904 Historic Preservation Fund Grants-In-Aid			
Direct		837,983	
Program Total		<u>837,983</u>	
15.916 Outdoor Recreation_Acquisition, Development and Planning			
Direct		508,386	
Program Total		<u>508,386</u>	
15.922 Native American Graves Protection and Repatriation Act			
Direct		14,837 (R)	
Program Total		<u>14,837</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Interior, U.S. Department of			
15.926 American Battlefield Protection			
Direct		\$ 8,527 (R)	
Program Total		<u>8,527</u>	
15.944 Natural Resource Stewardship			
Direct		36,850 (R)	
Program Total		<u>36,850</u>	
15.945 Cooperative Research and Training Programs-Resources of the National Park System			
Direct		4,852	
Program Total		<u>4,852</u>	
15.OFA Other Federal Assistance			
Direct		191,952 (R)	
Through: OKEFENOKEE AREA DEVELOPMENT AUTHORITY	51125	3,188 (R)	
Program Total		<u>195,140</u>	
AGENCY TOTAL		<u>\$ 25,092,997</u>	
Justice, U.S. Department of			
16.013 Violence Against Women Act Court Training and Improvement Grants			
Direct		\$ 7,729	
Program Total		<u>7,729</u>	
16.017 Sexual Assault Services Formula Program			
Direct		266,800	
Program Total		<u>266,800</u>	
16.203 Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)			
Direct		14,879	
Program Total		<u>14,879</u>	
16.300 Law Enforcement Assistance_FBI Advanced Police Training			
Direct		661,065 (R)	
Program Total		<u>661,065</u>	
16.523 Juvenile Accountability Block Grants			
Direct		1,267,940	
Program Total		<u>1,267,940</u>	
16.527 Supervised Visitation, Safe Havens for Children			
Direct		16,680	
Program Total		<u>16,680</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Justice, U.S. Department of			
16.540 Juvenile Justice and Delinquency Prevention_Allocation to States			
Direct		\$ 1,788,141	
Program Total		<u>1,788,141</u>	
16.541 Part E - Developing, Testing and Demonstrating Promising New Programs			
Direct		269,215	
Program Total		<u>269,215</u>	
16.543 Missing Children's Assistance			
Direct		579,444	
Program Total		<u>579,444</u>	
16.548 Title V_Delinquency Prevention Program			
Direct		67,762	
Program Total		<u>67,762</u>	
16.550 State Justice Statistics Program for Statistical Analysis Centers			
Direct		54,475 (R)	
Program Total		<u>54,475</u>	
16.554 National Criminal History Improvement Program (NCHIP)			
Direct		38,667	
Program Total		<u>38,667</u>	
16.560 National Institute of Justice Research, Evaluation, and Development Project Grants			
Direct		415,071 (R)	
Program Total		<u>415,071</u>	
16.575 Crime Victim Assistance			
Direct		11,666,436	
Program Total		<u>11,666,436</u>	
16.576 Crime Victim Compensation			
Direct		7,371,428	
Program Total		<u>7,371,428</u>	
16.579 Edward Byrne Memorial Formula Grant Program			
Direct		566,876 (R)	
Program Total		<u>566,876</u>	
16.580 Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			
Direct		2,000,432 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Justice, U.S. Department of			
Through: NATIONAL CENTER FOR STATE COURTS/WILLIAMSBURG, VA	2009-DD-BX-K026	\$ 86,571 (R)	
Program Total		<u>2,087,003</u>	
16.585 Drug Court Discretionary Grant Program			
Direct		87,206	
Program Total		<u>87,206</u>	
16.588 Violence Against Women Formula Grants			
Direct		3,905,749	
Program Total		<u>3,905,749</u>	
16.588 ARRA-Violence Against Women Formula Grants			
Direct		572,956	
Program Total		<u>572,956</u>	
16.593 Residential Substance Abuse Treatment for State Prisoners			
Direct		612,071	
Program Total		<u>612,071</u>	
16.595 Community Capacity Development Office			
Through: CITY OF MARIETTA	033-87-007372	1,116	
KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION	37-1535589	1,564	
Program Total		<u>2,680</u>	
16.601 Corrections_Training and Staff Development			
Direct		5,578	
Through: FEDERAL CORRECTIONAL INSTITUTION	10-0007204	65,463	
Program Total		<u>71,041</u>	
16.603 Corrections_Technical Assistance/Clearinghouse			
Through: NATIONAL CENTER FOR STATE COURTS/WILLIAMSBURG, VA	2010-DG-BX-K018	99,650 (R)	
Program Total		<u>99,650</u>	
16.607 Bulletproof Vest Partnership Program			
Direct		24,531	
Program Total		<u>24,531</u>	
16.609 Project Safe Neighborhoods			
Direct		303,852	
Program Total		<u>303,852</u>	
16.610 Regional Information Sharing Systems			
Through: CRIMINAL INFORMATION SHARING ALLIANCE/FOLSOM, CA	97-LB-VX-K009	95,566 (R)	
Program Total		<u>95,566</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Justice, U.S. Department of			
16.710 Public Safety Partnership and Community Policing Grants			
Direct		\$ 227,773	
Program Total		<u>227,773</u>	
16.727 Enforcing Underage Drinking Laws Program			
Direct		186,808	
Program Total		<u>186,808</u>	
16.735 Protecting Inmates and Safeguarding Communities Discretionary Grant Program			
Direct		164,409	
Program Total		<u>164,409</u>	
16.738 Edward Byrne Memorial Justice Assistance Grant Program(JAG)			
Direct		9,272,782	
Through: CITY OF ATLANTA	58-6000511	47,253	
Program Total		<u>9,320,035</u>	
16.741 Forensic DNA Backlog Reduction Program			
Direct		2,614,713	
Program Total		<u>2,614,713</u>	
16.742 Paul Coverdell Forensic Sciences Improvement Grant Program			
Direct		646,192	
Program Total		<u>646,192</u>	
16.746 Capital Case Litigation			
Direct		173,743	
Program Total		<u>173,743</u>	
16.748 Convicted Offender and/or Arrestee DNA Backlog Reduction Program			
Direct		219,401	
Program Total		<u>219,401</u>	
16.751 Edward Byrne Memorial Competitive Grant Program			
Direct		641,059 (R)	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	57,054 (R)	
Program Total		<u>698,113</u>	
16.753 Congressionally Recommended Awards			
Direct		259,871 (R)	
Program Total		<u>259,871</u>	
16.800 ARRA-Recovery Act - Internet Crimes against Children Task Force Program (ICAC)			
Direct		360,552	
Program Total		<u>360,552</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Justice, U.S. Department of			
16.801 ARRA-Recovery Act - State Victim Assistance Formula Grant Program			
Direct		\$ 60,150	
Program Total		<u>60,150</u>	
16.802 ARRA-Recovery Act - State Victim Compensation Formula Grant Program			
Direct		18,356	
Program Total		<u>18,356</u>	
16.803 ARRA-Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories(JAG)			
Direct		11,304,539	
Program Total		<u>11,304,539</u>	
16.808 ARRA-Recovery Act - Edward Byrne Memorial Competitive Grant Program			
Direct		945,734	
Program Total		<u>945,734</u>	
16.812 Second Chance Act Prisoner Reentry Initiative			
Direct		393,989	
Program Total		<u>393,989</u>	
16.816 John R. Justice Prosecutors and Defenders Incentive Act			
Direct		419,062	
Program Total		<u>419,062</u>	
16.922 Equitable Sharing Program			
Direct		3,124,633	
Program Total		<u>3,124,633</u>	
16.OFA Other Federal Assistance			
Direct		3,528,327 (R)	
Program Total		<u>3,528,327</u>	
AGENCY TOTAL		<u>\$ 67,581,313</u>	
Labor, U.S. Department of			
17.002 Labor Force Statistics			
Direct		\$ 1,865,577	
Program Total		<u>1,865,577</u>	
17.005 Compensation and Working Conditions			
Direct		44,300	
Program Total		<u>44,300</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Labor, U.S. Department of			
17.151 ARRA-Employee Benefits Security Administration (EBSA)			
Direct		\$ 3,244	
Program Total		<u>3,244</u>	
17.207 Employment Service/Wagner-Peyser Funded Activities(ESC)			
Direct		21,957,373	
Program Total		<u>21,957,373</u>	
17.207 ARRA-Employment Service/Wagner-Peyser Funded Activities(ESC)			
Direct		-16	
Program Total		<u>-16</u>	
17.225 Unemployment Insurance			
Direct		2,323,686,254	
Program Total		<u>2,323,686,254</u>	(1)
17.225 ARRA-Unemployment Insurance			
Direct		1,168,837	
Program Total		<u>1,168,837</u>	(1)
17.235 Senior Community Service Employment Program			
Direct		2,261,154	
Program Total		<u>2,261,154</u>	
17.245 Trade Adjustment Assistance			
Direct		5,020,827	
Program Total		<u>5,020,827</u>	
17.258 WIA Adult Program(WIA)			
Direct		40,465,708	
Through:			
ATLANTA REGIONAL COMMISSION	58-6002324	526,115	
CITY OF MACON	586000612	186,953	
EAST CENTRAL GEORGIA WORKFORCE INVESTMENT	58 211 4208	46,798	
JOB TRAINING UNLIMITED	582181803	556,689	
NORTHEAST GEORGIA REGIONAL COMMISSION	580902860	95,600	
NORTHWEST GEORGIA REGIONAL COMMISSION	586015195	256,892	
RICHMOND/BURKE JOB TRAINING AUTHORITY	58 211 3801	91,525	
RIVER VALLEY REGIONAL COMMISSION	58-1937286	127,872	
SOUTHERN GEORGIA REGIONAL COMMISSION	UNKNOWN	26,426	
SOUTHWEST GEORGIA REGIONAL COMMISSION	UNKNOWN	94,462	
WEST CENTRAL GA WORKFORCE DEV CORP	58-1835067	92,536	
Program Total		<u>42,567,576</u>	
17.258 ARRA-WIA Adult Program(WIA)			
Direct		958,057	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Labor, U.S. Department of			
Through: ATLANTA REGIONAL COMMISSION	586002324	\$ 110,613	
COOSA VALLEY REGIONAL DEVELOPMENT CENTER	58-6015195	296,908	
MIDDLE GEORGIA CONSORTIUM, INCORPORATED	35602	53,296	
MIDDLE GEORGIA CONSORTIUM	58-1391833	137,735	
NORTHWEST GEORGIA REGIONAL COMMISSION	01-03-45-CA2	436,856	
Program Total		1,993,465	
17.259 WIA Youth Activities(WIA)			
Direct		23,191,859	
Through: JOB TRAINING UNLIMITED	58-2181803	493,335	
NORTHEAST GEORGIA REGIONAL DEV. CENTER	580902860	25,962	
SOUTHERN GEORGIA REGIONAL COMMISSION	UNKNOWN	73,967	
SOUTHWEST GEORGIA REGIONAL COMMISSION	UNKNOWN	75,144	
WEST CENTRAL GA WORKFORCE DEV CORP	58-1835067	49,665	
Program Total		23,909,932	
17.259 ARRA-WIA Youth Activities(WIA)			
Direct		109,252	
Through: NORTHWEST GEORGIA REGIONAL COMMISSION	01-03-45-CA2	386,206	
SOUTHWEST GEORGIA WORKFORCE INVESTMENT BOARD	58-6002009	90,565	
Program Total		586,023	
17.260 WIA Dislocated Workers			
Direct		2,966,792	
Through: COOSA VALLEY REGIONAL DEVELOPMENT CENTER	58-6015195	44,166	
ITA, CAREER CENTER	1116	48,474	
NORTHEAST GEORGIA REGIONAL DEV CENTER	580902860	114,439	
RICHMOND BURKE JOB TRAINING AUTHORITY	58 211 3801	53,753	
SOUTHWEST GEORGIA REGIONAL COMMISSION	UNKNOWN	39,865	
Program Total		3,267,489	
17.260 ARRA-WIA Dislocated Workers			
Direct		1,873,795	
Through: NORTHWEST GEORGIA REGIONAL COMMISSION	01-03-45-CA2	6,878	
NORTHWEST GEORGIA REGIONAL COMMISSION	586015195	-519	
RIVER VALLEY REGIONAL COMMISSION	58-1937286	115,400	
SOUTHERN GEORGIA REGIONAL COMMISSION	UNKNOWN	23,203	
Program Total		2,018,757	
17.261 WIA Pilots, Demonstrations, and Research Projects			
Direct		18,536	
Program Total		18,536	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Labor, U.S. Department of			
17.266 Work Incentive Grants			
Direct		\$ 263,309	
Through: ATLANTA REGIONAL COMMISSION	586002324	46,124	
Program Total		<u>309,433</u>	
17.268 H-1B Job Training Grants			
Direct		280,738	
Through: NORTHEAST GEORGIA REGIONAL COMMISSION	580902860	63,998	
Program Total		<u>344,736</u>	
17.269 Community Based Job Training Grants			
Direct		3,360,259	
Program Total		<u>3,360,259</u>	
17.271 Work Opportunity Tax Credit Program (WOTC)			
Direct		435,611	
Program Total		<u>435,611</u>	
17.273 Temporary Labor Certification for Foreign Workers			
Direct		602,979	
Program Total		<u>602,979</u>	
17.275 ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors			
Direct		2,720,389	
Program Total		<u>2,720,389</u>	
17.276 ARRA-Health Care Tax Credit (HCTC) National Emergency Grants (NEGs)			
Direct		61,659	
Program Total		<u>61,659</u>	
17.277 Workforce Investment Act (WIA) National Emergency Grants			
Direct		1,831,376	
Program Total		<u>1,831,376</u>	
17.278 WIA Dislocated Worker Formula Grants(WIA)			
Direct		33,862,371	
Program Total		<u>33,862,371</u>	
17.282 Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants			
Direct		171,811	
Program Total		<u>171,811</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Labor, U.S. Department of			
17.502 Occupational Safety and Health_Susan Harwood Training Grants			
Direct		\$ 370,924 (R)	
Program Total		<u>370,924</u>	
17.504 Consultation Agreements			
Direct		1,346,640 (R)	
Program Total		<u>1,346,640</u>	
17.600 Mine Health and Safety Grants			
Direct		183,716	
Program Total		<u>183,716</u>	
17.801 Disabled Veterans' Outreach Program (DVOP)(ESC)			
Direct		2,886,604	
Program Total		<u>2,886,604</u>	
17.804 Local Veterans' Employment Representative Program(ESC)			
Direct		2,365,875	
Program Total		<u>2,365,875</u>	
AGENCY TOTAL		<u>\$ 2,481,223,711</u>	
State, U.S. Department of			
19.011 Academic Exchange Programs - Special Academic Exchange Programs			
Direct		\$ 16 (R)	
Program Total		<u>16</u>	
19.017 Environmental and Scientific Partnerships and Programs			
Direct		343,367 (R)	
Through: NATIONAL ACADEMY OF SCIENCES	67988	7,677 (R)	
UNIVERSITY OF KENTUCKY RESEARCH FDN	69324	28,149 (R)	
Program Total		<u>379,193</u>	
19.019 International Programs to Combat Human Trafficking			
Direct		71,296 (R)	
Program Total		<u>71,296</u>	
19.021 Investing in People in The Middle East and North Africa			
Through: INTERNATIONAL RESEARCH & EXCHANGES BOARD	UNKNOWN	215,549 (R)	
INTERNATIONAL RESEARCH & EXCHANGES BOARD	UNKNOWN	20,600 (R)	
Program Total		<u>236,149</u>	
19.124 East Asia and Pacific Grants Program			

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
State, U.S. Department of			
Through: SCIENCE APPLICATIONS INTL CORP	61126	\$ 13 (R)	
Program Total		<u>13</u>	
19.400 Academic Exchange Programs - Graduate Students			
Direct		104,151 (R)	
Program Total		<u>104,151</u>	
19.901 Export Control and Related Border Security			
Direct		106,517 (R)	
Through: RAYTHEON COMPANY	61606	118,298 (R)	
Program Total		<u>224,815</u>	
19.OFA Other Federal Assistance			
Direct		388,077 (R)	
Through: KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION	371535589	75,833	
SCIENCE APPLICATIONS INTL CORP	61126	3,250 (R)	
STRATEGIC SOCIAL	UNKNOWN	27,993 (R)	
Program Total		<u>495,153</u>	
AGENCY TOTAL		<u>\$ 1,510,786</u>	
Transportation, U.S. Department of			
20.106 Airport Improvement Program			
Direct		\$ 24,017,361 (R)	
Program Total		<u>24,017,361</u>	
20.108 Aviation Research Grants			
Direct		1,155,833 (R)	
Program Total		<u>1,155,833</u>	
20.109 Air Transportation Centers of Excellence			
Direct		2,264,188 (R)	
Through: BOOZ, ALLEN AND HAMILTON INC	DTRT57-10-D-30015	100,997 (R)	
Program Total		<u>2,365,185</u>	
20.200 Highway Research and Development Program			
Direct		149,614 (R)	
Through: HNTB CORPORATION	61694	36,108 (R)	
UNIVERSITY OF CENTRAL FLORIDA	UNKNOWN	672,938 (R)	
THE NATIONAL ACADEMIES	DOT-6507-001	46,110 (R)	
Program Total		<u>904,770</u>	
20.205 Highway Planning and Construction (HPCC)			
Direct		1,035,915,263 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Transportation, U.S. Department of			
Through: UNIVERSITY OF NEBRASKA/LINCOLN, NE	SHRP-R-19A	\$ 4,112 (R)	
Program Total		<u>1,035,919,375</u>	
20.205 ARRA-Highway Planning and Construction(HPCC)			
Direct		193,125,620	
Program Total		<u>193,125,620</u>	
20.218 National Motor Carrier Safety			
Direct		8,366,092	
Program Total		<u>8,366,092</u>	
20.219 Recreational Trails Program(HPCC)			
Direct		1,627,172	
Program Total		<u>1,627,172</u>	
20.232 Commercial Driver's License Program Improvement Grant			
Direct		9,884	
Program Total		<u>9,884</u>	
20.238 Commercial Drivers License Information System (CDLIS) Modernization Grant			
Direct		226,661	
Program Total		<u>226,661</u>	
20.313 Railroad Research and Development			
Direct		331,969 (R)	
Program Total		<u>331,969</u>	
20.317 Capital Assistance to States - Intercity Passenger Rail Service			
Direct		748,466	
Program Total		<u>748,466</u>	
20.500 Federal Transit_Capital Investment Grants(FTC)			
Direct		16,200,317	
Program Total		<u>16,200,317</u>	
20.505 Metropolitan Transportation Planning			
Direct		3,251,748	
Program Total		<u>3,251,748</u>	
20.507 Federal Transit_Formula Grants(FTC)			
Direct		22,897,262	
Program Total		<u>22,897,262</u>	
20.507 ARRA-Federal Transit_Formula Grants(FTC)			
Direct		5,902,463	
Program Total		<u>5,902,463</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Transportation, U.S. Department of			
20.509	Formula Grants for Other Than Urbanized Areas		
Direct		\$ 14,883,955	
Program Total		<u>14,883,955</u>	
20.509	ARRA-Formula Grants for Other Than Urbanized Areas		
Direct		4,253,367	
Program Total		<u>4,253,367</u>	
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities(TSP)		
Direct		3,091,629	
Program Total		<u>3,091,629</u>	
20.514	Public Transportation Research		
Direct		30,920 (R)	
Program Total		<u>30,920</u>	
20.516	Job Access_Reverse Commute(TSP)		
Direct		3,276,319	
Program Total		<u>3,276,319</u>	
20.521	New Freedom Program(TSP)		
Direct		1,040,042	
Program Total		<u>1,040,042</u>	
20.522	Alternatives Analysis		
Direct		49,683	
Program Total		<u>49,683</u>	
20.600	State and Community Highway Safety(HSC)		
Direct		6,155,657	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	6,900 (R)	
	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	2,141	
	KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUADATION 371535589	5,843	
Program Total		<u>6,170,541</u>	
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I(HSC)		
Direct		4,147,360	
Program Total		<u>4,147,360</u>	
20.602	Occupant Protection Incentive Grants(HSC)		
Direct		871,210	
Program Total		<u>871,210</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Transportation, U.S. Department of			
20.609 Safety Belt Performance Grants(HSC)			
Direct		\$ 1,303,176	
Program Total		<u>1,303,176</u>	
20.610 State Traffic Safety Information System Improvement Grants(HSC)			
Direct		967,309	
Program Total		<u>967,309</u>	
20.612 Incentive Grant Program to Increase Motorcyclist Safety(HSC)			
Direct		155,334	
Program Total		<u>155,334</u>	
20.614 National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants			
Direct		109,186	
Program Total		<u>109,186</u>	
20.700 Pipeline Safety Program Base Grants			
Direct		1,442,838 (R)	
Program Total		<u>1,442,838</u>	
20.701 University Transportation Centers Program			
Direct		1,087,357 (R)	
Through: UNIVERSITY OF IDAHO/MOSCOW, IDAHO	DTRT07G0056	30,000 (R)	
UNIVERSITY OF TENNESSEE	DTRT07-G-0004	3,554 (R)	
Program Total		<u>1,120,911</u>	
20.703 Interagency Hazardous Materials Public Sector Training and Planning Grants			
Direct		534,109	
Program Total		<u>534,109</u>	
20.720 State Damage Prevention Program Grants			
Direct		152,120	
Program Total		<u>152,120</u>	
20.761 Biobased Transportation Research			
Through: UNIVERSITY OF TENNESSEE	20271	257,723 (R)	
Program Total		<u>257,723</u>	
20.762 Research Grants			
Direct		430,643 (R)	
Through: COLONIAL PIPELINE COMPANY/ATLANTA, GA	UNKNOWN	345 (R)	
PROFESSIONAL SERVICES INDUSTRIES INC/FAIRFAX, VA	DTFH61-10-D-00017	8,507 (R)	
THE NATIONAL ACADEMIES	HR 20-59(034)	195,073 (R)	
THE NATIONAL ACADEMIES	DOT 6506-400	4,693 (R)	
UNIVERSITY OF MARYLAND/COLLEGE PARK, MD	DTFAWA-11-D-00017	147,477 (R)	
Program Total		<u>786,738</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Transportation, U.S. Department of			
20.OFA Other Federal Assistance			
Direct		\$ 46,666	
Program Total		<u>46,666</u>	
AGENCY TOTAL		<u>\$ 1,361,741,314</u>	
Department of the Treasury			
21.000 US Treasury Asset Forfeitures			
Direct		\$ 80,265	
Through: NEIGHBOR WORKS AMERICA	PL110-161.95X1350	665,722	
Program Total		<u>745,987</u>	
21.008 Low Income Taxpayer Clinics			
Direct		105,000	
Program Total		<u>105,000</u>	
AGENCY TOTAL		<u>\$ 850,987</u>	
Appalachian Regional Commission			
23.001 Appalachian Regional Development (See individual Appalachian Programs)			
Direct		\$ 68,396	
Program Total		<u>68,396</u>	
23.002 Appalachian Area Development			
Through: DALTON UTILITIES	41274	59,990 (R)	
Program Total		<u>59,990</u>	
23.011 Appalachian Research, Technical Assistance, and Demonstration Projects			
Direct		505,474	966,414
Through: EAST TENNESSEE STATE UNIVERSITY	62-6021046	367,203	
Program Total		<u>872,677</u>	<u>966,414</u> (3)
AGENCY TOTAL		<u>\$ 1,001,063</u>	<u>\$ 966,414</u>
Equal Employment Opportunity Commission			
30.001 Employment Discrimination_Title VII of the Civil Rights Act of 1964			
Direct		\$ 33,749	
Program Total		<u>33,749</u>	
AGENCY TOTAL		<u>\$ 33,749</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
General Services Administration			
39.003 Donation of Federal Surplus Personal Property			
Direct		\$ 0	26,681,241
Program Total			<u>26,681,241</u>
39.007 Sale of Federal Surplus Personal Property			
Direct		120,051 (R)	
Program Total		<u>120,051</u>	
39.012 Public Buildings Service			
Direct		2,520 (R)	
Program Total		<u>2,520</u>	
AGENCY TOTAL		<u>\$ 122,571</u>	<u>\$ 26,681,241</u>

National Aeronautics and Space Administration

43.001 Science			
Direct		\$ 1,367,057 (R)	
Through: CALIF INST TECH JET PROP LAB NASA	36624	6,597 (R)	
CALIFORNIA INST OF TECHNOLOGY	68126	67,672 (R)	
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	2,197 (R)	
HARVARD UNIVERSITY	04-2103580	5,200 (R)	
JET PROPULSION LABORATORY	UNKNOWN	-10 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	91,098 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	89,144 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	-2,066 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	3,339 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	32,150 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	12,370 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	3,062 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	6,565 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	6,156 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	30,464 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	15,184 (R)	
UNIVERSITY OF MASS - DARTMOUTH	20396	2,868 (R)	
CALIFORNIA POLYSTATEUNIVERSITY/SAN LUIS OBISPO, CA	NNL07AA55C	21,719 (R)	
JOHNS HOPKINS APPLIED PHYSICS LAB/LAUREL, MD	NNX11A054G	11,895 (R)	
MASSACHUSETTS INST OF TECH (MIT)/CAMBRIDGE, MA	NNX11AF17G	165,992 (R)	
SOUTHWEST RESEARCH INSTITUTE	NNM06AA75C	117,161 (R)	
UNIVERSITY OF MARYLAND/COLLEGE PARK, MD	NCC 3989	99,910 (R)	
Program Total		<u>2,155,724</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
National Aeronautics and Space Administration			
43.002	Aeronautics		
Direct		\$ 10,290,434	(R)
Through:			
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	11,874 (R)
	AERIUS PHOTONICS LLC/VENTURA, CA	NNX11CH05P	27,526 (R)
	ANALYTICAL MECHANICS ASSOCIATES, INC/HAMPTON, VA	NNC12CA08C	37,500 (R)
	ANALYTICAL MECHANICS ASSOCIATES, INC/HAMPTON, VA	NNL09AA00Z; TASK	18,000 (R)
	ATAIR AEROSPACE INC/BROOKLYN, NY	NNX11CD07PGTRC	30,000 (R)
	AURORA FLIGHT SCIENCES/CAMBRIDGE, MA	NNX11CI03P	49,989 (R)
	BOEING AEROSPACE COMPANY	NNL08AA16B-NNL11AAOO	395,364 (R)
	CFD RESEARCH CORPORATION/HUNTSVILLE, AL	NNX11CB99C	60,921 (R)
	EMERGENT SPACE TECHNOLOGIES INC/GREENBELT,MD	NNX11CE08P	14,072 (R)
	HIDDEN SOLUTIONS/YULEE,FL	NNX12CF12P	14,060 (R)
	IMPACT TECHNOLOGIES LLC/ROCHESTER, NY	NNX11CC050C	63,335 (R)
	JET PROPULSION LAB/CALIFORNIA INST. OF TECH	UNKNOWN	62,211 (R)
	JET PROPULSION LAB/CALIFORNIA INST. OF TECH	NMO710973	2,100 (R)
	JOHNS HOPKINS APPLIED PHYSICS LAB/LAUREL, MD	NNA09DB31A	95,974 (R)
	KWJ ENGINEERING INC/NEWARK, CA	NNX11CE36P	262 (R)
	LOCKHEED - MARTIN/MARIETTA, GA	NND11AG01	126,033 (R)
	MATERIALS TECHNOLOGIES CORP/MILFORD, CT	UNKNOWN	-7,996 (R)
	NAT INST AEROSPACE/NNL08AA00B	NNL08AA00B	100,184 (R)
	NORTHEASTERN UNIVERSITY/BOSTON, MA	NNX08AE37A	58,670 (R)
	PLANETARY SCIENCE INSTITUTE/TUCSON,AZ	NNX11AI92G	2,860 (R)
	SENSIS CORPORATION/CAMPBELL, CA	NNA11AC50C	66,033 (R)
	SENSIS CORPORATION/CAMPBELL, CA	NND11AQ68C	448,256 (R)
	SIERRA NEVADA CORPORATION / SPARKS, NV	NNK11MS01S	89,837 (R)
	TETHERS UNLIMITED	NNX11CD67P	24,806 (R)
	UNIVERSITY OF ARIZONA/TUCSON, AZ	NMO711118	26,000 (R)
	UNIVERSITY OF HAWAII/NATURAL ENERGY INSTITUTE	NNX08AR49G	3,955 (R)
	UNIVERSITY OF IDAHO/MOSCOW, IDAHO	B1467011 DTD	2,303
	UNIVERSITY OF SOUTHERN MISSISSIPPI/HATTIESBURG, MS	NNX10AK44G	11,464
	UNIVERSITY OF VIRGINIA/CHARLOTTESVILLE, VA	NNA10DE79C	121,904 (R)
	VOXTEL INC/BEAVERTON, OR	NNX11CE81P	29,984 (R)
Program Total		12,277,915	
43.002	ARRA-Aeronautics		
Direct		-5,353	(R)
Program Total		-5,353	
43.003	Exploration		
Direct		33,386	(R)

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
National Aeronautics and Space Administration			
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH	96-666-8691	\$ 170,004 (R)	
INSTITUTE			
UNIVERSITY OF CALIFORNIA/BERKELEY, CA	NNX09AN18G	18,060 (R)	
Program Total		<u>221,450</u>	
43.004 ARRA-Aeronautics, Recovery Act			
Through: UNIVERSITY OF VIRGINIA/CHARLOTTESVILLE, VA	NNA10DE79C	72,422 (R)	
Program Total		<u>72,422</u>	
43.009 Cross Agency Support			
Direct		527,472 (R)	
Through: FLORIDA STATE UNIVERSITY/TALLAHASSEE, FLA	217000-524-026984	31,849 (R)	
Program Total		<u>559,321</u>	
43.OFA Other Federal Assistance			
Direct		1,330,900 (R)	
Through: JET PROPULSION LABORATORY	UNKNOWN	3,491 (R)	
RUTGERS UNIVERSITY	20214	46,296 (R)	
SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	15,869 (R)	
UNIVERSITY OF SOUTHERN MISSISSIPPI	20274	47,531 (R)	
Program Total		<u>1,444,087</u>	
AGENCY TOTAL		<u>\$ 16,725,566</u>	
National Foundation on the Arts and the Humanities			
45.024 Promotion of the Arts_Grants to Organizations and Individuals			
Direct		\$ 47,541 (R)	
Through: KENNESAW STATE UNIVERSITY RESEARCH AND	371535589	12,796	
SERVICE FOUNDATION			
SOUTH ARTS	67125	5,263 (R)	
Program Total		<u>65,600</u>	
45.024 ARRA-Promotion of the Arts_Grants to Organizations and Individuals			
Direct		11,121 (R)	
Program Total		<u>11,121</u>	
45.025 Promotion of the Arts_Partnership Agreements			
Direct		565,439	
Through: SOUTHERN ARTS FEDERATION	56-1129587	4,050	
Program Total		<u>569,489</u>	
45.129 Promotion of the Humanities_Federal/State Partnership			
Direct		3,673	
Through: GEORGIA HUMANITIES COUNCIL	51-0180861	2,000	
GEORGIA HUMANITIES COUNCIL	51-0180861	3,754	
GEORGIA HUMANITIES COUNCIL	UNKNOWN	1,596	
GEORGIA HUMANITIES COUNCIL	GR11-00097	1,998	
GEORGIA HUMANITIES COUNCIL	51-0180861	4,398	
Program Total		<u>17,419</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Foundation on the Arts and the Humanities			
45.149 Promotion of the Humanities_Division of Preservation and Access			
Direct		\$ 20,779 (R)	
Program Total		<u>20,779</u>	
45.160 Promotion of the Humanities_Fellowships and Stipends			
Direct		-833 (R)	
Program Total		<u>-833</u>	
45.161 Promotion of the Humanities_Research			
Direct		57,115 (R)	
Program Total		<u>57,115</u>	
45.162 Promotion of the Humanities_Teaching and Learning Resources and Curriculum Development			
Direct		86,109	
Program Total		<u>86,109</u>	
45.163 Promotion of the Humanities_Professional Development			
Direct		31,942 (R)	
Program Total		<u>31,942</u>	
45.164 Promotion of the Humanities_Public Programs			
Direct		1,731	
Through: AMERICAN LIBRARY ASSOCIATION	36-2166947	3,000	
KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION	371535589	4,634	
Program Total		<u>9,365</u>	
45.169 Promotion of the Humanities_Office of Digital Humanities			
Direct		2,777 (R)	
Program Total		<u>2,777</u>	
45.301 Museums for America			
Direct		18,239	
Program Total		<u>18,239</u>	
45.303 Conservation Project Support			
Direct		87,771 (R)	
Program Total		<u>87,771</u>	
45.310 Grants to States			
Direct		4,789,630	
Program Total		<u>4,789,630</u>	
45.312 National Leadership Grants			
Direct		292,402 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Foundation on the Arts and the Humanities			
Through: ZOO ATLANTA	68368	\$ 4,998 (R)	
Program Total		<u>297,400</u>	
45.313 Laura Bush 21st Century Librarian Program			
Direct		257,685	
Program Total		<u>257,685</u>	
AGENCY TOTAL		<u>\$ 6,321,608</u>	
National Science Foundation			
47.041 Engineering Grants			
Direct		\$ 15,588,819 (R)	
Through: ARIZONA STATE UNIVERSITY	20272	37,093 (R)	
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	26,864 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	59,878 (R)	
MASSACHUSETTS INST OF TECH	68196	139,024 (R)	
ARIZONA STATE UNIVERSITY/TEMPE, AZ	EEC-1041895	4,723 (R)	
ARIZONA STATE UNIVERSITY/TEMPE, AZ	836046	225,682 (R)	
CITY COLLEGE OF NEW YORK/NEW YORK, NY	EFRI-1137172	115,639 (R)	
CLEMSON UNIVERSITY	EFRI-1238097	45,270 (R)	
CORNELL UNIVERSITY	335765	1,438,802 (R)	
EMORY UNIVERSITY	EFRI-1137229	151,401 (R)	
ENGENIUSMICRO/MABLETON, GA	NSF IIP 1112966	18,000 (R)	
FURMAN UNIVERSITY/GREENVILLE, SC	CBET-0853692	53,805 (R)	
IMAGING SYSTEMS TECHNOLOGY/TOLEDO, OH	IIP-0956629	34,456 (R)	
MA INSTITUTE OF TECHNOLOGY	DBET-0939511	1,543,480 (R)	
MARQUETTE UNIVERSITY/MILWAUKEE, WI	ECCS-0824017	23,801 (R)	
MOREHOUSE COLLEGE/ATLANTA, GA	EEC-0310717	2,891 (R)	
NANO TECH LABS INC/YADINVILLE, NC	IIP-1046519	23,228 (R)	
PRINCETON UNIVERSITY/PLAINSBORO, NJ	EFRI-1136913	59,882 (R)	
PROSPECT PHOTONICS/ATLANTA, GA	IIP-0956900	66,575 (R)	
PURDUE UNIVERSITY/WEST LAFAYETTE, IN	UNKNOWN	23,959 (R)	
RAYTHEON/BBN SYSTEM AND TECHNOLOGIES/CAMBRIDGE, MA	CNS-1050190	3,618 (R)	
ROCHESTER INSTITUTE OF TECHNOLOGY/ROCHESTER, NY	CMMI-1231840	19,504 (R)	
STATE UNIV OF NEW YORK BINGHAMTON/BINGHAMTON, NY	57724	10,946 (R)	
TEXAS A & M INIVERSITY/KINGSVILLE, TX	EEC-1042056	21,812 (R)	
TEXAS ENGINEERING STATION-TAMU/COLLEGE STATION, TX	CMMI-0709283	-76 (R)	
UCLA/LOS ANGELES, CA	CMMI-0802658	812 (R)	
UNIVERSITY OF CALIFORNIA/RIVERSIDE	29252	120,901 (R)	
UNIVERSITY OF ALABAMA/TUSCALOOSA, AL	CTS-0608896	3,888 (R)	
UNIVERSITY OF CALIFORNIA RIVERSIDE/RIVERSIDE, CA	903894	52,368 (R)	
UNIVERSITY OF MAINE/ORONO, ME	CBET-0553861	34,574 (R)	
UNIVERSITY OF MINNESOTA/MINNEAPOLIS, MN	EEC-0540834	2,500	
UNIVERSITY OF MINNESOTA/MINNEAPOLIS, MN	EEC-0540834	600,273 (R)	
UNIVERSITY OF MISSOURI/ROLLA, MISSOURI	EFRI-0836017	144,012 (R)	
VIRGINIA TECH/BLACKSBURG, VA	CMMI-1132373	105,312 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Science Foundation			
Program Total		20,803,716	
47.049 Mathematical and Physical Sciences			
Direct		\$ 17,644,369	(R)
Through: ASSOCIATION FOR WOMENT IN MATHEMATICS	23-7354959	1,315	
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	68,781	(R)
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	29,225	(R)
HOPE COLLEGE	UNKNOWN	31,768	(R)
KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUADATION	371535589	7,515	(R)
UNIVERSITY OF FLORIDA	59-6002052	8,046	(R)
UNIVERSITY OF FLORIDA	20220	86,603	(R)
WAYNE STATE UNIVERSITY	20279	2,645	(R)
DUKE UNIVERSITY/DURHAM, NC	DMS-0635449	21,784	
INSTITUTE FOR ADVANCED STUDY/PRINCETON, NJ	NSF DMS-0635607	9,257	(R)
PURDUE UNIVERSITY/WEST LAFAYETTE, IN	1037992-CHE	133,349	(R)
TEXAS ENGINEERING STATION-TAMU	DMR-0844082	97,301	(R)
UNIVERSITY OF MINNESOTA/MINNEAPOLIS, MN	DMR-0709584	5,797	(R)
UNIVERSITY OF MINNESOTA/MINNEAPOLIS, MN	DMR-0819885	120,518	(R)
UNIVERSITY OF NORTH CAROLINA/CHAPEL HILL, NC	DMR-1105147	47,991	(R)
UNIVERSITY OF WASHINGTON/SEATTLE, WA	DMR-0120967	970,070	(R)
Program Total		19,286,334	
47.049 ARRA-Mathematical and Physical Sciences			
Direct		82,982	(R)
Through: UNIVERSITY OF ILLINOIS/CHICAGO,IL	NSF DMS-0914802	51,705	(R)
Program Total		134,687	
47.050 Geosciences			
Direct		9,224,156	(R)
Through: ASPEN GLOBAL CHANGE INSTITUTE	UNKNOWN	23,263	(R)
CLARK UNIVERSITY	20006	142,959	(R)
MARINE BIOLOGICAL LABORATORY	67228	30,638	(R)
OHIO STATE UNIVERSITY	UNKNOWN	10,026	(R)
OLD DOMINION	93_120, 93_121	40,189	(R)
SC SEA GRANT CONSORTIUM	68764	32,585	(R)
UNIVERSITY OF LOUISVILLE	UNKNOWN	31,574	(R)
UNIVERSITY OF NEW HAMPSHIRE	UNKNOWN	9,965	(R)
CONSORT OF UNIV RES IN EARTHQUAKE ENG/RICHMOND, CA	CMMI-0721399	39,129	(R)
DREXEL UNIVERSITY/PITTSBURGH, PA	627227	41,646	(R)
IRIS/ARLINGTON, VA	EAR-0733069	19,404	(R)
UNIVERSITY OF CALIFORNIA/DAVIS, CA	ATM-0807702	19,197	(R)
UNIVERSITY OF CALIFORNIA/SAN DIEGO/LAJOLLA, CA	OCE0417616	5,620	(R)
UNIVERSITY OF CALIFORNIA/SAN DIEGO/LAJOLLA, CA	OCE-1026607	24,780	(R)
UNIVERSITY OF SOUTHERN CALIFORNIA/MARINA DEL RAY, CA	EAR-0529922	33,961	(R)
Program Total		9,729,092	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Science Foundation			
47.070	Computer and Information Science and Engineering		
Direct		\$ 15,049,795 (R)	
Through:			
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	3,624 (R)
	UNIVERSITY OF ARIZONA	20266	4,687 (R)
	WASHINGTON STATE UNIVERSITY	UNKNOWN	70,427 (R)
	BBN SYSTEM AND TECHNOLOGIES, ARLINGTON,VA	UNKNOWN	64,392 (R)
	COMPUTING RESEARCH ASSOCIATION/WASHINGTON, DC	1019343	134,831 (R)
	HAMPTON UNIVERSITY/HAMPTON,VA	CNS-1042466	6,811
	PURDUE UNIVERSITY/WEST LAFAYETTE, IN	CNS-0958487	13,591
	UNIVERSITY OF KENTUCKY RESEARCH FDN	EPS-0814194	32,127 (R)
	UNIVERSITY OF MARYLAND BALT COUNTY/BALTIMORE, MD	CNS-1061621	43,074 (R)
	UNIVERSITY OF NOTRE DAME/SOUTH BEND, IN	CNS-1004014	2,606 (R)
Program Total		15,425,965	
47.074	Biological Sciences		
Direct		14,800,946 (R)	
Through:			
	AMERICAN STATISTICAL ASSOC	68002	17,088 (R)
	DREXEL UNIVERSITY	68846	17,275 (R)
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	372,210 (R)
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	171,090 (R)
	INDIANA UNIVERSITY	20235	315,609 (R)
	IOWA STATE UNIVERSITY	20291	216,460 (R)
	KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUADATION	37-1535589	233,061 (R)
	LOUISIANA STATE UNIVERSITY	20252	2,658 (R)
	NEW YORK UNIVERSITY	29241	63,495 (R)
	OHIO STATE UNIVERSITY	31-6401599	12,725 (R)
	PENNSYLVANIA STATE UNIVERSITY	20269	132,138 (R)
	UNIVERSITY OF ARIZONA	20266	121,857 (R)
	UNIVERSITY OF CALIFORNIA	20218	374,953 (R)
	UNIVERSITY OF CONNECTICUT	20219	20 (R)
	UNIVERSITY OF MICHIGAN	20234	62,061 (R)
	UNIVERSITY OF PUERTO RICO	20414	56,083 (R)
	UNIVERSITY OF WISCONSIN	20232	45,542 (R)
	VIRGINIA COMMONWEALTH UNIV	20368	13,760 (R)
	VIRGINIA POLYTECHNIC INSTITUTE	20233	5,747 (R)
	ARIZONA STATE UNIVERSITY/TEMPE, AZ	EEC-0080012	139,643 (R)
	DUKE UNIVERSITY/DURHAM, NC	DBI-0820624	108,742 (R)
	PURDUE UNIVERSITY/WEST LAFAYETTE, IN	UNKNOWN	100,310 (R)
	UNIVERSITY OF CALIFORNIA/DAVIS	20423	52,695 (R)
Program Total		17,436,168	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Science Foundation			
47.075	Social, Behavioral, and Economic Sciences		
Direct		\$ 2,426,397 (R)	
Through:			
	COLUMBIA UNIVERSITY 68698	23,966 (R)	
	RESCH FDN STATE UNIV NEW YORK 69125	-547 (R)	
	RESEARCH FOUNDATION OF SUNY UNKNOWN	36,622 (R)	
	ARIZONA STATE UNIVERSITY/TEMPE, AZ SES-0937591	261,565 (R)	
	CLARK ATLANTA UNIVERSITY/ATLANTA, GA DMR 0934142	89,925 (R)	
	COMPUTING RESEARCH ASSOCIATION/WASHINGTON, DC CNS-0937060	32,103 (R)	
	GALLAUDET UNIVERSITY/WASHINGTON,DC SBE-0541953	39,212 (R)	
	GALLAUDET UNIVERSITY/WASHINGTON,DC SBE-1041725	15,651 (R)	
	NEW MEXICO HIGHLANDS UNIVERSITY/LAS VEGAS, NM DMR-0934212	116,795 (R)	
	UNIVERSITY NORTH CAROLINA CHAPEL HIL 20228	1,362 (R)	
Program Total		3,043,051	
47.076	Education and Human Resources		
Direct		15,931,420 (R)	
Through:			
	CLARK ATLANTA UNIVERSITY UNKNOWN	53,938 (R)	
	CLARK ATLANTA UNIVERSITY HRD-0503372	9,365	
	CLEVELAND STATE UNIVERSITY 34-0966056	10,000 (R)	
	COUNCIL OF GRAD SCH & PETERSON 68528	1,099 (R)	
	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	76,655 (R)	
	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	548,862	
	KCP TECHNOLOGIES 61621	56,399 (R)	
	KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUDATION 37-1535589	16,552 (R)	
	KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUDATION 37-1535589	614,939	
	TEXAS ENGINEERING EXPERIMENT STATION DUE-0801893	83,054	
	UNIVERSITY OF CALIFORNIA/OAKLAND,CA 11-MESA-631188-51-65	3,562	
	UNIVERSITY OF MASS - DARTMOUTH 20396	17,996 (R)	
	AGNES SCOTT COLLEGE/DECATUR, GA DUE-0836997	14,368 (R)	
	MICHIGAN TECHNOLOGICAL UNIVERSITY/HOUGHTON, MICH ORL-0833542	5,686	
	MID-CONTINENT RES FOR EDU AND LEARNING/DENVER, CO DRL-0822128	37,132	
	UNIVERSITY OF MARYLAND/COLLEGE PARK 20223	24,693 (R)	
	UNIVERSITY OF PITTSBURGH/PITTSBURGH, PA DRL-0741685	101,643 (R)	
	UNIVERSITY OF WYOMING/LARAMIE, WYOMING DGE-0948027	5,732	
	VIRGINIA TECH HRD-0936704	11,081 (R)	
Program Total		17,624,176	
47.078	Polar Programs		
Direct		778,924 (R)	
Through:			
	PURDUE UNIVERSITY 20213	2,033 (R)	
	UNIVERSITY CORP FOR ATMOSPH RESEARC/BOULDER COLORADO ATM-0301213	-258 (R)	
Program Total		780,699	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Science Foundation			
47.079	International Science and Engineering (OISE)		
Direct		\$ 569,754 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	1,096	
	UNIVERSITY OF NEVADA LAS VEGAS 29238	22,640 (R)	
Program Total		593,490	
47.080	Office of Cyberinfrastructure		
Direct		2,128,564 (R)	
Through:	UNIVERSITY OF ILLINOIS/URBANA, ILLINOIS OCI-1047916	42,944 (R)	
Program Total		2,171,508	
47.081	Office of Experimental Program to Stimulate Competitive Research		
Through:	UNIVERSITY OF KENTUCKY RESEARCH FDN/LEXINGTON,KY EPS-0814194	49,068 (R)	
Program Total		49,068	
47.082	ARRA-Trans-NSF Recovery Act Reasearch Support		
Direct		8,103,699 (R)	
Through:	KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUADATION 37-1535589	189,119	
	KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUADATION 37-1535589	36,578 (R)	
	UNIVERSITY OF ILLINOIS 20221	59,082 (R)	
	UNIVERSITY OF KENTUCKY RESEARCH FOUNDATION 616033693	819 (R)	
	UNIVERSITY OF VERMONT 20310	26,806 (R)	
	BBN SYSTEM AND TECHNOLOGIES, ARLINGTON,VA CNS-0944089	141,888 (R)	
	OAK RIDGE NATIONAL LAB DE-AC05-00OR22725	15,073 (R)	
	OAK RIDGE NATIONAL LAB DE-AC05-00OR22725	9,084	
	UNIVERSITY OF TENNESSEE IOS-1041871	105,732 (R)	
	UNIVERSITY OF TEXAS-PAN AMERICAN/EDINBURG, TX DBI-0934013	36,021 (R)	
Program Total		8,723,901	
47.OFA	Other Federal Assistance		
Direct		131,157 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	8,455 (R)	
	UNIVERSITY OF CINCINNATI UNKNOWN	38,826 (R)	
Program Total		178,438	
47.OFA	ARRA-Other Federal Assistance		
Direct		10,970 (R)	
Program Total		10,970	
AGENCY TOTAL		\$ 115,991,263	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Small Business Administration			
59.006 8(a) Business Development Program			
Direct		\$ 13,193	
Program Total		<u>13,193</u>	
59.007 7(j) Technical Assistance			
Direct		15,617	
Through: GREENFIELD ADVISORS/ATLANTA, GA	SB1341-11-SE-1446	20,406 (R)	
Program Total		<u>36,023</u>	
59.037 Small Business Development Centers			
Direct		4,265,521 (R)	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	122,112	
Program Total		<u>4,387,633</u>	
59.058 Federal and State Technology Partnership Program			
Direct		62,803 (R)	
Program Total		<u>62,803</u>	
59.061 State Trade and Export Promotion Pilot Grant Program			
Direct		485,114	
Program Total		<u>485,114</u>	
59.OFA Other Federal Assistance			
Direct		62,040	
Program Total		<u>62,040</u>	
AGENCY TOTAL		<u>\$ 5,046,806</u>	
Veterans Affairs, U.S. Department of			
64.008 Veterans Domiciliary Care			
Direct		\$ 80,709 (R)	
Program Total		<u>80,709</u>	
64.009 Veterans Medical Care Benefits			
Direct		33,678 (R)	
Program Total		<u>33,678</u>	
64.013 Veterans Prosthetic Appliances			
Direct		32,112	
Program Total		<u>32,112</u>	
64.015 Veterans State Nursing Home Care			
Direct		12,662,829	
Program Total		<u>12,662,829</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Veterans Affairs, U.S. Department of			
64.016 Veterans State Hospital Care			
Direct		\$ 8,862 (R)	
Program Total		<u>8,862</u>	
64.018 Sharing Specialized Medical Resources			
Direct		44,348 (R)	
Program Total		<u>44,348</u>	
64.024 VA Homeless Providers Grant and Per Diem Program			
Direct		11,853 (R)	
Program Total		<u>11,853</u>	
64.027 ARRA-Post-9/11 Veterans Educational Assistance			
Direct		2,463,678	
Program Total		<u>2,463,678</u>	
64.028 Post-9/11 Veterans Educational Assistance			
Direct		1,864,786	
Program Total		<u>1,864,786</u>	
64.101 Burial Expenses Allowance for Veterans			
Direct		147,212	
Program Total		<u>147,212</u>	
64.116 Vocational Rehabilitation for Disabled Veterans			
Direct		102,115	
Program Total		<u>102,115</u>	
64.120 Post-Vietnam Era Veterans' Educational Assistance			
Direct		647,501	
Program Total		<u>647,501</u>	
64.203 State Cemetery Grants			
Direct		1,766,664	
Program Total		<u>1,766,664</u>	
64.OFA Other Federal Assistance			
Direct		52,643 (R)	
Program Total		<u>52,643</u>	
AGENCY TOTAL		<u>\$ 19,918,990</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Environmental Protection Agency			
66.032	State Indoor Radon Grants		
Direct		\$ 225,074	
Program Total		<u>225,074</u>	
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		
Direct		615,656	
Through:	SE STATES AIR RESOURCE MANAGERS INC/FOREST PARK,GA	207,452	(R)
Program Total		<u>823,108</u>	
66.039	National Clean Diesel Emissions Reduction Program		
Direct		2,579,620	
Program Total		<u>2,579,620</u>	
66.039	ARRA-National Clean Diesel Emissions Reduction Program		
Direct		1,299,563	(R)
Through:	COBB COUNTY/MARIETTA, GA	190,325	(R)
	2A-95428710-0		
Program Total		<u>1,489,888</u>	
66.040	State Clean Diesel Grant Program		
Direct		39,139	
Program Total		<u>39,139</u>	
66.040	ARRA-State Clean Diesel Grant Program		
Direct		127,100	
Program Total		<u>127,100</u>	
66.124	Coastal Wetlands Planning Protection and Restoration Act		
Direct		5,852	(R)
Program Total		<u>5,852</u>	
66.202	Congressionally Mandated Projects		
Through:	CONSORTIUM FOR PLANT BIOTECH R	187,746	(R)
	68714		
	CONSORTIUM FOR PLANT BIOTECH/ST SIMONS ISLAND, GA	14,174	(R)
	EM-83438801-1		
Program Total		<u>201,920</u>	
66.309	Surveys, Studies, Investigations, Training and Special Purpose Activities Relating to Environmental Justice		
Direct		3,998	
Program Total		<u>3,998</u>	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support		
Direct		347,062	
Program Total		<u>347,062</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Environmental Protection Agency			
66.432 State Public Water System Supervision			
Direct		\$ 62,063	
Program Total		<u>62,063</u>	
66.436 Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act			
Through: VARIOUS OTHER STATES 20204		2,570 (R)	
Program Total		<u>2,570</u>	
66.454 Water Quality Management Planning			
Direct		509,796	
Program Total		<u>509,796</u>	
66.458 Capitalization Grants for Clean Water State Revolving Funds			
Direct		42,420,663	
Program Total		<u>42,420,663</u>	(3)
66.458 ARRA-Capitalization Grants for Clean Water State Revolving Funds			
Direct		4,405,120	
Program Total		<u>4,405,120</u>	(3)
66.460 Nonpoint Source Implementation Grants			
Direct		4,670,223	
Program Total		<u>4,670,223</u>	
66.461 Regional Wetland Program Development Grants			
Direct		335,330 (R)	
Program Total		<u>335,330</u>	
66.468 Capitalization Grants for Drinking Water State Revolving Funds			
Direct		26,640,368	
Program Total		<u>26,640,368</u>	(3)
66.468 ARRA-Capitalization Grants for Drinking Water State Revolving Funds			
Direct		1,812,643	
Program Total		<u>1,812,643</u>	(3)
66.472 Beach Monitoring and Notification Program Implementation Grants			
Direct		268,512	
Program Total		<u>268,512</u>	
66.474 Water Protection Grants to the States			
Direct		61,407	
Program Total		<u>61,407</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Environmental Protection Agency			
66.509	Science To Achieve Results (STAR) Research Program		
Direct		\$ 951,025 (R)	
Through:	UNIVERSITY OF ALABAMA-TUSCALOOSA	UNKNOWN	2,724 (R)
	CLEMSON UNIVERSITY/CLEMSON, SC	RD-83388601	19,804 (R)
	EMORY UNIVERSITY/ATLANTA, GA	RD-83479901-1	418,634 (R)
	EMORY UNIVERSITY/ATLANTA, GA	RD83479901-01	8,958 (R)
	UNIVERSITY OF WISCONSIN/MADISON, WISCONSIN	RD-83503901-0	19,448 (R)
Program Total		<u>1,420,593</u>	
66.511	Office of Research and Development Consolidated Research/Training/Fellowships		
Through:	ARIZONA STATE UNIVERSITY	RD-83385601	1,237 (R)
Program Total		<u>1,237</u>	
66.514	Science To Achieve Results (STAR) Fellowship Program		
Direct		53,985 (R)	
Program Total		<u>53,985</u>	
66.516	P3 Award: National Student Design Competition for Sustainability		
Direct		27,644 (R)	
Program Total		<u>27,644</u>	
66.605	Performance Partnership Grants		
Direct		11,841,984	
Program Total		<u>11,841,984</u>	
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		
Direct		300,827	
Program Total		<u>300,827</u>	
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements		
Direct		69,881	
Program Total		<u>69,881</u>	
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		
Direct		474,415	
Program Total		<u>474,415</u>	
66.708	Pollution Prevention Grants Program		
Direct		67,525	
Program Total		<u>67,525</u>	
66.709	Multi-Media Capacity Building Grants for States and Tribes		
Direct		6,810	
Program Total		<u>6,810</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Environmental Protection Agency			
66.716 Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies			
Direct		\$ 73,645 (R)	
Program Total		<u>73,645</u>	
66.717 Source Reduction Assistance			
Direct		10,666	
Program Total		<u>10,666</u>	
66.802 Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements			
Direct		305,292	
Program Total		<u>305,292</u>	
66.804 Underground Storage Tank Prevention, Detection and Compliance Program			
Direct		1,236,092	
Program Total		<u>1,236,092</u>	
66.805 Leaking Underground Storage Tank Trust Fund Corrective Action Program			
Direct		2,244,232	
Program Total		<u>2,244,232</u>	
66.805 ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action Program			
Direct		1,465,640	
Program Total		<u>1,465,640</u>	
66.808 Solid Waste Management Assistance Grants			
Direct		55,075	
Program Total		<u>55,075</u>	
66.809 Superfund State and Indian Tribe Core Program Cooperative Agreements			
Direct		584,120	
Program Total		<u>584,120</u>	
66.817 State and Tribal Response Program Grants			
Direct		836,667	
Program Total		<u>836,667</u>	
66.951 Environmental Education Grants			
Through: DOW AGROSCIENCES LLC	61551	83,609 (R)	
Program Total		<u>83,609</u>	
AGENCY TOTAL		<u>\$ 108,191,395</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Nuclear Regulatory Commission			
77.006	U. S. Nuclear Regulatory Commission Nuclear Education Grant Program		
Direct		\$ 433,549 (R)	
Through:	M. TUTTLE AND ASSOCIATES/GEORGETOWN,ME NRC-HQ-11-C-04-0041	4,874 (R)	
Program Total		<u>438,423</u>	
77.007	U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)		
Direct		37,238	
Program Total		<u>37,238</u>	
77.008	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program		
Direct		468,828 (R)	
Program Total		<u>468,828</u>	
AGENCY TOTAL		<u>\$ 944,489</u>	
Energy, U.S. Department of			
81.003	Granting of Patent Licenses		
Direct		\$ 2,495,299 (R)	
Program Total		<u>2,495,299</u>	
81.036	Inventions and Innovations		
Through:	ARGONNE NATIONAL LABORATORY 68067	36,929 (R)	
	MARINE BIOLOGICAL LABORATORY 67228	22,561 (R)	
	UT-BATTELLE LLC 67929	4,472,221 (R)	
	OAK RIDGE NATL LAB/OAK RIDGE, TN DE-AC05-00OR22725	38,899 (R)	
	PACIFIC NORTHWEST NATIONAL LAB DE-AC05-76RL01830	-4,360 (R)	
Program Total		<u>4,566,250</u>	
81.041	State Energy Program		
Direct		566,266	
Program Total		<u>566,266</u>	
81.041	ARRA-State Energy Program		
Direct		45,456,583 (R)	
Program Total		<u>45,456,583</u>	
81.042	Weatherization Assistance for Low-Income Persons		
Direct		1,440,150	
Program Total		<u>1,440,150</u>	
81.042	ARRA-Weatherization Assistance for Low-Income Persons		
Direct		34,513,359	
Program Total		<u>34,513,359</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of				
81.049	Office of Science Financial Assistance Program			
Direct			\$ 10,877,491 (R)	
Through:	ARGONNE NATIONAL LABORATORY	68067	116,352 (R)	
	DUKE UNIVERSITY	67922	34,112 (R)	
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	179,045 (R)	
	LOS ALAMOS	93_237, 93_238	173,784 (R)	
	OAK RIDGE NATIONAL LAB	UNKNOWN	561 (R)	
	OAK RIDGE NATIONAL LAB	UNKNOWN	18,064 (R)	
	SAVANNAH RIVER NUCLEAR SOLUTION	235,236	-15,435 (R)	
	UNIVERSITY OF CALIFORNIA	20218	56,630 (R)	
	UNIVERSITY OF WASHINGTON	20292	47,553 (R)	
	UNIVERSITY OF WISCONSIN	20232	21,406 (R)	
	AERODYNE RESEARCH INCORPORATED/BILLERICA, MA	DE-SC000602	4,560 (R)	
	ARGONNE NATL LAB/UCHICAGO ARGONNE LLC/ARGONNE, IL	DE-AC02-06CH11357	92,258 (R)	
	ARIZONA STATE UNIVERSITY/TEMPE, AZ	ASU -DWS0684	167,873 (R)	
	CARNEGIE MELLON INSTITUTE/PITTSBURGH, PA	DE-SC0002448	170,030 (R)	
	CHEVRONTEXACO	SO 4523551	259,457 (R)	
	CLEMSON UNIVERSITY/CLEMSON, SC	DE-FE0004542	28,443 (R)	
	COMPACT MEMBRANE SYSTEMS	DE-FG02-08ER86343	12,206 (R)	
	CONTINUUM DYNAMICS INC/EWING, NJ	DE-SC0004403	105,386 (R)	
	FLORIDA STATE UNIVERSITY/TALLAHASSEE, FLA	DE-FG02-07ER46451	83,405 (R)	
	IDAHO NATIONAL LAB/BEA/IDAHO FALLS	DE-AC07-05ID14517	692,776 (R)	
	IDAHO STATE UNIV/POCATELLO, ID	ORDER00105/00043028	59,659 (R)	
	KENT STATE UNIVERSITY/KENT, OHIO	DE-SC0001412	110,763 (R)	
	LAWRENCE BERKELEY NAT LAB/UNIVERSITY OF CALIFORNIA	DE-AC02-05CH11231	769,984 (R)	
	LLNL/LAWRENCE LIVERMORE NATL SEC LLC/LIVERMORE,CA	DE-AC52-07NA27344	75,398 (R)	
	LOS ALAMOS NAT LAB/LOS ALAMOS NATIONAL SECURITY	DE-AC52-06NA25396	69,507 (R)	
	LSU/BATON ROUGE, LA	DE-SC0001058	166,087 (R)	
	NEI CORPORATION/PISCATAWAY, NY	DE-FG02-08ER85101	8,757 (R)	
	OAK RIDGE ASSOCIATED UNIV/OAK RIDGE, TENNESSEE	UNKNOWN	5,000 (R)	
	OAK RIDGE NATL LAB/UT BATTELLE LLC	DE-AC05-00OR22725	1,113,704 (R)	
	OAK RIDGE NATL LAB/UT BATTELLE LLC	DE-AC0500OR22725	32,514 (R)	
	OG TECHNOLOGIES/ANN ARBOR, MI	DE-SC0001570	40,796 (R)	
	PACIFIC NW NATL LAB/BATTELLE MEMORIAL INST	DE-AC05-76RL01830	56,785 (R)	
	PACIFIC NW NATL LAB/BATTELLE MEMORIAL INST	DE-AC02-98CH10886	180,987 (R)	
	PALL CORPORATION/PENSACOLA, FL	DE-FE0001181	73,123 (R)	
	PHOSPHOR TECH CORPORATION/MABLETON, GA	FE-0004224	62,739 (R)	
	POLYMER AGING CONCEPTS INC/DAHLONEGA, GA	DE-SC0001967	8,601 (R)	
	PRINCETON UNIVERSITY/PLAINSBORO, NJ	DE-FG02-04ER46165	64,280 (R)	
	PROJECT PERFORMANCE CORP/MCLEAN, VA	DE-DT0000016	402,404 (R)	
	RESERVOIR LABS INC	DE-FG02-08ER85149	4,775 (R)	
	SANDIA NATIONAL LABS	1208307	27,687 (R)	
	SANDIA NATL LABS/SANDIA CORP	1183476	599,766 (R)	
	SANDIA NATL LABS/SANDIA CORP	1188989	19,667 (R)	
	SANDIA NATL LABS/SANDIA CORP	SF6432-EI	30,183 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of				
Through:	SANDIA NATL LABS/SANDIA CORP	1075167	\$ 104,377 (R)	
	SANDIA NATL LABS/SANDIA CORP	1091889	64,140 (R)	
	SANDIA NATL LABS/SANDIA CORP	1155042	31,886	
	SANDIA NATL LABS/SANDIA CORP	1155042	9,336 (R)	
	SAVANNAH RIVER NATIONAL LAB/ AIKEN, SC	DE-AC09-08SR22470	11,427	
	SOUTH CAROLINA STATE UNIVERSITY/ORANGEBURG, SC	DE-FG07-005ID14692	-13,283 (R)	
	SOUTHWEST RESEARCH INSTITUTE	DE-FE0001057	94,053 (R)	
	SYRACUSE UNIVERSITY/SYRACUSE, NY	DE-AC07-05-ID14517	34,802 (R)	
	U.S. SOLAR HOLDINGS/BOISE, ID	DE-FC36-08-GO18155	18,836 (R)	
	UNIVERSITY OF AKRON/AKRON, OH	DE-SC0005364	88,749 (R)	
	UNIVERSITY OF DELAWARE/NEWARK, DE	DE-FG02-03ER15468	81,761 (R)	
	UNIVERSITY OF FLORIDA	DE-FG02-03ER15484	60,588 (R)	
	UNIVERSITY OF ILLINOIS/URBANA, ILLINOIS	DE-FG07-07ID14891	34,470 (R)	
	UNIVERSITY OF OKLAHOMA/NORMAN, OK	DE-SC0004601	121,167 (R)	
	UNIVERSITY OF SOUTH CAROLINA	102125	111,475 (R)	
	UNIVERSITY OF SOUTH CAROLINA/COLUMBIA, SC	DE-SC0001061	451,440 (R)	
	UNIVERSITY OF TENNESSEE	DE-SC0006662	78,710 (R)	
	UNIVERSITY OF WISCONSIN/MADISON, WISCONSIN	DE-FG02-05ER15731	14,546 (R)	
	URS ENERGY & CONSTRUCTION	DE-FE0004000	30,926 (R)	
	VANDERBILT UNIVERSITY/NASHVILLE, TN	DE-FC01-06320753	244,082 (R)	
	VARENTEC, INC / SAN JOSE, CA	DE-AR0000229	21,873 (R)	
Program Total			18,804,484	
81.049 ARRA-Office of Science Financial Assistance Program				
Through:	CITY OF ATLANTA	DE-EE0000801/001	64,805 (R)	
	FERMILAB/BATAVIA, IL	DE-AC02-07CH11359	45,131 (R)	
	NGIMAT/ATLANTA, GA	DE-SC0003274	179,242 (R)	
	NGIMAT/ATLANTA, GA	DE-SC0004657	-52,833 (R)	
	OG TECHNOLOGIES/ANN ARBOR, MI	DE-SC0003254	178,225 (R)	
	SIEMENS ORLANDO, FL	DE-FC26-05NT42644ARR	275,975 (R)	
	SIEMENS/ORLANDO, FL	DE-FC26-05NT42644	223,586 (R)	
	SIEMENS/ORLANDO, FL	DE-FC26-05NT242644	133,119 (R)	
	STONE MOUNTAIN TECHNOLOGIES INC/UNICOI, TN	DE=EE000985	213,904 (R)	
	ULTRASONIC TECHNOLOGIES INC/TAMPA, FL	DE-EE0004549	10,555 (R)	
	UNIVERSITY OF ARIZONA	DE-SC0001084	691,289 (R)	
	UT BATTELLE LLC/OAK RIDGE NATL LAB - TN	DE-AC05-00OR22725	94,706 (R)	
Program Total			2,057,704	
81.057 University Coal Research				
Direct			25,047 (R)	
Program Total			25,047	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of			
81.064 Office of Scientific and Technical Information			
Through: UT-BATTELLE LLC	67929	\$ 19,278 (R)	
Program Total		<u>19,278</u>	
81.079 Regional Biomass Energy Programs			
Through: SOUTH DAKOTA STATE UNIVERSITY	20387	12,175 (R)	
Program Total		<u>12,175</u>	
81.086 Conservation Research and Development			
Direct		346,285 (R)	
Through: IBM CORPORATION	DE-EE00002897	151,758 (R)	
NORTH CAROLINA STATE UNIVERSITY/RALEIGH, NC	DE-FC36-04GO14308	84,681 (R)	
Program Total		<u>582,724</u>	
81.086 ARRA-Conservation Research and Development			
Through: GE GLOBAL RESEARCH	61394	54,989 (R)	
EATON CORPORATION	DE-EE000911	103,040 (R)	
Program Total		<u>158,029</u>	
81.087 Renewable Energy Research and Development			
Direct		2,712,336 (R)	
Through: CONSORTIUM FOR PLANT BIOTECH R	68714	202,636 (R)	
RUTGERS UNIVERSITY	20214	21,776 (R)	
SOUTH DAKOTA STATE UNIVERSITY	20387	41,462 (R)	
UNIVERSITY OF ARKANSAS	20217	182,222 (R)	
UNIVERSITY OF ARKANSAS	20217	143,649 (R)	
ARIZONA STATE UNIVERSITY/TEMPE, AZ	DEEE0003372	98,852 (R)	
BALLARD POWER SYSTEMS/CANADA	DE-EE0000466	122,910 (R)	
BEA/IDAHO NATIONAL LAB/IDAHO FALLS	DE-AC07-OID14517	159,104 (R)	
OAK RIDGE ASSOCIATED UNIV/OAK RIDGE, TENNESSEE	7-24767	53,852 (R)	
OAK RIDGE NATL LAB/UT BATTELLE LLC	DE-AC05-00OR22725	68,753 (R)	
THE CONSORTIUM FOR PLANT BIOTE	DE-FG36-02GO12026-00	75,809 (R)	
UNIVERSITY OF CALIFORNIA/DAVIS	20423	24,770 (R)	
Program Total		<u>3,908,131</u>	
81.087 ARRA-Renewable Energy Research and Development			
Through: ALGENOL BIOFUELS/BONITRA SPRINGS, FL	DE-EE0002867	352,595 (R)	
COLORADO STATE UNIVERSITY	DE-EE0002627	194,208 (R)	
UNITED TECHNOLOGIES/EAST HARTFORD, CT	DE-EE0002770	65,418 (R)	
Program Total		<u>612,221</u>	
81.089 Fossil Energy Research and Development			
Direct		926,340 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of			
Through: UT-BATTELLE LLC	67929	\$ 8,873 (R)	
UNIVERSITY OF MISSISSIPPI	20273	72,611 (R)	
ASTROWATT INC/AUSTIN,TX	DE-EE0005404	65,200 (R)	
COMBUSTION RSCH & FLOW TECH	DE-SC0004465 MOD. 1	27,384 (R)	
CRYSTAL SOLAR/SANTA CLARA,CA	NEU-1-40054-01	227,496 (R)	
DROPLET MEASUREMENT TECHNOLOGIES/ BOULDER, CO	DE-0006354	40,609 (R)	
GE GLOBAL RESEARCH/NISKAYUNA, NY	DE-FE000714	60,737 (R)	
JOHNSON RES & DEVELOPMT CO/ATLANTA, GA	DE-SC0006454	40,000 (R)	
LLNL/LAWRENCE LIVERMORE NATL SEC LLC/LIVERMORE,CA	DE-AC52-07NA27344	91,946 (R)	
PARKER HANNIFIN CORPORATION/JACKSONVILLE, AL	DE-FE0005508	64,215 (R)	
PENNSYLVANIA STATE UNIV/UNIV PARK, PA	DE-NT0005054	64,806 (R)	
SANDIA NAT'L LABS/WESTERN ELECTRIC CO	DE-AC04-AL-85000	122 (R)	
SANDIA NAT'L LABS/WESTERN ELECTRIC CO	DE-AC04-AL-85000	10,561	
UT BATTELLE LLC/OAK RIDGE NATL LAB - TN	DE-AC05-00OR2725	163,482 (R)	
UT BATTELLE LLC/OAK RIDGE NATL LAB - TN	DE-AC05-00OR22725	340,845 (R)	
WASTREN ADVANTAGE INC/LENOIR CITY,TN	DE-EM0000323	3,074 (R)	
Program Total		2,208,301	
81.104 Office of Environmental Waste Processing			
Direct		350,464	
Through: SRSCRO	57-0986131	149,182	
Program Total		499,646	
81.106 Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions			
Through: SOUTHERN STATES ENERGY BOARD	58-0864888	244,512	
Program Total		244,512	
81.112 Stewardship Science Grant Program			
Through: LAWRENCE BERKELEY NATL LAB	20475	295,371 (R)	
Program Total		295,371	
81.113 Defense Nuclear Nonproliferation Research			
Direct		806,696 (R)	
Program Total		806,696	
81.117 Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			
Direct		341,264	
Program Total		341,264	
81.117 ARRA-Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			
Direct		277,849 (R)	
Program Total		277,849	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of			
81.119			
State Energy Program Special Projects			
Direct		\$ 88,950	
Through: SAVANNAH RIVER NUCLEAR SOLUTNS	61579	64 (R)	
Program Total		<u>89,014</u>	
81.121			
Nuclear Energy Research, Development and Demonstration			
Direct		433,294 (R)	
Program Total		<u>433,294</u>	
81.122			
Electricity Delivery and Energy Reliability, Research, Development and Analysis			
Direct		281,745 (R)	
Through: ARGONNE NATL LAB/UCHICAGO ARGONNE	DE-AC02-06CH11357	64,307 (R)	
LLC/ARGONNE, IL			
Program Total		<u>346,052</u>	
81.122			
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis			
Direct		1,084,528 (R)	
Program Total		<u>1,084,528</u>	
81.123			
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program			
Through: ARGONNE NATIONAL LABORATORY	68067	33,702 (R)	
Program Total		<u>33,702</u>	
81.124			
Predictive Science Academic Alliance Program			
Through: SANDIA NATIONAL LABORATORIES	60965	53,210 (R)	
UT-BATTELLE LLC	67929	8,985 (R)	
Program Total		<u>62,195</u>	
81.126			
Federal Loan Guarantees for Innovative Energy Technologies			
Through: SAVANNAH RIVER NUCLEAR SOLUTNS	61579	234,350 (R)	
Program Total		<u>234,350</u>	
81.126			
ARRA-Federal Loan Guarantees for Innovative Energy Technologies			
Through: SAVANNAH RIVER NUCLEAR SOLUTNS	61579	52,743 (R)	
Program Total		<u>52,743</u>	
81.128			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)			
Direct		7,141,938	
Program Total		<u>7,141,938</u>	
81.133			
ARRA-Geologic Sequestration Training and Research Grant Program			
Direct		207,441 (R)	
Program Total		<u>207,441</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of			
81.135	Advanced Research and Projects Agency-Energy Financial Assistance Program		
Direct		\$ 278,303 (R)	
Program Total		<u>278,303</u>	
81.135	ARRA-Advanced Research and Projects Agency-Energy Financial Assistance Program		
Direct		2,055,259 (R)	
Through:	NORTH CAROLINA STATE UNIVERSITY 20211	643,206 (R)	
	MA INST OF TECHNOLOGY/CAMBRIDGE, MA DE-AR0000123	156,134 (R)	
	NEW PAX, INC DE-00000022	14,770 (R)	
Program Total		<u>2,869,369</u>	
81.OFA	Other Federal Assistance		
Direct		413,513 (R)	
Through:	BATTELLE MEMORIAL INSTITUTE UNKNOWN	4,413 (R)	
	SAVANNAH RIVER NUCLEAR SOLUTNS 61579	109,727 (R)	
Program Total		<u>527,653</u>	
AGENCY TOTAL		<u>\$ 133,251,921</u>	
Education, U.S. Department of			
84.002	Adult Education - Basic Grants to States		
Direct		\$ 19,093,206	
Through:	ERC INC DAAH01-03-C-R180	-59 (R)	
Program Total		<u>19,093,147</u>	
84.007	Federal Supplemental Educational Opportunity Grants(SFA)		
Direct		9,041,667	
Program Total		<u>9,041,667</u>	
84.010	Title I Grants to Local Educational Agencies(TITLE1A)		
Direct		515,073,938	
Through:	CLARKE COUNTY SCHOOL DISTRICT 40092	171,100 (R)	
	CLAYTON COUNTY PUBLIC SCHOOLS 586000212	3,157	
	GREENSBORO DREAMERS 69775	5,416 (R)	
	PROJECT GRAD USA 76-0666426	2,500	
	WILKES COUNTY SCHOOL DISTRICT 41257	492 (R)	
Program Total		<u>515,256,603</u>	
84.011	Migrant Education_State Grant Program		
Direct		9,728,414	
Through:	SOUTHERN PINE MIGRANT EDUCATIONAL AGENCY 58-1171281	59,097	
Program Total		<u>9,787,511</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth			
Direct		\$ 1,224,951	
Program Total		<u>1,224,951</u>	
84.016 Undergraduate International Studies and Foreign Language Programs			
Direct		50,131 (R)	
Program Total		<u>50,131</u>	
84.017 International Research and Studies			
Direct		137,931 (R)	
Program Total		<u>137,931</u>	
84.021 Overseas Programs - Group Projects Abroad			
Direct		10,950 (R)	
Program Total		<u>10,950</u>	
84.027 Special Education_Grants to States(SEC-IDEA)			
Direct		335,707,443	
Program Total		<u>335,707,443</u>	
84.031 Higher Education_Institutional Aid			
Direct		17,490,385	
Program Total		<u>17,490,385</u>	
84.032 Federal Family Education Loans(SFA)			
Direct		46,272,743	724,393,673
Program Total		<u>46,272,743</u>	<u>724,393,673</u> (3)
84.033 Federal Work-Study Program(SFA)			
Direct		66,686,517	
Program Total		<u>66,686,517</u>	
84.038 Federal Perkins Loan Program_Federal Capital Contributions(SFA)			
Direct		218,305	38,309,745
Program Total		<u>218,305</u>	<u>38,309,745</u> (3)
84.042 TRIO_Student Support Services(TRIO)			
Direct		2,549,531	
Program Total		<u>2,549,531</u>	
84.044 TRIO_Talent Search(TRIO)			
Direct		1,752,313 (R)	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	335,888	
Program Total		<u>2,088,201</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.047	TRIO_Upward Bound(TRIO)		
Direct		\$ 5,243,589 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	333,543	
Program Total		<u>5,577,132</u>	
84.048	Career and Technical Education -- Basic Grants to States		
Direct		39,713,213	
Through:	GA VOCATIONAL STAFF DEVELOPMENT CONSORTIUM CTAE6073	44,214	
Program Total		<u>39,757,427</u>	
84.063	Federal Pell Grant Program(SFA)		
Direct		771,217,319	
Program Total		<u>771,217,319</u>	
84.066	TRIO_Educational Opportunity Centers(TRIO)		
Direct		509,308	
Program Total		<u>509,308</u>	
84.116	Fund for the Improvement of Postsecondary Education		
Direct		994,057 (R)	
Through:	FLORIDA A&M UNIVERSITY 20315	21,958 (R)	
	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	26,476	
	HAROLD WASHINGTON COLLEGE 00165200	100	
	MICHIGAN STATE UNIVERSITY 20210	16,546 (R)	
	NATIONAL COMMISSION ON TEACHING AMERICA UNKNOWN	214 (R)	
	NATIONAL COMMISSION ON TEACHING AMERICA UNKNOWN	12,375 (R)	
	UNIVERSITY OF FLORIDA 20220	19,409 (R)	
Program Total		<u>1,091,135</u>	
84.120	Minority Science and Engineering Improvement		
Direct		106,375 (R)	
Program Total		<u>106,375</u>	
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States(VRC)		
Direct		99,135,423	
Program Total		<u>99,135,423</u>	
84.129	Rehabilitation Long-Term Training		
Direct		148,989 (R)	
Program Total		<u>148,989</u>	
84.133	National Institute on Disability and Rehabilitation Research		
Direct		2,562,480 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
Through: SYRACUSE UNIVERSITY/SYRACUSE, NY	H133A060094	\$ 27,392 (R)	
UNIVERSITY OF DENVER/DENVER, CO	ECCS-1028710	1,479 (R)	
Program Total		2,591,351	
84.141 Migrant Education_High School Equivalency Program			
Direct		524,432	
Program Total		524,432	
84.144 Migrant Education_Coordination Program			
Direct		33,075	
Program Total		33,075	
84.149 Migrant Education_College Assistance Migrant Program			
Direct		442,925	
Program Total		442,925	
84.153 Business and International Education Projects			
Direct		87,372 (R)	
Program Total		87,372	
84.169 Independent Living_State Grants(ILSG)			
Direct		485,444	
Program Total		485,444	
84.173 Special Education_Preschool Grants(SEC-IDEA)			
Direct		10,042,584	
Program Total		10,042,584	
84.177 Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind(ILS)			
Direct		767,372	
Program Total		767,372	
84.181 Special Education-Grants for Infants and Families(EIS-IDEA)			
Direct		16,310,078	
Program Total		16,310,078	
84.184 Safe and Drug-Free Schools and Communities_National Programs			
Direct		63,776	
Through: COBB COUNTY SCHOOL DISTRICT	6331	147,885 (R)	
COBB COUNTY SCHOOL DISTRICT	6331	89,453 (R)	
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	27,166	
Program Total		328,280	
84.185 Byrd Honors Scholarships			
Direct		1,500	
Program Total		1,500	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.186 Safe and Drug-Free Schools and Communities_State Grants			
Direct		\$ 1,101,548	
Program Total		<u>1,101,548</u>	
84.187 Supported Employment Services for Individuals with the Most Significant Disabilities			
Direct		801,907	
Program Total		<u>801,907</u>	
84.196 Education for Homeless Children and Youth(EHCY)			
Direct		2,667,379	
Program Total		<u>2,667,379</u>	
84.200 Graduate Assistance in Areas of National Need			
Direct		657,725 (R)	
Program Total		<u>657,725</u>	
84.213 Even Start_State Educational Agencies			
Direct		1,119,801	
Program Total		<u>1,119,801</u>	
84.215 Fund for the Improvement of Education			
Direct		288,811	
Through: COUNCIL ON ECONOMIC EDUCATION	36255	58,333 (R)	
DEKALB COUNTY BOARD OF HEALTH	UNKNOWN	116,072 (R)	
SAVANNAH - CHATHAM COUNTY PUBLIC SCHOOL SYSTEM	6251	16,452	
Program Total		<u>479,668</u>	
84.217 TRIO_McNair Post-Baccalaureate Achievement(TRIO)			
Direct		302,545	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	171,753	
Program Total		<u>474,298</u>	
84.220 Centers for International Business Education			
Direct		441,448 (R)	
Program Total		<u>441,448</u>	
84.224 Assistive Technology			
Direct		610,467	
Program Total		<u>610,467</u>	
84.226 Income Contingent Loan Program			
Direct		0	46,404
Program Total		<u>0</u>	<u>46,404 (3)</u>

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.235	Rehabilitation Services Demonstration and Training Programs		
Direct		\$ 207,256	
Program Total		<u>207,256</u>	
84.256	Territories and Freely Associated States Education Grant Program		
Through: KENT STATE UNIVERSITY	UNKNOWN	31,087	
Program Total		<u>31,087</u>	
84.264	Rehabilitation Training_Continuing Education		
Through: SYRACUSE UNIVERSITY/SYRACUSE, NY	H264A080021	54,764 (R)	
Program Total		<u>54,764</u>	
84.265	Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training		
Direct		231,914	
Program Total		<u>231,914</u>	
84.268	Federal Direct Student Loans(SFA)		
Direct		1,640,259,646	
Program Total		<u>1,640,259,646</u>	
84.282	Charter Schools		
Direct		4,038,091	
Program Total		<u>4,038,091</u>	
84.287	Twenty-First Century Community Learning Centers		
Direct		45,533,704	
Through: DOUGLAS COUNTY SCHOOL SYSTEM	40267	34,261 (R)	
GREENSBORO DREAMERS	69775	6,583 (R)	
NEWTON COUNTY SCHOOL SYSTEM	40269	19,637 (R)	
UNIVERSITY OF FLORIDA	20220	31,470 (R)	
Program Total		<u>45,625,655</u>	
84.305	Education Research, Development and Dissemination		
Direct		1,837,201 (R)	
Through: DEKALB COUNTY BOARD OF HEALTH	UNKNOWN	95,136	
RUTGERS UNIVERSITY/PISCATAWAY, NJ	R305A0901210	200,644 (R)	
Program Total		<u>2,132,981</u>	
84.315	Capacity Building for Traditionally Underserved Populations		
Direct		159,847	
Program Total		<u>159,847</u>	
84.318	Educational Technology State Grants(ETSG)		
Direct		4,082,136	
Program Total		<u>4,082,136</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Education, U.S. Department of			
84.323 Special Education - State Personnel Development			
Direct		\$ 1,244,202	
Program Total		<u>1,244,202</u>	
84.324 Research in Special Education			
Direct		2,122,815 (R)	
Through: UNIVERSITY OF TENNESSEE	62-6001636	61,223	
UNIVERSITY OF KENTUCKY	20222	25,643 (R)	
UNIVERSITY OF MINNESOTA	20225	93,891 (R)	
UNIVERSITY OF OREGON	UNKNOWN	110,504 (R)	
Program Total		<u>2,414,076</u>	
84.325 Special Education - Personnel Development to Improve Services and Results for Children with Disabilities			
Direct		835,723 (R)	
Program Total		<u>835,723</u>	
84.326 Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities			
Direct		335,167	
Program Total		<u>335,167</u>	
84.327 Special Education_Technology and Media Services for Individuals with Disabilities			
Direct		146,027	
Program Total		<u>146,027</u>	
84.333 Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities			
Direct		148,124 (R)	
Program Total		<u>148,124</u>	
84.334 Gaining Early Awareness and Readiness for Undergraduate Programs			
Direct		793,677	
Through: BIBB COUNTY SCHOOL DISTRICT	6111	35,406	
Program Total		<u>829,083</u>	
84.335 Child Care Access Means Parents in School			
Direct		261,564	
Program Total		<u>261,564</u>	
84.336 Teacher Quality Partnership Grants(TQPG)			
Direct		3,810,892 (R)	
Program Total		<u>3,810,892</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.350 Transition to Teaching			
Direct		\$ 1,610,968 (R)	
Through: DEKALB COUNTY SCHOOL SYSTEM	40254	33,134 (R)	
Program Total		<u>1,644,102</u>	
84.351 Arts in Education			
Through: ALLIANCE THEATRE	UNKNOWN	109,675 (R)	
Program Total		<u>109,675</u>	
84.358 Rural Education			
Direct		6,885,534	
Program Total		<u>6,885,534</u>	
84.365 English Language Acquisition Grants			
Direct		16,688,881 (R)	
Program Total		<u>16,688,881</u>	
84.366 Mathematics and Science Partnerships			
Direct		6,459,485	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	192,842	
JACKSON COUNTY SCHOOL SYSTEM	40243	50,636 (R)	
KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION	371535589	11,679	
ROCKDALE COUNTY BOARD OF EDUCATION	7221	538	
Program Total		<u>6,715,180</u>	
84.367 Improving Teacher Quality State Grants			
Direct		68,345,173 (R)	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	309,348	
KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION	371535589	66,798	
Program Total		<u>68,721,319</u>	
84.369 Grants for State Assessments and Related Activities			
Direct		14,954,167	
Program Total		<u>14,954,167</u>	
84.371 Striving Readers			
Direct		1,662,017	
Through: NATIONAL WRITING PROJECT	68636	43,440 (R)	
Program Total		<u>1,705,457</u>	
84.372 Statewide Data Systems(SWDS)			
Direct		2,418,674	
Program Total		<u>2,418,674</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.373 Special Education_Technical Assistance on State Data Collection			
Direct		\$ 582,146 (R)	
Through: VANDERBILT UNIVERSITY	UNKNOWN	2,939 (R)	
Program Total		<u>585,085</u>	
84.375 Academic Competitiveness Grants(SFA)			
Direct		84,231	
Program Total		<u>84,231</u>	
84.376 National Science and Mathematics Access to Retain Talent (SMART) Grants(SFA)			
Direct		85,182	
Program Total		<u>85,182</u>	
84.377 School Improvement Grants(SIG)			
Direct		11,636,906	
Program Total		<u>11,636,906</u>	
84.378 College Access Challenge Grant Program			
Direct		3,749,375 (R)	
Program Total		<u>3,749,375</u>	
84.379 Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)(SFA)			
Direct		2,048,508	
Program Total		<u>2,048,508</u>	
84.382 Strengthening Minority-Serving Institutions			
Direct		2,256,149	
Program Total		<u>2,256,149</u>	
84.386 ARRA-Education Technology State Grants, Recovery Act(ETSG)			
Direct		6,439,558	
Program Total		<u>6,439,558</u>	
84.387 ARRA-Education for Homeless Children and Youth, Recovery Act(EHCY)			
Direct		529,409	
Program Total		<u>529,409</u>	
84.388 ARRA-School Improvement Grants, Recovery Act(SIG)			
Direct		29,645,836	
Program Total		<u>29,645,836</u>	
84.389 ARRA-Title I Grants to Local Educational Agencies, Recovery Act(TITLE1A)			
Direct		70,237,645	
Program Total		<u>70,237,645</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.390	ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act(VRC)		
Direct		\$ 11,013,425	
Program Total		<u>11,013,425</u>	
84.391	ARRA-Special Education Grants to States, Recovery Act(SEC-IDEA)		
Direct		57,056,027	
Program Total		<u>57,056,027</u>	
84.392	ARRA-Special Education - Preschool Grants, Recovery Act(SEC-IDEA)		
Direct		1,723,312	
Program Total		<u>1,723,312</u>	
84.393	ARRA-Special Education - Grants for Infants and Families, Recovery Act(EIS-IDEA)		
Direct		5,175,145	
Program Total		<u>5,175,145</u>	
84.395	ARRA-State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act		
Direct		69,018,526	
Through:	FLORIDA DEPARTMENT OF EDUCATION 59-3474751	852	
	DREW CHARTER SCHOOL ATLANTA,GA S395A100050	128,659 (R)	
Program Total		<u>69,148,037</u>	
84.396	ARRA-State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund, Recovery Act		
Through:	FORSYTH COUNTY BD OF EDUCATION 40105	136,260 (R)	
	OHIO STATE UNIVERSITY UNKNOWN	286,934	
Program Total		<u>423,194</u>	
84.398	ARRA-Independent Living State Grants, Recovery Act(ILSG)		
Direct		115,867	
Program Total		<u>115,867</u>	
84.399	ARRA-Independent Living Services for Older Individuals Who are Blind, Recovery Act(ILS)		
Direct		533,096	
Program Total		<u>533,096</u>	
84.410	Education Jobs Fund		
Direct		4,004,085	
Program Total		<u>4,004,085</u>	
84.928	National Writing Project		
Direct		29,971 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	\$ 30,909	
NATIONAL WRITING PROJECT	943130846	26,482	
UNIVERSITY OF CALIFORNIA	94-3130846	14,344	
UNIVERSITY OF CALIFORNIA	07-GA07	33,419	
Program Total		<u>135,125</u>	
84.OFA Other Federal Assistance			
Direct		114,537	
Through: OHIO STATE UNIVERSITY	UNKNOWN	30,042	
Program Total		<u>144,579</u>	
AGENCY TOTAL		<u>\$ 4,086,588,778</u>	<u>\$ 762,749,822</u>
Scholarship Foundations			
85.105 Agriscience Awards			
Through: CHRISTOPHER COLUMBUS FELLOW FN	69405	\$ 25,000 (R)	
Program Total		<u>25,000</u>	
AGENCY TOTAL		<u>\$ 25,000</u>	
National Archives and Records Administration			
89.003 National Historical Publications and Records Grants			
Direct		\$ 109,492	
Through: ATLANTA HISTORY CENTER	69336	7,278 (R)	
ATLANTA-FULTON PUBLIC LIBRARY	41267	5,892 (R)	
Program Total		<u>122,662</u>	
AGENCY TOTAL		<u>\$ 122,662</u>	
U.S. Election Assistance Commission			
90.401 Help America Vote Act Requirements Payments			
Direct		\$ 1,523,297	
Program Total		<u>1,523,297</u>	
90.403 U.S. Election Assistance Commission Research Grants			
Through: THE INFOR TECH & INNOV FDN (ITIF)/WASHINGTON,DC	EAC110149B	200,537 (R)	
THE INFOR TECH & INNOV FDN (ITIF)/WASHINGTON,DC	E4064914	67,527 (R)	
Program Total		<u>268,064</u>	
AGENCY TOTAL		<u>\$ 1,791,361</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
United States Institute of Peace			
91.001 Annual Grant Competition			
Direct		\$ 5,600 (R)	
Program Total		<u>5,600</u>	
AGENCY TOTAL		<u>\$ 5,600</u>	
Health and Human Services, U.S. Department of			
93.006 State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program			
Direct		\$ 58,566	
Program Total		<u>58,566</u>	
93.010 Community-Based Abstinence Education (CBAE)			
Through: FRIENDS OF COBB COMMISSION ON YOUTH	58-2119585	8,137 (R)	
Program Total		<u>8,137</u>	
93.019 Technical Assistance and Provision for Foreign Hospitals and Health Organizations			
Through: TASK FORCE FOR GLOBAL HEALTH/DECATUR, GA	UNKNOWN	10,909 (R)	
Program Total		<u>10,909</u>	
93.041 Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation			
Direct		229,382	
Program Total		<u>229,382</u>	
93.042 Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals			
Direct		536,650	
Program Total		<u>536,650</u>	
93.043 Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services			
Direct		495,741	
Program Total		<u>495,741</u>	
93.044 Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers(AC)			
Direct		9,542,962	
Through: SOUTHEAST GA REGIONAL DEVELOPMENT CENTER	AAA-2004-11	55,764	
Program Total		<u>9,598,726</u>	
93.045 Special Programs for the Aging_Title III, Part C_Nutrition Services(AC)			
Direct		16,286,314	
Program Total		<u>16,286,314</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.048	Special Programs for the Aging_Title IV_and Title II_Discretionary Projects		
Direct		\$ 1,235,928	
Through:	UNIVERSITY OF CALIFORNIA - IRVINE 046705849	3,844 (R)	
Program Total		<u>1,239,772</u>	
93.048	ARRA-Special Programs for the Aging_Title IV_and Title II_Discretionary Projects		
Through:	TEXAS A&M RESEARCH FOUND 69107	11,144 (R)	
Program Total		<u>11,144</u>	
93.051	Alzheimer's Disease Demonstration Grants to States		
Direct		1,213,762	
Program Total		<u>1,213,762</u>	
93.052	National Family Caregiver Support, Title III, Part E		
Direct		3,384,290	
Program Total		<u>3,384,290</u>	
93.053	Nutrition Services Incentive Program(AC)		
Direct		2,549,340	
Program Total		<u>2,549,340</u>	
93.061	Innovations in Applied Public Health Research		
Direct		636,412 (R)	
Through:	ASSOCIATION OF UNIVERSITY CENTERS ON DISABILITIES 68667	70,631 (R)	
	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	13,225 (R)	
	UNIVERSITY OF OKLAHOMA UNKNOWN	-16,450 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 2 R01 HL070531	148,173 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 1 RO1 HL085417-01A2	81,818 (R)	
	POLY-ORTH INTERNATIONAL/SHARON, MA 5R44HD057492	93,735 (R)	
	STATE UNI OF NEW YORK AT BINGHAMTON/BINGHAMTON, NY 1R01DC009429-01	6,731 (R)	
	TASK FORCE FOR GLOBAL HEALTH/DECATUR, GA S3800-26/28	156,018 (R)	
	TKC GLOBAL SOLUTIONS LLC/HERNDON, VA 200-2006-15969.0029	59,568 (R)	
Program Total		<u>1,249,861</u>	
93.063	Centers for Genomics and Public Health		
Direct		71,317 (R)	
Through:	WEBER SHANDWICK 61699	29,226 (R)	
Program Total		<u>100,543</u>	
93.065	Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure		
Direct		9,486	
Program Total		<u>9,486</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.067	Global AIDS			
Through:	ASSOCIATION PUBLIC HEALTH LABS/SILVER SPRINGS, MD	U2G/PS001799	\$ 146,874 (R)	
Program Total			<u>146,874</u>	
93.069	Public Health Emergency Preparedness			
Direct			13,144,115 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC. EMORY UNIVERSITY/ATLANTA, GA	063828383 SP01TP000300	128,334 19,977 (R)	
Program Total			<u>13,292,426</u>	
93.070	Environmental Public Health and Emergency Response			
Direct			647,846	
Program Total			<u>647,846</u>	
93.071	Medicare Enrollment Assistance Program			
Direct			16,138	
Program Total			<u>16,138</u>	
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants			
Direct			30,151	
Through:	ICF CONSULTING GROUP, INC.	61461	170,761 (R)	
Program Total			<u>200,912</u>	
93.087	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse			
Direct			146,990	
Program Total			<u>146,990</u>	
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program			
Direct			460,082	
Program Total			<u>460,082</u>	
93.103	Food and Drug Administration_Research			
Direct			950,485 (R)	
Through:	UNIVERSITY OF CALIFORNIA/DAVIS	20423	59,991 (R)	
Program Total			<u>1,010,476</u>	
93.107	Area Health Education Centers Point of Service Maintenance and Enhancement Awards			
Direct			325,880	
Program Total			<u>325,880</u>	
93.110	Maternal and Child Health Federal Consolidated Programs			
Direct			835,730 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: EMORY UNIVERSITY	UNKNOWN	\$ 8,772 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	90,654	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	12,952 (R)	
HEMOPHILIA OF GEORGIA	5 H30 MC 00011-17	9,638	
UNIVERSITY OF TEXAS HEALTH SCIENCE	UNKNOWN	20,686 (R)	
Program Total		978,432	
93.113 Environmental Health			
Direct		180,730 (R)	
Through: FRED HUTCHINSON CANCER RSCH CT	68954	28,793 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	279,959 (R)	
MEDICAL UNIVERSITY OF S C	20305	453 (R)	
TULANE UNIVERSITY	67370	26,795 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5 PO1 ES016731-04	55,062 (R)	
EMORY UNIVERSITY/ATLANTA, GA	CHE0943980	24,177 (R)	
SCIMETRIKA LLC/DURHAM,NC	200-2009-31909	17,005 (R)	
Program Total		612,974	
93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs			
Direct		2,748,242	
Program Total		2,748,242	
93.121 Oral Diseases and Disorders Research			
Direct		211,538 (R)	
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	664,374 (R)	
COLUMBIA UNIVERSITY/NEW YORK, NY	1 RO1 DE018248-01A2	25,362 (R)	
Program Total		901,274	
93.127 Emergency Medical Services for Children			
Direct		-32,292	
Program Total		-32,292	
93.130 Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices			
Direct		156,072	
Program Total		156,072	
93.135 Centers for Research and Demonstration for Health Promotion and Disease Prevention			
Direct		3,991	
Program Total		3,991	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.136 Injury Prevention and Control Research and State and Community Based Programs			
Direct		\$ 2,080,112 (R)	
Through:	EMORY UNIVERSITY UNKNOWN	14,812 (R)	
	EMORY UNIVERSITY UNKNOWN	11,958 (R)	
	EMORY UNIVERSITY UNKNOWN	5,080 (R)	
	EMORY UNIVERSITY 580566256	8,461 (R)	
	EMORY UNIVERSITY 67128	4,166 (R)	
	KENT STATE UNIVERSITY UNKNOWN	20,254 (R)	
	UNIVERSITY OF CALIFORNIA, SAN DIEGO UNKNOWN	40,208 (R)	
Program Total		<u>2,185,051</u>	
93.143 NIEHS Superfund Hazardous Substances_Basic Research and Education			
Through:	UNIVERSITY OF TEXAS AT AUSTIN/AUSTIN,TX R01 ES016154-01	6,345 (R)	
Program Total		<u>6,345</u>	
93.150 Projects for Assistance in Transition from Homelessness (PATH)			
Direct		1,697,928	
Program Total		<u>1,697,928</u>	
93.161 Health Program for Toxic Substances and Disease Registry			
Direct		547,410 (R)	
Program Total		<u>547,410</u>	
93.172 Human Genome Research			
Through:	DUKE UNIVERSITY UNKNOWN	107,195 (R)	
Program Total		<u>107,195</u>	
93.173 Research Related to Deafness and Communication Disorders			
Direct		748,475 (R)	
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	371,642 (R)	
	UNIVERSITY OF UTAH UNKNOWN	48,880 (R)	
	EMORY UNIVERSITY S903949	13,774 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 5 R01 DC005017-07	82,343 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 2 R01 DC008342-06A1	19,309 (R)	
	UNIVERSITY OF CALIFORNIA/SANTA BARBARA 29248	25,737 (R)	
Program Total		<u>1,310,160</u>	
93.178 Nursing Workforce Diversity			
Direct		472,786	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	334,794	
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	-865	
Program Total		<u>806,715</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.184	Disabilities Prevention		
Through:	HEMOPHILIA OF GEORGIA UDD000862A	\$ 2,927	
Program Total		<u>2,927</u>	
93.185	Immunization Research, Demonstration, Public Information and Education_Training and Clinical Skills Improvement Projects		
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH 96-666-8691	13,213	
	INSTITUTE		
	UNIVERSITY OF CALGARY 70051	127,964 (R)	
Program Total		<u>141,177</u>	
93.191	Patient Navigator and Chronic Disease Prevention Program		
Direct		114,241 (R)	
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH 96-666-8691	108,128	
	INSTITUTE		
Program Total		<u>222,369</u>	
93.197	Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		
Direct		-484	
Program Total		<u>-484</u>	
93.206	Human Health Studies_Applied Research and Development		
Direct		822,199 (R)	
Through:	AXION BIOSYSTEMS 1 R43 NS071894-01A1	24,990 (R)	
	BETH ISRAEL DEACONESS MEDICAL 7R01HL083867-05	7,270 (R)	
	CENTER/BOSTON,MA		
	EMORY UNIVERSITY/ATLANTA, GA 1 RO1 CA1132065-01A2	47,268 (R)	
	EMORY UNIVERSITY/ATLANTA, GA AGT #042811	13,156 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 5R01MH080007-03	43,640 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 5 R01 NS054281-06	45,058 (R)	
	LSU/BATON ROUGE, LA 2 R01 NS054281	107,632 (R)	
	NEXTEK MOBILITY/ALBUQUERQUE,NM 1R43HD59334-01A2	12,176 (R)	
	OPENCELL TECHNOLOGIES INC/ATLANTA,GA 2R44RR025713-02	61,445 (R)	
	PREMITEC INC 2R42NS055430-02	35,040 (R)	
	RTI INTERNATIONAL / RESEARCH TRIANGLE PK, NC HHSA290201000024I	87,479 (R)	
	ST. JOHN GROUP / ATLANTA, GA 200-2011F-40641	19,244 (R)	
	UNIVERSITY OF PITTSBURGH/PITTSBURGH, PA 04.35214.25789	23,512 (R)	
Program Total		<u>1,350,109</u>	
93.211	Telehealth Programs		
Through:	GA PARTNERSHIP FOR TELEHEALTH INC / G22RH20212	30,000	
	WAYCROSS, GA		
Program Total		<u>30,000</u>	
93.213	Research and Training in Complementary and Alternative Medicine		

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH	96-666-8691	\$ 468 (R)	
INSTITUTE			
TEXAS TECH UNIVERSITY	20244	-3,674 (R)	
Program Total		<u>-3,206</u>	
93.217 Family Planning_Services			
Direct		8,641,082	
Program Total		<u>8,641,082</u>	
93.224 Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)(HCC)			
Direct		2,701,890	
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH	96-666-8691	9,505	
INSTITUTE			
Program Total		<u>2,711,395</u>	
93.226 Research on Healthcare Costs, Quality and Outcomes			
Direct		1,468,582 (R)	
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH	96-666-8691	46,579 (R)	
INSTITUTE			
EMORY UNIVERSITY/ATLANTA, GA	1 R18 HS017831-01	18,119 (R)	
Program Total		<u>1,533,280</u>	
93.231 Epidemiology Cooperative Agreements			
Through: UNIVERSITY OF MINNESOTA	20225	814,254 (R)	
Program Total		<u>814,254</u>	
93.236 Grants to States to Support Oral Health Workforce Activities			
Direct		438,019	
Program Total		<u>438,019</u>	
93.240 State Capacity Building			
Direct		152,520	
Program Total		<u>152,520</u>	
93.241 State Rural Hospital Flexibility Program			
Direct		469,529	
Program Total		<u>469,529</u>	
93.242 Mental Health Research Grants			
Direct		1,380,338 (R)	
Through: EMORY UNIVERSITY	UNKNOWN	7,828 (R)	
EMORY UNIVERSITY	UNKNOWN	9,182 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH	96-666-8691	1,125,327 (R)	
INSTITUTE			
INTERACTIVE SCIENCE IN 3D LLC	61665	5,166 (R)	
JEEVAN BIOSCIENCES	UNKNOWN	3,154 (R)	
SOUTHERN REGION SM FRUIT CONS	68534	299 (R)	
UNIVERSITY OF ILLINOIS	20221	9,070 (R)	
UNIVERSITY OF IOWA	20251	57,400 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5R01MH073719-04	-5,796	
EMORY UNIVERSITY/ATLANTA, GA	5 R01 MH050268	7,584 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5 K23 MH077869-03	5,196 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: EMORY UNIVERSITY/ATLANTA, GA	1 R01 MH092902-01A2	\$ 36,340 (R)	
Program Total		<u>2,641,088</u>	
93.243 Substance Abuse and Mental Health Services_Projects of Regional and National Significance			
Direct		6,256,303 (R)	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	34,852 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	95,937	
MCFARLAND AND ASSOCIATES	280-08-05005	-13,696	
MOREHOUSE SCHOOL OF MEDICINE	581438873	6,866	
MOREHOUSE SCHOOL OF MEDICINE	58-0566205	5,017	
VA COMMONWEALTH UNIV STATE CONSORTIUM	UNKNOWN	17,878	
YALE UNIVERSITY/NEW HAVEN, CT	5 U79 TI020253-03	16,506 (R)	
Program Total		<u>6,419,663</u>	
93.247 Advanced Nursing Education Grant Program			
Direct		345,394	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	239,422	
Program Total		<u>584,816</u>	
93.251 Universal Newborn Hearing Screening			
Direct		207,750	
Program Total		<u>207,750</u>	
93.262 Occupational Safety and Health Program			
Direct		253,231 (R)	
Through: STATE UNIV OF NY/BUFFALO	20369	16,050 (R)	
UNIVERSITY OF SOUTH FLORIDA	20294	4,460 (R)	
UNIVERSITY OF WASHINGTON	20292	3,139 (R)	
UNIVERSITY OF ALABAMA AT BIRMINGHAM	20317	11,752 (R)	
Program Total		<u>288,632</u>	
93.264 Nurse Faculty Loan Program (NFLP)(SFA)			
Direct		0	120,055
Program Total		<u>0</u>	<u>120,055</u> (3)
93.268 Immunization Grants(IMC)			
Direct		7,761,012	121,308,348
Program Total		<u>7,761,012</u>	<u>121,308,348</u> (4)
93.269 Complex Humanitarian Emergency and War-Related Injury Public Health Activities			
Direct		2,515 (R)	
Program Total		<u>2,515</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.270	Adult Viral Hepatitis Prevention and Control		
Direct		\$ 79,518	
Program Total		<u>79,518</u>	
93.272	Alcohol National Research Service Awards for Research Training		
Direct		29,400 (R)	
Through: IOWA STATE UNIVERSITY	20291	19,811 (R)	
Program Total		<u>49,211</u>	
93.273	Alcohol Research Programs		
Direct		2,341,539 (R)	
Through: EMORY UNIVERSITY	67128	176,197 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	391,456 (R)	
UNIVERSITY OF SOUTHERN CALIFORNIA	68139	48,945 (R)	
Program Total		<u>2,958,137</u>	
93.279	Drug Abuse and Addiction Research Programs		
Direct		5,990,913 (R)	
Through: DARTMOUTH COLLEGE	68755	195,813 (R)	
EMORY UNIVERSITY	UNKNOWN	34,292 (R)	
EMORY UNIVERSITY	67128	151,607 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	571,012 (R)	
UNIVERSITY OF MICHIGAN	38-6006309	25,061 (R)	
UNIVERSITY OF SOUTH FLORIDA	20294	14,439 (R)	
EMORY UNIVERSITY	1 R01 DA040996-01	201,032 (R)	
UNIVERSITY OF CALIFORNIA/SAN FRANCIS	20458	4,277 (R)	
Program Total		<u>7,188,446</u>	
93.282	Mental Health National Research Service Awards for Research Training		
Direct		32,884 (R)	
Program Total		<u>32,884</u>	
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance		
Direct		13,849,859 (R)	
Through: EMORY UNIVERSITY	67128	4 (R)	
HEMOPHILIA OF GEORGIA	U 01 DD000201	2,842	
NATIONAL NETWORK OF PUBLIC HEALTH	UNKNOWN	98,753	
Program Total		<u>13,951,458</u>	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health		
Direct		6,147,734 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: BME-EMORY NIH	1R90DA033462-01	\$ 36,806	
BME-EMORY NIH	1T90DA032466-01	73,612	
BETH ISRAEL DECONESS MEDICAL CENTER	UNKNOWN	72,279 (R)	
BETH ISRAEL DECONESS MEDICAL CENTER	UNKNOWN	43,876 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	1,769 (R)	
UNIVERSITY OF OREGON	UNKNOWN	107,367 (R)	
DREXEL UNIVERSITY/PITTSBURGH, PA	R01EB012855	184,013 (R)	
Program Total		<u>6,667,456</u>	
93.296 State Partnership Grant Program to Improve Minority Health			
Direct		103,206	
Program Total		<u>103,206</u>	
93.297 Teenage Pregnancy Prevention Program			
Direct		3,455	
Through: GEORGIA CAMPAIGN FOR ADOLESCENT PREGNANCY PREVENTION	UNKNOWN	9,115	
Program Total		<u>12,570</u>	
93.301 Small Rural Hospital Improvement Grant Program			
Direct		432,012	
Program Total		<u>432,012</u>	
93.307 Minority Health and Health Disparities Research			
Direct		3,425,219 (R)	
Through: FLORIDA STATE UNIVERSITY	20278	104,255 (R)	
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	288,588	
SPECTRUM UNLIMITED	UNKNOWN	33,110 (R)	
TEXAS A&M UNIVERSITY	20253	82,572 (R)	
Program Total		<u>3,933,744</u>	
93.310 Trans-NIH Research Support			
Direct		1,068,670 (R)	
Through: EMORY UNIVERSITY/ATLANTA, GA	1 R01CA163256-01	3,354 (R)	
UNIVERSITY OF TEXAS AT AUSTIN/AUSTIN, TX	1R01GM095638-01	122,247 (R)	
Program Total		<u>1,194,271</u>	
93.342 Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students(SFA)			
Direct		0	6,763
Program Total		<u>0</u>	<u>6,763 (3)</u>
93.351 Research Infrastructure Programs			
Direct		385,637 (R)	
Program Total		<u>385,637</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.358	Advanced Nursing Education Traineeships		
Direct		\$ 262,180 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	49,214	
Program Total		<u>311,394</u>	
93.359	Nurse Education, Practice and Retention Grants		
Direct		1,377,938 (R)	
Program Total		<u>1,377,938</u>	
93.361	Nursing Research		
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	137,049 (R)	
Program Total		<u>137,049</u>	
93.364	Nursing Student Loans(SFA)		
Direct		0	1,617,269
Program Total			<u>1,617,269 (3)</u>
93.389	National Center for Research Resources		
Direct		4,874,364 (R)	
Through:	LOUISIANA STATE UNIVERSITY 20252	59,010 (R)	
	SCHILLINGER GENETICS INC 61682	92,382 (R)	
	CORNELL UNIVERSITY/ITHACA, NY 5 R01 RR020115-08	93,835 (R)	
	EMORY UNIVERSITY/ATLANTA, GA SULRR025008-05	1,023	
	EMORY UNIVERSITY/ATLANTA, GA 5 UL1 RR025008-05	9,889 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 5 UL1 RR025008-05	23,754	
	EMORY UNIVERSITY/ATLANTA, GA 5 UL1 RR025008-03	239,768 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 5 TL1 RR025010-03	1,380	
	EMORY UNIVERSITY/ATLANTA, GA 5 KL2 RR025009-05	109,033 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 5 TL1 RR025010-03	110 (R)	
	UNIVERSITY OF CALIFORNIA/SAN DIEGO 20421	99,249 (R)	
Program Total		<u>5,603,797</u>	
93.393	Cancer Cause and Prevention Research		
Direct		399,400 (R)	
Through:	FRED HUTCHINSON CANCER RSCH CT 68954	191,380 (R)	
	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	22,397 (R)	
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	1,122,615 (R)	
	INDIANA UNIVERSITY 20235	34,421 (R)	
	UNIVERSITY OF WASHINGTON 20292	58,744 (R)	
	WAKE FOREST UNIVERSITY UNKNOWN	184,281 (R)	
Program Total		<u>2,013,238</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.394	Cancer Detection and Diagnosis Research		
Direct		\$ 1,126,241 (R)	
Through:	BETH ISRAEL DECONESS MEDICAL CENTER UNKNOWN	132,732 (R)	
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	407,145 (R)	
	UNIVERSITY OF PENNSYLVANIA 20240	24,080 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 1U01CA151802-01	243,967 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 1U01CA151810-01	5,207 (R)	
Program Total		1,939,372	
93.395	Cancer Treatment Research		
Direct		946,117 (R)	
Through:	EMORY UNIVERSITY UNKNOWN	28,054 (R)	
	EMORY UNIVERSITY UNKNOWN	-35,322 (R)	
	GSU RESEARCH AND SERVICE FOUNDATION, INC. 063828383	77,192 (R)	
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	1,006,107 (R)	
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	8,919	
	BOOZ, ALLEN AND HAMILTON INC HHSN2639999000461	21,023 (R)	
	M.D. ANDERSON CANCER CENTER/HOUSTON,TX 1 R01 CA155446-01A1	54,883 (R)	
Program Total		2,106,973	
93.396	Cancer Biology Research		
Direct		173,537 (R)	
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	2,338,746 (R)	
	UNIVERSITY OF NEW MEXICO UNKNOWN	10,641 (R)	
	VANDERBILT UNIVERSITY UNKNOWN	106,294 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 1 R01 CA 108468-01	-15 (R)	
Program Total		2,629,203	
93.397	Cancer Centers Support Grants		
Through:	EMORY UNIVERSITY 67128	38,508 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 5 P50 CA128613-03	-42,805 (R)	
Program Total		-4,297	
93.398	Cancer Research Manpower		
Direct		120,192 (R)	
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	182,501 (R)	
Program Total		302,693	
93.399	Cancer Control		
Direct		13,324 (R)	
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE 96-666-8691	521,313 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 5 U54 CA119338-05	1,447 (R)	
	EMORY UNIVERSITY/ATLANTA, GA 1 U54 CA119338-01	267,787 (R)	
Program Total		803,871	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.411 ARRA-Equipment to Enhance Training for Health Professionals			
Direct		\$ 135,273	
Program Total		<u>135,273</u>	
93.505 Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program			
Direct		3,073,497	
Program Total		<u>3,073,497</u>	
93.507 Strengthening Public Health Infrastructure for Improved Health Outcomes			
Direct		401,241	
Program Total		<u>401,241</u>	
93.513 Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative			
Direct		178,200 (R)	
Program Total		<u>178,200</u>	
93.516 Affordable Care Act (ACA) Public Health Training Centers Program			
Direct		602,254 (R)	
Program Total		<u>602,254</u>	
93.518 Affordable Care Act - Medicare Improvements for Patients and Providers			
Direct		529,128	
Program Total		<u>529,128</u>	
93.519 Affordable Care Act (ACA)-Consumer Assistance Program Grants			
Direct		497,998	
Program Total		<u>497,998</u>	
93.520 Centers for Disease Control and Prevention-Affordable Care Act (ACA)-Communities Putting Prevention to Work			
Direct		164,210	
Program Total		<u>164,210</u>	
93.520 ARRA-Centers for Disease Control and Prevention-Affordable Care Act (ACA)-Communities Putting Prevention to Work			
Through: DEKALB COUNTY BOARD OF HEALTH	UNKNOWN	81,032 (R)	
Program Total		<u>81,032</u>	
93.521 The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements;PPHF			
Direct		706,624	
Program Total		<u>706,624</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.523	The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities		
Direct		\$ 890,540	
Program Total		890,540	
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges		
Direct		411,583	
Program Total		411,583	
93.531	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Community Transformation Grants and National Dissemination and Support for Community Transformation Grants		
Through:	RESEARCH TRIANGLE INSTITUTE UNKNOWN	40,588	
Program Total		40,588	
93.539	Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance		
Direct		131,968	
Program Total		131,968	
93.544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health Promotion Program		
Direct		261,972	
Program Total		261,972	
93.556	Promoting Safe and Stable Families		
Direct		11,316,893	
Program Total		11,316,893	
93.558	Temporary Assistance for Needy Families(TANF)		
Direct		348,243,972	
Through:	EMPOWERED YOUTH PROGRAMS INC 67209	40,918 (R)	
Program Total		348,284,890	
93.560	Family Support Payments to States_Assistance Payments		
Direct		-25,236	
Program Total		-25,236	
93.563	Child Support Enforcement		
Direct		77,863,604	
Program Total		77,863,604	
93.564	Child Support Enforcement Research		
Direct		-1,246	
Program Total		-1,246	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.566 Refugee and Entrant Assistance_State Administered Programs			
Direct		\$ 6,112,315	
Program Total		<u>6,112,315</u>	
93.568 Low-Income Home Energy Assistance			
Direct		83,846,836	
Program Total		<u>83,846,836</u>	
93.569 Community Services Block Grant(CSBG)			
Direct		18,009,626	
Program Total		<u>18,009,626</u>	
93.575 Child Care and Development Block Grant(CCDF)			
Direct		60,847,822	
Program Total		<u>60,847,822</u>	
93.576 Refugee and Entrant Assistance_Discretionary Grants			
Direct		742,447	
Program Total		<u>742,447</u>	
93.584 Refugee and Entrant Assistance_Targeted Assistance Grants			
Direct		1,294,813	
Program Total		<u>1,294,813</u>	
93.586 State Court Improvement Program			
Direct		817,041	
Program Total		<u>817,041</u>	
93.590 Community-Based Child Abuse Prevention Grants			
Direct		1,061,254	
Program Total		<u>1,061,254</u>	
93.592 Family Violence Prevention and Services/Grants for Battered Women's Shelters_Discretionary Grants			
Through: MATHEMATICA POLICY RESEARCH, INC.	UNKNOWN	280,214 (R)	
Program Total		<u>280,214</u>	
93.595 Welfare Reform Research, Evaluations and National Studies			
Direct		332,582 (R)	
Program Total		<u>332,582</u>	
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund(CCDF)			
Direct		94,908,273	
Program Total		<u>94,908,273</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.597 Grants to States for Access and Visitation Programs			
Direct		\$ 253,220	
Program Total		<u>253,220</u>	
93.599 Chafee Education and Training Vouchers Program (ETV)			
Direct		956,364	
Program Total		<u>956,364</u>	
93.600 Head Start(HS)			
Direct		3,030,699 (R)	
Program Total		<u>3,030,699</u>	
93.603 Adoption Incentive Payments			
Direct		224,641	
Program Total		<u>224,641</u>	
93.617 Voting Access for Individuals with Disabilities_Grants to States			
Direct		77,877	
Program Total		<u>77,877</u>	
93.630 Developmental Disabilities Basic Support and Advocacy Grants			
Direct		2,102,410 (R)	
Program Total		<u>2,102,410</u>	
93.631 Developmental Disabilities Projects of National Significance			
Through: PARENT TO PARENT OF GEORGIA	UNKNOWN	6,403	
Program Total		<u>6,403</u>	
93.632 University Centers for Excellence in Developmental Disabilities Education, Research, and Service			
Direct		1,304,312 (R)	
Through: ASSOCIATION OF UNIVERSITY CENTERS ON DISABILITIES	UNKNOWN	1,977	
NATIONAL CENTER FOR LEARNING DISABILITIES	UNKNOWN	1,546	
Program Total		<u>1,307,835</u>	
93.643 Children's Justice Grants to States			
Direct		681,046	
Program Total		<u>681,046</u>	
93.645 Stephanie Tubbs Jones Child Welfare Services Program			
Direct		11,375,072	
Program Total		<u>11,375,072</u>	
93.648 Child Welfare Research Training or Demonstration			

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: UNIVERSITY OF MISSOURI	20226	\$ 29,940	(R)
Program Total		<u>29,940</u>	
93.652 Adoption Opportunities			
Direct		237,484	
Program Total		<u>237,484</u>	
93.658 Foster Care_Title IV-E			
Direct		72,601,218	
Program Total		<u>72,601,218</u>	
93.659 Adoption Assistance			
Direct		38,896,768	
Program Total		<u>38,896,768</u>	
93.667 Social Services Block Grant			
Direct		50,400,303	
Program Total		<u>50,400,303</u>	
93.669 Child Abuse and Neglect State Grants			
Direct		1,116,199	
Program Total		<u>1,116,199</u>	
93.670 Child Abuse and Neglect Discretionary Activities			
Through: CALIFORNIA SAFE KIDS PROJECT	UNKNOWN	70,562	
RADY CHILDREN'S HOSPITAL-SAN DIEGO	UNKNOWN	111,616	
RADY CHILDREN'S HOSPITAL-SAN DIEGO	UNKNOWN	-51,484	
CHILDREN'S HEALTHCARE OF ATLANTA/ ATLANTA, GA	90XA014301	28,188	(R)
Program Total		<u>158,882</u>	
93.671 Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes			
Direct		2,659,558	
Program Total		<u>2,659,558</u>	
93.674 Chafee Foster Care Independence Program			
Direct		2,399,164	
Program Total		<u>2,399,164</u>	
93.701 ARRA-Trans-NIH Recovery Act Research Support			
Direct		7,944,583	(R)
Through: BOSTON UNIVERSITY	UNKNOWN	14,384	(R)
BURNHAM INST FOR MEDICAL RESCH	67069	52,682	(R)
DONALD DANFORTH PLANT SCI CTR	68932	33,318	(R)
EMORY UNIVERSITY	UNKNOWN	208,254	(R)
EMORY UNIVERSITY	67128	16,169	(R)
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	2,905,639	(R)
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	7,251	
UNIVERSITY OF ILLINOIS AT CHICAGO	UNKNOWN	91,017	(R)
UNIVERSITY OF WYOMING	20365	-73	(R)

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: BOSTON UNIVERSITY/BOSTON, MA	5 RC2 GM092602-02	\$ 13,424 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5 RC2 CA148265-02	110,819 (R)	
EMORY UNIVERSITY/ATLANTA, GA	3 U54 CA119338-0551	77,088 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5 P30NS069250-02	52,854 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1 RC1 DK086939-01	173,497 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5 RC2 HG05542-02	25,555 (R)	
NEW YORK UNIVERSITY/NEW YORK, NY	1R01EB008069-01A2	147,616 (R)	
UNIVERSITY OF WASHINGTON/SEATTLE, WA	1 RC1 CA144825-01	36,641 (R)	
Program Total		11,910,718	
93.703 ARRA-Grants to Health Center Programs			
Direct		10,374	
Through: EMORY UNIVERSITY/ATLANTA, GA	3 P01 HD032571-1451	17,786 (R)	
EMORY UNIVERSITY/ATLANTA, GA	3 P01 HD032571-1451	37,641 (R)	
Program Total		65,801	
93.708 ARRA-Head Start(HS)			
Direct		903,094	
Through: KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUADTION	371535589	45,703	
Program Total		948,797	
93.709 ARRA-Early Head Start(HS)			
Through: ENRICHMENT SERVICES PROGRAM INC DEPT OF EARLY CHIL	04GA346201	12,056	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	1,927	
Program Total		13,983	
93.711 ARRA-Strengthening Communities Fund			
Through: ACTION INC	68048	7,066 (R)	
Program Total		7,066	
93.712 ARRA-Immunization(IMC)			
Direct		1,043,429	
Program Total		1,043,429	
93.717 ARRA-Preventing Healthcare-Associated Infections			
Direct		265,773	
Program Total		265,773	
93.718 ARRA-Health Information Technology Regional Extension Centers Program			
Through: MOREHOUSE SCHOOL OF MEDICINE/ATLANTA, GA	90RC00013	1,185,544	
Program Total		1,185,544	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.719	ARRA-State Grants to Promote Health Information Technology		
Direct		\$ 1,412,695	
Program Total		<u>1,412,695</u>	
93.720	ARRA-Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative(MC)		
Direct		1,834	
Program Total		<u>1,834</u>	
93.721	ARRA-Health Information Technology Professionals in Health Care		
Through:	PITT COMMUNITY COLLEGE 1-560793335-A1	401,834	
Program Total		<u>401,834</u>	
93.723	ARRA-Prevention and Wellness-State, Territories and Pacific Islands		
Direct		1,252,404	
Through:	RESEARCH TRIANGLE INSTITUTE UNKNOWN	155,431 (R)	
Program Total		<u>1,407,835</u>	
93.724	ARRA-Prevention and Wellness y Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)		
Direct		109,370	
Program Total		<u>109,370</u>	
93.725	ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program		
Direct		376,095	
Program Total		<u>376,095</u>	
93.767	Children's Health Insurance Program		
Direct		272,016,308	
Through:	MD. DEPART OF HEALTH AND MENTAL HYGIENE UNKNOWN	325,608	
Program Total		<u>272,341,916</u>	
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities		
Direct		227,038 (R)	
Program Total		<u>227,038</u>	
93.773	Medicare_Hospital Insurance		
Direct		4,869,988	
Program Total		<u>4,869,988</u>	
93.775	State Medicaid Fraud Control Units(MC)		
Direct		2,910,708	
Program Total		<u>2,910,708</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare(MC)		
Direct		\$ 5,317,869	
Program Total		<u>5,317,869</u>	
93.778	Medical Assistance Program(MC)		
Direct		6,036,626,867	
Program Total		<u>6,036,626,867</u>	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		
Direct		1,636,466	
Through: NASMHD	UNKNOWN	5,240 (R)	
Program Total		<u>1,641,706</u>	
93.789	Alternatives to Psychiatric Residential Treatment Facilities for Children		
Direct		4,185,446	
Program Total		<u>4,185,446</u>	
93.791	Money Follows the Person Rebalancing Demonstration		
Direct		20,249,419	
Program Total		<u>20,249,419</u>	
93.822	Health Careers Opportunity Program		
Direct		304,023	
Program Total		<u>304,023</u>	
93.837	Cardiovascular Diseases Research		
Direct		5,717,195 (R)	
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH	96-666-8691	11,554,637 (R)	
INSTITUTE			
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH	96-666-8691	6,620	
INSTITUTE			
MEDICAL COLLEGE OF WISCONSIN	68974	518,913 (R)	
RESEARCH FOUNDATION OF SUNY	UNKNOWN	60,106 (R)	
UNIVERSITY OF ILLINOIS	20221	16,461 (R)	
UNIVERSITY OF PITTSBURGH	67387	66,406 (R)	
UNIVERSITY OF SOUTH CAROLINA	20243	68,965 (R)	
WRIGHT STATE UNIVERSITY	20440	157,103 (R)	
BURNHAM INSTITUTE FOR MEDICAL RESEARCH	R01 HL085481	367,477 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1 R01 HL087012-01A1	876 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1 R01HL094527-01A2	56,031 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1 RO1 HL090601-01A2	53,547 (R)	
EMORY UNIVERSITY/ATLANTA, GA	2 R01 HL070531	82,098 (R)	
EMORY UNIVERSITY/ATLANTA, GA	2 RO1 HL070531	102,512 (R)	
EMORY UNIVERSITY/ATLANTA, GA	3395	36,024 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1 P01 HL095070-01A1	67,072 (R)	
NORTHWESTERN UNIVERSITY/EVANSTON, IL	7R01 HL102085	18,085 (R)	
OREGON HEALTH & SCIENCE	R01GL095474	169,454 (R)	
UNIVERSITY/PORTLAND, OR			
UNIVERSITY OF ALA AT BIRMINGHAM/BIRMINGHAM, AL	UNKNOWN	7,193 (R)	
UNIVERSITY OF MAINE/ORONO, ME	R01HL092926-01A2	202,442 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Program Total		19,329,217	
93.838 Lung Diseases Research			
Direct		\$ 270,433 (R)	
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	3,424,844 (R)
	JOHNS HOPKINS UNIVERSITY	68079	363,562 (R)
	SCIMETRIKA LLC/DURHAM,NC	200-2009-31909	56,935 (R)
Program Total		4,115,774	
93.839 Blood Diseases and Resources Research			
Direct		950,294 (R)	
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	707,436 (R)
Program Total		1,657,730	
93.846 Arthritis, Musculoskeletal and Skin Diseases Research			
Direct		800,291 (R)	
Through:	BAYLOR COLLEGE OF MEDICINE	UNKNOWN	72,265 (R)
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	402,364 (R)
Program Total		1,274,920	
93.847 Diabetes, Digestive, and Kidney Diseases Extramural Research			
Direct		3,440,993 (R)	
Through:	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	6,835,899 (R)
	NEW YORK UNIVERSITY	29241	51,982 (R)
	UNIVERSITY OF CINCINNATI	UNKNOWN	29,753 (R)
	COLUMBIA UNIVERSITY/NEW YORK, NY	1 R01 DK090372-01	32,719 (R)
	EMORY UNIVERSITY/ATLANTA, GA	1 DP3 DK094346-01	48,023 (R)
	EMORY UNIVERSITY/ATLANTA, GA	2 R01 DK056481-07A2	50,492 (R)
	UNIVERSITY OF ALABAMA AT BIRMINGHAM	20317	59,354 (R)
	UNIVERSITY OF CALIFORNIA/SAN DIEGO/LAJOLLA, CA	2 U54 GM069338-06	718,962 (R)
Program Total		11,268,177	
93.848 Digestive Diseases and Nutrition Research			
Direct		288,251 (R)	
Program Total		288,251	
93.853 Extramural Research Programs in the Neurosciences and Neurological Disorders			
Direct		2,302,947 (R)	
Through:	EMORY UNIVERSITY	UNKNOWN	186,097
	EMORY UNIVERSITY	UNKNOWN	20,541 (R)
	EMORY UNIVERSITY	67128	21,416 (R)
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	83,377 (R)
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	2,855,947 (R)
	GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	64,579
	UNIVERSITY OF SOUTH CAROLINA	20243	9,098 (R)
	EMORY UNIVERSITY/ATLANTA, GA	1 R01 NS053822-01A2	26,352 (R)
	EMORY UNIVERSITY/ATLANTA, GA	UNKNOWN	-27,013 (R)

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: MICHIGAN STATE UNIVERSITY/EAST LANSING, MI	R01NS06031	\$ 139,879 (R)	
REGENERATION MATRIX INC/JOHNS CREEK,GA	1R41NS067771-01A1	23,176 (R)	
UNIVERSITY OF TEXAS HLTH SCI CTR/HTN	20383	13,448 (R)	
UNIVERSITY OF PENNSYLVANIA/PHILADELPHIA, PA	2-R01-NS-042645-06A2	19,760 (R)	
Program Total		5,739,604	
93.855 Allergy, Immunology and Transplantation Research			
Direct		12,725,060 (R)	
Through: ARTIFICIAL CELL TECHNOLOGY INC	61667	57,752 (R)	
AUBURN UNIVERSITY	20288	48 (R)	
EMORY UNIVERSITY	67128	18,601 (R)	
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	87,826 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	3,337,971 (R)	
IOWA STATE UNIVERSITY	20291	92,673 (R)	
PENNSYLVANIA STATE UNIVERSITY	20269	45 (R)	
ST JUDE CHILDREN'S RSRCH HOSP	67512	25,346 (R)	
THOMAS JEFFERSON UNIVERSITY	68447	337,998 (R)	
TRELLIS BIOSCIENCE LLC	UNKNOWN	80,492 (R)	
TRELLIS BIOSCIENCE LLC	61662	12,920 (R)	
UNIVERSITY OF ARIZONA	20266	70,606 (R)	
UNIVERSITY OF CINCINNATI	UNKNOWN	98,565 (R)	
UNIVERSITY OF SOUTH FLORIDA	20294	186,746 (R)	
UNIVERSITY OF WISCONSIN	20232	37,461 (R)	
EMORY UNIVERSITY/ATLANTA, GA	4U19AI090023-02	74,220 (R)	
EMORY UNIVERSITY/ATLANTA, GA	2 U19 AI057266-06	107,244 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1 R01 A1093406-01	154,805 (R)	
EMORY UNIVERSITY/ATLANTA, GA	3395	450,939 (R)	
UNIVERSITY OF ALA AT BIRMINGHAM/BIRMINGHAM, AL	5P30AI027767-22 REV	259,586 (R)	
Program Total		18,216,904	
93.856 Microbiology and Infectious Diseases Research			
Direct		143,332 (R)	
Through: BRANDEIS UNIVERSITY	67628	4,188 (R)	
EMORY UNIVERSITY	67128	858,684 (R)	
RADIATION EFFECTS RESEARCH FND	79025	357,977 (R)	
Program Total		1,364,181	
93.859 Biomedical Research and Research Training			
Direct		14,158,740 (R)	
Through: AMERICAN SOCIETY FOR CELL BIOLOGY	39-6054285	3,400	
AMERICAN SOCIETY FOR CELL BIOLOGY	396054285	1,692 (R)	
BIOINQUIRE LLC	61520	112,691 (R)	
ECHELON BIOSCIENCES, INC.	UNKNOWN	-18,221 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	1,045,138 (R)	
KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION	371535589	88,973 (R)	
RENSSELAER POLYTECHNIC INSTITUTE	68780	70,724 (R)	
RUTGERS UNIVERSITY	20214	163,489 (R)	
SCRIPPS	61170	162,014 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: SENA RESEARCH, INC.	UNKNOWN	\$ 23,850 (R)	
UNIVERSITY OF PENNSYLVANIA	20240	76,648 (R)	
UNIVERSITY OF WASHINGTON	20292	44,539 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5 U01 HL08071101-05	493,224 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1RO1GM09394-01A1	43,644 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5 U01 HL080711-05	75,507 (R)	
MEDICAL UNIVERSITY OF SOUTH CAROLINA	2 R01 GM063265-05A1	53,135 (R)	
UNIVERSITY OF OKL HEALTH SCIENCE CTR	20299	26,615 (R)	
UNIVERSITY OF FLORIDA	R01 DK047858	-3,806 (R)	
UNIVERSITY OF MICHIGAN	7R01GM084222-02	140,802 (R)	
Program Total		16,762,798	
93.865 Child Health and Human Development Extramural Research			
Direct		3,017,436 (R)	
Through: EMORY UNIVERSITY	UNKNOWN	59,797 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE MMJ LABS	96-666-8691	1,325,984 (R)	
UNIVERSITY OF CALIFORNIA	UNKNOWN	9,102 (R)	
UNIVERSITY OF CALIFORNIA	20218	27,034 (R)	
UNIVERSITY OF CONNECTICUT	UNKNOWN	246,107 (R)	
UNIVERSITY OF PITTSBURGH	UNKNOWN	24,449 (R)	
UNIVERSITY OF PITTSBURGH	UNKNOWN	16,676 (R)	
UNIVERSITY OF ROCHESTER	20312	38,485 (R)	
UNIVERSITY OF TEXAS /AUSTIN	20231	94,998 (R)	
EMORY UNIVERSITY	2P01HD032571-16	52,791 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1R21HD0677905-01A1	25,918 (R)	
EMORY UNIVERSITY/ATLANTA, GA	2 P01 HD032571-11A1	294,335 (R)	
EMORY UNIVERSITY/ATLANTA, GA	2 RO1 HD046922-06A2	113,073 (R)	
MICROPERFUSIONS INC/ATLANTA, GA	NIH 5R43NS065543-02	4,282 (R)	
Program Total		5,350,467	
93.866 Aging Research			
Direct		2,629,300 (R)	
Through: EMORY UNIVERSITY	67128	14,992 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	1,514,118 (R)	
UNIVERSITY OF MINNESOTA	UNKNOWN	17,827 (R)	
WAKE FOREST UNIVERSITY	68059	36,894 (R)	
EMORY UNIVERSITY/ATLANTA, GA	1 P01 AG026423-01A2	-7,808 (R)	
UNIVERSITY OF MIAMI MEDICAL SCHOOL/MIAMI, FL	SP01AG017211-13	293,885 (R)	
UNIVERSITY OF MIAMI MEDICAL SCHOOL/MIAMI, FL	5 P01 AG017211-12	114,566 (R)	
Program Total		4,613,774	
93.867 Vision Research			
Direct		4,452,235 (R)	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: CASE WESTERN RESERVE UNIV	68434	\$ 29,733 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	2,762,240 (R)	
CHILDREN'S HOSPITAL BOSTON/BOSTON, MA	1P50-FD003792-01	25,185 (R)	
EMORY UNIVERSITY	R24 EY017045-01	145,971 (R)	
EMORY UNIVERSITY/ATLANTA, GA	5 U01 HL 080711-05	219,725 (R)	
UNIVERSITY OF CALIFORNIA/BERKELEY, CA	1 R01 EY019965-01	90,583 (R)	
Program Total		7,725,672	
93.879 Medical Library Assistance			
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	1,137 (R)	
UNIVERSITY OF FLORIDA	20220	60,171 (R)	
Program Total		61,308	
93.884 Grants for Training in Primary Care Medicine and Dentistry			
Direct		521,025	
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	88,417	
TALLAHASSEE MEMORIAL HCARE FND	69838	24,967 (R)	
Program Total		634,409	
93.887 Health Care and Other Facilities			
Direct		156,789	
Program Total		156,789	
93.888 Specially Selected Health Projects			
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	25,370	
Program Total		25,370	
93.889 National Bioterrorism Hospital Preparedness Program			
Direct		8,088,851	
Program Total		8,088,851	
93.912 Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program			
Direct		438,589	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	46,727	
GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	1,922 (R)	
Program Total		487,238	
93.913 Grants to States for Operation of Offices of Rural Health			
Direct		137,993	
Program Total		137,993	
93.917 HIV Care Formula Grants			
Direct		44,025,372	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
Through: RICHMOND COUNTY HEALTH DEPARTMENT	UNKNOWN	\$ 511,088	
Program Total		<u>44,536,460</u>	
93.918 Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease			
Direct		1,313,531	
Program Total		<u>1,313,531</u>	
93.924 Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership			
Direct		378,679	
Program Total		<u>378,679</u>	
93.925 Scholarships for Health Professions Students from Disadvantaged Backgrounds(SFA)			
Direct		500,713	
Program Total		<u>500,713</u>	
93.926 Healthy Start Initiative			
Direct		902,475	
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	121,656	
Program Total		<u>1,024,131</u>	
93.928 Special Projects of National Significance			
Direct		370,779 (R)	
Program Total		<u>370,779</u>	
93.938 Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems			
Direct		155,705	
Program Total		<u>155,705</u>	
93.940 HIV Prevention Activities_Health Department Based			
Direct		6,743,284	
Program Total		<u>6,743,284</u>	
93.941 HIV Demonstration, Research, Public and Professional Education Projects			
Direct		35,230	
Through: UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	UNKNOWN	46,549 (R)	
Program Total		<u>81,779</u>	
93.943 Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups			
Direct		1,456,405	
Program Total		<u>1,456,405</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		
Direct		\$ 1,488,877	
Program Total		<u>1,488,877</u>	
93.945	Assistance Programs for Chronic Disease Prevention and Control		
Direct		110,973	
Program Total		<u>110,973</u>	
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		
Direct		232,951	
Program Total		<u>232,951</u>	
93.958	Block Grants for Community Mental Health Services		
Direct		14,013,351	
Program Total		<u>14,013,351</u>	
93.959	Block Grants for Prevention and Treatment of Substance Abuse		
Direct		48,684,099	
Program Total		<u>48,684,099</u>	
93.969	Geriatric Education Centers		
Direct		12,622 (R)	
Through: EMORY UNIVERSITY	UNKNOWN	69,897 (R)	
Program Total		<u>82,519</u>	
93.977	Preventive Health Services_Sexually Transmitted Diseases Control Grants		
Direct		3,429,172	
Program Total		<u>3,429,172</u>	
93.978	Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants		
Direct		2,007 (R)	
Program Total		<u>2,007</u>	
93.982	Mental Health Disaster Assistance and Emergency Mental Health		
Direct		258,283	
Program Total		<u>258,283</u>	
93.989	International Research and Research Training		
Direct		1,511,441 (R)	
Through: CASE WESTERN RESERVE UNIV	68434	227,494 (R)	
EMORY UNIVERSITY	67128	13,909 (R)	
Program Total		<u>1,752,844</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.991	Preventive Health and Health Services Block Grant		
Direct		\$ 1,071,242	
Program Total		<u>1,071,242</u>	
93.994	Maternal and Child Health Services Block Grant to the States		
Direct		21,056,455	
Program Total		<u>21,056,455</u>	
93.OFA	Other Federal Assistance		
Direct		2,134,642 (R)	
Through:			
ABEOME, INC.	61312	1,373 (R)	
C2 TECHNOLOGIES, INC.	UNKNOWN	20,650	
DEKALB COUNTY BOARD OF HEALTH	UNKNOWN	40,885	
EMORY UNIVERSITY	UNKNOWN	6,995 (R)	
EMORY UNIVERSITY	UNKNOWN	5,623 (R)	
FULTON COUNTY HEALTH & HUMAN SERVICES	UNKNOWN	12,387 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	39,890 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	14,641 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	1,458 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	14,001 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	22,741 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	41,819 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	8,293 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	8,356 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	210,666	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	7,390 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	74,921 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	68,393 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	687 (R)	
INDIANA UNIVERSITY	20235	3,017 (R)	
LOUISIANA STATE UNIVERSITY	20252	-623 (R)	
NATIONAL ASSOCIATION OF CHRONIC DISEASE	UNKNOWN	18,792 (R)	
NATIONAL ASSOCIATION OF CHRONIC DISEASE	UNKNOWN	235,264 (R)	
NATIONAL ASSOCIATION OF CHRONIC DISEASE	UNKNOWN	243,745 (R)	
NATIONAL NETWORK OF PUBLIC HEALTH	UNKNOWN	2,909	
RICHMOND COUNTY HEALTH DEPARTMENT	UNKNOWN	5,616	
SCIMETRIKA, LLC	UNKNOWN	18,425 (R)	
SCIENCE APPLICATIONS INTL CORP	61126	718,967 (R)	
UNIVERSITY OF PENNSYLVANIA	20240	878,741 (R)	
UNIVERSITY OF UTAH	20326	2,965 (R)	
VARIOUS OTHER STATES	20204	272,640 (R)	
Program Total		<u>5,136,269</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.OFA ARRA-Other Federal Assistance			
Through: GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	\$ 60,645 (R)	
GEORGIA HEALTH SCIENCES UNIVERSITY RSCH INSTITUTE	96-666-8691	2,925 (R)	
Program Total		<u>63,570</u>	
AGENCY TOTAL		<u>\$ 7,685,260,550</u>	<u>\$ 123,052,435</u>
Corporation for National and Community Service			
94.003 State Commissions			
Direct		\$ 207,904	
Through: CORPORATION FOR NATL & COMM SV	68701	55,836 (R)	
Program Total		<u>263,740</u>	
94.004 Learn and Serve America_School and Community Based Programs			
Direct		82,786	
Program Total		<u>82,786</u>	
94.005 Learn and Serve America_Higher Education			
Direct		104,172 (R)	
Program Total		<u>104,172</u>	
94.006 AmeriCorps			
Direct		4,614,386	
Through: CORPORATION FOR NATL & COMM SV	68701	212,659 (R)	
JUMPSTART NATIONAL	UNKNOWN	9,561 (R)	
JUMPSTART NATIONAL	UNKNOWN	49,026 (R)	
JUMPSTART NATIONAL	UNKNOWN	-10,413 (R)	
JUMPSTART FOR YOUNG CHILDREN/ATLANTA, GA	UNKNOWN	38,401	
JUMPSTART FOR YOUNG CHILDREN/ATLANTA, GA	UNKNOWN	7,934	
Program Total		<u>4,921,554</u>	
94.007 Program Development and Innovation Grants			
Direct		77,874	
Through: NORTH CAROLINA CAMPUS COMPACT-NATIONAL AND COMMUNITY	UNKNOWN	149	
Program Total		<u>78,023</u>	
94.009 Training and Technical Assistance			
Direct		117,306	
Program Total		<u>117,306</u>	
94.013 Volunteers in Service to America			
Direct		50,058	
Program Total		<u>50,058</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Corporation for National and Community Service			
94.016 Senior Companion Program(FGCC)			
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383	\$ 167,369	
Program Total		<u>167,369</u>	
AGENCY TOTAL		<u>\$ 5,785,008</u>	
Executive Office of the President			
95.001 High Intensity Drug Trafficking Areas Program			
Through: ATLANTA POLICE DEPARTMENT	586000511	\$ 126,253	
Program Total		<u>126,253</u>	
AGENCY TOTAL		<u>\$ 126,253</u>	
Social Security Administration			
96.001 Social Security_Disability Insurance(DI/SSI)			
Direct		\$ 69,770,114	
Program Total		<u>69,770,114</u>	
96.007 Social Security_Research and Demonstration			
Through: UNIVERSITY OF MICHIGAN	UNKNOWN	-1,260 (R)	
Program Total		<u>-1,260</u>	
96.008 Social Security - Work Incentives Planning and Assistance Program			
Direct		249,318	
Program Total		<u>249,318</u>	
AGENCY TOTAL		<u>\$ 70,018,172</u>	
Homeland Security, U.S. Department of			
97.007 Homeland Security Preparedness Technical Assistance Program			
Through: DARTMOUTH COLLEGE HANOVER, NH	2006-CS-001-000001-0	\$ 126,004 (R)	
Program Total		<u>126,004</u>	
97.008 Non-Profit Security Program			
Direct		8,349,007	
Program Total		<u>8,349,007</u>	
97.010 Citizenship Education and Training			
Direct		9,775	
Program Total		<u>9,775</u>	
97.012 Boating Safety Financial Assistance			
Direct		3,528,455	
Program Total		<u>3,528,455</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Homeland Security, U.S. Department of			
97.023 Community Assistance Program State Support Services Element (CAP-SSSE)			
Direct		\$ 127,507	
Program Total		<u>127,507</u>	
97.029 Flood Mitigation Assistance			
Direct		-6,702	
Program Total		<u>-6,702</u>	
97.032 Crisis Counseling			
Direct		92,525	
Program Total		<u>92,525</u>	
97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Direct		25,765,973	
Program Total		<u>25,765,973</u>	
97.039 Hazard Mitigation Grant			
Direct		14,728,597	
Program Total		<u>14,728,597</u>	
97.041 National Dam Safety Program			
Direct		255,615	
Program Total		<u>255,615</u>	
97.042 Emergency Management Performance Grants			
Direct		9,390,755	
Program Total		<u>9,390,755</u>	
97.043 State Fire Training Systems Grants			
Direct		27,601	
Program Total		<u>27,601</u>	
97.045 Cooperating Technical Partners			
Direct		4,364,790	
Program Total		<u>4,364,790</u>	
97.046 Fire Management Assistance Grant			
Direct		3,857,542	
Program Total		<u>3,857,542</u>	
97.047 Pre-Disaster Mitigation			
Direct		872,535	
Program Total		<u>872,535</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Homeland Security, U.S. Department of			
97.052 Emergency Operations Center			
Direct		\$ 419,713	
Program Total		<u>419,713</u>	
97.053 Citizen Corps			
Direct		324,685	
Program Total		<u>324,685</u>	
97.055 Interoperable Emergency Communications			
Direct		2,278,009	
Program Total		<u>2,278,009</u>	
97.056 Port Security Grant Program			
Direct		5,350,031 (R)	
Program Total		<u>5,350,031</u>	
97.061 Centers for Homeland Security			
Through: KANSAS STATE UNIVERSITY	20255	31,185 (R)	
KENNESAW STATE UNIVERSITY RESEARCH AND SERVICE FOUNDATION	371535589	14,613	
TEXAS AGRILIFE EXTENSION SVC	20466	85,109 (R)	
UNIVERSITY OF NORTH CAROLINA MEDICAL	UNKNOWN	12,890 (R)	
PURDUE UNIVERSITY/WEST LAFAYETTE, IN	2009-ST-061-CI0001	85,168 (R)	
UNIVERSITY OF MINNESOTA/MINNEAPOLIS, MN	210-ST-061-FD0001	202,640 (R)	
Program Total		<u>431,605</u>	
97.062 Scientific Leadership Awards			
Direct		4,227	
Program Total		<u>4,227</u>	
97.071 Metropolitan Medical Response System			
Direct		653,422	
Program Total		<u>653,422</u>	
97.073 State Homeland Security Program (SHSP)			
Direct		20,498,218	
Program Total		<u>20,498,218</u>	
97.074 Law Enforcement Terrorism Prevention Program (LETPP)			
Direct		807,961	
Program Total		<u>807,961</u>	
97.075 Rail and Transit Security Grant Program			
Direct		4,627,175	
Program Total		<u>4,627,175</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Homeland Security, U.S. Department of			
97.077	Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection		
Direct		\$ 506,559	(R)
Program Total		<u>506,559</u>	
97.078	Buffer Zone Protection Program (BZPP)		
Direct		596,488	
Program Total		<u>596,488</u>	
97.082	Earthquake Consortium		
Direct		23,855	
Program Total		<u>23,855</u>	
97.089	Driver's License Security Grant Program		
Direct		437,300	
Program Total		<u>437,300</u>	
97.091	Homeland Security Biowatch Program		
Direct		494,992	
Program Total		<u>494,992</u>	
97.104	Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program		
Direct		127,662	(R)
Program Total		<u>127,662</u>	
97.116	ARRA-Port Security Grant Program (ARRA)		
Direct		10,400	
Program Total		<u>10,400</u>	
97.OFA	Other Financial Assistance		
Direct		72,643	
Program Total		<u>72,643</u>	
AGENCY TOTAL		<u><u>\$ 109,154,924</u></u>	
International Development, U.S. Agency for			
98.001	USAID Foreign Assistance for Programs Overseas		
Through:			
AUBURN UNIVERSITY	20288	\$ 8,657	(R)
COLORADO STATE UNIVERSITY	20246	38,635	(R)
CORNELL UNIVERSITY	67101	36,574	(R)
HIGHER EDUCATION FOR DEVELOPMENT	UNKNOWN	22,917	(R)
UNIVERSITY OF CALIFORNIA	20218	5,188	(R)
VIRGINIA POLYTECHNIC INSTITUTE	20233	1,713	(R)
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY	546001805	9,468	(R)
Program Total		<u>123,152</u>	

State of Georgia

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
International Development, U.S. Agency for			
98.012	USAID Development Partnerships for University Cooperation and Development		
Direct		\$ 4,012,391 (R)	
Through:	HIGHER EDUCATION FOR DEVELOPMENT	386,465 (R)	
	HIGHER EDUCATION FOR DEVELOPMENT	174,245 (R)	
	HIGHER EDUCATION FOR DEVELOPMENT	139,695 (R)	
	HIGHER EDUCATION FOR DEVELOPMENT	-4,045 (R)	
Program Total		<u>4,708,751</u>	
98.OFA	Other Federal Assistance		
Direct		1,262,689 (R)	
Through: DAI	UNKNOWN	5,636 (R)	
	HIGHER EDUCATION FOR DEVELOPMENT	151,846 (R)	
Program Total		<u>1,420,171</u>	
AGENCY TOTAL		<u><u>\$ 6,252,074</u></u>	
Miscellaneous			
99.OFA	Other Federal Assistance		
Direct		\$ 12,205,057	
Program Total		<u>12,205,057</u>	
AGENCY TOTAL		<u><u>\$ 12,205,057</u></u>	
GRAND TOTAL EXPENDITURES of FEDERAL AWARDS		<u><u>\$ 18,075,386,839</u></u>	<u><u>\$ 4,033,436,428</u></u>



**Notes to the Schedule of
Expenditures of Federal Awards**



State of Georgia

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires a Schedule of Expenditures of Federal Awards reflecting total expenditures for each Federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The accompanying schedule includes all Federal financial assistance programs administered by the State of Georgia for the fiscal year ended June 30, 2012. Refer to Appendix "A" for a comprehensive listing of organizational units comprising the financial reporting entity.

Basis of Presentation - The accompanying *Schedule of Expenditures of Federal Awards* is presented in accordance with OMB Circular A-133.

- A. Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 and OMB Circular A-133, Federal financial assistance is defined as assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursements for services rendered to individuals for Medicare and Medicaid.
- B. Major Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 established a risk-based approach for defining Major Federal financial assistance programs. This approach resulted in 27 of 36 Type A programs and 14 Type B programs being selected as major programs for the State of Georgia. For the fiscal year ended June 30, 2012, a Type A program is defined as any Federal program which exceeded \$33,163,235 in expenditures/disbursements/issuances.

Basis of Accounting - The *Schedule of Expenditures of Federal Awards* is prepared using the basis of accounting as described in Note 1 of the CAFR.

Expenditures and Expenses - When a state organization receives Federal monies and redistributes such monies to another state organization, (i.e. pass-through funds from the primary recipient to a subrecipient), the Federal assistance is recorded in both the primary recipient's and the subrecipient's accounts. This method of reporting expenditures/expenses results in an overstatement of the aggregate level of Federal expenditures/expenses. Therefore, net Federal expenditures/expenses are reported in the schedule.

OTHER

The following Notes provide additional pertinent information regarding Federal financial assistance:

- (1) Expenditures reported for CFDA NO. 17.225 include Federal, State and/or other funds. More specifically, this CFDA includes Federal expenditures of \$1,415,611,293 and State expenditures of \$909,243,798.
- (2) During the fiscal year ended June 30, 2012, the Department of Public Health (DPH) received \$50,254,678 in cash rebates from infant formula manufacturers on sale of formula to participants in the Special Supplemental Food Program for Women, Infants, and Children (WIC) (CFDA NO. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR_246 & PL (Public Law) 108-265 as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC benefit costs. The rebate contract allowed DPH to serve approximately 59,384 additional persons per month during fiscal year 2012.

State of Georgia

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

(3) Federally funded loan programs incurred the following current fiscal year monetary and nonmonetary expenditures:

CFDA NUMBER	GRANT PROGRAM	MONETARY						NONMONETARY	
		NEW FEDERAL CAPITAL	FEDERAL REIMBURSEMENT	ADMINISTRATIVE COSTS	LOANS OUTSTANDING AT 06/30/12	LOANS MADE DURING THE YEAR			
14.239	Home Investment Partnerships Program (*)	\$ -	\$ 19,743,222	\$ 2,723,932	\$ -	\$ -			
14.258	Tax Credit Assistance Program (Recovery Act Funded)	\$ -	\$ 5,107,650	\$ -	\$ -	\$ -			
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	\$ -	\$ -	\$ 12,779	\$ 966,414	\$ -			
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$ 48,895,541	\$ 46,825,783	\$ 1,491,424	\$ -	\$ -			
66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$ 22,254,000	\$ 28,453,011	\$ 897,921	\$ -	\$ -			
84.032	Federal Family Education Loans	\$ -	\$ 46,272,743	\$ -	\$ 716,979,543	\$ 7,414,129			
84.038	Federal Perkins Loan Program _Federal Capital Contributions	\$ -	\$ 762	\$ 218,305	\$ 36,969,604	\$ 3,438,524			
84.226	Income Contingent Loan Program	\$ -	\$ -	\$ -	\$ 46,404	\$ -			
93.264	Nurse Faculty Loan Program (NFLP)	\$ 57,365	\$ -	\$ -	\$ 110,943	\$ 9,112			
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	\$ -	\$ -	\$ -	\$ 6,763	\$ -			
93.364	Nursing Student Loans	\$ -	\$ -	\$ -	\$ 1,617,269	\$ -			

(*) The monetary amount for this program does not equal the monetary amount shown in the schedule. Numerous grants and contracts have been combined for reporting purposes.

(4) Certain programs administered by the Federal government provide goods and services to organizational units of the State in lieu of monetary assistance. An analysis, for major programs, of nonmonetary assistance and the values assigned by the Federal government during the year under review is reflected below:

CFDA NO.	
10.551	The Federal government provides food stamps to low-income households. The amount of food stamp benefits a household receives depends on the household's size and financial circumstances. The Department of Human Services (DHS) is responsible for determining eligibility for participation in the Food Stamp Program. For the year under review, the total value of food stamp benefits distributed as approved by DHS was \$3,065,102,148.
10.555	The amount reported represents non-monetary expenditures reported by the Department of Education.
10.565	The amount reported represents non-monetary expenditures reported for Commodity Supplemental Food Program.

State of Georgia

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

- 10.569 The amount reported represents non-monetary expenditures reported for Emergency Food Assistance Program (Food Commodities).
- 93.268 The amount reported represents the U.S. Department of Health and Human Services assigned value of immunizations for vaccine-preventable diseases to eligible individuals.

(5) Cluster programs are detailed on the *Schedule of Cluster Programs* and identified as follows on the *Schedule of Expenditures of Federal Awards*:

- (AC) Aging Cluster (AC)
- (CCDF) CCDF Cluster (CCDF)
- (CDBG-R) CDBG - Entitlement Grants Cluster (CDBG-R)
- (CDBG-S) CDBG - State-Administered CDBG Cluster (CDBG-S)
- (CSBG) CSBG Cluster (CSBG)
- (CNC) Child Nutrition Cluster (CNC)
- (CFLG) Community Facilities Loans and Grants Cluster (CFLG)
- (DI/SSI) Disability Insurance/SSI Cluster (DI/SSI)
- (EIS-IDEA) Early Intervention Services (IDEA) Cluster (EIS-IDEA)
- (EDC) Economic Development Cluster (EDC)
- (EHCY) Education of Homeless Children and Youth Cluster (EHCY)
- (ETSG) Educational Technology State Grants Cluster (ETSG)
- (EFA) Emergency Food Assistance Cluster (EFA)
- (ESC) Employment Service Cluster (ESC)
- (FTC) Federal Transit Cluster (FTC)
- (FWC) Fish and Wildlife Cluster (FWC)
- (FSRC) Forest Service Schools and Roads Cluster (FSRC)
- (FGCC) Foster Grandparent/Senior Companion Cluster (FGCC)
- (HS) Head Start Cluster (HS)
- (HCC) Health Centers Cluster (HCC)
- (HPCC) Highway Planning and Construction Cluster (HPCC)
- (HSC) Highway Safety Cluster (HSC)
- (HVC) Housing Voucher Cluster (HVC)
- (IMC) Immunization Cluster (IMC)
- (ILS) Independent Living Services for Older Individuals Who Are Blind Cluster (ILS)
- (ILSG) Independent Living State Grants Cluster (ILSG)
- (JAG) JAG Program Cluster (JAG)
- (MC) Medicaid Cluster (MC)
- (R) Research and Development Cluster (R)
- (SC) SNAP Cluster (SC)
- (SIG) School Improvement Grants Cluster (SIG)
- (SEC-IDEA) Special Education Cluster (SEC-IDEA)
- (SWDS) Statewide Data Systems Cluster (SWDS)
- (SFA) Student Financial Assistance Cluster (SFA)

State of Georgia

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

(TANF)	TANF Cluster (TANF)
(TRIO)	TRIO Cluster (TRIO)
(TQPG)	Teacher Quality Partnership Grants Cluster (TQPG)
(TITLE1A)	Title I, Part A Cluster (TITLE1A)
(TSP)	Transit Services Programs Cluster (TSP)
(VRC)	Vocational Rehabilitation Cluster (VRC)
(WIA)	WIA Cluster (WIA)

- (6) Circular A-133 requires the Schedule of Expenditures of Federal Awards to include, to the extent practical, an identification of the total amount provided to sub-recipients from each Federal program. Major programs expenditures presented in the schedule account for approximately 87% of total Federal expenditures for the State of Georgia. Provided below is the amount of major programs awards provided to sub-recipients:

CFDA NUMBER	GRANT PROGRAM	AMOUNT PASSED TO SUBRECIPIENTS
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 56,706,834
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SC)	2,275,223
16.738	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	3,562,902
16.803	ARRA-Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories (JAG)	5,979,297
20.205	ARRA-Highway Planning and Construction (HPCC)	33,801,419
20.205	Highway Planning and Construction (HPCC)	46,541,701
20.219	Recreational Trails Program (HPCC)	1,403,175
20.500	Federal Transit_Capital Investment Grants (FTC)	4,410,733
20.507	ARRA-Federal Transit_Formula Grants (FTC)	5,173,456
20.507	Federal Transit_Formula Grants (FTC)	14,208,586
20.509	ARRA-Formula Grants for Other Than Urbanized Areas	4,233,788
20.509	Formula Grants for Other Than Urbanized Areas	14,251,596
66.458	ARRA-Capitalization Grants for Clean Water State Revolving Funds	4,251,128
66.458	Capitalization Grants for Clean Water State Revolving Funds	41,083,231
66.468	ARRA-Capitalization Grants for Drinking Water State Revolving Funds	1,504,919
66.468	Capitalization Grants for Drinking Water State Revolving Funds	26,050,171
81.041	ARRA-State Energy Program	44,516,396
81.041	State Energy Program	93,575
81.042	ARRA-Weatherization Assistance for Low-Income Persons	32,159,126
81.042	Weatherization Assistance for Low-Income Persons	1,255,901
81.128	ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	6,538,836
84.048	Career and Technical Education -- Basic Grants to States	37,833,958
84.287	Twenty-First Century Community Learning Centers	43,468,705
84.377	School Improvement Grants (SIG)	10,015,723
84.388	ARRA-School Improvement Grants, Recovery Act (SIG)	25,346,442

State of Georgia

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2012

84.395	ARRA-State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	\$	34,885,901
93.268	Immunization Grants (IMC)		2,441,609
93.558	Temporary Assistance for Needy Families (TANF)		1,190,162
93.563	Child Support Enforcement		6,635,155
93.568	Low-Income Home Energy Assistance		79,124,740
93.569	Community Services Block Grant (CSBG)		17,279,671
93.667	Social Services Block Grant		7,512,427
93.712	ARRA-Immunization (IMC)		143,818
93.917	HIV Care Formula Grants		6,689,070
93.959	Block Grants for Prevention and Treatment of Substance Abuse		34,719,327
R & D Cluster	Research and Development Cluster (R)		24,095,037
	TOTAL	\$	681,383,738



Schedule of Cluster Programs



State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Aging Cluster (AC)			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	\$ 9,598,726	
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	16,286,314	
Nutrition Services Incentive Program	93.053	<u>2,549,340</u>	
Total		\$ 28,434,380	
CCDF Cluster (CCDF)			
Child Care and Development Block Grant	93.575	\$ 60,847,822	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	94,908,273	
Total		\$ 155,756,095	
CDBG - Entitlement Grants Cluster (CDBG-R)			
Community Development Block Grants/Entitlement Grants	14.218	\$ 2,000	
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)(Recovery Act Funded)	14.253	3,015	
Total		\$ 5,015	
CDBG - State-Administered CDBG Cluster (CDBG-S)			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	\$ 49,502,574	
Total		\$ 49,502,574	
CSBG Cluster (CSBG)			
Community Services Block Grant	93.569	\$ 18,009,626	
Total		\$ 18,009,626	
Child Nutrition Cluster (CNC)			
School Breakfast Program	10.553	\$ 155,839,507	
National School Lunch Program	10.555	545,333,262	\$ 42,322,568
Special Milk Program for Children	10.556	13,251	
Summer Food Service Program for Children	10.559	<u>8,359</u>	
Total		\$ 701,194,379	\$ 42,322,568
Community Facilities Loans and Grants Cluster (CFLG)			
Community Facilities Loans and Grants	10.766	\$ 25,000	
Total		\$ 25,000	
Disability Insurance/SSI Cluster (DI/SSI)			
Social Security_Disability Insurance	96.001	\$ 69,770,114	
Total		\$ 69,770,114	
Early Intervention Services (IDEA) Cluster (EIS-IDEA)			
Special Education-Grants for Infants and Families	84.181	\$ 16,310,078	
ARRA - Special Education - Grants for Infants and Families, Recovery Act	84.393	<u>5,175,145</u>	
Total		\$ 21,485,223	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Economic Development Cluster (EDC)			
Investments for Public Works and Economic Development Facilities	11.300	\$ 1,609,620	
Economic Adjustment Assistance	11.307	109,838	
Total		<u>\$ 1,719,458</u>	
Education of Homeless Children and Youth Cluster (EHCY)			
Education for Homeless Children and Youth	84.196	\$ 2,667,379	
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	529,409	
Total		<u>\$ 3,196,788</u>	
Educational Technology State Grants Cluster (ETSG)			
Educational Technology State Grants	84.318	\$ 4,082,136	
ARRA - Education Technology State Grants, Recovery Act	84.386	6,439,558	
Total		<u>\$ 10,521,694</u>	
Emergency Food Assistance Cluster (EFA)			
Emergency Food Assistance Program (Administrative Costs)	10.568	\$ 2,158,983	
ARRA - Emergency Food Assistance Program (Administrative Costs)	10.568	-2,774	
Emergency Food Assistance Program (Food Commodities)	10.569		\$ 11,857,007
Total		<u>\$ 2,156,209</u>	<u>\$ 11,857,007</u>
Employment Service Cluster (ESC)			
Employment Service/Wagner-Peyser Funded Activities	17.207	\$ 21,957,373	
ARRA - Employment Service/Wagner-Peyser Funded Activities	17.207	-16	
Disabled Veterans' Outreach Program (DVOP)	17.801	2,886,604	
Local Veterans' Employment Representative Program	17.804	2,365,875	
Total		<u>\$ 27,209,836</u>	
Federal Transit Cluster (FTC)			
Federal Transit_Capital Investment Grants	20.500	\$ 16,200,317	
Federal Transit_Formula Grants	20.507	22,897,262	
ARRA - Federal Transit_Formula Grants	20.507	5,902,463	
Total		<u>\$ 45,000,042</u>	
Fish and Wildlife Cluster (FWC)			
Sport Fish Restoration Program	15.605	\$ 7,200,036	
Wildlife Restoration and Basic Hunter Education	15.611	8,858,644	
Total		<u>\$ 16,058,680</u>	
Forest Service Schools and Roads Cluster (FSRC)			
Schools and Roads - Grants to States	10.665	\$ 1,534,435	
Total		<u>\$ 1,534,435</u>	
Foster Grandparent/Senior Companion Cluster (FGCC)			
Senior Companion Program	94.016	\$ 167,369	
Total		<u>\$ 167,369</u>	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Head Start Cluster (HS)			
Head Start	93.600	\$ 2,922,871	
ARRA - Head Start	93.708	948,797	
ARRA - Early Head Start	93.709	13,983	
Total		\$ 3,885,651	
Health Centers Cluster (HCC)			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	\$ 2,711,395	
Total		\$ 2,711,395	
Highway Planning and Construction Cluster (HPCC)			
Highway Planning and Construction	20.205	\$ 1,035,599,446	
ARRA - Highway Planning and Construction	20.205	193,125,620	
Recreational Trails Program	20.219	1,627,172	
Total		\$ 1,230,352,238	
Highway Safety Cluster (HSC)			
State and Community Highway Safety	20.600	\$ 6,163,641	
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	4,147,360	
Occupant Protection Incentive Grants	20.602	871,210	
Safety Belt Performance Grants	20.609	1,303,176	
State Traffic Safety Information System Improvement Grants	20.610	967,309	
Incentive Grant Program to Increase Motorcyclist Safety	20.612	155,334	
Total		\$ 13,608,030	
Housing Voucher Cluster (HVC)			
Section 8 Housing Choice Vouchers	14.871	\$ 109,418,862	
Total		\$ 109,418,862	
Immunization Cluster (IMC)			
Immunization Grants	93.268	\$ 7,761,012	121,308,348
ARRA - Immunization	93.712	1,043,429	
Total		\$ 8,804,441	\$ 121,308,348
Independent Living Services for Older Individuals Who Are Blind Cluster (ILS)			
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	\$ 767,372	
ARRA - Independent Living Services for Older Individuals Who are Blind, Recovery Act	84.399	533,096	
Total		\$ 1,300,468	
Independent Living State Grants Cluster (ILSG)			
Independent Living_State Grants	84.169	\$ 485,444	
ARRA - Independent Living State Grants, Recovery Act	84.398	115,867	
Total		\$ 601,311	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
JAG Program Cluster (JAG)			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 9,320,035	
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	11,304,539	
Total		\$ 20,624,574	
Medicaid Cluster (MC)			
ARRA - Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative	93.720	\$ 1,834	
State Medicaid Fraud Control Units	93.775	2,910,708	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	5,317,869	
Medical Assistance Program	93.778	6,036,626,867	
Total		\$ 6,044,857,278	
Research and Development Cluster (R)			
Other Federal Assistance	01.OFA	\$ 88,002	
Agricultural Research_Basic and Applied Research	10.001	1,191,968	
Plant and Animal Disease, Pest Control, and Animal Care	10.025	751,619	
Wildlife Services	10.028	491,486	
Wetlands Reserve Program	10.072	12,236	
Federal-State Marketing Improvement Program	10.156	14,152	
Farmers' Market Promotion Program	10.168	554	
Specialty Crop Block Grant Program - Farm Bill	10.170	98,276	
Grants for Agricultural Research, Special Research Grants	10.200	1,312,051	
Cooperative Forestry Research	10.202	913,150	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	4,920,978	
Grants for Agricultural Research_Competitive Research_Grants	10.206	1,974,516	
Animal Health and Disease Research	10.207	89,755	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	44,836	
Small Business Innovation Research	10.212	15,945	
Sustainable Agriculture Research and Education	10.215	2,902,391	
1890 Institution Capacity Building Grants	10.216	2,447,186	
Higher Education Challenge Grants	10.217	465,379	
Biotechnology Risk Assessment Research	10.219	203,472	
Higher Education Multicultural Scholars Program	10.220	91,944	
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226	6,648	
Agricultural and Rural Economic Research	10.250	6,253	
Food Assistance and Nutrition Research Programs (FANRP)	10.253	163,006	
Program of Research on the Economic of Invasive Species Management (PREISM)	10.254	27,676	
Agricultural Market and Economic Research	10.290	11,707	
Integrated Programs	10.303	1,528,088	
Homeland Security_Agricultural	10.304	295,495	
International Science and Education Grants	10.305	83,535	
Biodiesel	10.306	15,963	
Organic Agriculture Research and Extension Initiative	10.307	16,249	
Specialty Crop Research Initiative	10.309	853,066	
Agriculture and Food Research Initiative (AFRI)	10.310	4,859,586	
Beginning Farmer and Rancher Development Program	10.311	19,766	
ARRA - Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315	52,318	
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	196,376	
Rural Community Development Initiative	10.446	30,452	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA</u>	<u>MONETARY</u>	<u>NONMONETARY</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Research and Development Cluster (R)			
Crop Insurance	10.450	\$ 86,821	
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	10.456	8,602	
Cooperative Extension Service	10.500	12,750,497	
Team Nutrition Grants	10.574	-1,957	
WIC Grants To States (WGS)	10.578	800	
Foreign Market Development Cooperator Program	10.600	27,298	
Emerging Markets Program	10.603	188,380	
Forestry Research	10.652	1,959,084	
Cooperative Forestry Assistance	10.664	164,298	
Rural Development, Forestry, and Communities	10.672	13,501	
Urban and Community Forestry Program	10.675	19,338	
Forest Legacy Program	10.676	49,047	
Forest Stewardship Program	10.678	3	
Forest Health Protection	10.680	278,829	
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777	22,578	
Rural Energy for America Program	10.868	82,400	
Soil and Water Conservation	10.902	48,138	
Environmental Quality Incentives Program	10.912	224,929	
Technical Agricultural Assistance	10.960	59,868	
Scientific Cooperation and Research	10.961	14,721	
Cochran Fellowship Program-International Training-Foreign Participant	10.962	26,475	
Other Federal Assistance	10.OFA	490,100	
NOAA Mission-Related Education Awards	11.008	7,432	
Community Trade Adjustment Assistance	11.010	11,896	
Ocean Exploration	11.011	41,338	
ITA Special Projects	11.113	119,103	
Economic Development_Technical Assistance	11.303	153,237	
Economic Adjustment Assistance	11.307	66,750	
Research and Evaluation Program	11.312	4,533	
Sea Grant Support	11.417	1,528,368	
Coastal Zone Management Estuarine Research Reserves	11.420	37,509	
Marine Sanctuary Program	11.429	730,143	
Undersea Research	11.430	75,624	
Climate and Atmospheric Research	11.431	1,002,297	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	136,128	
Marine Fisheries Initiative	11.433	11,972	
Unallied Management Projects	11.454	21,153	
Special Oceanic and Atmospheric Projects	11.460	64,055	
Habitat Conservation	11.463	57,829	
Meteorologic and Hydrologic Modernization Development	11.467	12,973	
Unallied Science Program	11.472	207,197	
Coastal Services Center	11.473	41,396	
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478	57,859	
Coral Reef Conservation Program	11.482	807	
Measurement and Engineering Research and Standards	11.609	305,656	
Technology Innovation Program (TIP)	11.616	326,340	
ARRA - National Institute of Standards and Technology Construction Grant Program	11.618	9,086,860	
Other Federal Assistance	11.OFA	16,865	
Aquatic Plant Control	12.100	465,728	
Collaborative Research and Development	12.114	416,296	
Basic and Applied Scientific Research	12.300	32,801,144	
Science, Technology, Engineering & Mathematics (STEM) for K-12 & Institutions of Higher Learning- NAVY	12.330	13,110	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA</u>	<u>MONETARY</u>	<u>NONMONETARY</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Research and Development Cluster (R)			
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351	\$ 547,032	
Military Medical Research and Development	12.420	3,741,516	
Basic Scientific Research	12.431	35,878,864	
ARRA - Basic Scientific Research	12.431	366,509	
The Language Flagship Grants to Institutions of Higher Education	12.550	112,521	
Basic, Applied, and Advanced Research in Science and Engineering	12.630	60,227,471	
Air Force Defense Research Sciences Program	12.800	162,689,563	
Mathematical Sciences Grants Program	12.901	123,222	
Information Security Grant Program	12.902	19,332	
Research and Technology Development	12.910	11,581,904	
Other Federal Assistance	12.OFA	321,811	
Housing Counseling Assistance Program	14.169	27,227	
Water Desalination Research and Development Program	15.506	41,248	
Fish and Wildlife Management Assistance	15.608	94,538	
Wildlife Restoration and Basic Hunter Education	15.611	33,687	
Cooperative Endangered Species Conservation Fund	15.615	4,523	
Wildlife Conservation and Restoration	15.625	75,554	
Multistate Conservation Grant Program	15.628	-981	
Great Apes Conservation Fund	15.629	11,375	
Coastal Program	15.630	4,872	
Partners for Fish and Wildlife	15.631	29,475	
Conservation Grants Private Stewardship for Imperiled Species	15.632	62,177	
State Wildlife Grants	15.634	4,992	
Neotropical Migratory Bird Conservation	15.635	-25,507	
Migratory Bird Joint Ventures	15.637	27,736	
Central Valley Project Improvement (CVPI) Anadromous Fish Restoration Program (AFRP)	15.648	114,001	
Research Grants (Generic)	15.650	1,798,178	
Migratory Bird Monitoring, Assessment and Conservation	15.655	214,157	
Endangered Species Conservation - Recovery Implementation Funds	15.657	9,194	
Endangered Species - Candidate Conservation Action Funds	15.660	2,213	
National Fish and Wildlife Foundation	15.663	60	
Assistance to State Water Resources Research Institutes	15.805	121,381	
Earthquake Hazards Reduction Program	15.807	74,611	
U.S. Geological Survey_ Research and Data Collection	15.808	537,575	
National Cooperative Geologic Mapping Program	15.810	7,652	
Gap Analysis Program	15.811	13,471	
Cooperative Research Units Program	15.812	415,541	
National Land Remote Sensing_Education Outreach and Research	15.815	29,014	
ARRA - National Geospatial Program: Building The National Map	15.817	113,476	
Native American Graves Protection and Repatriation Act	15.922	14,837	
American Battlefield Protection	15.926	8,527	
Natural Resource Stewardship	15.944	36,850	
Other Federal Assistance	15.OFA	195,140	
Law Enforcement Assistance_FBI Advanced Police Training	16.300	661,065	
State Justice Statistics Program for Statistical Analysis Centers	16.550	54,475	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	415,071	
Edward Byrne Memorial Formula Grant Program	16.579	148,205	
Edward Byrne Memorial State and Local Law Enforcement Assistance	16.580	1,997,534	
Discretionary Grants Program			
Corrections_Technical Assistance/Clearinghouse	16.603	99,650	
Regional Information Sharing Systems	16.610	95,566	
Edward Byrne Memorial Competitive Grant Program	16.751	698,113	
Congressionally Recommended Awards	16.753	64,559	
Other Federal Assistance	16.OFA	108	
Occupational Safety and Health_Susan Harwood Training Grants	17.502	370,924	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA</u>	<u>MONETARY</u>	<u>NONMONETARY</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Research and Development Cluster (R)			
Consultation Agreements	17.504	\$ 1,215,694	
Academic Exchange Programs - Special Academic Exchange Programs	19.011		16
Environmental and Scientific Partnerships and Programs	19.017	379,193	
International Programs to Combat Human Trafficking	19.019	71,296	
Investing in People in The Middle East and North Africa	19.021	236,149	
East Asia and Pacific Grants Program	19.124		13
Academic Exchange Programs - Graduate Students	19.400	104,151	
Export Control and Related Border Security	19.901	224,815	
Other Federal Assistance	19.OFA	319,536	
Airport Improvement Program	20.106	69,369	
Aviation Research Grants	20.108	1,155,833	
Air Transportation Centers of Excellence	20.109	2,365,185	
Highway Research and Development Program	20.200	904,770	
Highway Planning and Construction	20.205	319,929	
Railroad Research and Development	20.313	331,969	
Public Transportation Research	20.514	30,920	
State and Community Highway Safety	20.600	6,900	
Pipeline Safety Program Base Grants	20.700	29,129	
University Transportation Centers Program	20.701	1,120,911	
Biobased Transportation Research	20.761	257,723	
Research Grants	20.762	716,738	
Appalachian Area Development	23.002	59,990	
Sale of Federal Surplus Personal Property	39.007	120,051	
Public Buildings Service	39.012	2,520	
Science	43.001	2,153,084	
Aeronautics	43.002	11,482,564	
ARRA - Aeronautics	43.002	-5,353	
Exploration	43.003	188,540	
ARRA - Aeronautics, Recovery Act	43.004	72,422	
Cross Agency Support	43.009	549,321	
Other Federal Assistance	43.OFA	857,426	
Promotion of the Arts_Grants to Organizations and Individuals	45.024	27,704	
ARRA - Promotion of the Arts_Grants to Organizations and Individuals	45.024	11,121	
Promotion of the Humanities_Division of Preservation and Access	45.149	19,040	
Promotion of the Humanities_Fellowships and Stipends	45.160	-833	
Promotion of the Humanities_Research	45.161	57,115	
Promotion of the Humanities_Professional Development	45.163	31,942	
Promotion of the Humanities_Office of Digital Humanities	45.169	2,777	
Conservation Project Support	45.303	87,771	
National Leadership Grants	45.312	235,959	
Engineering Grants	47.041	20,464,751	
Mathematical and Physical Sciences	47.049	19,142,207	
ARRA - Mathematical and Physical Sciences	47.049	134,687	
Geosciences	47.050	9,726,392	
Computer and Information Science and Engineering	47.070	15,405,563	
Biological Sciences	47.074	17,315,944	
Social, Behavioral, and Economic Sciences	47.075	2,926,398	
Education and Human Resources	47.076	11,240,669	
Polar Programs	47.078	780,699	
International Science and Engineering (OISE)	47.079	592,394	
Office of Cyberinfrastructure	47.080	2,171,508	
Office of Experimental Program to Stimulate Competitive Research	47.081	49,068	
ARRA - Trans-NSF Recovery Act Research Support	47.082	8,176,305	
Other Federal Assistance	47.OFA	134,346	
ARRA - Other Federal Assistance	47.OFA	10,970	
7(j) Technical Assistance	59.007	20,406	
Small Business Development Centers	59.037	4,206,292	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Research and Development Cluster (R)			
Federal and State Technology Partnership Program	59.058	\$	62,803
Veterans Domiciliary Care	64.008		15,135
Veterans Medical Care Benefits	64.009		33,678
Veterans State Hospital Care	64.016		8,862
Sharing Specialized Medical Resources	64.018		44,348
VA Homeless Providers Grant and Per Diem Program	64.024		11,853
Other Federal Assistance	64.OFA		1,886
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		207,452
ARRA - National Clean Diesel Emissions Reduction Program	66.039		808,524
Coastal Wetlands Planning Protection and Restoration Act	66.124		5,852
Congressionally Mandated Projects	66.202		201,920
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436		2,570
Regional Wetland Program Development Grants	66.461		52,812
Science To Achieve Results (STAR) Research Program	66.509		1,420,593
Office of Research and Development Consolidated Research/Training/Fellowships	66.511		1,237
Science To Achieve Results (STAR) Fellowship Program	66.514		53,985
P3 Award: National Student Design Competition for Sustainability	66.516		27,644
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716		73,645
Environmental Education Grants	66.951		83,609
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		325,792
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		251,754
Granting of Patent Licenses	81.003		2,495,299
Inventions and Innovations	81.036		4,566,250
ARRA - State Energy Program	81.041		76,115
Office of Science Financial Assistance Program	81.049		18,641,800
ARRA - Office of Science Financial Assistance Program	81.049		2,057,704
University Coal Research	81.057		25,047
Office of Scientific and Technical Information	81.064		19,278
Regional Biomass Energy Programs	81.079		12,175
Conservation Research and Development	81.086		489,901
ARRA - Conservation Research and Development	81.086		158,029
Renewable Energy Research and Development	81.087		3,908,131
ARRA - Renewable Energy Research and Development	81.087		612,221
Fossil Energy Research and Development	81.089		2,197,740
Stewardship Science Grant Program	81.112		295,371
Defense Nuclear Nonproliferation Research	81.113		806,696
ARRA - Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		2,859
State Energy Program Special Projects	81.119		64
Nuclear Energy Research, Development and Demonstration	81.121		280,502
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		346,052
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		844,884
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123		33,702
Predictive Science Academic Alliance Program	81.124		62,195
Federal Loan Guarantees for Innovative Energy Technologies	81.126		234,350
ARRA - Federal Loan Guarantees for Innovative Energy Technologies	81.126		52,743
ARRA - Geologic Sequestration Training and Research Grant Program	81.133		207,441
Advanced Research and Projects Agency-Energy Financial Assistance Program	81.135		278,303
ARRA - Advanced Research and Projects Agency-Energy Financial	81.135		2,869,369

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA</u> <u>NUMBER</u>	<u>MONETARY</u> <u>EXPENDITURES</u>	<u>NONMONETARY</u> <u>EXPENDITURES</u>
Research and Development Cluster (R)			
Assistance Program			
Other Federal Assistance	81.OFA	\$	527,653
Adult Education - Basic Grants to States	84.002		-59
Title I Grants to Local Educational Agencies	84.010		177,008
Undergraduate International Studies and Foreign Language Programs	84.016		1,950
International Research and Studies	84.017		137,931
Overseas Programs - Group Projects Abroad	84.021		10,950
TRIO_Talent Search	84.044		423,075
TRIO_Upward Bound	84.047		986,445
Fund for the Improvement of Postsecondary Education	84.116		638,806
Minority Science and Engineering Improvement	84.120		106,375
Rehabilitation Long-Term Training	84.129		148,989
National Institute on Disability and Rehabilitation Research	84.133		1,688,758
Business and International Education Projects	84.153		87,372
Safe and Drug-Free Schools and Communities_National Programs	84.184		237,338
Graduate Assistance in Areas of National Need	84.200		89,173
Fund for the Improvement of Education	84.215		174,405
Centers for International Business Education	84.220		441,448
Rehabilitation Training_Continuing Education	84.264		54,764
Twenty-First Century Community Learning Centers	84.287		91,951
Education Research, Development and Dissemination	84.305		2,037,845
Research in Special Education	84.324		2,352,853
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		759,140
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333		148,124
Teacher Quality Partnership Grants	84.336		2,216,348
Transition to Teaching	84.350		652,286
Arts in Education	84.351		109,675
English Language Acquisition Grants	84.365		6,320
Mathematics and Science Partnerships	84.366		50,636
Improving Teacher Quality State Grants	84.367		2,026,358
Striving Readers	84.371		43,440
Special Education_Technical Assistance on State Data Collection	84.373		172,485
College Access Challenge Grant Program	84.378		33,460
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395		128,659
ARRA - State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund, Recovery Act	84.396		136,260
National Writing Project	84.928		29,971
Agriscience Awards	85.105		25,000
National Historical Publications and Records Grants	89.003		13,170
U.S. Election Assistance Commission Research Grants	90.403		268,064
Annual Grant Competition	91.001		5,600
Community-Based Abstinence Education (CBAE)	93.010		8,137
Technical Assistance and Provision for Foreign Hospitals and Health Organizations	93.019		10,909
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048		3,844
ARRA - Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048		11,144
Innovations in Applied Public Health Research	93.061		1,249,861
Centers for Genomics and Public Health	93.063		100,543
Global AIDS	93.067		146,874
Public Health Emergency Preparedness	93.069		175,654
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		170,761
Food and Drug Administration_Research	93.103		1,010,476
Maternal and Child Health Federal Consolidated Programs	93.110		514,648

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA</u>	<u>MONETARY</u>	<u>NONMONETARY</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Research and Development Cluster (R)			
Environmental Health	93.113	\$ 612,974	
Oral Diseases and Disorders Research	93.121	901,274	
Injury Prevention and Control Research and State and Community Based Programs	93.136	703,591	
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143	6,345	
Health Program for Toxic Substances and Disease Registry	93.161	547,410	
Human Genome Research	93.172	107,195	
Research Related to Deafness and Communication Disorders	93.173	1,288,550	
Immunization Research, Demonstration, Public Information and Education_Training and Clinical Skills Improvement Projects	93.185	127,964	
Patient Navigator and Chronic Disease Prevention Program	93.191	114,241	
Human Health Studies_Applied Research and Development	93.206	1,084,917	
Research and Training in Complementary and Alternative Medicine	93.213	-3,206	
Research on Healthcare Costs, Quality and Outcomes	93.226	235,525	
Epidemiology Cooperative Agreements	93.231	814,254	
Mental Health Research Grants	93.242	2,646,884	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	2,942,229	
Occupational Safety and Health Program	93.262	182,857	
Complex Humanitarian Emergency and War-Related Injury Public Health Activities	93.269	2,515	
Alcohol National Research Service Awards for Research Training	93.272	49,211	
Alcohol Research Programs	93.273	2,958,137	
Drug Abuse and Addiction Research Programs	93.279	7,188,446	
Mental Health National Research Service Awards for Research Training	93.282	32,884	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	22,218	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	6,342,963	
Minority Health and Health Disparities Research	93.307	3,645,156	
Trans-NIH Research Support	93.310	1,194,271	
Research Infrastructure Programs	93.351	385,637	
Advanced Nursing Education Traineeships	93.358	30,517	
Nurse Education, Practice and Retention Grants	93.359	291,837	
Nursing Research	93.361	137,049	
National Center for Research Resources	93.389	5,577,640	
Cancer Cause and Prevention Research	93.393	2,013,238	
Cancer Detection and Diagnosis Research	93.394	1,939,372	
Cancer Treatment Research	93.395	2,098,054	
Cancer Biology Research	93.396	2,629,203	
Cancer Centers Support Grants	93.397	-4,297	
Cancer Research Manpower	93.398	302,693	
Cancer Control	93.399	803,871	
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513	178,200	
Affordable Care Act (ACA) Public Health Training Centers Program	93.516	602,254	
ARRA - Centers for Disease Control and Prevention-Affordable Care Act (ACA)-Communities Putting Prevention to Work	93.520	81,032	
Temporary Assistance for Needy Families	93.558	40,918	
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Discretionary Grants	93.592	280,214	
Welfare Reform Research, Evaluations and National Studies	93.595	332,582	
Head Start	93.600	107,828	
Developmental Disabilities Basic Support and Advocacy Grants	93.630	2,102,483	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	564,776	
Child Welfare Research Training or Demonstration	93.648	29,940	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
Research and Development Cluster (R)			
Child Abuse and Neglect Discretionary Activities	93.670	\$ 28,188	
ARRA - Trans-NIH Recovery Act Research Support	93.701	11,903,467	
ARRA - Grants to Health Center Programs	93.703	55,427	
ARRA - Strengthening Communities Fund	93.711	7,066	
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723	155,431	
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768	227,038	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	5,240	
Cardiovascular Diseases Research	93.837	19,322,597	
Lung Diseases Research	93.838	4,115,774	
Blood Diseases and Resources Research	93.839	1,657,730	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	1,274,920	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	11,268,177	
Digestive Diseases and Nutrition Research	93.848	288,251	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	5,431,157	
Allergy, Immunology and Transplantation Research	93.855	18,216,904	
Microbiology and Infectious Diseases Research	93.856	1,364,181	
Biomedical Research and Research Training	93.859	16,418,353	
Child Health and Human Development Extramural Research	93.865	5,350,467	
Aging Research	93.866	4,410,084	
Vision Research	93.867	7,725,672	
Medical Library Assistance	93.879	61,308	
Grants for Training in Primary Care Medicine and Dentistry	93.884	24,967	
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	1,922	
Special Projects of National Significance	93.928	13,094	
HIV Demonstration, Research, Public and Professional Education Projects	93.941	46,549	
Geriatric Education Centers	93.969	82,519	
Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978	2,007	
International Research and Research Training	93.989	1,752,844	
Other Federal Assistance	93.OFA	3,344,201	
ARRA - Other Federal Assistance	93.OFA	63,570	
State Commissions	94.003	55,836	
Learn and Serve America_Higher Education	94.005	104,172	
AmeriCorps	94.006	260,833	
Social Security_Research and Demonstration	96.007	-1,260	
Homeland Security Preparedness Technical Assistance Program	97.007	126,004	
Port Security Grant Program	97.056	4,494,679	
Centers for Homeland Security	97.061	416,992	
Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection	97.077	409,479	
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104	124,082	
USAID Foreign Assistance for Programs Overseas	98.001	123,152	
USAID Development Partnerships for University Cooperation and Development	98.012	4,708,751	
Other Federal Assistance	98.OFA	435,645	
Total		\$ 759,219,604	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
SNAP Cluster (SC)			
Supplemental Nutrition Assistance Program	10.551	\$ 1,074	\$ 3,065,102,148
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	75,869,489	
Total		\$ 75,870,563	\$ 3,065,102,148
School Improvement Grants Cluster (SIG)			
School Improvement Grants	84.377	\$ 11,636,906	
ARRA - School Improvement Grants, Recovery Act	84.388	29,645,836	
Total		\$ 41,282,742	
Special Education Cluster (SEC-IDEA)			
Special Education_Grants to States	84.027	\$ 335,707,443	
Special Education_Preschool Grants	84.173	10,042,584	
ARRA - Special Education Grants to States, Recovery Act	84.391	57,056,027	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	1,723,312	
Total		\$ 404,529,366	
Statewide Data Systems Cluster (SWDS)			
Statewide Data Systems	84.372	\$ 2,418,674	
Total		\$ 2,418,674	
Student Financial Assistance Cluster (SFA)			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 9,041,667	
Federal Family Education Loans	84.032	46,272,743	\$ 724,393,673
Federal Work-Study Program	84.033	66,686,517	
Federal Perkins Loan Program_Federal Capital Contributions	84.038	218,305	38,309,745
Federal Pell Grant Program	84.063	771,217,319	
Federal Direct Student Loans	84.268	1,640,259,646	
Academic Competitiveness Grants	84.375	84,231	
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376	85,182	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	2,048,508	
Nurse Faculty Loan Program (NFLP)	93.264		120,055
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342		6,763
Nursing Student Loans	93.364		1,617,269
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	500,713	
Total		\$ 2,536,414,831	\$ 764,447,505
TANF Cluster (TANF)			
Temporary Assistance for Needy Families	93.558	\$ 348,243,972	
Total		\$ 348,243,972	
TRIO Cluster (TRIO)			
TRIO_Student Support Services	84.042	\$ 2,549,531	
TRIO_Talent Search	84.044	1,665,126	
TRIO_Upward Bound	84.047	4,590,687	
TRIO_Educational Opportunity Centers	84.066	509,308	
TRIO_McNair Post-Baccalaureate Achievement	84.217	474,298	

State of Georgia

Schedule of Cluster Programs For the Fiscal Year Ended June 30, 2012

	<u>CFDA NUMBER</u>	<u>MONETARY EXPENDITURES</u>	<u>NONMONETARY EXPENDITURES</u>
TRIO Cluster (TRIO)			
Total		<u>\$ 9,788,950</u>	
Teacher Quality Partnership Grants Cluster (TQPG)			
Teacher Quality Partnership Grants	84.336	<u>\$ 1,594,544</u>	
Total		<u>\$ 1,594,544</u>	
Title I, Part A Cluster (TITLE1A)			
Title I Grants to Local Educational Agencies	84.010	\$ 515,079,595	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>70,237,645</u>	
Total		<u>\$ 585,317,240</u>	
Transit Services Programs Cluster (TSP)			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	\$ 3,091,629	
Job Access_Reverse Commute	20.516	3,276,319	
New Freedom Program	20.521	<u>1,040,042</u>	
Total		<u>\$ 7,407,990</u>	
Vocational Rehabilitation Cluster (VRC)			
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	\$ 99,135,423	
ARRA - Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84.390	<u>11,013,425</u>	
Total		<u>\$ 110,148,848</u>	
WIA Cluster (WIA)			
WIA Adult Program	17.258	\$ 42,567,576	
ARRA - WIA Adult Program	17.258	1,993,465	
WIA Youth Activities	17.259	23,909,932	
ARRA - WIA Youth Activities	17.259	586,023	
WIA Dislocated Worker Formula Grants	17.278	<u>33,862,371</u>	
Total		<u>\$ 102,919,367</u>	



Auditee's Responses



**Summary Schedule of Prior Year
Findings and Questioned Costs**



State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

FINDING

CONTROL

AUDITEE RESPONSE / STATUS

COMMENTS

Agriculture, Department of

FS-402-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-402-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-402-11-03	Unresolved (On Track)	See Comments Page 279
FS-402-11-07	Unresolved (On Track)	See Comments Page 279
FS-402-11-08	Unresolved (On Track)	See Comments Page 280
FS-402-11-09	Unresolved (On Track)	See Comments Page 280
FS-402-11-10	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-402-11-100	Further Action Not Warranted (Finding Closed)	
FS-402-11-11	Unresolved (On Track)	See Comments Page 280

Administrative Services, Department of

FS-403-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-403-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	

Insurance, Office of the Commissioner of

FS-408-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
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Education, Department of

FA-414-07-01	Partially Resolved (On Track)	See Comments Page 280
FA-414-10-04	Further Action Not Warranted (Finding Closed)	
FA-414-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-414-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-414-08-01	Partially Resolved (On Track)	See Comments Page 280
FS-414-10-01	Further Action Not Warranted (Finding Closed)	
FS-414-10-02	Further Action Not Warranted (Finding Closed)	
FS-414-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-414-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	

Prosecuting Attorneys' Council

FS-418-09-01	Unresolved (On Track)	See Comments Page 281
FS-418-10-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-418-10-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-418-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-418-11-03	Further Action Not Warranted (Finding Closed)	
FS-418-11-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-418-11-05	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-418-11-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-418-11-07	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-418-11-100	Further Action Not Warranted (Finding Closed)	

Community Health, Department of

FA-419-10-01	Further Action Not Warranted (Finding Closed)	
FA-419-10-02	Further Action Not Warranted (Finding Closed)	
FA-419-10-03	Further Action Not Warranted (Finding Closed)	
FA-419-10-04	Further Action Not Warranted (Finding Closed)	
FA-419-10-05	Further Action Not Warranted (Finding Closed)	
FA-419-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-419-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-419-11-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-419-11-04	Unresolved (On Track)	See Comments Page 281
FA-419-11-05	Unresolved (On Track)	See Comments Page 281
FA-419-11-06	Further Action Not Warranted (Finding Closed)	

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

FINDING

CONTROL

AUDITEE RESPONSE / STATUS

COMMENTS

Community Health, Department of (continued)

FA-419-11-07	Further Action Not Warranted (Finding Closed)
FA-419-11-08	Further Action Not Warranted (Finding Closed)
FA-419-11-09	Further Action Not Warranted (Finding Closed)
FA-419-11-10	Further Action Not Warranted (Finding Closed)
FA-419-11-11	Further Action Not Warranted (Finding Closed)
FA-419-11-12	Further Action Not Warranted (Finding Closed)
FS-419-10-01	Further Action Not Warranted (Finding Closed)
FS-419-10-03	Further Action Not Warranted (Finding Closed)
FS-419-11-01	Previously Reported Corrective Action Implemented (Finding Closed)
FS-419-11-02	Previously Reported Corrective Action Implemented (Finding Closed)
FS-419-11-03	Previously Reported Corrective Action Implemented (Finding Closed)
FS-419-11-04	Previously Reported Corrective Action Implemented (Finding Closed)
FS-419-11-05	Previously Reported Corrective Action Implemented (Finding Closed)
FS-419-11-100	Further Action Not Warranted (Finding Closed)

Governor, Office of the

FA-422-09-01	Previously Reported Corrective Action Implemented (Finding Closed)
FS-422-11-01	Previously Reported Corrective Action Implemented (Finding Closed)

Human Services, Department of

FA-427-10-01	Further Action Not Warranted (Finding Closed)
FA-427-10-03	Further Action Not Warranted (Finding Closed)
FA-427-10-04	Further Action Not Warranted (Finding Closed)
FA-427-10-05	Further Action Not Warranted (Finding Closed)
FA-427-10-06	Further Action Not Warranted (Finding Closed)
FA-427-10-07	Further Action Not Warranted (Finding Closed)
FA-427-10-08	Further Action Not Warranted (Finding Closed)
FA-427-10-11	Further Action Not Warranted (Finding Closed)
FA-427-10-12	Further Action Not Warranted (Finding Closed)
FA-427-10-13	Further Action Not Warranted (Finding Closed)
FA-427-10-14	Further Action Not Warranted (Finding Closed)
FA-427-10-15	Further Action Not Warranted (Finding Closed)
FA-427-10-16	Further Action Not Warranted (Finding Closed)
FA-427-10-17	Further Action Not Warranted (Finding Closed)
FA-427-10-20	Further Action Not Warranted (Finding Closed)
FA-427-10-22	Further Action Not Warranted (Finding Closed)
FA-427-11-01	Previously Reported Corrective Action Implemented (Finding Closed)
FA-427-11-02	Further Action Not Warranted (Finding Closed)
FA-427-11-03	Previously Reported Corrective Action Implemented (Finding Closed)
FA-427-11-04	Previously Reported Corrective Action Implemented (Finding Closed)
FA-427-11-05	Previously Reported Corrective Action Implemented (Finding Closed)
FA-427-11-06	Previously Reported Corrective Action Implemented (Finding Closed)
FA-427-11-07	Previously Reported Corrective Action Implemented (Finding Closed)
FA-427-11-08	Previously Reported Corrective Action Implemented (Finding Closed)
FA-427-11-09	Previously Reported Corrective Action Implemented (Finding Closed)
FA-427-11-10	Unresolved (On Track)
FA-427-11-11	Unresolved (On Track)
FA-427-11-12	Unresolved (On Track)
FA-427-11-13	Unresolved (On Track)

See Comments Page 281
See Comments Page 282
See Comments Page 282
See Comments Page 282

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

FINDING

CONTROL

AUDITEE RESPONSE / STATUS

COMMENTS

Human Services, Department of (continued)

FA-427-11-14	Unresolved (On Track)	See Comments Page 282
FA-427-11-15	Unresolved (On Track)	See Comments Page 283
FA-427-11-16	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-11-17	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-11-18	Unresolved (On Track)	See Comments Page 283
FA-427-11-19	Unresolved (On Track)	See Comments Page 283
FA-427-11-20	Unresolved (On Track)	See Comments Page 283
FA-427-11-21	Unresolved (On Track)	See Comments Page 283
FA-427-11-22	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-11-23	Further Action Not Warranted (Finding Closed)	
FA-427-11-24	Unresolved (On Track)	See Comments Page 283
FA-427-11-25	Further Action Not Warranted (Finding Closed)	
FA-427-11-26	Further Action Not Warranted (Finding Closed)	
FA-427-11-27	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-10-01	Further Action Not Warranted (Finding Closed)	
FS-427-10-02	Further Action Not Warranted (Finding Closed)	
FS-427-10-03	Further Action Not Warranted (Finding Closed)	
FS-427-10-04	Further Action Not Warranted (Finding Closed)	
FS-427-10-05	Further Action Not Warranted (Finding Closed)	
FS-427-10-06	Further Action Not Warranted (Finding Closed)	
FS-427-10-07	Further Action Not Warranted (Finding Closed)	
FS-427-10-08	Further Action Not Warranted (Finding Closed)	
FS-427-10-10	Further Action Not Warranted (Finding Closed)	
FS-427-10-11	Further Action Not Warranted (Finding Closed)	
FS-427-10-12	Further Action Not Warranted (Finding Closed)	
FS-427-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-11-03	Unresolved (On Track)	See Comments Page 283
FS-427-11-04	Unresolved (On Track)	See Comments Page 284
FS-427-11-05	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-11-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-11-07	Unresolved (On Track)	See Comments Page 284
FS-427-11-08	Unresolved (On Track)	See Comments Page 284
FS-427-11-09	Unresolved (On Track)	See Comments Page 284
FS-427-11-10	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-11-100	Further Action Not Warranted (Finding Closed)	
FS-427-11-11	Unresolved (On Track)	See Comments Page 284
FS-427-11-12	Unresolved (On Track)	See Comments Page 284
FS-427-11-13	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-11-14	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-11-15	Previously Reported Corrective Action Implemented (Finding Closed)	
<i>Court of Appeals</i>		
FS-432-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

FINDING

CONTROL

AUDITEE RESPONSE / STATUS

COMMENTS

Labor, Department of

FA-440-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-440-10-01	Further Action Not Warranted (Finding Closed)	
FA-440-10-03	Further Action Not Warranted (Finding Closed)	
FA-440-10-05	Further Action Not Warranted (Finding Closed)	
FA-440-11-01	Further Action Not Warranted (Finding Closed)	
FA-440-11-02	Further Action Not Warranted (Finding Closed)	
FA-440-11-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-440-11-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-440-11-05	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-440-11-06	Partially Resolved (On Track)	See Comments Page 284
FA-440-11-07	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-440-11-08	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-440-11-09	Further Action Not Warranted (Finding Closed)	
FS-440-10-01	Further Action Not Warranted (Finding Closed)	
FS-440-10-04	Further Action Not Warranted (Finding Closed)	
FS-440-10-05	Further Action Not Warranted (Finding Closed)	
FS-440-11-01	Unresolved (On Track)	See Comments Page 285
FS-440-11-02	Further Action Not Warranted (Finding Closed)	
FS-440-11-03	Further Action Not Warranted (Finding Closed)	
FS-440-11-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-440-11-05	Partially Resolved (On Track)	See Comments Page 285
FS-440-11-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-440-11-08	Unresolved (On Track)	See Comments Page 285
FS-440-11-100	Further Action Not Warranted (Finding Closed)	

Behavioral Health and Developmental Disabilities, Department of

FA-441-10-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-441-10-03	Further Action Not Warranted (Finding Closed)	
FA-441-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-441-11-02	Unresolved (On Track)	See Comments Page 285
FS-441-10-01	Further Action Not Warranted (Finding Closed)	
FS-441-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-441-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-441-11-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-441-11-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-441-11-05	Partially Resolved (On Track)	See Comments Page 286
FS-441-11-06	Previously Reported Corrective Action Implemented (Finding Closed)	

Juvenile Justice, Department of

FS-461-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
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Natural Resources, Department of

FS-462-09-02	Further Action Not Warranted (Finding Closed)	
FS-462-10-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-462-10-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-462-10-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-462-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-462-11-02	Unresolved (Not On Track)	See Comments Page 286
FS-462-11-100	Further Action Not Warranted (Finding Closed)	
FS-462-11-101	Partially Resolved (On Track)	See Comments Page 286

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

FINDING

CONTROL

AUDITEE RESPONSE / STATUS

COMMENTS

Corrections, Department of

FS-467-11-01	Partially Resolved (On Track)	See Comments Page 286
FS-467-11-02	Partially Resolved (On Track)	See Comments Page 287
FS-467-11-03	Previously Reported Corrective Action Implemented (Finding Closed)	

Public Service Commission

FS-470-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
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Investigation, Georgia Bureau of

FA-471-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-471-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	

Regents of the University System of Georgia, Board of

FS-472-10-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-472-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	

Revenue, Department of

FS-474-08-05	Partially Resolved (On Track)	See Comments Page 287
FS-474-10-01	Further Action Not Warranted (Finding Closed)	
FS-474-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-474-11-02	Partially Resolved (On Track)	See Comments Page 287
FS-474-11-03	Partially Resolved (On Track)	See Comments Page 287
FS-474-11-100	Further Action Not Warranted (Finding Closed)	

Secretary of State

FS-478-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
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Aviation Hall of Fame, Georgia

FS-483-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	
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Transportation, Department of

FA-484-10-05	Further Action Not Warranted (Finding Closed)	
FA-484-10-06	Further Action Not Warranted (Finding Closed)	
FA-484-11-01	Unresolved (On Track)	See Comments Page 288
FA-484-11-02	Unresolved (On Track)	See Comments Page 288
FA-484-11-03	Unresolved (On Track)	See Comments Page 288
FA-484-11-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-484-10-01	Further Action Not Warranted (Finding Closed)	
FS-484-10-02	Further Action Not Warranted (Finding Closed)	
FS-484-10-05	Further Action Not Warranted (Finding Closed)	
FS-484-10-08	Further Action Not Warranted (Finding Closed)	
FS-484-11-01	Unresolved (On Track)	See Comments Page 289
FS-484-11-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-484-11-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-484-11-04	Further Action Not Warranted (Finding Closed)	
FS-484-11-05	Unresolved (On Track)	See Comments Page 289
FS-484-11-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-484-11-07	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-484-11-08	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-484-11-09	Partially Resolved (On Track)	See Comments Page 289
FS-484-11-100	Further Action Not Warranted (Finding Closed)	

Subsequent Injury Trust Fund Board of Trustees

FS-489-11-01	Previously Reported Corrective Action Implemented (Finding Closed)	
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State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

FINDING

CONTROL

AUDITEE RESPONSE / STATUS

COMMENTS

Public Defenders Standards Council, Georgia

FS-492-11-01 Previously Reported Corrective Action Implemented (Finding Closed)

Georgia State University Research Foundation

FA-5092-10-02 Previously Reported Corrective Action Implemented (Finding Closed)

FA-5092-10-03 Previously Reported Corrective Action Implemented (Finding Closed)

FA-5092-11-01 Previously Reported Corrective Action Implemented (Finding Closed)

FA-5092-11-02 Partially Resolved (On Track)

See Comments Page 289

Albany State University

FA-521-10-01 Further Action Not Warranted (Finding Closed)

FA-521-11-01 Partially Resolved (On Track)

See Comments Page 290

Fort Valley State University

FA-533-10-01 Further Action Not Warranted (Finding Closed)

FA-533-11-01 Previously Reported Corrective Action Implemented (Finding Closed)

FA-533-11-02 Previously Reported Corrective Action Implemented (Finding Closed)

FA-533-11-03 Previously Reported Corrective Action Implemented (Finding Closed)

FS-533-10-02 Further Action Not Warranted (Finding Closed)

FS-533-11-01 Unresolved (On Track)

See Comments Page 290

FS-533-11-02 Previously Reported Corrective Action Implemented (Finding Closed)

FS-533-11-03 Unresolved (On Track)

See Comments Page 290

FS-533-11-04 Unresolved (On Track)

See Comments Page 290

Savannah State University

FA-548-10-01 Further Action Not Warranted (Finding Closed)

FA-548-11-01 Partially Resolved (On Track)

See Comments Page 290

FS-548-08-03 Further Action Not Warranted (Finding Closed)

Georgia Perimeter College

FS-571-10-01 Further Action Not Warranted (Finding Closed)

FS-571-11-01 Partially Resolved (On Track)

See Comments Page 291

FS-571-11-02 Unresolved (On Track)

See Comments Page 291

Macon State College

FS-581-11-01 Previously Reported Corrective Action Implemented (Finding Closed)

FS-581-11-02 Previously Reported Corrective Action Implemented (Finding Closed)

FS-581-11-03 Previously Reported Corrective Action Implemented (Finding Closed)

South Georgia College

FS-587-11-01 Partially Resolved (On Track)

See Comments Page 291

FS-587-11-02 Previously Reported Corrective Action Implemented (Finding Closed)

FS-587-11-03 Previously Reported Corrective Action Implemented (Finding Closed)

FS-587-11-04 Previously Reported Corrective Action Implemented (Finding Closed)

Skidaway Institute of Oceanography

FS-593-11-01 Previously Reported Corrective Action Implemented (Finding Closed)

FS-593-11-02 Previously Reported Corrective Action Implemented (Finding Closed)

FS-593-11-03 Previously Reported Corrective Action Implemented (Finding Closed)

Albany Technical College

FA-820-11-01 Partially Resolved (On Track)

See Comments Page 292

West Georgia Technical College

FS-826-10-02 Further Action Not Warranted (Finding Closed)

FS-826-10-03 Further Action Not Warranted (Finding Closed)

FS-826-11-01 Previously Reported Corrective Action Implemented (Finding Closed)

FS-826-11-02 Previously Reported Corrective Action Implemented (Finding Closed)

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

FINDING

CONTROL #

AUDITEE RESPONSE / STATUS

COMMENTS

West Georgia Technical College (continued)

FS-826-11-03

Unresolved (On Track)

See Comments Page 292

FS-826-11-04

Previously Reported Corrective Action Implemented (Finding Closed)

West Georgia RESA

FS-8604-11-01

Previously Reported Corrective Action Implemented (Finding Closed)

Griffin RESA

FS-8624-11-01

Previously Reported Corrective Action Implemented (Finding Closed)

Chattahoochee-Flint RESA

FS-8724-11-02

Previously Reported Corrective Action Implemented (Finding Closed)

Seed Development Commission, Georgia

FS-919-10-01

Previously Reported Corrective Action Implemented (Finding Closed)

FS-919-11-01

Previously Reported Corrective Action Implemented (Finding Closed)

State Road and Tollway Authority

FS-927-11-01

Previously Reported Corrective Action Implemented (Finding Closed)

Housing and Finance Authority, Georgia

FA-923-11-01

Previously Reported Corrective Action Implemented (Finding Closed)



State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

AGRICULTURE, DEPARTMENT OF

Finding Control Number: FS-402-11-03

GENERAL LEDGER

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

The Department has reviewed our internal control procedures regarding bank reconciliations. We have implemented additional policies and procedures for proper review and approvals and to ensure reconciling items are researched to correct in a timely manner and to ensure compliance with the Disposition of Unclaimed Property Act.

Finding Control Number: FS-402-11-07

REVENUES AND RECEIVABLES

Improper Retention of Fees

As stated last year, the Department disagrees that the referenced item is a finding due to the following:

The Department has been advised by the Governor's Office of Planning and Budget (OPB) that retention and use of these fees for the operation of Department Programs is acceptable and expected. The Director and Staff of OPB met with the Commissioner and Staff of Agriculture regarding the submission of AFY 2011 Fiscal Affairs request in May, 2011. During that meeting the OPB Director informed Agency staff of the expected retention and use of said fees. As a result of that meeting and with the approval/blessing of OPB, Agency rescinded our AFY 2011 Fiscal Affairs request with the understanding of both parties that fees would be retained and budgeted in order to ensure continuation of Department Operations and budgetary compliance. During the special mid-year review requested by Commissioner-Elect Gary W. Black, Department of Audits and Accounts questioned this practice. After discussion between Department of Audits and Department of Agriculture staff the following was included in the Special Report: The Department of Agriculture retained such fees per the instructions of the budget authorities of the state. A review of the FY 2011 General Appropriations Act (HB 948) and its corresponding Tracking Sheet indicated that the foregoing fees were included as separate funding sources in the Consumer Protection Program. In order to ensure clear understanding between OPB and Agriculture, we requested OPB provide in writing authorization for fees to be retained by the Department. In an email dated May 6, 2011 the following was provided:

45-12-92.1. Fees which are not revenue measures; utilization of proceeds

- A. The General Assembly finds and determines that certain fees imposed or authorized by law are not "revenue measures" within the meaning of Article VII, Section III, Paragraph II of the Constitution but only incidentally create revenue pursuant to the facilitation of another primary purpose.
- B. When any other provision of law imposes or authorizes the imposition of a fee and recites that such fee is subject to this Code section:
 1. The agency or other entity imposing and collecting the fee shall not pay the proceeds of the fee into the general fund of the state treasury but shall rather retain and expend the proceeds for purposes of defraying the costs of administering the program or activity with which the fee is associated; and
 2. If the amount of the fee is fixed by the agency or other entity pursuant to the law authorizing the fee, the fee shall be fixed in a reasonable amount such that the proceeds of the fee do not exceed the total direct and indirect costs of administering the program or activity with which the fee is associated.

The Department's opinion is we have received clear direction regarding the retention and use of these fees.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-402-11-08

CAPITAL ASSETS

Inadequate Capital Asset Records

The Department is and has been aware of challenges regarding Capital Assets and continues to provide training and guidance to Department staff regarding policies and procedures.

Finding Control Number: FS-402-11-09

EXPENSES/EXPENDITURES AND LIABILITIES

Failure to Obtain Verification Documentation for New Employees

The Personnel Office will develop a policy to ensure the E-verify process is completed within a reasonable amount of time. We will review the Federal guidelines during the development of the policy.

Finding Control Number: FS-402-11-11

EXPENSES/EXPENDITURES AND LIABILITIES

Internal Control Deficiencies over Contractual Obligations

This was first brought to our attention during the mid-year review. The Department implemented new procedures beginning 7/1/2011 to encumber the full contract amount at time contract is executed. We are continuing training of managers and directors in this area.

EDUCATION, DEPARTMENT OF

Finding Control Number: FA-414-07-01

ACTIVITIES ALLOWED OR UNALLOWED

ELIGIBILITY

SUBRECIPIENT MONITORING

Collusion and Management Override of Controls

U.S. DOE issued a program determination letter on May 8, 2012 wherein it requested that GaDOE submit a corrective action plan and evidence of its implemented corrective actions. The GaDOE submitted its corrective action plan for review and approval to U.S. DOE on August 6, 2012. In the program determination letter, U.S. DOE also preliminarily determined that GaDOE repay U.S. DOE a total of \$5,668,335. GaDOE is currently appealing this determination.

Finding Control Number: FS-414-08-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Controls over the Academic Coach Program

Criminal charges were brought by the Attorney General's office against three (3) Academic Coach fund recipients. Those individuals pled guilty and have paid to GaDOE \$8,996 in restitution. The GaDOE's Legal Services and School Improvement departments have collected funds from fifteen (15) individuals who wrongfully obtained funds. The Attorney General's office filed suit against one (1) individual from whom GaDOE was unable to collect funds and reach a settlement. The Court granted summary judgment in GaDOE's favor. Currently, that individual is in the process of reimbursing GaDOE. The Attorney General's office declined to file suit against the other seven (7) individuals.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

PROSECUTING ATTORNEYS' COUNCIL

Finding Control Number: FS-418-09-01
ACCOUNTING CONTROLS (OVERALL)
Deficit Fund Balance

We concur with this finding. Thank you for the opportunity to make a management response, to be included in the Management Report, to the finding that the Prosecuting Attorneys Council over expended its allotment in violation of the Budget Act. While it is clear that the Council over expended its allotment, it is less clear that the Council violated the Budget Act or any other provision of Georgia law.

In the draft of your Budget Report, you state that the Council voluntarily accepted the 25 percent reduction of our June allotment. This suggests that the Council was consulted prior to the withholding of the allotment; and, of course, that was not the case. In fact, the Council had attempted to draw funds from its appropriation but was denied. We were informed on June 8, 2009, that our allocation would not be forthcoming.

The 25 percent of the June allocation that was withheld was approximately \$625,000. The original deficit was \$681,447.86 in FY 2009 and was reduced to \$597,319 at the end of FY 2010. The Council clearly understands that the treasury cannot give us funds that it does not have. We further are aware of the difficulties placed on our state leaders in these difficult times. Those same conditions applied to our June payroll. When confronted with paying the 2009 obligation from the 2010 allocation, a violation of public policy, or overspending our 2009 allocation, the Council chose what it believed to be the lesser of the evils.

We are currently working with Georgia Department of Audits and the Attorney General's Office to resolve the issue.

New Comment, August 10, 2012:

Previous comments as to the cause of the finding remain valid. However, effort to address this finding has allowed Prosecuting Attorneys' Council to reduce the fund balance deficit to \$358,875.68. We still welcome, request and seek assistance from Department of Audits, SAO, OPB, the Legislature and the Attorney General's Office for final resolution.

COMMUNITY HEALTH, DEPARTMENT OF

Finding Control Number: FA-419-11-04
ELIGIBILITY
Verification and Documentation of Eligibility

See current year finding SA 12-02 for status of the verification and documentation of Medicaid eligibility.

Finding Control Number: FA-419-11-05
MATCHING LEVEL OF EFFORT, EARMARKING
Matching of Allowable Expenditures

See current year finding FA-419-12-04 for status of the matching of allowable expenditures.

HUMAN SERVICES, DEPARTMENT OF

Finding Control Number: FA-427-11-10
REPORTING
Internal Control Deficiency

DHS Grants Management has implemented new processes to improve the reconciliation of the federal reports to the general ledger. The Grant Accountants are required to post all work paper adjustments to the general ledger within 30 days of

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

submitting the federal report. The Grants Manager tracks all outstanding work paper adjustments as well as the timeliness of submitting the federal reports and provides weekly status updates to the CFO.

Results of the 2012 state audit indicate that the federal reporting is materially correct but DHS is still working on document consistency and completeness.

Finding Control Number: FA-427-11-11
REPORTING
Internal Control Deficiency

DHS Grants Management has taken steps to improve the work paper supporting documentation by requiring certain PeopleSoft reports be included in all work papers and numbering and cross-referencing the work paper adjustments. See also the response to FA-427-11-10.

Results of the 2012 state audit indicate that the federal reporting is materially correct but DHS is still working on document consistency and completeness.

Finding Control Number: FA-427-11-12
REPORTING
Internal Control Deficiency

DHS Grants Management has taken steps to improve the work paper supporting documentation by requiring certain PeopleSoft reports be included in all work papers and numbering and cross-referencing the work paper adjustments. See also the response to FA-427-11-10.

Results of the 2012 state audit indicate that the federal reporting is materially correct but DHS is still working on document consistency and completeness.

Finding Control Number: FA-427-11-13
REPORTING
Internal Control Deficiency

DHS Grants Management has taken steps to improve the work paper supporting documentation by requiring certain PeopleSoft reports be included in all work papers and numbering and cross-referencing the work paper adjustments. See also the response to FA-427-11-10.

Results of the 2012 state audit indicate that the federal reporting is materially correct but DHS is still working on document consistency and completeness.

Finding Control Number: FA-427-11-14
REPORTING
Internal Control Deficiencies

DHS Grants Management has taken steps to improve the work paper supporting documentation by requiring certain PeopleSoft reports be included in all work papers and numbering and cross-referencing the work paper adjustments. See also the response to FA-427-11-10.

Results of the 2012 state audit indicate that the federal reporting is materially correct but DHS is still working on document consistency and completeness.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: FA-427-11-15

REPORTING

Internal Control Deficiencies

DHS Grants Management has taken steps to improve the work paper supporting documentation by requiring certain PeopleSoft reports be included in all work papers and numbering and cross-referencing the work paper adjustments. See also the response to FA-427-11-10.

Results of the 2012 state audit indicate that the federal reporting is materially correct but DHS is still working on document consistency and completeness.

Finding Control Number: FA-427-11-18

REPORTING

Internal Control Deficiency/Noncompliance with Federal Program Regulations

DHS has implemented procedures to use the correct report when completing the Carryover and Reallotment Report for LIHEAP.

Finding Control Number: FA-427-11-19

REPORTING

Required Transparency Act Reports Not Filed

DHS has implemented procedures to complete reporting as required by FFATA.

Finding Control Number: FA-427-11-20

REPORTING

Required Transparency Act Report Not Filed

DHS has implemented procedures to complete reporting as required by FFATA.

Finding Control Number: FA-427-11-21

REPORTING

Required Transparency Act Reports Not Filed

DHS has implemented procedures to complete reporting as required by FFATA.

Finding Control Number: FA-427-11-24

SUBRECIPIENT MONITORING

SPECIAL TESTS AND PROVISIONS

Failure to Accurately Report Amounts on the Schedule of Expenditures of Federal Awards

DHS has implemented an improved procedure for recording the required information for the SEFA.

Finding Control Number: FS-427-11-03

ACCOUNTING CONTROLS (OVERALL)

GENERAL LEDGER

EQUITY AND FINANCIAL STATEMENT RECONCILIATIONS

Unsubstantiated Other Reserves Balance

DHS has contracted with Nicholes, Cauley & Associates to research and resolve problems with fund sources and other issues.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-427-11-04
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
BUDGET
Inadequate Journal Entry Documentation

The automated journal entry process is being implemented. Journal preparations have been standardized across DHS including requiring clear evidence leading to the decision to request the JE and standard PeopleSoft query results.

Finding Control Number: FS-427-11-07
GENERAL LEDGER
REVENUES AND RECEIVABLES
Failure to Record Federal Grant Awards in a Timely Manner

DHS is working to improve the collection of grant award notices and the recording of grant awards.

Finding Control Number: FS-427-11-08
GENERAL LEDGER
REVENUES AND RECEIVABLES
Failure to Reconcile A/R to the General Ledger

DHS is working to resolve AR variances.

Finding Control Number: FS-427-11-09
GENERAL LEDGER
EXPENSES/EXPENDITURES AND LIABILITIES
A/P Reconciliation Inaccurate/incomplete

DHS Accounts Payable is reviewing the items that are over 60 days old. This procedure, along with other reconciling items, is now on the monthly close checklist. Significant progress has been made.

Finding Control Number: FS-427-11-11
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

DHS has worked to post all book adjustments and address old outstanding checks. For all accounts except the Operating account, significant progress to reduce the number of outstanding items has been made.

Finding Control Number: FS-427-11-12
REVENUES AND RECEIVABLES
Inadequate Procedures Over Cash Draws of Federal Grants

All cash draws are being reviewed and approved by the Revenue Manager timely. DHS is now using the Clearance Pattern specified in the Treasure-State agreement. DHS has cleaned up the Cash Management Database (CMD) and implemented procedures to maintain it to improve the cash draw process.

LABOR, DEPARTMENT OF

Finding Control Number: FA-440-11-06
REPORTING
Reports not Reconciled to the Accounting Records

The Department formally met and has agreed with the State Auditors to establish a Formalized Reconciliation Procedure that

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

will clearly link the Accounting Records to the Federal Reports.

Finding Control Number: FS-440-11-01
ACCOUNTING CONTROLS (OVERALL)
Inadequate Supporting Documentation for Adjusting Journal Entries

The Department has implemented procedures to improve the level of documentation that is readily available to support adjusting journal entries made by the Department. This documentation has been included as a part of the Department's Accounting and Procedures Manual.

Finding Control Number: FS-440-11-05
GENERAL LEDGER
REVENUES AND RECEIVABLES
Inadequate Procedures over Cash Draws of Federal Grants

The Department has implemented additional procedures to improve the timing of cash drawn from the Federal Government with payment of the actual expenditures. These additional procedures include the scheduling of draw downs on a more frequent basis and creation of a new consolidated management report that groups Federal expenditures by funding source. However, the auditor's testing continues to incorrectly include flawed procedures in doing their cash management testing as discussed below:

1. The auditors continued to use accounting period dates as the date draw downs of Federal cash were made instead of post dates (calendar date the transaction actually occurred). The difference in timing between these dates can be as much as 30 days thereby giving an inaccurate conclusion.
2. The auditors did not take into consideration the extent Obligation Authority was available based on the expenditures charged to the grant. In all cases, the auditors mistakenly assumed all expenditures charged to a grant were available to be immediately reimbursed by a Federal Grant even though, in some cases, expenditures exceeded Obligation Authority. In such cases, temporary program deficits did exist until Obligation Authority was received at a later date (i.e. operating under federal continuous resolution) or expenditures were subsequently moved to another Federal Grant.

AUDITOR CONCLUDING REMARKS:

Accounting period dates provide the best measurement of cash drawdown activity. Post dates (calendar dates) could include activity in months not within the fiscal year.

Finding Control Number: FS-440-11-08
BUDGET
Program Budget Deficiencies

The Department of Labor maintains its accounting records on the FARS (Federal Accounting and Reporting) accounting system, which is used by many other State Labor Departments across the Nation. As noted by the auditor, this system does not facilitate maintaining accounting records on a program by program basis as the system is designed to provide information to the U.S. Department of Labor in a uniform reporting format from the various States.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES, DEPARTMENT OF

Finding Control Number: FA-441-11-02

REPORTING

Internal Control Deficiencies

Corrective Action Plan implemented and formalized in agency policy 17-205. Also, DBHDD Grants Management section is now preparing and submitting annual Federal Financial Status Reports for each grant issued to agency, including interim and final reports.

Finding Control Number: FS-441-11-05

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

All corrective actions completed, resulting in a new reconciliation form and GL Activity Ledger to prevent repeat findings. A review of 3rd Quarter's reconciliation indicates positive results and compliance.

NATURAL RESOURCES, DEPARTMENT OF

Finding Control Number: FS-462-11-02

ACCOUNTING CONTROLS (OVERALL)

EXPENSES/EXPENDITURES AND LIABILITIES

FINANCIAL REPORTING AND DISCLOSURE

BUDGET

Invalid Encumbrances

The Department has implemented procedures to review and cancel purchase orders that are determined to be invalid.

Finding Control Number: FS-462-11-101

ACCOUNTING CONTROLS (OVERALL)

GENERAL LEDGER

BUDGET

Inadequate Journal Entry Documentation and Questionable Journal Entry Process

The department developed internal control procedures requiring journal entries be reviewed and approved, and that adequate documentation is attached to support transactions. Many of the journal entries made during period 998 are required to reduce the number of post closing entries that have to be made. During the fiscal year most corrections are made directly in the modules, but the modules are not open during period 998.

CORRECTIONS, DEPARTMENT OF

Finding Control Number: FS-467-11-01

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

Following the replacement of the employee responsible for bank reconciliations and the determination of their inaccuracy, it was decided that we should redo the prior period bank reconciliations. Those reconciliations are now complete. The Department has begun the process of rectifying the remaining reconciliation items including the checks over one year old.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-467-11-02

CAPITAL ASSETS

Inadequate Capital Asset Records - Personal Property

GDC has begun a reconciliation process that will identify differences in General Ledger purchases and Asset Management increases. The next step will be to use that information to properly adjust the inaccurate data. Also, there are still small value items included in the asset list as well as assets listed in the small value list. These items still need to be corrected so that the equipment list will only reflect those pieces of personal property that qualify as capital assets. These final changes will be implemented in FY 2013.

REVENUE, DEPARTMENT OF

Finding Control Number: FS-474-08-05

REVENUES AND RECEIVABLES

Deficiencies in the Income Tax Division Subsidiary Records

The department implemented, in November 2011, the Individual Income Tax module in our Integrated Tax System (ITS). This provides the ability to track and monitor income tax records. In addition, there are established threshold / rules in place to review / research withholdings, amended returns, and fraud based upon established criteria.

Finding Control Number: FS-474-11-02

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

We concur with this finding. The Department has taken immediate steps to ensure 1) all written monthly reconciliation procedures are followed, 2) all reconciliations are performed in a timely manner, 3) all reconciling items are identified and resolved within 30 business days, and 4) reconciliations are approved by management in a timely manner.

Finding Control Number: FS-474-11-03

REVENUES AND RECEIVABLES

Improper Retention of Fees

The Department understands Audit's position of the retention of funds. However, the State Legislature appropriated these funds to the Department, in lieu of State Funds, and the Department is following the provisions as outlined in the appropriations act.

If the Department is not allowed to retain and utilize these funds for their appropriated purpose, DOR would also be in violation of HB 1055 and SB 454 which charged the Department with the enforcement of Coin Operated Amusement Machines (COAM).

The Department believes Audit's should discuss the policy decision on funding with the Office of Planning and Budget and the State Legislature to find an amiable solution.

The Department stopped the retention of these funds effective July 1st, 2012 (Fiscal Year 2013).

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

TRANSPORTATION, DEPARTMENT OF

Finding Control Number: FA-484-11-01

PROCUREMENT AND SUSPENSION AND DEBARMENT
SPECIAL TESTS AND PROVISIONS

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

We concur with this finding. GDOT is in the process of implementing a computerized construction and material management software, SiteManager, which will eventually replace the current MC Checklist process. The Department implemented the Construction payment portion of SiteManager in November 2011. The Materials functionality of the new system was delayed due to consultant manpower issues and is currently scheduled to be implemented by the summer of 2013. At that time the materials documentation for all future projects will be maintained through the SiteManager system and the hardcopy MC Checklist process will be discontinued.

Based on our conversations with field personnel overseeing the projects noted in the audit it appears that the majority of the quarterly checklists are completed in the field, but they are not transmitted to the Office of Materials and Research in a timely manner. Since we will continue to have older projects that will be using the old MC Checklist method, we have hired a Field Auditor in the Materials Audit Section. The first field audits were performed in April 2012. The Field Auditor checks the files at the Construction sites and assists with MC quarterly checklist issues in the field. It appears the Field audits are improving compliance and we will continue this effort. We will continue to ensure that all materials issues are handled before the contracts are released. Additionally the department will not close out a project without the final official quality assurance review of the materials based on the final MC Checklist.

Finding Control Number: FA-484-11-02

REPORTING

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

We concur with the finding. To ensure GDOT submits accurate information in the future, GDOT is currently updating its Section 5311 Rural Area Formula Program procedures manual to address this finding. Additional training in the NTD process and reporting system will also be conducted for all seven Public Transportation Coordinators (PTC) in the district offices. The Department will require all data submitted from the subrecipient to the Department be verified against the source document(s) by the designated PTC. The Department will review monthly NTD data reports submitted by subrecipients for accuracy. After the PTC has reviewed these reports they will be submitted into the Department's reporting database (RMIS) monthly. If subrecipients have inconsistencies in data, the GDOT PTC will address them at that time.

Finding Control Number: FA-484-11-03

SUBRECIPIENT MONITORING

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

We concur with this finding. While we believe that GDOT currently has some procedures in place over subrecipient monitoring, we agree the absence of formal written policies and procedures has caused instances of noncompliance. GDOT will issue a new policy to establish uniform procedures and criteria for all offices to use when evaluating and monitoring Subrecipient Eligibility, Central Contractor Registration, Award Identification, and Pass-through Entity Impact. Additionally each office will document procedures over subrecipient monitoring to ensure that the A-133 compliance requirements are consistently followed and met. The policy is currently under review by GDOT's legal office and is targeted for implementation during fiscal year 2013.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-484-11-01
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
Deficiencies in Other Funds Ledgers

We concur with the finding. The Department is writing new policies and procedures for the recording of Other Funds (including Local Participation Revenue) and Fund Source Redistribution (clean-up of fund source balances for Other Funds/Reserves). In addition, the Department has hired a consultant to review existing fund source balances for Other Funds/Reserves and make corrections to record Other Funds in accordance with the Accounting Procedures Manual of the State of Georgia. However, much of the prior year data has been stripped and archived by the State Accounting Office so clean-up efforts will take considerable time to complete.

Finding Control Number: FS-484-11-05
EXPENSES/EXPENDITURES AND LIABILITIES
Deficiencies in Project Closeout Procedures

The Department concurs with this finding. The Department will develop and implement monitoring procedures that enable management to identify and investigate any delays in the completion of project closeout procedures and evaluate the status of inactive projects in a timely manner.

Finding Control Number: FS-484-11-09
CAPITAL ASSETS
Inadequate Capital Asset Records - Land

We concur with the finding. GDOT currently maintains detailed actual cost for land, in an Access database. The source of this cost data is the accounts payable lines recorded in Teamworks, the state's financial accounting system. At the time this finding was issued, Teamworks did not provide the fields necessary to capture and record the description, location, parcel and acreage, for the purchase of land at the time of payment. This information is available in paper form and is tracked in separate databases.

The Department is actively engaged in resolving this finding. The State Accounting Office adapted the Teamworks fixed asset module, to allow GDOT to utilize the statewide system for its capital asset inventory records. In order to utilize this functionality, it was necessary for the State Accounting Office to make significant programming changes to Teamworks and provide a data field to record the parcel number. This field was necessary to link the Department's systems with Teamworks financial data; our IT staff worked closely with the State Accounting Office to make this and other necessary changes. In addition, interfaces to data maintained in the Department's systems, will need to be designed and implemented to migrate the data from the Department's existing capital asset system to Teamworks. We anticipate that the migration of the capital asset data will be completed during the 2013 Fiscal Year, which will allow the Department to utilize Teamworks to account for its Capital Assets and resolve these reporting issues.

GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION

Finding Control Number: FA-5092-11-02
REPORTING
Required Reports Not Filed or Not Submitted on Time

We concur with the above finding. A new award report has been created which lists the award start date and the award end date, which will list reports by Financial Officer, and alert them to the completion of a project and the requirement to submit a financial report to the sponsor. Beginning December 2011, the report will be run each month, listing the awards that expire that month. The Associate Director will review and distribute the report on a monthly basis. The Financial Officers will review the award report each month and begin the process of preparing the final financial reports and submitting them within the required time frame. The Financial Officers will keep the Associate Director informed of their progress with the reports, and the Associate Director will sign-off on the final report to be submitted to the sponsor.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

ALBANY STATE UNIVERSITY

Finding Control Number: FA-521-11-01
SPECIAL TESTING AND PROVISIONS
Deficiencies in Student Financial Assistance Refund Process

The Financial Aid Office modified its Return of Title IV processing procedures and also reviewed the Registrar's Banner form which showed the total amount of break days for each respective academic term. The University's Financial Aid staff diligently conducted manual verifications of the Banner SIS software's Fiscal Year 2012 Return of Title IV calculations. The Financial Aid Office ensured that communication and coordination between all appropriate administrative offices was maintained to strengthen internal controls over the Return of Title IV refund calculation process. Finally, U.S. Department of Education Student Financial Aid officials reviewed this student financial aid deficiency and the University's corrective action response and concurred that the subject issue was a software issue in Banner and that the University's corrective action to address this deficiency was adequate.

FORT VALLEY STATE UNIVERSITY

Finding Control Number: FS-533-11-01
ACCOUNTING CONTROLS (OVERALL)
Inadequate Separation of Duties

We will ask the readers of the financial statements to refer to the respective current year findings.

Finding Control Number: FS-533-11-03
GENERAL LEDGER
BUDGET PREPARATION / EXECUTION
Inadequate Accounting Procedures

We will ask the readers of the financial statements to refer to the respective current year findings.

Finding Control Number: FS-533-11-04
FINANCIAL REPORTING
Inadequate Controls over the Financial Reporting Process

We will ask the readers of the financial statements to refer to the respective current year findings.

SAVANNAH STATE UNIVERSITY

Finding Control Number: FA-548-11-01
SPECIAL TESTS AND PROVISIONS
Deficiencies in Student Financial Assistance Refund Process

The Bursar during the year began utilizing the Dept. of Education application to compute the return of federal aid amount for students that withdraw from SSU. The computed amount and amount returned is reflected in Banner vs. the amount computed by Banner. The Bursar has worked with Academic Affairs on process improvements to process officially withdraw students in a timely manner. Academic Affairs continues to work on a process to identify students that unofficially withdraw and submit to the Bursar for return of aid computation. We are hopeful that the process improvements have resulted in the return of aid within regulatory timelines.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

GEORGIA PERIMETER COLLEGE

Finding Control Number: FS-571-11-01

FINANCIAL REPORTING

Errors Noted in Financial Statement Preparation

Georgia Perimeter College has taken the following actions to resolve the material weakness finding in Financial Statement Preparation received for FY2011 reporting:

1. Reconciliation of Restricted and Agency funds; deficit balances corrected; accounts receivable balances supported.
2. Reconciliation and agreement between the Asset Management subsystem, the General Ledger, and the amounts reported in the Annual Financial Report.
3. Cash Flow line items accurately reported and supported in the FY2012 Annual Financial Report.
4. Review of final draft of Annual Financial Report ensuring balances reported are in agreement with the underlying accounting records and use of checkpoints for key amounts that should agree between schedules.

Finding Control Number: FS-571-11-02

FINANCIAL REPORTING

Inadequate Accounting Procedures over Budget Preparation and Execution

Georgia Perimeter College has taken significant steps in resolving this finding during the last two months within FY2012 and believes that the finding will be completely resolved for FY2013. Actions already taken include:

1. Recasting the FY2013 budget with the appropriate reductions.
2. Ceasing the use of budget overrides and limiting employees with budget override access.
3. Implementation of i-Strategy for use by the campus to better monitor budget spending.
4. Proper use of the PeopleSoft budgeting system controls including reconciliation of revenue and expense budgets by funding source to the approved budget on record with the Board of Regents.
5. FY2012 Budgetary Compliance Reporting (BCR) will not be submitted until August 15th. Management believes that the BCR submission will be free from significant or material misstatement.

SOUTH GEORGIA COLLEGE

Finding Control Number: FS-587-11-01

EXPENDITURES/LIABILITIES/DISBURSEMENTS

Inadequate Internal Controls

This finding was partially resolved by the middle of fiscal year 2012 and was fully resolved by the end of fiscal year 2012. The College began to require pre-purchase approvals for all purchases in February 2012; subsequent to this time, all purchases were approved by the department or budget manager or Vice President of the respective disbursement area. In January 2012, the College began the implementation of the eProcurement module to purchase all goods available through the Georgia First Marketplace from state contracted vendors. This module requires requisitions to be fully approved before being sourced to the vendor in the form of an electronic purchase order. The full campus implementation was complete by May 2012.

State of Georgia

Schedule of Prior Year Findings and Questioned Costs For the Fiscal Year Ended June 30, 2012

ALBANY TECHNICAL COLLEGE

Finding Control Number: FA-820-11-01

SPECIAL TESTING & PROVISIONS

Deficiencies in Student Financial Assistance Refund Process

In order to curtail further errors where faculty fail to submit student withdrawals within the time frame associated with proper withdrawals and/or terminations, after a student has withdrawn or discontinued classes, the following procedures will be implemented starting C Term Fall Semester 201312 (October 2012):

1. Procedural Timelines for future terms will be constructed and disseminated to all faculty and staff prior to or no later than the first week of the term that outlines all pertinent deadlines for procedures taking place at the college, to include and not limited to: marking attendance, withdrawals, admissions, financial aid, disbursements, as well as start and endings dates for each term.
2. Faculty will adhere to faculty loads outlined in the Workload Policy for full-time and adjunct faculty. Only in extreme circumstances will faculty be allowed overloads beyond the stated ATC Workload Procedure.
3. Faculty who fail to follow procedures and deadlines for NS's, withdrawals and drops which trigger return to Title IV noncompliance, could face sanctions as described in the Positive Discipline Policy for ATC.

WEST GEORGIA TECHNICAL COLLEGE

Finding Control Number: FS-826-11-03

EXPENDITURES/LIABILITIES/DISBURSEMENTS

Inadequate Segregation of Duties

The department will evaluate all job duties in relation to cash disbursements. Steps will be taken to modify the accounts payable processes and security of PeopleSoft financials to ensure that an employee creating an accounts payable voucher will not be allowed to initiate check runs. The rights to initiate check runs will be removed from all accounts payable technicians and only be given to the accounts payable supervisor and the Director of Accounting.

**Corrective Action Responses to
Current Year Findings and
Questioned Costs**



State of Georgia

Corrective Action Responses to Current Year Findings and Questioned Costs Table of Contents For the Fiscal Year Ended June 30, 2012

ENTITY CODE	ORGANIZATIONAL UNIT	PAGE NO.
402	Agriculture, Department of	297
405	Public Health, Department of	298
409	Financing and Investment Commission, Georgia State	300
414	Education, Department of	300
418	Prosecuting Attorneys' Council	301
419	Community Health, Department of (*)	301
427	Human Services, Department of	306
428	Community Affairs, Department of	315
436	Superior Courts	316
440	Labor, Department of	317
441	Behavioral Health and Developmental Disabilities, Department of	323
460	Personnel Administration, State	327
462	Natural Resources, Department of	328
474	Revenue, Department of	328
478	Secretary of State	329
484	Transportation, Department of	329
509	Georgia State University	335
5092	Georgia State University Research Foundation	335
524	Armstrong Atlantic State University	336
533	Fort Valley State University	336
550	Southern Polytechnic State University	338
551	Valdosta State University	339
571	Georgia Perimeter College	339
572	East Georgia State College	341
576	Gordon State College	341
584	Middle Georgia College	343
587	South Georgia College	343
826	West Georgia Technical College	343
846	Southwest Georgia Technical College	345
950	Firefighters' Pension Fund, Georgia	345

(*) Audits of these organizational units performed in whole or in part by other auditors.



State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

AGRICULTURE, DEPARTMENT OF

Finding Control Number: FS-402-12-01

ACCOUNTING CONTROLS (OVERALL)

Failure to Obtain Verification Documentation for New Employees in a Timely Manner

Personnel Staff has received training and certification for the EVerify system. This process has been assigned to two (2) specific staff who have been directed to ensure this process is done within the required time.

Contact Person: Sherry S. Forester
Telephone: 404-656-5645 Fax: 404-656-7612 E-mail: Sherry.Forester@agr.georgia.gov

Finding Control Number: FS-402-12-06

GENERAL LEDGER

EXPENSES/EXPENDITURES AND LIABILITIES

Internal Control Deficiencies over Contractual Obligations

The Finance Office is working with Department staff to ensure contracts are recorded timely and appropriately.

Contact Person: Sherry S. Forester
Telephone: 404-656-5645 Fax: 404-656-7612 E-mail: Sherry.Forester@agr.georgia.gov

Finding Control Number: FS-402-12-07

REVENUES AND RECEIVABLES

Improper Retention of Fees

As stated last year, the Department disagrees that the referenced item is a finding due to the following:

The Department has been advised by the Governor's Office of Planning and Budget (OPB) that retention and use of these fees for the operation of Department Programs is acceptable and expected. The Director and Staff of OPB met with the Commissioner and Staff of Agriculture regarding the submission of AFY 2011 Fiscal Affairs request in May, 2011. During that meeting the OPB Director informed Agency staff of the expected retention and use of said fees. As a result of that meeting and with the approval/blessing of OPB, Agency rescinded our AFY 2011 Fiscal Affairs request with the understanding of both parties that fees would be retained and budgeted in order to ensure continuation of Department Operations and budgetary compliance. During the special mid-year review requested by Commissioner-Elect Gary W. Black, Department of Audits and Accounts questioned this practice. After discussion between Department of Audits and Department of Agriculture staff the following was included in the Special Report: The Department of Agriculture retained such fees per the instructions of the budget authorities of the state. A review of the FY 2011 General Appropriations Act (HB 948) and its corresponding Tracking Sheet indicated that the foregoing fees were included as separate funding sources in the Consumer Protection Program. In order to ensure clear understanding between OPB and Agriculture, we requested OPB provide in writing authorization for fees to be retained by the Department. In an email dated May 6, 2011 the following was provided:

45-12-92.1. Fees which are not revenue measures; utilization of proceeds

(a) The General Assembly finds and determines that certain fees imposed or authorized by law are not "revenue measures" within the meaning of Article VII, Section III, Paragraph II of the Constitution but only incidentally create revenue pursuant to the facilitation of another primary purpose.

(b) When any other provision of law imposes or authorizes the imposition of a fee and recites that such fee is subject to this Code section:

(1) The agency or other entity imposing and collecting the fee shall not pay the proceeds of the fee into the general fund of the state treasury but shall rather retain and expend the proceeds for purposes of defraying the costs of administering the program or activity with which the fee is associated; and

(2) If the amount of the fee is fixed by the agency or other entity pursuant to the law authorizing the fee, the fee shall be fixed in a reasonable amount such that the proceeds of the fee do not exceed the total direct and indirect costs of administering the program or activity with which the fee is associated.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

The Department's opinion is we have received clear direction regarding the retention and use of these fees.

Contact Person: Sherry S. Forester
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AUDITOR'S CONCLUDING REMARKS:

The Department of Agriculture could not provide supporting documentation of their discussions with the Office of Planning and Budget, the House Budget Office, and the Senate Budget and Evaluation Office.

Finding Control Number: FS-402-12-08

CAPITAL ASSETS

Inadequate Capital Asset Records

The Department is and has been aware of challenges regarding Capital Assets and continues to provide training and guidance to Department staff regarding policies and procedures.

Contact Person: Sherry S. Forester
Telephone: 404-656-5645 Fax: 404-656-7612 E-mail: Sherry.Forester@agr.georgia.gov

Finding Control Number: FS-402-12-100

EXPENSES/EXPENDITURES AND LIABILITIES

BUDGET

Inadequate Documentation for Allocations Across Budget Programs

The Department will review our internal control procedures regarding allocations and will work to implement steps to ensure correct allocation across budget programs.

Contact Person: Sherry S. Forester
Telephone: 404-656-5645 Fax: 404-656-7612 E-mail: Sherry.Forester@agr.georgia.gov

DEPARTMENT OF PUBLIC HEALTH

Finding Control Number: FA-405-12-01

ACTIVITIES ALLOWED OR UNALLOWED

ALLOWABLE COST/COST PRINCIPLES

Inadequate Internal Control Procedures and Documentation

The Department of Public Health concurs with this finding. Policies and procedures have been put in place to ensure that indirect costs are properly documented, approved and recorded.

Contact Person: Dionne Denson
Telephone: 678-643-3696 Fax: 404-657-6318 E-mail: dldenson@dhr.state.ga.us

Finding Control Number: FA-405-12-02

MATCHING, LEVEL OF EFFORT, EARMARKING

Inadequate Internal Controls over Matching, Level of Effort, Earmarking (MLE)

All MOE and earmark funds will be monitored on a monthly basis to make sure funds are being charged correctly. If there are any errors, they will be corrected by the next accounting period. The business analyst will also conduct budget meetings with Program Managers on a monthly basis to discuss any variances or discrepancies within that particular MOE/Earmark budget. During these meetings, recommendations will be discussed if any adjustments need to be made to the current budget.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Once these meetings have been conducted, these monthly reports will then be signed by the Program Manager, Budget Administrator and the HIV Director.

Contact Person: Kendall Turner
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Finding Control Number: FA-405-12-03 REPORTING Required Transparency Act Reports not Filed

The Department of Public Health concurs with this finding. Department of Public Health has established controls and procedures for FFATA reporting based on the requirements as identified in the OMB guidelines and instructions provided in the OMB "Open Government Directive - Federal Spending Transparency and Subaward and Compensation Data Reporting" to ensure that FFATA reporting requirements are met. Training on OMB guidelines has been provided to employees responsible for preparing FFATA reports.

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Finding Control Number: FA-405-12-04 SPECIAL TEST AND PROVISIONS Failure to Document Review and Approval of Compliance Investigations

Public Health concurs with this finding. The standard operating procedures (SOP) for the Women, Infant and Children (WIC) reviews has been revised. It now has a statement in the e-mail sent from the investigative supervisor to the investigator indicating that the investigative report was reviewed and approved. A copy of this e-mail will be placed in the investigative file. This will provide documented evidence of review and approval of investigative reports by supervisors and assurance to management of compliance.

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Finding Control Number: FA-405-12-05 SPECIAL TEST AND PROVISIONS Inadequate Internal Controls and Noncompliance with Special Tests and Provisions

Public Health concurs with this finding. A new operations guide for the Immunization Program Consultants (IPC) will be implemented in March 2013 to ensure that fifty percent of the active Vaccine for Children (VFC) providers has a site visit each year. The guide will provide detailed instructions to the IPC on how to conduct and document VFC site visits. The IPC will document site visits into the Center for Disease Control (CDC) Comprehensive Clinic Assessment Software Application (CoCASA) data base and submit a monthly report identifying all site visits completed to Field Service Manager (FSM). The FSM will enter the reports of the site visits into a tracking spreadsheet to determine if the IPC is on track to complete all site visits. Upon verification of the site visits of the individual IPCs, the FSM on a monthly basis will print, sign and date the tracking spreadsheet. This spreadsheet will be forwarded to the Director of the Infectious Disease & Immunization Section for review. Problems in meeting the fifty percent goal will be identified and addressed by the FSMs with the Director to ensure compliance.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-405-12-100

ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
BUDGET

Inadequate Journal Entry Documentation

Department of Public Health concurs with this finding. The Department of Public Health has established procedures and policy that will ensure that all closing entries have adequate documentation and the required approvals prior to posting in the PeopleSoft system. Training on the State Accounting Office's Financial Management Policies and Procedures will be provided to the employees responsible for preparing and approving post-closing entries.

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FINANCING AND INVESTMENT COMMISSION, GEORGIA STATE

Finding Control Number: FS-409-12-01

EXPENSES/EXPENDITURES AND LIABILITIES
Accounts Payable and Related Expenses/Expenditures

We concur with the auditor's finding that the long-standing practice for recording liabilities for GSFIC-managed projects should be adjusted to reflect the recognition of the liability and related expenditure at the time the good or service is provided. GSFIC will implement procedures to properly recognize and record the liability and related expenditure for fiscal year end. It should be noted that the auditor has concurred that the timing of recording liabilities and expenditures for reimbursable projects will continue to be based upon the date of the agency's submittal of the invoice.

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EDUCATION, DEPARTMENT OF

Finding Control Number: FA-414-12-01

ALLOWABLE COSTS/ COST PRINCIPLES
Internal Control Deficiencies Regarding Personal Services Expenditures

The GaDOE concurs with this finding. The Department has revised the Federal personnel activity report form. The form now covers a month rather than a week. Additional journal entries have been made to correct the mistakes made in the initial journal entries to clear up variances between budgeted and actual salary distributions.

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Finding Control Number: FA-414-12-02

PROCUREMENT AND SUSPENSION AND DEBARMENT
Failure to Follow Procurement and Suspension and Debarment Regulations

The GaDOE concurs with this finding. The Department added the additional clauses to the Memorandum of Understanding document templates. The Department will work with the State Accounting Office to see what process can be instituted to the Purchase Order vendor process to ensure compliance.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FA-414-12-03

REPORTING

Internal Control Deficiencies Regarding Federal Funding Accountability and Transparency Act

The GaDOE concurs with this finding. The Department will review its process to ensure timely reporting. However, under the Tydings Amendment the Department is allowed to obligate funds beginning July 1 as per 34 CFR section 76.703, yet the report is not populated in the Federal Funding Accountability and Transparency system until October which exceeds the 60 day reporting requirement. The Department will develop policies and procedures to give assurance when the five most highly compensated officers reporting is required.

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PROSECUTING ATTORNEYS' COUNCIL

Finding Control Number: FS-418-12-02

GENERAL LEDGER

BUDGET

Inadequate Accounting Procedures

We concur with this finding. All of the accounting activity previously recorded in Solomon has been migrated to PeopleSoft as of July 1, 2012. Therefore, this will not reoccur in the future.

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COMMUNITY HEALTH, DEPARTMENT OF

Finding Control Number: FA-419-12-01

PROCUREMENT AND SUSPENSION AND DEBARMENT

Controls Over and Compliance With Procurement

The Department of Community Health concurs with this finding. The two contracts identified by the auditors as non-compliant are Contract #2012043 (Georgia Tech Research Corp.) and Contract #2012053 (Law Offices of Rich Wyde):

1. Contract #2012043 (Georgia Tech Research Corp.)

The drug-free workplace certification was included as an attachment in the contract sent to the contractor; however, the contractor overlooked the attachment and neglected to sign it. Contracts Administration policy requires that all contracts and amendments that are returned signed by the contractors are thoroughly reviewed by the assigned contract specialist to ensure the signature page and all applicable exhibits and attachments have been completed and signed before the contract is routed to the Department of Community Health signatories. In this instance, the contract specialist did not catch the omitted signature on the drug-free workplace certification in her review. Once the oversight was brought to her attention, she contacted the contractor to obtain the required signature on this document so that the file would be complete.

To assist in preventing recurrences of this nature in the future, the manager of Contracts Administration will create a checklist to be used by each specialist to aid in his or her review. The contract specialist will be required to sign the checklist affirming that he or she has confirmed that each document required to be completed and signed by the contractor has been completed and signed.

Before the administrative assistant scans the executed contract into Laser Fiche and closes out the file, he or she will complete a second review and sign the checklist. This multi-layered review should drastically minimize the chances that unsigned attachments to a contract will go undetected.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

2. Contract #2012053 (Rich Wyde)

For this contract, the drug-free workplace certificate was not included in the contract that was drafted and ultimately executed. Contracts Administration's internal controls are effective in preventing oversights of this nature. There are typically three separate, thorough reviews performed on contracts to minimize the likelihood that a contract is executed which does not fully comply with all applicable policies. We see no need to change this process.

It should be noted that the drug-free workplace certification is not required for this contract because the contractor does not meet the definition of a "contractor" as set forth in O.C.G.A. § 50-24-2(1)(B). A drug-free workplace certification is required for contractors who supply goods, materials, services, or supplies pursuant to a contract or lease on behalf of a state agency as described in O.C.G.A. § 50-5-64 when the contract involves an expenditure by the state agency of at least \$25,000.00. [See O.C.G.A. § 50-24-2(1)(B), emphasis added]. Although this professional services contract is for an amount exceeding this threshold, it is not a contract as described in O.C.G.A. § 50-5-64 because it does not fall under the authority of the State Purchasing Act.

Nonetheless, Contracts Administration recognizes that the Department of Community Health's internal policy requires a drug-free workplace certification for all contracts above \$25,000.00. In this instance, due to the urgency in getting the contract executed, the number of reviews was decreased during a time of reduced staff. The Director of Contracts Administration has sent a written reminder to all contracts staff to confirm that applicable documentation is attached to all contracts that are drafted.

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Finding Control Number: FA-419-12-02 ELIGIBILITY Verification and Documentation of Eligibility

The Department of Community Health concurs with this finding and acknowledges the importance of ensuring all State and Federal requirements for member eligibility documentation are followed properly.

The Department of Community Health implemented a Program Improvement Plan (PIP) on March 12, 2010. The PIP requires DFCS to remedy areas of deficiencies such as proof of recertification of eligibility, missing applications and documentation. Department of Community Health and DFCS management staff meet quarterly to discuss and review progress towards improving the deficiencies.

The Department of Community Health Medicaid Eligibility Quality Control (MEQC) staff reads random selected cases at a volume of 400 per month. In addition, the MEQC staff review 150 closed cases each review month. The findings from these reviews are shared with the DFCS for inclusion in their PIP planning and field trainings.

Annually, Department of Community Health and Department of Human Services recalibrate the PIP based on current State of Georgia and federal audit findings. To assist in the monitoring of the PIP, DFCS hired a Medicaid specialist effective September 1, 2012 to assist with the monitoring of the PIP.

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Finding Control Number: FA-419-12-03 ACTIVITIES ALLOWED OR UNALLOWED ALLOWABLE COSTS/COST PRINCIPLES Controls Over and Compliance with Medicaid Administrative Expenditures

The Department of Community Health concurs with this finding. The Department of Community Health acknowledges this deficiency and has implemented the following process to alleviate this from recurring: Upon completion of an invoice

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

payment, all invoices will be input into a central location within Laser Fiche.

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Finding Control Number: FA-419-12-04 MATCHING, LEVEL OF EFFORT, EARMARKING Matching of Allowable Expenditures for Children's Health Insurance Program (CHIP)

The Department of Community Health concurs with this finding. In instance (1) the purchase order used to make the payment was encumbered in a prior year. Prior year purchase orders cannot be changed to include new CHIP rates. The PeopleSoft system cannot accept changes to prior year purchase orders without changing the year of the funds.

In instance (2) the coding of the invoice was incorrectly entered into PeopleSoft. The Department of Community Health will implement a procedure regarding manual codes being entered in PeopleSoft which resulted in the incorrect project being used. A monthly query will be run and reviewed by the accounts payable manager at which time any errors will be researched and corrected.

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Finding Control Number: FA-419-12-05 ELIGIBILITY Controls Over Money Follows the Person (MFP) Eligibility Determination

The Department of Community Health concurs with this finding. With regard to the deficiencies in complete documentation, please see the following specific notes:

Nine (9) files included the following documentation deficiencies:

1. One (1) participant file did not contain MFP Transition screening form.
The Department of Community Health acknowledges that the MFP Transition Screening Form is an integral part of the MFP record and documents not only participant preferences determined during the first interview but most important, documents the applicant's consent to be served through the MFP Program. See corrective action plan below.

2. Four (4) participant files did not contain form DMA 6/Level of Care Forms.
The Department of Community Health will amend its MFP Policy and Procedure manual to remove the current requirement of a DMA-6 document for the following reason:

The DMA-6 document, though it confirms level of care determination, is not used for all long term support programs, thus will not be completed (therefore not in the participant file) with any MFP participant entering the Elderly & Disabled Waiver Program. Level of Care determination occurs at screening and is synonymous with long term nursing home placement. The residency in a nursing facility for greater than 90 days corroborates the level of care requirement.

3. Four (4) participant files did not contain form DMA 59/Authorization for Nursing Facility Reimbursement.

The Department of Community Health acknowledges the absence of the four DMA 59 documents, which confirm an MFP participant's discharge from the nursing home. Despite the absence of the document, there is an alternate means of confirming nursing home discharge through use of the MMIS system which assigns and ultimately removes eligibility spans for Medicaid members. Thus, nursing home discharge may also be confirmed through the review of eligibility spans using the MMIS system. Despite this, Department of Community Health has developed the following corrective action plan:

On a quarterly basis, MFP staff, to include the Project Director, Clinical Specialist and Data Reporting Manager, will perform a random sample audit of 20 percent of the participant charts for all newly admitted MFP participants during that quarter. Any deficiencies or charts found to have missing documents will be remediated immediately through

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

contact with the transition coordination agency, either the DAS or the DBHDD. Trends related to missing documentation will be tracked and analyzed with the potential for impact on the contractor's performance/Report Card.

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Finding Control Number: FA-419-12-06 MATCHING, LEVEL OF EFFORT, EARMARKING Matching of Allowable Medicaid Benefit Expenditures

The Department of Community Health concurs with the finding. The three (3) expenditures noted in the audit sample were not processed in accordance with policy and procedures due to misinterpretation of the policy and a delay in receiving the invoices for processing. CMS requires that the match for payments for this program be based on date of payment to ensure that it receives the correct federal match. The Department of Community Health will improve its communication with Georgia Board of Physician Workforces to ensure that future payments are paid on time and based on the date of payment to ensure that the correct federal match is used.

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Finding Control Number: FS-419-12-100 BUDGET Deficit Fund Balances/Statutory (Budgetary) Basis Financial Statement Noncompliance

Department of Community Health concurs with this finding. Items 1, 2, 3, and 4: The Department of Community Health understands that it did not take all appropriate corrective actions to prevent the over expenditure of state appropriated funds. The Department of Community Health agrees with and will implement the auditor's recommendations. If at any time the Department of Community Health projects the funds appropriated will be insufficient to cover the projected amount of program expenditures, the Department of Community Health will formally notify the Office of the Governor and the Office of Planning and Budget. This notification will include:

1. The amount of the projected shortfall by program area.
2. A plan of action to prevent the accrual of expenditures.

In addition, the Department of Community Health has recommended that the following structural changes to the budget will enhance the Department of Community Health's ability to achieve budgetary compliance.

1. Create a Claims Reserve Program in Medicaid and SHBP: Funds appropriated to the Medicaid and SHBP Reserves Fund programs can be used to cover unexpected fluctuations in expenditures in current fiscal year and be carried over (as we are able) to build reserves for future years.
2. Combine the ABD and LIM Programs in the Appropriations Act: Combining these two (2) programs into a single program, in the Appropriations Act will give the Department of Community Health flexibility to cover shortfalls in one Medicaid program with additional funds in the other program. The Department of Community Health proposed to keep ABD and LIM as sub-programs to continue budgetary tracking and projections.

Items 5, 6, 7, resulted from the transition of Department of Public Health as their own entity. The expenditures incurred were after the transition but for the prior year, however, the accounts payable section for Public Health did not accrue the expenses.

For attached agencies, going forward, management will set-up scheduled meetings with each agency to identify outstanding encumbered payments to determine if a rerate of expenses needs to be completed.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-419-12-101
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
REVENUES AND RECEIVABLES
BUDGET
Inadequate Year-End Close-Out and Accounting Procedures

Department of Community Health does not concur with this finding. Considering the size of the agency and that the financial statements require several post closing entries for reserves, inter-agency transfers, rounding corrections, and additional entries requested by the external auditors as part of the financial statement preparation process. For FY 2012, 25 of the entries were required of the financial statement preparation process; 9 were reserve entries that cannot be prepared until the financial statements are complete; 12 were transfer of balances related to Department of Public Health (at the request of SAO).

In addition, FY 2012 was the first year DCH completed the financial statements utilizing the State Accounting Hyperion system. Several adjustments were made to adjust the account structure to be in sync with SAO' system, which required additional steps and journal vouchers.

Contact Person: Vince Harris, Chief Financial Officer
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AUDITOR'S CONCLUDING REMARKS:

The Department of Community Health needs to seek ways to make their year-end close-out process more effective and timely. Failure to do so could lead to delays in the release of statewide reports such as the Comprehensive Annual Financial Report, the Single Audit Report and the Budgetary Compliance Report.

Finding Control Number: FS-419-12-102
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
BUDGET
Encumbrance Exceptions

The Department of Community Health concurs with this finding. Management will request procurement to review all open purchase orders prior to close of the module. A procedure will also be implemented requesting procurement to validate by approval signature that all open purchase orders are valid.

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Finding Control Number: FS-419-12-103
ACCOUNTING CONTROLS (OVERALL)
BUDGET
Budgetary Noncompliance on Statutory (Budgetary) Basis Financial Statements

The Department of Community Health concurs with this finding. See auditee's response to FS-419-12-100.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

HUMAN SERVICES, DEPARTMENT OF

Finding Control Number: FA-427-12-01
MATCHNG, LEVEL OF EFFORT, EARMARKING
PROGRAM INCOME
REPORTING
Financial Reporting Internal Control Deficiencies

We concur with this finding. The department continues to improve the reconciliation process to address the audit findings. A new reconciliation process was implemented for the December 2011 reports and has been refined based on the audit findings. The Unidentified reconciliation item of \$2,408,029.04 reported in the finding was the result of using the new process to review and revise the 9/30/2011 reconciliation. The item was identified prior to completing the revised reconciliation and had no impact to the federal report for quarter end 9/30/2011.

The reconciliation process, procedures and forms have been further revised and are effective for the 12/31/2012 reporting cycle. The revision includes the following:

1. Improved documentation of variances between the Grants Accounting and Reporting System (GARS) and the general ledger.
2. Improved documentation of reconciliation of amounts other than federal funds for expenditures, payables and encumbrances.
3. Inclusion of a section for explanation of adjustments.
4. Documentation of the basis of accounting
5. The form has added formulas to reduce potential for calculation errors.
6. A schedule to validate compliance with match, level of effort, earmarking and the reconciled between the general ledger and the financial status report. The schedule also provides for checks and balance related to specific reporting categories of federal and other funds; non-general ledger funds, non-other reporting funds, and documentation of reviews. It also includes a note section for explanations.

We do expect the auditors to understand we use GARS as tool for federal reporting. We are in the process of evaluating replacing GARS but will still need a reporting tool to summarize general ledger information for reporting purposes.

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Finding Control Number: FA-427-12-02
MATCHING, LEVEL OF EFFORT, EARMARKING
REPORTING
Financial Reporting Internal Control Deficiencies

DHS concurs with the finding. Procedures to ensure consistent basis of accounting for federal reporting were implemented along with revised procedures for reconciling financial status report to PeopleSoft.

The department continues to improve the reconciliation process to address the audit findings. The reconciliation process that was implemented for the December 2011 reports has been refined based on the audit findings.

The reconciliation process, procedures and forms have been further revised and are effective for the 12/31/2012 reporting cycle. The revision includes the following:

1. Improved documentation of variances between the Grants Accounting and Reporting System (GARS) and the general ledger.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

2. Improved documentation of reconciliation of amounts other than federal funds for expenditures, payables and encumbrances.
3. Inclusion of a section for explanation of adjustments.
4. Documentation of the basis of accounting
5. The form has added protected formulas to reduce potential for calculation errors.
6. A schedule to validate compliance with match, level of effort, earmarking and the reconciled between the general ledger and the financial status report. The schedule also provides for checks and balance related to specific reporting categories of federal and other funds; non-general ledger funds, non-other reporting funds, and documentation of reviews. It also includes a note section for explanations.

We do expect the auditors to understand we use GARS as tool for federal reporting. We are in the process of evaluating replacing GARS but will still need a reporting tool to summarize general ledger information for reporting purposes.

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Finding Control Number: FA-427-12-03
MATCHING, LEVEL OF EFFORT, EARMARKING
REPORTING
Financial Reporting Internal Control Deficiencies

DHS concurs with the finding. See response to FA-427-12-1.

The Department continues to improve the reconciliation process to address the audit findings. The reconciliation process implemented for the December 2011 reports has been refined based on the audit findings. The unidentified reconciliation item of \$2,408,029.04 reported in the finding was the result of using the process to review and revise the 9/30/2011 reconciliation. The item was identified prior to completing the revise reconciliation and had no impact to the federal report for quarter end 9/30/2011.

The reconciliation process, procedures and forms have been further revised and are effective for the 12/31/2012 reporting cycle. The revision includes the following:

1. Improved documentation of variances between the Grants Accounting and Reporting System (GARS) and the general ledger.
2. Improved documentation of reconciliation of amounts other than federal funds for expenditures, payables and encumbrances.
3. Inclusion of a section for explanation of adjustments.
4. Documentation of the basis of accounting.
5. The form has added protected formulas to reduce potential for calculation errors.
6. A schedule to validate compliance with match, level of effort, earmarking and the reconciled between the general ledger and the financial status report. The schedule also provides for checks and balance related to specific reporting categories of federal and other funds; non-general ledger funds, non-other reporting funds, and documentation of reviews. It also includes a note section for explanations.

We do expect the auditors to understand we use GARS as tool for federal reporting. We are in the process of evaluating replacing GARS but will still need a reporting tool to summarize general ledger information for reporting purposes.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Procedures to ensure consistent basis of accounting for federal reporting have been implemented along with revised procedures for reconciling financial status report to PeopleSoft.

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Finding Control Number: FA-427-12-04 MATCHING, LEVEL OF EFFORT, EARMARKING REPORTING Financial Reporting Internal Control Deficiencies

DHS concurs with the finding. One of the contributing factors to this finding was turnover in our staffing. The new staff is now trained and is using the new procedures as defined in our corrective action plans.

Procedures to ensure consistent basis of accounting for federal reporting have been implemented along with revised procedures for reconciling financial status report to PeopleSoft.

The standard procedure for posting correcting entries has been established at 30 days. Posting correcting entries is being monitored as part of the performance of each individual and the team in the grants accounting section.

The department continues to improve the reconciliation process to address the audit findings. The reconciliation process that was implemented for the December 2011 reports has been refined based on the audit findings.

The reconciliation process, procedures and forms have been further revised and are effective for the 12/31/2012 reporting cycle. The revision includes the following:

1. Improved documentation of variances between the Grants Accounting and Reporting System (GARS) and the general ledger.
2. Improved documentation of reconciliation of amounts other than federal funds for expenditures, payables and encumbrances.
3. Inclusion of a section for explanation of adjustments.
4. Documentation of the basis of accounting
5. The form has added protected formulas to reduce potential for calculation errors.
6. A schedule to validate compliance with match, level of effort, earmarking and the reconciled between the general ledger and the financial status report. The schedule also provides for checks and balance related to specific reporting categories of federal and other funds; non-general ledger funds, non-other reporting funds, and documentation of reviews. It also includes a note section for explanations.

We do expect the auditors to understand we use GARS as tool for federal reporting. We are in the process of evaluating replacing GARS but will still need a reporting tool to summarize general ledger information for reporting purposes.

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Finding Control Number: FA-427-12-05 PROGRAM INCOME Internal Control Deficiencies Over Program Income

DHS partially concurs with the finding. We agree that during the first part of FY 2012 the revenue was not recorded in a timely basis. During FY 2011 and in the first half of 2012 we had complete turnover of our revenue staff which was a

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

contributing factor. In December 2011, DHS took action to make staffing adjustments. DHS has established controls to ensure that revenue is recorded to the general ledger in a timely manner. As of June 30, 2012 revenues posting were current in this program.

We do not agree that "there is no reconciliation between the income collected and the income recorded on the general ledger". We do agree that documentation and the reconciliation process could be improved.

The process has been improved to document the reconciliation between the income collected and the income recorded on the general ledger. Approximately one week after monthly deposits are given to Office of Financial Services (OFS), Division of Child Support Services (DCSS) will pull general ledger queries from PeopleSoft to verify the deposit. In order to improve the documentation, DHS will develop a monthly reconciliation document that will verify each step in the reconciliation process to include verification of the source data from the \$TARS system, verification of deposits in PeopleSoft, and also verification of recording in the general ledger. The monthly reconciliation process will also be updated by saving a copy of the source data to an internal drive in to assist in future audits.

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AUDITOR CONCLUDING REMARKS:

During the year under review, no reconciliation was provided to auditors.

Finding Control Number: FA-427-12-06 REPORTING

Financial Reporting Internal Control Deficiencies

DHS concurs with the finding. The standard procedure for posting correcting entries has been established at 30 days. Posting correcting entries is being monitored as part of the performance of each individual and the team in the grants accounting section.

The department continues to improve the reconciliation process to address the audit findings. The reconciliation process that was implemented for the December 2011 reports has been refined based on the audit findings.

The reconciliation process, procedures and forms have been further revised and are effective for the 12/31/2012 reporting cycle. The revision includes the following:

1. Improved documentation of variances between the Grants Accounting and Reporting System (GARS) and the general ledger.
2. Improved documentation of reconciliation of amounts other than federal funds for expenditures, payables and encumbrances.
3. Inclusion of a section for explanation of adjustments.
4. Documentation of the basis of accounting
5. The form has added protected formulas to reduce potential for calculation errors.
6. A schedule to validate compliance with match, level of effort, earmarking and the reconciled between the general ledger and the financial status report. The schedule also provides for checks and balance related to specific reporting categories of federal and other funds; non-general ledger funds, non-other reporting funds, and documentation of reviews. It also includes a note section for explanations.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

We do expect the auditors to understand we use GARS as tool for federal reporting. We are in the process of evaluating replacing GARS but will still need a reporting tool to summarize general ledger information for reporting purposes.

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Finding Control Number: FA-427-12-07 REPORTING

Financial Reporting Internal Control Deficiency

DHS concurs with the finding. Procedures have been implemented to balance the estimated carryover to the general ledger. The DFCS fiscal staff will work with the LIHEAP program staff to prepare the information for the Carryover and Reallotment Report. The LIHEAP Carryover and Reallotment Report for FFY2012 was reviewed by DFCS fiscal staff in addition to LIHEAP program staff to make sure that estimated carryover balances were supported by general ledger records.

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Finding Control Number: FA-427-12-08 REPORTING

Required Transparency Act Reports Not Filed in a Timely Manner

DHS concurs with the finding. The subaward information for existing contracts has been entered into the Federal Funding Accountability and Transparency Act system (FFATA). New procedures have been implemented that require contracts to be identified for FFATA reporting requirements. The contracts management groups at each division follow through to enter updates to the FFATA system within 30 days of contract initiation or modification to a contract for qualified subaward contracts.

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Finding Control Number: FA-427-12-09 REPORTING

Required Transparency Act Reports Not Filed in a Timely Manner

DHS concurs with the finding. The subaward information for existing contracts has been entered into the Federal Funding Accountability and Transparency Act system (FFATA). New procedures have been implemented that require contracts to be identified for FFATA reporting requirements. The contracts management groups at each division follow through to enter updates to the FFATA system within 30 days of contract initiation or modification to a contract for qualified subaward contracts.

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Finding Control Number: FA-427-12-10 REPORTING

Required Transparency Act Reports Not Filed in a Timely Manner

DHS concurs with the finding. The subaward information for existing contracts has been entered into the Federal Funding Accountability and Transparency Act system (FFATA). New procedures have been implemented that require contracts to be identified for FFATA reporting requirements. The contracts management groups at each division follow through to enter updates to the FFATA system within 30 days of contract initiation or modification to a contract for qualified subaward contracts.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FA-427-12-11

SUBRECIPIENT MONITORING

Failure to Monitor Subrecipient

DHS partially concurs with the finding. The subrecipient was a separate state agency, the Department of Early Care and Learning (DECAL) with statutory direction and authority to provide the services funded from CCDF grants. The CCDF grants were transferred to the Department of Early Care and Learning as the lead agency effective July 1, 2012. This will eliminate the question of subrecipient monitoring for future years.

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AUDITOR CONCLUDING REMARKS:

Per inquiry of federal personnel responsible for this program, the Department of Early Care and Learning (DECAL) should be considered a subrecipient, regardless of the fact that they are a separate state agency.

Finding Control Number: FA-427-12-12

SPECIAL TEST AND PROVISIONS

Failure to Monitor Health and Safety Requirements for Exempt Providers

DHS partially concurs with the finding. DHS followed the program policies that exempt providers must meet the DECAL exemptions requirements. The lead agency responsibility for CCDF was transferred to DECAL effective July 1, 2012 so DHS will no longer have responsibility for monitoring health and safety requirements for exempt providers.

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AUDITOR CONCLUDING REMARKS:

Per inquiries of the CCDF Program Manager, DHS was only reviewing exemption status and was not performing any monitoring of the required Health and Safety requirements.

Finding Control Number: FS-427-12-01

ACCOUNTING CONTROLS (OVERALL)

GENERAL LEDGER

REVENUES AND RECEIVABLES

EXPENSES/EXPENDITURES AND LIABILITIES

Inadequate Journal Entry Documentation

DHS concurs with the finding. Many of these entries were the result of turnover and changes by new staff in revenue accounting. The majority of the entries identified in the audit finding were to allocate revenues to state programs by funding source. In December 2011 we made staffing changes and started to correct the revenue management process. Managers in the various areas of the Office of Financial Services (OFS) are training and coaching staff on improving journal entry preparation and documentation. Our journal entry processing has also been improved and the following processes have been put in place to improve journal entry processes and documentation.

DHS journal entry preparation processes were standardized across the division. This standardization ensured that all manual JE's were reviewed and approved at the division level with the OFS review and approval at the final stage prior to posting to the general ledger. The review process will check for adequate documentation. This process also required journals be submitted via the JE email box, a mechanism established to track JE request, approval and timely posting to the general ledger. This process continues to be improved upon to address and mitigate audit findings.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-427-12-02
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
EQUITY AND FINANCIAL STATEMENT RECONCILIATIONS
Unsubstantiated Other Reserves Balance

DHS concurs with the finding. DHS was able to provide documentation identifying the basis for reserving several of the Other Fund Sources but acknowledges the need to research the other outstanding items.

On October 2, 2012, DHS sent a letter to DOAA acknowledging there were historical Other Fund Source balances to be researched, reconciled, and corrected. As a consequence, it was recommended these balances be reserved in FY2012.

The balance included in this letter for which there was no support provided to the Audit Department was \$3,259,394.52. DHS is currently researching these historical balances. The goal is to clear them by year-end FY2013.

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Finding Control Number: FS-427-12-03
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
FINANCIAL REPORTING AND DISCLOSURE
Failure to Accurately Report Pass-Through Amounts on the Schedule of Expenditures of Federal Assistance

DHS partially concurs with the finding. The majority of the amounts were reported correctly but an error was made on the Child Support Enforcement Program. The error was corrected before the Schedule of Expenditures of Federal Awards was published.

DHS has revised procedures to include an addition level of review for the SEFA reporting. The checklist for sub-recipients receiving pass-through amounts will also be compared to the federal website for Federal Funding Accountability and Transparency Act (FFATA) reporting. Also, expenditures detail will now include vendor # as an identifier in the queries.

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AUDITOR CONCLUDING REMARKS:

The agency only became aware of this error after it was identified by the auditors during Fiscal Year 2012 testing.

Finding Control Number: FS-427-12-05
GENERAL LEDGER
REVENUES AND RECEIVABLES
Failure to Record Federal Grant Awards in a Timely Manner

DHS concurs with the finding. DHS has implemented procedures for timely recording of Grant Awards, within 5 business days once they are received by the Office of Financial Services. Also, Federal Grant Awarding Agencies have been notified to forward Grant Award Notifications to a central address for the OFS Director. All divisions in DHS have been instructed to submit any awards received by them to OFS as soon as they receive them. This continues to be a work-in-process with the Fed's since they automatically forward many Grant award notices to various different locations and contacts, resulting in delays in recording the awards. Additionally, the Grants Management Section established a Federal Award Notice log tracking sheet to include a calculation indicator to update me when award post after 30-days. This log will also be used to help identify if anticipated awards have not been received.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-427-12-06

GENERAL LEDGER

REVENUES AND RECEIVABLES

Failure to Reconcile Accounts Receivable to the General Ledger

DHS concurs with the finding. The difference was created by the use of Post-Closing Adjustments (PCA's) and Journal Vouchers to record Deferred Revenue and Other Accounts Receivable items which were the result of a change in revenue methodology in 2011 and 2012. PCA's for 2012 were submitted to reverse these entries to accurately reflect the receivables and eliminate the deferred revenue recorded. In addition, efforts are underway to record ALL accounts receivable in the sub ledger rather than through Journal Vouchers. We anticipate having a substantial portion of this process completed by February 28, 2013 and will continue to monitor and reconcile the accounts receivable accounts on a monthly basis with appropriate corrections made the subsequent month. The process will also focus on improved documentation when recording these receivables.

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Finding Control Number: FS-427-12-07

GENERAL LEDGER

EXPENSES/EXPENDITURES AND LIABILITIES

Account Payable Reconciliation Deficiencies

DHS concurs with the finding. Going forward, all AP reconciliations will include a field to explain debit balances. This field will be completed whenever there is a debit balance in the account. In addition, all AP accounts (including Payroll liabilities) will be reconciled a minimum of once per quarter. This will include separate quarterly reconciliations being completed by the AP and/or Payroll Managers for any accounts that have variances and/or debit balances. These additional quarterly reconciliations will detail the balances and the actions to correct the variances or debit balances.

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Finding Control Number: FS-427-12-08

CASH

INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

DHS concurs with the finding. Due to untimely staff turnover, the DHS bank reconciliations fell behind schedule. There is also a significant historical back log of outstanding reconciling items. DHS has instituted new procedures for recording bank deposits and applying cash which should minimize book errors and unidentified cash receipts moving forward. The process includes:

1. Timely recording of deposits.
2. Researching unidentified items when received and tie to book entries within 15 days.
3. Improved processes and information on DFCS regional deposits to improve identification and timeliness for posting entries.

New personnel have been trained and performance is being monitored to improve the timeliness of completing bank reconciliations. The department is also, reviewing the reconciliation process looking for ways improve and streamline reconciliations.

DHS is working through its backlog of reconciling items. Significant progress has been made in cleaning up outstanding checks.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

The Vital Records and WIC accounts were closed and the balances transferred to the new departments. The entries to close the accounts on the books have been completed as of January 2013.

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Finding Control Number: FS-427-12-09

REVENUES AND RECEIVABLES

Inadequate Procedures Over Cash Draws of Federal Grants

DHS partially concurs with the finding. DHS acknowledges transactions need to be posted to the general ledger in a timely basis. DHS also concurs with the need to review its cash management process to identify improvements. However, we do not concur with the methodology used in the audit to draw the conclusions presented in this finding. The auditors used the balance sheet to determine cash balances and over and under draws of federal funds. Due to timing difference in postings to the general ledger, balances reported in this finding are likely to be inflated for over and under draws. This would have been more exaggerated in fiscal year 2011 and fiscal year 2012 when due to turnover of staff, significant delays occurred in posting federal draws to the general ledger.

DHS uses an analysis of actual payments processed, required check clearing patterns, allocation of expenditures to qualified federal participation and restrictions due to availability of federal funds to manage federal draws. Draws of federal funds are based on the analysis of daily disbursement transactions. Expenditures versus draws are reviewed for variances after cost allocation processes are completed on a quarterly basis and any journal vouchers that are processed to correct posting errors. Federal fund draws are trued up based on this analysis.

Due to the difference in the method used to by the auditors to analyze over or under draws and the method used by DHS to actually draw cash for federal funding it may cause the amounts presented as over or under drawn to be overstated and are not an actual reflection of the status of the grants cash draws.

We have taken steps to replace staff, to improve the process and are making progress in improving our cash management procedures and analysis to ensure draws are done accurately, are supported by disbursements and recorded timely.

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AUDITOR CONCLUDING REMARKS:

The auditors believe that it is appropriate to use the agency's accounting records for testing federal cash draws.

Finding Control Number: FS-427-12-10

CAPITAL ASSETS

Failure to Accurately Report Capital Assets

DHS concurs with the finding. The errors were identified and subsequently corrected in adjusting entries prior to issuance of reports by SAO.

The process has been modified to avoid these errors in the future. Upon completion of the Capital Asset Form, DHS will compare it to the GFAAG trial balance and ensure that the balances are equal before submission. DHS will also run the AUDS_AM_LKNOWLES_ASSET_END_BAL query to test the reported amounts.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-427-12-100
ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING AND DISCLOSURE
BUDGET

Failure to Certify the Accuracy of the Budgetary Compliance Report

DHS concurs with the finding. As explained in our management representation we believe that for the FY2012 Budget Year, DHS managed to Budgetary Compliance. The Letter of Representation was not signed due to the inclusion of historical balances which required additional research and corrective actions. DHS is currently addressing the historical balances and clearing inappropriate balances.

The amounts presented as noncompliant in this finding are the results of carryover balance from FY 2011. Due to the process used to present carryover balances in the Budgetary Compliance Report these balance remained outstanding when reported in the current year. The balances presented as noncompliant, related to prior year activity, were eliminated on the second schedule of the Budgetary Compliance Report.

Finally, in FY2011 reserves were established for historical balances. These positive and negative carryover balances were researched and cleared in FY2012.

We will continue to research and correct prior year balance in FY 2013 to reduce or eliminate the impact to budgetary compliance.

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COMMUNITY AFFAIRS, DEPARTMENT OF

Finding Control Number: FS-428-12-03
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Failure to Maintain an Effective Bank Reconciliation Process

The Department acknowledges that it did not consistently perform bank reconciliations in a timely manner. The Department has updated its policies and procedures to require that:

1. Bank reconciliations be completed within 20 days of month end.
2. The preparer of the reconciliation sign and note the date of completion.
3. Completed reconciliations will be reviewed and approved within 10 days of completion.
4. Reconciling items will be cleared within 15 days of the reconciliation approval date.
5. Any items that cannot be reconciled within the timelines prescribed above will be reported to a manager so they may be quickly resolved.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-428-12-100

ACCOUNTING CONTROLS (OVERALL)

BUDGET

Failure to Certify the Accuracy of the Budgetary Compliance Report

The Department acknowledges that it did not sign the Letter of Representation certifying the accuracy of the amounts reported by fund source within budgetary program. The Department did not sign the letter because management was aware that the numbers included in the Budgetary Compliance Report (BCR) were inaccurate. The Department was in the process of adjusting those numbers with the State Accounting Office but unfortunately was not able to complete all adjustments within the timeline prescribed by SAO. As a result, the auditors used the last adjusted numbers accepted by SAO for their review of the BCR.

The Department has since reviewed the amounts within the BCR and confirmed that in no instance did expenditures exceed available funds by program and fund source in fiscal year 2012. The Department has also contacted the State Accounting Office asking them to review all proposed adjustments to confirm their accuracy before posting. In addition, the Department has made the following changes to its policies and procedures:

1. The BCR will be prepared each month and reviewed by management, noting any areas where it appears expenditures have exceeded available funds.
2. All issues noted from the monthly BCR review process will be documented with responsibility for resolution clearly assigned.
3. Quarterly BCR reviews will be held with Senior Management with any outstanding issues clearly communicated.

The Department has also undertaken additional training for staff. All budget and accounting staff that impact the BCR have been given training on program-based budgeting and educated on how their work influences the BCR. In addition, the Department created a task force made up of budget and accounting staff to determine the adjustments needed to correct the BCR.

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SUPERIOR COURTS

Finding Control Number: FS-436-12-01

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inaccurate bank reconciliations and old outstanding checks

The Accounting Manager will ensure that: a) the bank reconciliations are prepared timely; b) all work performed in the preparation of the bank reconciliations throughout the year is validated through a detailed review of reconciling items and tracking of their resolution; c) random, unannounced bank reconciliations are performed; d) periodically, two separate and distinct individuals (Accounting Manager and Accountant 3) will prepare a bank reconciliation and confirm whether the end results are the same; e) the Check Escheatment Policy is followed for all outstanding checks; f) an accurate and complete detailed outstanding check listing is generated monthly with each bank reconciliation.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-436-12-100

ACCOUNTING CONTROLS (OVERALL)
EQUITY AND FINANCIAL STATEMENT RECONCILIATIONS
FINANCIAL REPORTING AND DISCLOSURE
BUDGET

Failure to submit appropriate post closing adjusting entry to rectify fund balance deficit

Going forward, the Accounting Manager will always be cognizant of the reporting deadlines and should keep the year end schedule nearby for reference at all times. Confer with SAO partner or equivalent should there be any issues with meeting the deadlines for post closing adjusting entries.

In addition, before period 998 closes and prior to final year end close, the Accounting Manager will continue to carefully review the fund balances by program, by fund source, by budget year and determine the appropriate action necessary to avoid recording any deficit fund balances on the accounting records.

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LABOR, DEPARTMENT OF

Finding Control Number: FA-440-12-02

ALLOWABLE COSTS/COST PRINCIPLES
Lack of Supporting Documentation for the Allocation of Personal Services

We do not concur with this finding. All personal services charges made to the above programs were documented by employee time sheets.

Because Georgia's unemployment rate remained almost a point above the national average during the time period in question, a decision was made to prioritize funding and services throughout the State by supporting career center staff through Rapid Response funding to support staff responding to unemployment compensation claimants who were laid off as well as dislocated workers. Career Staff were also supported by a team of State Rapid Response coordinators who facilitated victims of layoffs across the State, including services to victims of the Northwest Georgia storm and tornado damage and financial assistance associated with the closure of the Northwest Georgia Regional Hospital.

It is DOL's position that these expenditures are allowable charges to the programs identified above.

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AUDITOR CONCLUDING REMARKS:

Auditors requested and expected complete documentation for all transactions included in the testing of the programs. Audit work performed and conclusions reached were based on documentation provided by the Georgia Department of Labor.

Finding Control Number: FA-440-12-03

ALLOWABLE COSTS/COST PRINCIPLES
Questionable Expenditures

We partially concur with this finding with the following explanation.

One (1) transaction in question would have normally been allocated across all appropriate program fund sources. Based on allocation data for that period, the Rapid Response program may have been allocated a smaller percentage than actual charges indicate. The other seven (7) transactions are charges allocable to the program. Rapid response services were being provided on an ongoing basis throughout the course of the fiscal year in response to client needs and funding availability to meet those

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

needs. The transactions reflect an adjustment to amend allocated expenses to assure that all programs were charged their fair share of expenses incurred during the delivery of services.

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AUDITOR CONCLUDING REMARKS:

Auditors requested and expected complete documentation for all transactions included in the testing of the programs. Audit work performed and conclusions reached were based on documentation provided by the Georgia Department of Labor.

Finding Control Number: FA-440-12-04
PERIOD OF AVAILABILITY OF FEDERAL FUNDS
Expenses Recorded Outside of Grant Period

We do not concur with finding. The Department notes that the expenses are appropriate for the grant but acknowledges that the Purchasing Office initially charged the expenses to the wrong grant year. However, because adjustments have been made in the fiscal year 2013 financial records to correct this matter, no questioned costs should have been reported.

The Department will review its internal control procedures, and make revisions as indicated, to ensure expenses are recorded in accordance with period of availability requirements.

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AUDITOR CONCLUDING REMARKS:

During the year under review, these expenditures were recorded to the incorrect grant year and, as a result, were included as questioned costs. As with all questioned costs associated with findings, subsequent reviews will ultimately determine the status, and this does not change the rationale that the cost was questioned during the year under review.

Finding Control Number: FA-440-12-05
PERIOD OF AVAILABILITY OF FEDERAL FUNDS
Expenses Recorded Outside of Grant Period of Availability

We concur with this finding with the following explanation. The expenditures in question are expenditures incurred by program sub-recipients. These expenditures were actually incurred within the period of eligibility but were not timely reported to the Department to ensure the expenditures were recorded at the Department level within the same grant period of availability. It should be noted all the expenditures reported were allowable program expenditures.

The Department will review its internal control procedures, and make revisions as indicated, to ensure that future expenditures are recorded in accordance with period of availability requirements.

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Finding Control Number: FA-440-12-07
REPORTING
Deficiencies in Financial Reporting

We do not concur with this finding. The finding is very vague in that the auditors list 4 quarters of #9130 reports that were examined but, then go on to note the problem as "several instances where the documentation provided was not adequate to support the amounts reported". The Unemployment Compensation Grant had 27 reports submitted during the audit period in question. The statement by the auditors "several instances" does not describe specifically which reports are questioned or to what the extent of their determination of what any problem may have been. During the time the audit was in progress, the auditors did request additional information concerning the reports mentioned above and that information was provided.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Subsequent to that event, no further communication took place between the auditors and Department of Labor staff in an effort to resolve further questions from the auditors. The Department of Labor's first notification of a finding concerning this matter was receipt of this report from the auditors.

The process in accumulating data to file reports for Unemployment Compensation is complicated in that Grant is accounted for in 2 Fund Ledgers, but not all projects codes within those fund ledgers are reported under this grant. The auditor requested the Department to identify relevant project codes needed to audit the financial reports, but never requested financial information associated with those project codes.

In an effort to rectify this situation in the future, the Department has created a formal reconciliation procedure to ensure all financial reports are clearly reconciled to the accounting records.

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AUDITOR CONCLUDING REMARKS:

Notification of this finding was sent via e-mails to the audit contact on November 15, 2012, November 16, 2012 and again on November 19, 2012. These e-mails are on file at the Department of Audits and Accounts. In addition, this finding was also discussed with the audit contact on January 14, 2013 two weeks prior to the release of the report. No communication was provided back to the auditors during this period about concerns with the finding.

Finding Control Number: FA-440-12-08 REPORTING

Reports not Reconciled to the Accounting Records

We concur with this finding with the following explanation:

The finding as written is misleading. The situational fact is that the expenditures in question were incurred in the period of availability and were correctly reported to the Federal Government in the correct accounting period. However, because the Department's subrecipients did not report the expenditures to the Department in a timely manner, the expenditures were not recorded in the Department's financial records until the subsequent Federal reporting period.

The Department has implemented procedures to establish a formal reconciliation procedure to ensure all future Federal financial reports are clearly reconciled to the accounting records.

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Finding Control Number: FA-440-12-09 REPORTING

Reports not Reconciled to the Accounting Records

We concur with this finding with the following explanation:

The expenditures that were reported on the Federal financial reports were correct. The Department acknowledges the reconciliation process could be more detailed to clearly outline the process confirming recorded revenue/expenses with the Department's financial records.

The Department has implemented procedures to establish a formal reconciliation procedure to ensure all future Federal financial reports to clarify reconciliation to the accounting records.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-440-12-01
ACCOUNTING CONTROLS (OVERALL)
Inadequate Supporting Documentation for Adjusting Journal Entries

We concur with this finding with the following explanation:

The auditor provided the Department 5 journal entries as the basis for this finding. The amount disclosed in the finding was merely the absolute value of the debits and credits made in the five entries combined and does not represent the net effect of amounts being adjusted by the Department. The FARS system uses many offsetting contra accounts which, if not excluded, indicate a larger adjustment than is actually being made.

Additionally, the entries questioned were not provided to the Department prior to receipt of this finding, which resulted in the Department having no time to respond to these matters prior to receipt of the finding in a published document. After review of the finding as presented, the Department does not disagree that better documentation could be provided to support these entries. Had the auditors communicated with Department personnel as questions arose during the audit engagement, the Department sincerely believes some or all of the instances noted may have been immediately resolved. For example, in one case, a spreadsheet was on file in the budget office that provided further documentation for one of the questioned entries that allocated pooled costs to other program fund ledgers. In another case, an entry was made to reclassify costs among the same program within the same period of availability among multiple budgeted fund sources of that program. Had the auditor realized that fact, the basis for that entry would have been clear.

The Department will continue to enhance internal control procedures to ensure journal entries are better documented going forward.

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Finding Control Number: FS-440-12-02
ACCOUNTING CONTROLS (OVERALL)
Ineffective Change Management and Logical Access Controls

We concur, in part, with this finding with the following explanation:

In concurring in part, with this finding, the Department wishes to make the following points:

1. The Department agrees that the objective of the change management process is to minimize service downtime and mitigate the risk of inappropriate changes by ensuring that requests for changes are recorded, evaluated, authorized, prioritized, planned, tested, implemented, documented and reviewed in a controlled and consistent manner. We also agree that change management is a necessary process within IT governance.
2. Certain weaknesses may exist, however mitigating controls in place resulted in the immediate resolution of the incident cited in #FS-440-11-6 (prior year).
3. No incidents have been reported during this period showed that either inappropriate access and/or changes occurred.
4. The Department agrees that certain enhancements will further improve our current process.
5. The Department's strategic direction is to transition critical business systems operating in the legacy mainframe environment to a distributed environment to address budgetary constraints.

Therefore the investment of additional automated mainframe tools and staffing at this time is not prudent.

The Department currently has a formal Change Management process in place. Our current Change Management Process includes monitoring requests for the following: receipt and validation, testing and approval, scheduling and update (if approved), validation of change after update, periodic assessments to determine that no unauthorized changes have been promoted to production and segregation of access between development and production environments. In August, 2012, the

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Department implemented modifications to Team Track (tool currently used to support change and configuration management) that automates the documentation of required test results and business approval for every change. Mitigating controls such as periodic and consistent monitoring of changes have been enhanced to document that only authorized changes are promoted to production and to detect changes performed outside of the normal change management process. All change related documentation that provides evidence of authorization, testing and approval is being retained for a period of eighteen (18) months. As a part of our continuous process improvement, we have reconfigured general security settings to reduce the risk of unauthorized access and changed the current process to implement additional policies and procedures, and additional system edits and controls that will provide an even higher level of security to our data. Logical access controls are being reviewed to reduce risk of future potential unauthorized access, including periodic reviews of application access to determine that access continues to be appropriate based on job responsibility and privileges are removed whenever unnecessary for a particular job function.

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Finding Control Number: FS-440-12-03 GENERAL LEDGER Inadequate General Ledger

We do not concur with this finding. This finding relates solely to the Unemployment Compensation Insurance program. The statement made by the auditor in the condition part of the finding that "the general ledger utilized by the Department is not adequate due to being basically a set of ongoing cash sheets" is inaccurate. While cash sheets are a part of information posted to the general ledger, the general ledger also includes all required accrual based entries which result in a set of fiscal yearend accrual based financial statements. Additionally, a chart of accounts has been established which defines the contents of all general ledger accounts used in the posting process. Details of all account balances are, in fact, available. The Department is not aware of any accounting requirement that precludes a manual general ledger being utilized - provided postings to the ledger are supported by detailed data.

The Department acknowledges the HOST system currently used to process and account for transactions relating to the Unemployment Compensation Insurance Program of the State of Georgia is not a formal integrated accounting system, per se. However, over the past seven fiscal years, a general ledger has been utilized and is posted with data from other systems. A formal chart of accounts has been developed to facilitate preparation of financial statements and multiple queries have been written and are continually reviewed and revised to produce financial information used to update and prepare GDOL Financial Statements for the Unemployment Insurance Compensation Program. We also note for the record that for the seventh consecutive fiscal year (including fiscal year 2012), the auditor's opinion as to the fairness of these statements will be unqualified. These results demonstrate the current system is being both effectively utilized and maintained. Given this scenario, the Department of Labor continues to question the necessity of the prodding by the Auditors purchase a new accounting system.

However, in an effort to respond to the State Auditor's recommendation, the Department continues to survey other States across the nation to investigate the type of accounting system used to operate, maintain, and report financial information associated with Unemployment Compensation Insurance. This survey has revealed that no State contacted has an integrated accounting system for Unemployment Compensation Insurance such as what the auditors continue to recommend. Based on the information gathered from other States, it is the Department's position that no State contacted has an accounting system with better capabilities than the current system that is now being used by the Department. The states polled are nationally known for their excellence in governmental accounting and are of similar size to Georgia.

The U.S. Department of Labor has notified the Department they consider this finding corrected and will seek no further action by the Department concerning this finding based on 29 CFR97.41(b) (2), which does not require grantees to convert their accounting systems to an accrual basis, but must develop such accrual information through an analysis of the documents on hand.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

AUDITOR CONCLUDING REMARKS:

The Unemployment Compensation Fund general ledger as maintained by the Department of Labor does not meet the definition of a general ledger as it relates to being self-balancing, or including net asset balances. The chart of accounts is not standardized and uses multiple numbers to identify the same type of accounts.

Finding Control Number: FS-440-12-04

GENERAL LEDGER

REVENUES AND EXPENDITURES

Inadequate Procedures over Cash Draws of Federal Grants

We do not concur with this finding. The auditor's testing of cash management was flawed in the following two ways:

1. The auditors used accounting period dates as the date drawdowns of Federal cash were made instead of post dates (calendar date the transaction actually occurred). This methodology incorrectly assumes cash draws are always recorded in the same period as the corresponding expenditure. The difference in timing between accounting period date and post date can be as much as 30 days thereby giving an inaccurate conclusion regarding the cash management practices of the Department.
2. The auditor's did not take into consideration the extent Obligation Authority was available based on expenditures charged to the grant. In all cases, the auditors mistakenly assumed all expenditures charged to a Federal Grant were available to be immediately reimbursed by a Federal Grant even though in some cases expenditures exceeded obligation authority. In such cases, temporary program deficits did exist until Obligation Authority was received at a later date (i.e., operating under Federal Continuous Resolution) or expenditures were subsequently and appropriately moved to another eligible Federal grant.

The Department has performed its own cash management testing using the exact methodology used by the auditors except the Department used post dates for Federal cash receipts instead of accounting dates as used by the auditors. This analysis indicated the Department's cash management performance was not flawed to the extent indicated by the auditors.

In the case the of the programs funded by the American Recovery and Reinvestment Act, The Department concurs that Federal cash should have been drawn in a more timely manner. However, as indicated by the finding, the amounts associated with these programs were relatively small.

The Department will continue to strengthen controls to ensure federal cash is drawn more timely as expenses are paid.

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AUDITOR CONCLUDING REMARKS:

Accounting period dates provide the best measurement of cash drawdown activity. Post dates (calendar dates) could include activity in months not within the fiscal year.

Finding Control Number: FS-440-12-05

BUDGET

Program Budget Deficiencies

We concur with this finding with the following explanation:

The Georgia Department of Labor maintains its accounting records on the FARS (Federal Accounting and Reporting System) accounting system which is used by many other State Labor Departments across the Country. As noted by the auditors, this system does not facilitate maintaining accounting records on a program basis as the system is designed primarily to provide information to the U.S Department of Labor in a uniform reporting format that produces data in compliance with federal reporting requirements.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

The Department continues to evolve the FARS accounting system and pursue ongoing efforts to exact appropriate methodology usable by the FARS System to produce the required budgetary reports and is looking into accounting systems that can accommodate program budgeting as well as facilitate the provision of data to USDOL in accordance with federal reporting requirements.

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Finding Control Number: FS-440-12-100

BUDGET

Failure to Certify the Accuracy of the Budget Compliance Report

We concur with this finding with the following explanation.

The finding cites 4 instances where the auditors claim expenditures exceeded funds available. This conclusion is incorrect based on the following factors that are not disclosed by the auditors:

1. Most of the Department's grant funds extend over multiple fiscal years. Because the State records expenditures based on encumbrances (not expenses), encumbrances may be recorded in one fiscal year, canceled and then re-established for another purpose in a subsequent fiscal year. As required by State accounting procedures, cancellation of a prior year encumbrance results in an entry to surplus (usually Federal) and de-obligation of the original liability encumbrance. Because a new expenditure entry is required for the re-obligation of the funds involved, it may appear expenditures have exceeded funds available in the fiscal year in question when in fact, this is not the case. The amount, required by State accounting procedures to be recorded in surplus (usually Federal) is available to fund the new expenditure.

2. The Department has multiple cost allocation ledgers which recognize encumbrances as expenditures in the accounting records. These ledgers are included in the various program budgets by the Office of Planning and Budget. Because the expenditures (encumbrances) resident in these costs allocation ledgers have not been allocated and expensed in the Federal programs (still open and active) at the close of the State Fiscal year, the revenue has not yet been recorded for these expenditures. This situation may make it appear that program expenditures have exceeded revenues.

The Department notes that ALL Budgeted Programs closed the fiscal year with a positive fund balance and no deficits existed as inferred by the auditor's finding.

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BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES, DEPARTMENT OF

Finding Control Number: FA-441-12-01

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Expenditures Charged Outside the Period of Availability

We concur with this finding. A process will be developed and provided to DBHDD Grants Accounting and Budget personnel requiring that all grant expenditures are within the grant's obligation and liquidation period. DBHDD General Ledger personnel are developing a tool in Access that will provide any activity outside of the grant's eligible time period. All expenditures will be researched and corrections made periodically. The new process and tool should be completed and tested by February 2013. This will allow time to correct any transactions outside of grant period before State Fiscal Year End.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FA-441-12-02

REPORTING

Internal Control Deficiencies

We concur with this finding.

1. In the future all fields reported on the SF-425 FFR will be reconciled to both General Ledger, GAMS (GARS replacement). Agency procedures associated with the close-out process will be modified to require this three-way reconciliation to insure that all entries in both systems and the SF-425 are in agreement prior to submission of the report to the grantor agency.
2. Grant Close-out policy will also be modified to require that during the final three months prior to the end of each grant period Program Staff review all open purchase orders and/or contracts associated with federal grant(s) to make certain purchasing activity associated with the grant year has been completed by not later than the end of that grant period. (i.e. purchase order generated where appropriate, goods and/or services received and payable recorded.) If not, they are to prepare a request to:
 - a. Purchasing for cancellation of outstanding PO/Contract amounts with a cc to Grants Management, or
 - b. The grantor agency for an extension of the reporting date.
3. Prior to final preparation of the SF-425 Grants Accountants will conduct a review of any requested journal entries associated with reducing purchase orders and/or contracts for each grant to insure inclusion of appropriate lines addressing encumbrances.
4. Training of all Grants Management, Budget Management, and Purchasing/Contracting staff will be conducted prior to the next close-out period to ensure that unique transactions touching on each area are processed accurately in accordance with agency Grant close-out procedures.

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Finding Control Number: FA-441-12-03

REPORTING

Required Transparency Act Reports Not Filed

We concur with this finding. The Department recognizes the need to collect, maintain and make available, specific contract information which cannot currently be collected through the state contracting system (TeamWorks). This data is crucial for the Department to fulfill its obligations related to several reporting requirements such as the Federal Funding Accountability and Transparency Act (FFATA), the Schedule of Expenditures of Federal Awards (SEFA) and also for adequate control over required sub-recipient monitoring. In order to address this deficiency, the Department will:

1. Review all requirements identified by this and other Findings and develop a list of additional contract (or) data elements which are necessary, but not currently captured.
2. Develop a Supplemental Contract Data Form with which to capture the required elements.
3. Identify and train all staff with contract initiation duties, on the needed data elements, the steps necessary for collection of the data and the process for completing the Supplemental Contract Data Form.
4. Develop and maintain a separate local database housing the data elements identified and collected on the Supplemental Contract Data Form.
5. Provide data element reports to the Office of Financial Services, the Office of Internal Audits and others, which used in conjunction with TeamWorks data, will allow these functions to complete their reporting responsibilities.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

6. Develop and implement a control process to ensure that these activities operate effectively.

This plan of action is to be completely implemented by no later than June 30, 2013.

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Finding Control Number: FA-441-12-04
SUBRECIPIENT MONITORING
Failure to Confirm DUNS Number Prior To Issuance Of Subaward

We concur with this finding. The Department recognizes the need to collect, maintain and make available, specific contract information which cannot currently be collected through the state contracting system (TeamWorks). This data is crucial for the Department to fulfill its obligations related to several reporting requirements such as the Federal Funding Accountability and Transparency Act (FFATA), the Schedule of Expenditures of Federal Awards (SEFA) and also for adequate control over required sub-recipient monitoring. In order to address this deficiency, the Department will:

1. Review all requirements identified by this and other Findings and develop a list of additional contract(or) data elements which are necessary, but not currently captured.
2. Develop a Supplemental Contract Data Form with which to capture the required elements.
3. Identify and train all staff with contract initiation duties, on the needed data elements, the steps necessary for collection of the data and the process for completing the Supplemental Contract Data Form.
4. Develop and maintain a separate local database housing the data elements identified and collected on the Supplemental Contract Data Form.
5. Provide data element reports to the Office of Financial Services, the Office of Internal Audits and others, which used in conjunction with TeamWorks data, will allow these functions to complete their reporting responsibilities.
6. Develop and implement a control process to ensure that these activities operate effectively.

This plan of action is to be completely implemented by no later than June 30, 2013.

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Finding Control Number: FS-441-12-01
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
FINANCIAL REPORTING AND DISCLOSURE
Failure to Accurately Report Pass-Through Amounts on the Schedule of Expenditures of Federal Awards

We concur with this finding. The Department recognizes the need to collect, maintain and make available, specific contract information which cannot currently be collected through the state contracting system (TeamWorks). This data is crucial for the Department to fulfill its obligations related to several reporting requirements such as the Federal Funding Accountability and Transparency Act (FFATA), the Schedule of Expenditures of Federal Awards (SEFA) and also for adequate control over required sub-recipient monitoring. In order to address this deficiency, the Department will:

1. Review all requirements identified by this and other Findings and develop a list of additional contract(or) data elements which are necessary, but not currently captured.
2. Develop a Supplemental Contract Data Form with which to capture the required elements.
3. Identify and train all staff with contract initiation duties, on the needed data elements, the steps necessary for collection of the data and the process for completing the Supplemental Contract Data Form.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

4. Develop and maintain a separate local database housing the data elements identified and collected on the Supplemental Contract Data Form.
5. Provide data element reports to the Office of Financial Services, the Office of Internal Audits and others, which used in conjunction with TeamWorks data, will allow these functions to complete their reporting responsibilities.
6. Develop and implement a control process to ensure that these activities operate effectively.

This plan of action is to be completely implemented by no later than June 30, 2013.

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Finding Control Number: FS-441-12-02 CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY Inadequate Bank Reconciliation Procedures

We concur with this finding. The Department recognizes the need to review and determine status of outstanding checks which are six (6) months or older. In order to address this deficiency, in the Department will:

Non-Payroll Related

1. Monthly review the outstanding check list to determine age of check,
2. Send an initial form letter to the Payee (non-payroll related) requesting status of the check. The Vendor will be requested to respond with one of the following :
 - a. The check was received and cashed;
 - b. The funds are no longer due and the check should NOT be reissued;
 - c. A replacement check was received and cashed.
 - d. The check was NOT received and should be reissued (address indicated is correct);
 - e. The check was NOT received and should be reissued (address indicated is NOT correct)
3. Once notification is received from the Vendor, the appropriate action will be taken.
4. For Vendors who do not respond within 30 days, additional research will be performed to determine if liability was paid via another check or ACH.
5. If determination is made the liability is valid, the Department will void and close the outstanding check and liability. In addition a journal entry will be created to move the liability to FHFO-Checks Uncashed/Unclaimed account number 262002.
6. If determination is made the liability is not valid, the Department will void and close the outstanding check and liability.

Payroll Related

1. Monthly review the outstanding check list to determine age of check,
2. Additional research will be performed to determine if liability was paid via another check or ACH.
3. If determination is made that the liability is valid and the garnishment case is still active, the Department will void and reissue a check to the Vendor.
4. If determination is made that the liability is valid, however, the garnishment case is closed, the Department will void and close the outstanding check. The funds will then be refunded to the appropriate Employee.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

This plan of action is to be completely implemented by no later than January 31, 2013.

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PERSONNEL ADMINISTRATION, STATE

Finding Control Number: FS-460-12-01
ACCOUNTING CONTROLS (OVERALL)
Failure to Verify Employment Eligibility for New Employees

We concur with the finding of failure to furnish the verified employment eligibility documentations for three (3) new employees. The Department acknowledges that complete documentation was not available to provide an appropriate audit trail. The State Personnel Administration area has merged and is now known as Human Resources Administration (HRA), a division of the Department of Administrative Services. As such, HRA will adopt the current DOAS employment eligibility verification process going forward, effective immediately.

Herein is the corrective action plan:

Employment Eligibility Verification (Form I-9)

1. The new hire completes section 1 of Form I-9.
2. The new hire provides documents listed on back of I-9 to verify identity.
3. A Human Resource representative verifies appropriate documentation is provided (Either one document from List A OR one document from List B AND one document from List C on Form I-9).
4. A Human Resource representative copies documents and completes section 2 of Form I-9.
5. A Human Resource representative logs in to the E-Verify system to check employment eligibility <https://e-verify.uscis.gov/emp>. (Contact Human Resources Administration for log-in credentials).

Note: Once logged in, first time users of E-Verify are required to take online system tutorial prior to being allowed to verify employment eligibility.

6. A Human Resource representative will enter applicable information into E-Verify.
7. The E-Verify system generates employment eligibility status onscreen.
8. The Human Resource representative will print the results.
9. The E-Verify results are attached to Form I-9.
10. Form I-9 is filed in the appropriate binder within the Human Resources department.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

NATURAL RESOURCES, DEPARTMENT OF

Finding Control Number: FS-462-12-01
EXPENSES/EXPENDITURES AND LIABILITIES
Invalid Encumbrances

We concur. The Department has implemented procedures to review and document open purchase orders with the Programs/Divisions to verify that open balances on purchase orders are valid. Quarterly reviews will be performed with the appropriate operational units to verify whether prior year purchase orders should remain open. All purchase orders determined to be invalid will be closed and included in calculated surplus.

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Finding Control Number: FS-462-12-100
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
BUDGET
Inadequate Journal Entry Documentation

The Department's adjustment form has been updated to include a detailed justification. The original reference ID's and chartfields are included on the form. The updated form and instructions have been provided to all employees responsible for adjustments. Department-wide training is being planned for those responsible for preparing and approving adjustments.

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REVENUE, DEPARTMENT OF

Finding Control Number: FS-474-12-01
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

The Department concurs with this finding. The Department has implemented a weekly review of all asset, liability, revenue, and expense account reconciliations. This review is to ensure 1) all reconciling items are researched and resolved on a weekly and monthly basis, 2) completion dates on the electronic and hardcopies match, 3) reconciliation documents tie back to bank statement amounts and amounts listed the electronic/hardcopy, 4) outstanding checks over one year are reviewed and processed based on State Accounting Office guidelines, and 5) reconciliations are completed and approved by management in a timely manner.

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Finding Control Number: FS-474-12-02
REVENUES AND RECEIVABLES
Improper Retention of Fees

The Department understands Audit's position of the retention of funds. However, the State Legislature appropriated these funds to the Department, in lieu of State Funds, and the Department is following the provisions as outlined in the appropriations act.

If the Department is not allowed to retain and utilize these funds for their appropriated purpose, DOR would also be in violation of HB 1055 and SB 454 which charged the Department with the enforcement of Coin Operated Amusement Machines (COAM).

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

The Department believes Audit's should discuss the policy decision on funding with the Office of Planning and Budget and the State Legislature to find an amiable solution.

The Department stopped the retention of these funds effective July 1st, 2012 (Fiscal Year 2013).

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SECRETARY OF STATE

Finding Control Number: FS-478-12-01
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation and Accounting Procedures

We understand the audit concerns that the bank reconciliations and a reconciling item were not performed and cleared in a timely manner in accordance to bank reconciliation policy and procedures. Departmental policies are in place with monthly close out metrics to monitor and track general ledger to banking transactions. Due to budget reductions positions were vacant during the period where reconciliations were not performed timely. All personnel positions corresponding to these procedures are currently fulfilled, which enables the identification and resolution of general ledger inconsistencies.

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TRANSPORTATION, DEPARTMENT OF

Finding Control Number: FA-484-12-01
DAVIS-BACON
Internal Control Deficiencies/Noncompliance with Federal Program Regulations

GDOT concurs that there was little evidence supporting adherence to certain internal policies and procedures. GDOT will review and revise current policies and procedures to address the deficiencies noted in this finding with regard to labor interviews, payroll reviews / investigations, and reported wage inconsistencies.

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Finding Control Number: FA-484-12-02
MATCHING, LEVEL OF EFFORT, EARMARKING
Inaccurate Application of Matching Percentages

The Department of Transportation consistently monitors program expenditures. The department has thousands of projects that have charges applied to them constantly throughout the year. Furthermore, the funding sources associated with individual projects along with the matching requirements are constantly changing also. It is the Department's policy to exhaust all funding on a first-in, first-out basis, which further complicates the cost allocation of State matching contribution rates and precludes the automation of the matching requirement.

The monitoring and correction of funding sources is an ongoing daily process. The errors identified in the finding were at a fixed point in time. As the finding states, the errors were corrected during the fiscal year.

In order to monitor each project from inception to conclusion, the Department hired true Project Managers. The Department has trained these Project Managers on the existing available financial systems and has developed new monitoring tools for their use. One of the duties of the Project Managers is to monitor the available funding on each of their projects, to ensure that the correct matching contribution rates are properly applied to expenses in accordance with Federal regulations.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Additionally, the Department has hired six staff members to the Project Accounting group in order to provide ongoing project matching and expense monitoring support.

The Department recognizes that due to human error and the sheer volume of transactions posted throughout the year, it is possible that overcharges and undercharges may exist at any fixed point in time. Therefore as a mitigating control, the Department has an extensive final review process which is conducted by experienced staff when projects are closed out. This allows the Department to adjust the application of matching contribution rates, prior to the close of every project.

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Finding Control Number: FA-484-12-03
PROCUREMENT AND SUSPENSION AND DEBARMENT
SPECIAL TESTS AND PROVISIONS
Internal Control Deficiencies/Noncompliance with Federal Program Regulations

We concur with this finding. In response to the related prior year finding, we created a Field Auditor position in the Materials Audit Section in April 2012. The Field Auditor checks the files at the Construction sites and assists with Material Certification Checklist (MCC) issues in the field. The Office of Materials has experienced a marked increase in the receipt of MCCs which can be contributed to (1) the Office of Materials having a presence at construction field offices, (2) emphasizing/reiterating the requirements to process MCCs to receive federal reimbursement on Federal-aid projects, and (3) following-up with District Engineers/Area Engineers by documenting delinquent quarterly MCCs. Due to the changes implemented in response to this finding, the average time to process a MCC and issue a "Project Close-out" recommendation to the Office of Construction has been reduced from 4.6 months to 1.2 months. In addition, the queue of projects pending Materials Audit and issuance of a Materials Certificate has been reduced from over 250 in August 2009 to 49 in December 2012.

The timely submission of quarterly Materials Certificate Checklists is an important part of the Office of Materials' goal of completing Materials Certificates in an average of 30 days. The quarterly Materials Certificate Checklists are a tool to assist project personnel in the documentation of materials placed on GDOT projects.

In response to Finding Control Number: FA-484-12-03, the Office of Materials will develop a quarterly report of Materials Certificate Checklists that have not been received by the required 30-day deadline. This report will be addressed to District Engineers for resolution since the submission of Materials Certificate Checklists is the responsibility of project personnel. Submission of missing Materials Certificate Checklists will be expected within two weeks of this quarterly report. A list of any remaining Materials Certificate Checklists not received will be escalated to the Director of Field Districts and the Director of Construction for resolution.

The Office of Materials is working with the Office of Construction to obtain a list of every project that had a construction work report submitted. This data is available for projects managed in the CAS system; however support from IT is needed to retrieve this data for projects in the Site Manager system.

The Office of Materials goal is to complete the first report by February 28, 2013. The Districts will then be expected to submit all missing Materials Certificate Checklists by March 15, 2013.

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Finding Control Number: FA-484-12-04
REPORTING
Internal Control Deficiencies/Noncompliance with Federal Program Regulations

We concur with the finding related to submission of data to the National Transit Database (NTD) during fiscal year 2012. We are currently in the process of developing a robust system to insure compliance of all applicable rules and regulations prior to submission of NTD data for fiscal year 2013. Action items that are currently underway or completed related to this finding include:

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

1. Conducted NTD reporting and RMIS training for all Intermodal Public Transit Coordinators (PTC) and applicable Intermodal Transit staff. The training included identifying sub-recipient risk review, monthly NTD data oversight, ridership and financial data review.
2. Monthly and quarterly reviews and sign off by supervisors to ensure integrity of data collection by Public Transit Coordinators and Subrecipients.
3. Quarterly meetings with Fiscal Services staff to review reconciliation of NTD financial and ridership data.
4. The Department has contracted with a third party to create and implement an automated database for the collection of NTD financial data. Beta testing is on target to begin in late 1Q2013.
5. The Department has contracted with a third party vendor RouteMatch to develop a software application that will capture ridership and vehicle data. This software should be in beta test in 1Q2013.
6. Both applications will eliminate the current paper approach and vastly improve the integrity of the data as well as the ability to review the data for recurring activities and anomalies.
7. Our internal control procedures include a central repository on the network drive with appropriate sub-recipient categories signifying low, medium or high risk so that appropriate monitoring actions can be flagged and resolved.

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Finding Control Number: FA-484-12-05 SUBRECIPIENT MONITORING

Inadequate Internal Controls over Subrecipient Monitoring

Due to the very short window between the release of the 2011 fiscal year A-133 Audit Report and the compliance testing for fiscal year 2012, we concur with this finding. However, a draft policy had been implemented and was being followed for fiscal year 2012. Subsequent to the end of fiscal year 2012, GDOT has issued a new policy which establishes uniform procedures and criteria for all offices to use when evaluating and monitoring Subrecipient Eligibility, Central Contractor Registration, Award Identification, and Pass-through Entity Impact. Additionally, the Audit Office has included all subrecipients into our risk-based oversight process to provide reasonable assurance of compliance with Federal cost principles on FAHP funded contracts.

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Finding Control Number: FA-484-12-06 SUBRECIPIENT MONITORING

Inadequate Subrecipient Monitoring Documentation

We concur with the finding. Due to the theft of several computers within the Office of Intermodal, staff files containing the completed risk assessments and compliance reviews were unavailable for review. Immediate steps taken to insure compliance to Section 7502 of the Single Audit Act of 1996 include:

1. All documents pertaining to sub-recipients are currently being archived on a Department network drive, instead of employee computer hard drives.
2. Assessment documentation completed by Transit Planners and Public Transit Coordinators is archived following annual risk assessment.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

3. Follow-up compliance monitoring is performed as needed by the PTC and Planners based on the initial risk assessment.

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Finding Control Number: FS-484-12-01 EXPENSES/ EXPENDITURES AND LIABILITIES Deficiencies in Project Closeout Procedures

The GDOT concurs that additional policies and procedures should be developed and implemented that require project managers to monitor projects and initiate closeout procedures to ensure they are closed timely. The GDOT conducted various meetings with project management, procurement and finance staff to discuss this issue during FY 2012 and is currently reviewing a draft policy and procedure to provide direction to project managers on closeout responsibilities. The Division of Finance follows the policies and procedures listed below to assist with monitoring projects nearing completion and identify inactive purchase orders to be closed.

1. The GDOT implemented the Closing State Projects procedure (10-7) in September 2010 which provides direction to the Federal Integrity Review and Evaluation (FIRE) Unit on closing out all state projects.
2. The GDOT implemented the Federal Project Close-Out Procedures (10-6) in October 2010 which provides direction to the FIRE Unit on closing out federal projects in accordance with the Federal Highway Administration guidelines as final statements are received.
3. The GDOT implemented the Monitoring Inactive Purchase Orders policy (7110-15) and procedure (1-36) in May 2011 which provides direction to the Project Accounting Unit on generating queries from PeopleSoft to identify potential obsolete purchase orders. Since the development of these queries, significant progress has been made in identifying obsolete purchase orders. The GDOT paid out, cancelled or closed 1,782 purchase orders in FY 2012.

In addition, the Project Accounting Unit initiated a new practice in October 2012 requiring the contract expiration date be recorded in the purchase order reference field when setting up new purchase orders. The field will be used to identify expired contracts so the purchase order can be closed timely. The GDOT's Creating Contract Purchase Orders procedure (25-2) will be revised to include this process.

The Project Accounting Unit also researches open purchase orders to see if the purchase order file contains an invoice marked "final" in accordance with contract requirements or a standard release letter. If the file contains a final payment invoice or a standard release letter, documentation is sent to the Contracts Payable Unit to close the purchase order. If no payment has been made within the last year and the file does not contain a final payment invoice or a standard release letter, the Project Accounting Unit contacts the project manager to determine the status of the purchase order and if it can be closed. If the project manager indicates the purchase order may be closed, documentation is sent to the Contracts Payable Unit to close the purchase order.

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Finding Control Number: FS-484-12-02 EXPENSES/ EXPENDITURES AND LIABILITIES Internal Control Deficiencies Over Contractual Obligations

The GDOT concurs that there may be instances where contracts are not recorded within 60 days or instances when a contract is inadvertently not recorded by year end due to the volume of purchase orders processed by the GDOT annually. The GDOT recorded or modified over 8,000 purchase orders during FY 2012. The GDOT realizes the importance of recording obligations on the general ledger in a timely manner to ensure that liabilities are recognized as soon as they are incurred and makes every effort to do so. The GDOT implemented the following policies and procedures prior to FY 2012 year end close and has continued these practices to ensure all obligations are recorded by the close of the fiscal year:

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

1. The GDOT implemented a new routing procedure in FY 2010 requiring most contracts, supplemental agreements and modifications be returned to the Office of Legal Affairs upon execution to be picked up by the Contracts Payable Unit daily.
2. The GDOT implemented the Contract Execution policy (3A-18) in April 2011 which permits the temporary suspension of the execution of all non-emergency contracts, supplemental agreements or modifications between June 16 and June 30 to ensure all obligations are recorded prior to the close of period 12.
3. The GDOT's Contracts Processing - General Policy (7110-9) was implemented in 2009 and was revised in April 2011 to include the Contracts Payable Unit's process to review monthly letting sheets to ensure all awarded let construction contracts are received and recorded by the Office of General Accounting. It was again revised in June 2012 requiring the Contracts Payable Unit to record the purchase order number on the letting sheets once the purchase order has been encumbered.

The GDOT also implemented the following procedures after FY 2012 year end close:

1. The GDOT implemented a new monitoring procedure in July 2012 requiring the Construction Office to submit a list of all executed supplemental agreements to the Contracts Payable Unit weekly to ensure all awarded supplemental agreements are received and recorded by the Office of General Accounting. The Contracts Payable Unit records the date the supplemental agreement is encumbered in PeopleSoft on the weekly report. The Contracts Processing - General Policy (7110-9) will be revised to include this process.
2. Based on discussions with the Georgia Department of Audits and Accounts (DOAA) pertaining to their fieldwork, the GDOT also implemented a new monitoring procedure in November 2012 which requires the Transportation Services Procurement Office (TSP) to submit monthly reports to the Contracts Payable Unit listing all contracts and task orders executed by TSP. Once the contracts have been encumbered, the Contracts Payable Unit will add the purchase order number to TSP's reports to ensure all contracts executed by TSP are recorded by the Office of General Accounting. The Contracts Payable Unit is also retroactively applying this procedure to all contracts executed by TSP from July 1, 2012 through October 2012 to ensure all contracts executed in FY 2013 are recorded by fiscal year end close. The GDOT's Contracts Processing General Policy (7110-9) will be revised to include this process.
3. The GDOT's Creating Contract Purchase Orders procedure (25-2) is being revised to provide directions on encumbering purchase orders at year end using the correct budget and accounting date.

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Finding Control Number: FS-484-12-03

CAPITAL ASSETS

Inadequate Capital Asset Records – Land

We concur with the finding. GDOT currently maintains detailed actual cost for land, in an Access database. The source of this cost data is the accounts payable lines recorded in TeamWorks, the state's financial accounting system. At the time this finding was issued, TeamWorks did not provide the fields necessary to capture and record the description, location, parcel and acreage, for the purchase of land at the time of payment. This information is available in paper form and is tracked in separate databases.

The Department is actively engaged in resolving this finding. The State Accounting Office adapted the TeamWorks fixed asset module, to allow GDOT to utilize the statewide system for its capital asset inventory records. In order to utilize this functionality, it was necessary for the State Accounting Office to make significant programming changes to TeamWorks and provide a data field to record the parcel number. This field was necessary to link the Department's systems with TeamWorks financial data; our IT staff worked closely with the State Accounting Office to make this and other necessary changes. In addition, interfaces to data maintained in the Department's systems, will need to be designed and implemented to migrate the data from the Department's existing capital asset system to TeamWorks. We anticipate that the migration of the capital asset

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

data will be completed during the 2013 Fiscal Year, which will allow the Department to utilize TeamWorks to account for its Capital Assets and resolve these reporting issues.

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Finding Control Number: FS-484-12-100
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
FINANCIAL REPORTING AND DISCLOSURE
BUDGET
Budgetary Compliance Deficiencies

The GDOT concurs that the budget year 2012 revenue and expenditure transactions were recorded to the proper programs and funding sources and appreciates DOAA's recognition of the GDOT's efforts to comply with Program-Based Budgeting requirements. The GDOT also concurs that the deficiencies identified during the examination primarily relate to prior year reserve carry-over balances and adjustments for transactions with prior budget years. The GDOT proposed new legislative language in the 2012 legislative session that would allow the GDOT to collapse all motor fuel and other fund balances into a special undesignated Program at each fiscal year-end close that could be redistributed to the proper program through an approved process involving the Governor's staff and the Office of Planning and Budget. However, the proposed legislation was not passed in the 2012 legislative session. The GDOT will continue to work with the Governor's staff, the House Budget Office and the Senate Budget Office on the passage of the proposed legislation in the 2013 legislative session. The GDOT will also continue to work with the SAO, the DOAA, the Office of Planning and Budget and the State Attorney General's Office on alternative solutions to address these issues should the proposed legislation not be passed during the 2013 legislative session.

The GDOT concurs that state motor fuel total funds available exceeded appropriated amounts as reported on the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source. The excess state motor fuel funds resulted from several post-closing adjustments that were prepared after FY 2012 closed that moved fund balances on other fund sources to state motor fuel funds per the direction of the (DOAA). Since the GDOT is required to record all expenditures in the Project Costing Module of PeopleSoft, the GDOT is working to identify eligible expenses on specific projects to be funded with the available other fund balances. The GDOT will apply the funds to the appropriate project(s) using the correct program(s), fund source(s) and budget date(s) using its standard business processes which are required to properly update the project in the Project Costing Module. If eligible expenses are moved from state motor fuel fund sources to other fund sources during this process, the funds will also be amended into the proper program and fund source through the amended budget process appropriately.

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Finding Control Number: FS-484-12-101
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
FINANCIAL REPORTING AND DISCLOSURE
BUDGET
Budgetary Noncompliance on Statutory (Budgetary) Basis Financial Statements

The GDOT concurs that instances of prior year ending fund balance deficits may occur since the GDOT implemented the Prior Year Carry-Over policy issued by the SAO. This situation may be attributable to error corrections to carry-over amounts from prior budget years as indicated in the cause. However, this situation may also be attributable to adjustments to funding source types or programs on prior year revenue and expenses through GDOT's standard business practices to ensure all available funding source types are used in the most efficient manner and for the correct program. For example, the GDOT may receive miscellaneous revenue in one year that is meant to fund expenses recorded in subsequent fiscal years. The correct program may not be easily identified at the time the funds are received because future expenditures may cross multiple programs; however, the SAO's accounting system requires the GDOT to record the receipt of cash and revenue on a program at the time it is received. It may be necessary for the GDOT to record an entry to adjust the program and budget

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

date in a subsequent fiscal year when the associated expenditures are identified and funds are amended in subsequent budgets.

The GDOT endeavored to fully comply with the Constitution of the State of Georgia, the 2012 Appropriations Act, and all SAO policies. However, there are no policies or guidance on how to properly handle prior year corrections made in subsequent years.

In an attempt to provide an acceptable solution to this issue, the GDOT proposed new legislative language in 2012 that would allow the GDOT to collapse all motor fuel and other fund balances into a special undesignated Program at each fiscal year-end close that could be redistributed to the proper program through an approved process involving the Governor's staff and the Office of Planning and Budget. However, the proposed legislation was not passed in the 2012 legislative session. The GDOT will continue to work with the Governor's staff, the House Budget Office and the Senate Budget Office on the passage of the proposed legislation in the 2013 legislative session. The GDOT will also continue to work with the SAO, the DOAA, the Office of Planning and Budget and the State Attorney General's Office on alternative solutions to address these issues should the proposed legislation not be passed during the 2013 legislative session.

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GEORGIA STATE UNIVERSITY

Finding Control Number: FA-509-12-01

SPECIAL TESTS AND PROVISIONS

Inadequate Control Procedures over Unofficial Withdrawals

We concur with this finding. The University has implemented procedures to ensure that unofficial withdraws are identified and the required return of Title IV Funds calculation is performed. The procedures the University has implemented will ensure that all students who receive all W's and F's will be notified at the end of the semester and required to submit proof that they earned the grade of F. The students must respond within two weeks of the notification date. If the student fails to respond within this period, the student will lose their Title IV financial aid for that semester and the University will refund the Title IV funds in accordance with Title IV requirements.

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GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION

Finding Control Number: FA-5092-12-01

SPECIAL TESTS AND PROVISIONS

Required Reports Not Filed or Not Submitted on Time

We concur with the above finding. In order to correct the finding, beginning with the 2012-2013 academic year, each After School coordinator that is resident at the individual school being served will, at the time that the DHS After School Care Program Eligibility form is submitted by the participant, review the form and verify that income eligibility to qualify for the program has been met. The After School coordinator will then sign and date the Eligibility form attesting that each participant has met the income eligibility requirement. In addition, once each semester, the university Financial Compliance Officer will be provided a roster of participants in the program by the program Associate Executive Director and will make a sample selection of participants from the roster and request the Eligibility form and other documentation needed to confirm that selected participants meet the income eligibility for the program.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FA-5092-12-02

SPECIAL TESTS AND PROVISIONS

Failure to Comply with Special Contract Terms and Conditions

We concur with the above finding. In order to correct the finding, beginning with the 2012-2013 academic year, each After School coordinator that is resident at the individual school being served will, at the time that the DHS After School Care Program Eligibility form is submitted by the participant, review the form and verify that income eligibility to qualify for the program has been met. The After School coordinator will then sign and date the Eligibility form attesting that each participant has met the income eligibility requirement. In addition, once each semester, the university Financial Compliance Officer will be provided a roster of participants in the program by the program Associate Executive Director and will make a sample selection of participants from the roster and request the Eligibility form and other documentation needed to confirm that selected participants meet the income eligibility for the program.

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ARMSTRONG ATLANTIC STATE UNIVERSITY

Finding Control Number: FA-524-12-01

SPECIAL TESTS AND PROVISIONS

Deficiencies in Student Financial Assistance Refund Process

We concur with this finding. The University acknowledges that the methodology used to calculate Return to Title IV Refunds (RTTF) lead to differencing amounts than the formulas prescribed by the U.S. Department of Education (DOE). The institution has changed the procedure for calculating the Return of Title IV fund refunds to include both housing and meal plan charges. This will bring the institution in line with current DOE guidelines for Title IV processing. The change in procedure was implemented in the fall of 2012. The Bursar's office has made the necessary corrections in the Banner Student Financial System and to the calculation spreadsheets they use for refund processing.

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FORT VALLEY STATE UNIVERSITY

Finding Control Number: FS-533-12-01

ACCOUNTING CONTROLS (OVERALL)

Logical Access - Inadequate Separation of Duties

We concur with the finding. We will review and revise the internal control structure to ensure adequate separation of duties or compensating controls. To address the specific deficiencies noted in the audit:

1. TGRRCON duties will be transferred to another staffer who has no responsibility for creating Banner Detail Codes. Additionally, the staff member assigned to maintain Banner Detail Codes will not be permitted to perform cash receipting duties. This is in addition to the current mitigating control whereby the Payroll Office staff reconciles the daily cash receipts produced by the Bursar's Office staff to the Banner system and the bank deposit.
2. All data entry and other system maintenance duties associated with granting/activating access to university administrative systems has been moved to IT. This move was made possible with the hiring of an additional staff person to back up the current IT staff member performing these duties.
3. While staff members in the Payroll Office currently conduct a weekly review of all pay and employment changes entered by the Office of Human Resources, an additional control will be added in the Controller's Office such that a staff member will cross check a payroll audit report of pay changes to an already existing data base of approved Personnel Action Notices (PAN) that have been approved by the Budget Office. This will provide better, more auditable documentation that all pay and employment changes have been properly approved.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

4. The university now has a clearance form that must be completed by all terminating employees prior to receiving a final pay check. It includes a sign off/acknowledgement by the Office of Information Technology (IT) that access to campus information systems has been eliminated. In addition, the university will conduct a quarterly review of system access to assure that only active employees or other authorized individuals have access. Documentation of this review will be maintained for a minimum of 18 months.

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Finding Control Number: FS-533-12-02 CASH AND CASH EQUIVALENTS Inadequate Accounting Controls

We concur with this finding. We will address as follows:

1. The Director of Accounting or the Controller will review, sign, and date all bank reconciliations by the 15th of the month following the bank statement date, ensuring timely reconciliations.
2. The University is recruiting an Accounting Manager, who will be responsible for bank reconciliations and capital assets, including GSFIC and MRR accounting. This individual will reconcile bank accounts on a monthly basis, and will include his/her signature and date of completion on the reconciliation. The University will also consult with staff from another University to assist in training the Accounting Manager with daily account reconciliation to streamline the monthly reconciliation process.
3. Reconciling items will not exceed 30 days outstanding.

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Finding Control Number: FS-533-12-03 FINANCIAL REPORTING Inadequate Controls over the Financial Reporting Process

We concur with this finding. We will design and implement procedures to strengthen controls over the preparation of financial statements. We will take or have taken the following actions to address the specific deficiencies noted:

1. The Controller and/or Director will review journal entries to ensure proper supporting documentation is attached and that the entry is appropriate.
2. The university has retained a consultant with extensive USG financial reporting experience to do a complete mapping of the university's chart of accounts to the approved Board of Regents' chart. The University will update their year-end calendar and year-end staff assignments to ensure a more timely year-end close, and preparation of the financial statements. This will allow more time to review the statements for accuracy.

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Finding Control Number: FS-533-12-04 REVENUES/RECEIVABLES/RECEIPTS Inadequate Accounting Procedures

We concur with this finding. We are taking action to ensure that the Board of Regents' Business Procedures Manual is followed in relation to granting credit to students and the collection and billing of student account balances. We will take or have taken the following actions to address the specific deficiencies noted:

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

1. All students with an account balance greater than 90 days will be placed in an "AR Hold" status that will prevent the student from registering for classes. Further, a notice will be sent to all advisors that will inform them that no student account with an "AR Hold" should be overridden unless a documented extenuating circumstance exists that is approved by the Vice President for Business & Finance.
2. The Director of Student Financial Services will ensure that the TSRCBILL process is performed on a monthly basis to include all terms with an open student account balance. Collection efforts will be consistently applied to all past due accounts.
3. The Director of Student Financial Services will develop a process to ensure that all clearing accounts are reviewed in relation to the TGRRCO on a monthly basis. Further, the Director will ensure that balances aged more than 180 days are reserved in an allowance for doubtful accounts no less than quarterly.

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SOUTHERN POLYTECHNIC STATE UNIVERSITY

Finding Control Number: FS-550-12-01

CAPITAL ASSETS

Inadequate Controls

We concur with this finding. The University acknowledges that procedures were not in place to maintain capital asset records in accordance with capitalization guidelines and Instructions provided in Chapter 7 of the Board of Regents' Business Procedures Manual.

The University reorganized the department and added a Capital Asset Accountant to increase the institutions focus is asset management accounting. The University has created a committee comprised of staff from accounting, budget, facilities and procurement to review capital projects on a monthly basis and increase communication between departments.

The University has reconciled the accounts related to the \$1,469,612 in building and the \$1,246,289 in equipment and will be adding the assets to the general ledger through the PeopleSoft Financial Management System in February 2013.

The University has reviewed the assets totaling \$69,128 reported as equipment provided by the audit team that did not meet the capitalization threshold. The assets, including firearms are being retired and added as small value property in the PeopleSoft Asset Management Module per BOR policy. The assets that did not meet the capitalization threshold will be retired.

The asset management depreciation calendar has been corrected with the assistance of the University System of Georgia Information Technology Services and the two assets not being depreciated accurately will be adjusted accordingly.

The University is in the process of designing, documenting and implementing a variety of balance sheet reconciliations to increase the accuracy in financial reporting. This includes various asset management reconciliations.

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Finding Control Number: FS-550-12-02

FINANCIAL REPORTING

Inadequate Controls

We concur with this finding. The University acknowledges that the institution's accounting procedures were insufficient to provide for adequate controls over the financial statement preparation process. The University adopted a methodology in fiscal year 2012 to accurately report the change in the method of reporting Summer Tuition and Fees and associated expenses in order to comply with GAAP standards. The University has requested and received all University funds previously being held by the SPSU Foundation. The University has discontinued the practice of distributing housing profits to the SPSU Foundation. The University will restate auxiliary beginning net assets per the audit recommendation.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

The University is in the process of designing, documenting and implementing a variety of balance sheet reconciliations to increase the accuracy in financial reporting. The reconciliations include but are not limited to Cash & Cash Equivalents, Investments, and Lease Obligations.

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VALDOSTA STATE UNIVERSITY

Finding Control Number: FS-551-12-01
EMPLOYEE COMPENSATION
Inadequate Controls over Employee Compensation

We concur with the finding. The Human Resources department has begun an internal Process Improvement initiative that has a two phased approach: the accounting phase and the human resources procedural phase. Changes to date include the hiring of a new fulltime Human Resources Specialist to perform benefits reconciliation (monthly identification of exceptions is already in place); the use of new ADP reporting mechanisms for use with the retirement program and unpaid leave program as well as a review and documentation of leave of absence procedures. We have also requested that a USG expert review our current benefit reconciliation process and recommend improvements. The Process Improvement initiative will be ongoing; however, initial project results are expected to be implemented by March 2013.

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GEORGIA PERIMETER COLLEGE

Finding Control Number: FA-571-12-01
REPORTING
Reports Not Reconciled

Management agrees with this recommendation. The current management was not in place when the 2011 FISAP report was submitted. The 2012 FISAP report that will be audited in 2013 was reconciled to the 2012 financial statements and is believed accurate.

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Finding Control Number: FA-571-12-02
SPECIAL TESTS AND PROVISIONS
Inadequate Control Procedures over Unofficial Withdrawals

Management agrees with this recommendation. GPC management has already corrected the inability to identify unofficial withdrawals by creating a new field in Banner for faculty to input the last date of academic activity for each student receiving an "F" grade. This is in place with the Fall 2012 term. Title IV returns for the Fall 2012 term will be completed within the prescribed Federal timeline. In addition, last dates of academic activity have been determined for potential unofficial withdrawals in the Summer 2011 through Summer 2012 terms. The College is actively in the process of returning Title IV funds for students that are deemed unofficial withdrawals for these terms.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-571-12-01

CAPITAL ASSETS

Inadequate Internal Controls

Management agrees with this recommendation. As a result of current management's efforts, the College's capital assets reported as of June 30, 2012 are materially correct and reconciled with the subsidiary ledger. Depreciation expense and accumulated depreciation are also correctly stated as of the balance sheet date. Periodic reconciliations to the subsidiary ledger were put into place in the last quarter of fiscal year 2012.

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Finding Control Number: FS-571-12-02

GENERAL LEDGER

REVENUES AND RECEIVABLES

Inadequate Controls over Restricted Funds

Management agrees with this recommendation. In the last quarter of fiscal year 2012, Restricted Grant Funds by project were analyzed and corrected to within a tolerable variance that will be further analyzed in fiscal year 2013. Management has already put into place new Restricted fund reconciliation formats and procedures to ensure that these funds are properly monitored and reported.

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Finding Control Number: FS-571-12-03

FINANCIAL REPORTING

Inadequate Accounting Procedures over Budget Preparation and Execution

Management agrees with this finding. GPC management has remedied the absence of budgetary controls in fiscal year 2013 by eliminating budget override access to all except key personnel; recasting the fiscal year 2013 budget; requiring Dean or Director approval for all expenditures; implementing an automated system (i-Strategy) that gives departments and senior management an easy-to-use tool to manage their budget; and putting in place a system of periodic budget reporting to executive management. It is also worthwhile to note that there were no audit adjustments to fiscal year 2012 budgetary reporting.

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Finding Control Number: FS-571-12-04

EMPLOYEE COMPENSATION

Inadequate Internal Controls

Management agrees with this recommendation. It should be noted that the significant deficiency in this case relates to the possibility of significant misstatement. The audit did not uncover any significant misstatement related to employee compensation. In fiscal year 2013, Human Resources management has already put into place a system for reviewing changes to employee compensation and ensuring those changes are authorized. Payroll put into place a documented review and sign off procedure for extra pay that is keyed by clerical staff.

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State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FS-571-12-05

CASH AND CASH EQUIVALENTS

Inadequate Separation of Duties

Management agrees with this recommendation. It should be noted that the significant deficiency in this case relates to the possibility of significant misstatement. The audit did not uncover any significant misstatement or impropriety related to Cash. This control deficiency was corrected in the fourth quarter of fiscal year 2012, when responsibility for cash wires and cash journals was moved to a different staff member than the one reconciling the bank account.

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EAST GEORGIA STATE COLLEGE

Finding Control Number: FA-572-12-01

SPECIAL TEST AND PROVISIONS

Deficiencies in Student Financial Assistance Refund Process

We concur with this finding. The College has implemented procedures to ensure that refunds are properly calculated for students that withdraw. Additional documentation will be required during the calculation of refunds and during the review process to ensure accuracy. Title IV refunds will be properly calculated, reviewed, and returned in a timely manner in accordance with Federal regulations.

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GORDON STATE COLLEGE

Finding Control Number: FA-576-12-01

SPECIAL TEST AND PROVISIONS

Deficiencies Over the Title IV Refund Process

We concur with this finding. The Gordon State College Financial Aid Office acknowledges that the unearned portion of the Title IV funds for the five students identified in the sample were not returned in a timely manner. In order to ensure that the funds are returned in a timely manner, the Gordon State College Financial Aid Office has implemented the following procedure:

1. The Gordon State College Registrar's Office will forward copies of all students who withdraw during a semester to the Gordon State College Financial Aid Office. These records will be reviewed to determine which of the students received Title IV funding.
2. The Gordon State College Financial Aid Office will also utilize these copies to verify that the Title IV recipients are included on our internal reports so as to ensure timely processing and return of the unearned portion of the Title IV funding.
3. The Gordon State College Financial Aid Office will use our Banner system to schedule our internal reporting sequence which will allow us to maintain a history of when each student was identified as having withdrawn from the institution.

In addition to the steps listed above, the Gordon College Financial Aid Office will use the following procedure to monitor the proper and timely return of the unearned portion of the Title IV funding:

1. Upon completion of the student calculation, a copy will be forwarded to the Gordon State College Business Office for review to ensure all calculations are correct.

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

2. Once confirmation is received from the Gordon State Business Office that the calculation(s) are correct, the appropriate Title IV funding will be adjusted on the student account and Banner processes will be run to return the funding to the Department of Education.
3. Gordon State College Financial Aid Office Personnel will verify that the funds have updated on the Common Origination and Disbursement screen (COD) within the 45 day time frame. A screen shot of the COD update will be printed out and summarily scanned and indexed into our Banner system as a record of the adjustment.
4. We also plan to utilize an internal report that displays both the withdrawal date and the 45 day deadline associated with that withdrawal date as another way to verify that the funds were returned in a timely manner.

We plan to implement these procedures by December 31, 2012.

Contact Person: Larry Mitcham, Director of Financial Aid
Telephone: 678-359-5524 Fax: 678-359-5120 E-mail: larrym@gordonstate.edu

Finding Control Number: FA-576-12-02 SPECIAL TEST AND PROVISIONS Exit Counseling Not Conducted

We concur with this finding. The Gordon State College Financial Aid Office acknowledges that copies of exit counseling materials were not available for the two students identified in the sample. In order to ensure that exit counseling material is disseminated to all students who are required to receive it, the Gordon State College Financial Aid Office has implemented the following procedure:

1. The Gordon State College Financial Aid Office has reviewed all of our internal reporting for the various student groups that are required to receive exit counseling notices per Federal regulation (34 CFR 685.304) in order to ensure proper and timely submission of all required documentation.
2. The Gordon State College Financial Aid Office will notify these various student groups of the exit counseling requirement via the student's Gordon State College E-mail account, and will record this information in the RUAMAIL screen of our Banner operating system in order to show proof of delivery of the required information.

We plan to implement these procedures by December 31, 2012.

Contact Person: Larry Mitcham, Director of Financial Aid
Telephone: 678-359-5524 Fax: 678-359-5120 E-mail: larrym@gordonstate.edu

Finding Control Number: FS-576-12-01 ACCOUNTING CONTROLS (OVERALL) Logical Access - Monitoring / Inadequate Separation of Duties

We concur with this finding. The College acknowledges that maintaining appropriate separation of duties is a vital requirement upon establishing an effective internal control structure. Immediate action has been taken by the Controller's office in reviewing the established internal control structure with a focus on adequately separating the functions of initiating, authorizing, and recording transactions and reconciliations. The College is implementing several procedural changes to ensure that controls are periodically reviewed, updated, and proper monitoring is in place. In order to ensure that access to financial systems is appropriate based on job responsibilities, quarterly reviews and updates of user specific application access controls through a University System supplied separation of duties matrix, program specific access queries, user-role reports, and walkthroughs, will be documented and submitted for management review and evidence of this process will be maintained for a period of no less than 18 months. Management's initial documentation of the review of internal controls shall commence as of December 31, 2012, and the quarterly review cycle shall follow as stated.

Contact Person: Lee Fruitticher, Vice President for Business Affairs
Telephone: 678-359-5009 Fax: 678-359-5213 E-mail: leef@gordonstate.edu

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

MIDDLE GEORGIA COLLEGE

Finding Control Number: FA-584-12-01

SPECIAL TESTS AND PROVISIONS

Inadequate Control Procedures Over Unofficial Withdrawals

We concur with this finding. The college reviewed the procedures relative to this finding and is implementing procedures to correct this deficiency.

The College will review all students who unofficially withdraw and contact students and faculty to determine if the student ceased attending classes. If the student ceased attending classes, a Title IV refund calculation will be performed and unearned Title IV funds returned as required.

Contact Person: Josh Foskey, Director of Student Financial Services
Telephone: 478-934-3447 Fax: 478-934-3448 E-mail: jfoskey@mgc.edu

SOUTH GEORGIA COLLEGE

Finding Control Number: FS-587-12-01

EXPENDITURES/LIABILITIES/DISBURSEMENTS

Inadequate Internal Controls

We concur with this finding. In February, 2012, the college began implementation of the eProcurement system, a module in PeopleSoft Financials, for purchasing items available in the Georgia First Marketplace, an online shopping site where users can shop online for contract items from a variety of state and institution approved vendors. The eProcurement system provides automated approval controls on all purchases made using the system. Also in February, 2012, the college began requiring pre-purchase approvals for all items purchased outside of the Georgia First Marketplace. Subsequent to this date, all requests for purchase must be pre-approved by the appropriate supervisor, budget manager or Vice President; this pre-purchase approval will be evidenced on the Departmental Purchase Request form.

Contact Person: Marcus J. Latham, Vice President for Fiscal Affairs
Telephone: 912-260-4300 Fax: 912-260-4445 E-mail: mark.latham@sgc.edu

WEST GEORGIA TECHNICAL COLLEGE

Finding Control Number: FA-826-12-01

REPORTING

Failure to Award Federal Funds in a Timely Manner or Report Non-use of Funding

We concur with this finding. Changes in financial aid department staffing will prevent failure to award FSEOG and the underuse of Federal Work Study allocations. The Director of Financial Aid responsible for Financial Aid Activities in the FY11-FY12 award was terminated in October 2012. WGTC will be hiring a new Executive Director of Financial Aid on October 22, 2012. The Executive Director of Financial Aid is charged to incorporate disbursement dates for FSEOG into the Banner software system and award dates on the BANNER operational calendar so no deadlines are missed. At the end of each term, the total FSEOG and FWS work study allocation will be reviewed and reconciled to the Financial Trial Balance FSEOG and FWS Fund Sources. WGTC is revising the FY12-FY13 FISAP submission to request a waiver for not awarding the \$217,431 FY12 allocation. If the waiver is approved, the FY14 penalty will be avoided. In the revised FY12-FY13 WGTC will also request \$21,743 and \$15,438 of carry forward funds from the FY12 unused FSEOG and FWS respectively.

Contact Person: Ms. Anna English, Executive Director of Financial Aid
Telephone: 770-537-5718 Fax: 770-537-7995 E-mail: anna.english@westgatech.edu

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

Finding Control Number: FA-826-12-02
SPECIAL TESTS AND PROVISIONS
Failure to Properly Comply with the Verification Process

We concur with this finding. Procedures for additional review of student verifications and documentation requirements will be implemented. To ensure that all students selected for verification have verification completed in a timely manner a report of names of all students selected for verification indicating the verification was completed for all students selected upon registration and completed documentation which will be reviewed by the Executive Director or Assistant Director and an electronic file stored on the shared financial aid R Drive, that can be reviewed by the auditor to see that this review was completed. A control to ensure that all required documents are scanned into NoliJ will consist of a worksheet used by any financial aid employee completing verifications certifying that all documents have been scanned, and this worksheet is scanned into NoliJ and available to SFA Executive Director/Assistant Director and auditors. For any students where the tax information is required in verification, the employee performing the verification will sign off on the checklist that source documents matches what is in the Department of Education data base and Banner.

Contact Person: Ms. Anna English, Executive Director of Financial Aid
Telephone: 770-537-5718 Fax: 770-537-7995 E-mail: anna.english@westgatech.edu

Finding Control Number: FA-826-12-03
SPECIAL TESTS AND PROVISIONS
Deficiencies Over the Title IV Refunds Process

We concur with this finding. The Vice President of Academic Affairs is working with faculty to ensure that withdrawals, drops, and no-shows are submitted in a timely manner, to allow time for financial aid processing and reporting to take place within the required time frame. Late submissions of withdrawals, drops and no-shows by Full Time and Adjunct faculty will be tracked by the Financial Aid Department and reported to the Vice President of Student Affairs and Academic Affairs for possible disciplinary actions and or annual review performance evaluation. The financial aid specialist performing the Return to Title IV calculations will ensure that lists are generated for all semesters at a minimum of bi weekly to ensure the 45 day reporting time frame is adhered to for drops properly reported by faculty. At the end of every semester a random sampling of withdrawal students will be performed to insure that a R2T4 calculation was performed reviewed and approved. The sampling results will be reviewed and signed by the Executive Director of Financial and the Vice President of Student Affairs.

Contact Person: Ms. Anna English, Executive Director of Financial Aid
Telephone: 770-537-5718 Fax: 770-537-7995 E-mail: anna.english@westgatech.edu

Finding Control Number: FS-826-12-01
EXPENDITURES/LIABILITIES/DISBURSEMENTS
Inadequate Segregation of Duties

We concur with this finding. In FY12 we reviewed which employees had rights to create a PeopleSoft voucher and to set check runs. As a result of this review we removed both these rights from three employees. During this review we decided to allow the AP Technician that is the AP Supervisor's backup to retain both these rights so she could set checks runs when the AP Supervisor was on vacation and or out sick. This decision led to this FY12 Audit Finding. The right to set a check run was removed from this AP Technician in September 2012. Currently the AP Supervisor is the only employee in the Accounts Payable Department that can set a check run. If this supervisor is unable to set a check run, the Executive Director of Accounting, who does not have access to enter a voucher, will now set the check run. To document that these are the only two employees setting the check runs, after each check run is set in PeopleSoft, they are printing a copy of the screen where the check run is initiated and signing and retaining it for future audit verification.

Contact Person: Denise Thompson, Accounts Payable Supervisor
Telephone: 706-845-4616 Fax: 706-756-4636 E-mail: denise.thompson@westgatech.edu

State of Georgia

Auditee's Corrective Action Plans For the Fiscal Year Ended June 30, 2012

SOUTHWEST GEORGIA TECHNICAL COLLEGE

Finding Control Number: FA-846-12-01
SPECIAL TESTS AND PROVISIONS
Deficiencies in Student Financial Assistance Process

We concur with this finding. The College has implemented procedures to ensure that student financial assistance refunds are returned to the appropriate accounts in a timely manner. Effective Fall Semester 2012, reporting invoices will be submitted to COD on a bi-weekly basis. The College is implementing new Attendance and Withdrawal policies, effective Spring Semester 2013, which stipulate that any student who fails to attend a course for fourteen consecutive days will be Administratively Withdrawn from the course by the instructor. The Vice President of Academic Affairs communicates policy requirements to instructors at faculty meetings and adjunct orientation sessions. The Financial Aid Director and Registrar will continue to send reminders to all instructors regarding the timely submission of enrollment records.

Contact Person: Amy Scoggins, Director of Financial Aid
Telephone: 229-227-2687 Fax: 229-227-2727 E-mail: ascoggins@southwestgatech.edu

FIREFIGHTERS' PENSION FUND, GEORGIA

Finding Number: FS-950-12-01
REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
FINANCIAL REPORTING AND DISCLOSURE
Admission of Ineligible Members to the Pension Plan

We concur with this finding. As noted in the "Condition" section of the finding, the Fund's management brought this condition to the attention of the State Auditor, reflecting that our internal controls are sound and effective, and we were aware of the condition and were in the process of correcting it. Our plan to correct the condition is to follow your recommendation of seeking legislation to address part time participation going forward and provide for participation since July 1, 2006. This legislation has been drafted and will be introduced this session. It will be fiscal in nature and must be dealt with from a funding perspective. If it fails, our plan is to rescind any pension creditable service granted unlawfully, refund any dues thus collected and seek a refund of any pension benefits paid improperly. Finally, we will review our policies and procedures for improvements in methods to insure compliance with changes in the Code as they occur or fail to occur.

Contact Person: James R. Meynard
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Appendix "A"
Organizational Units



" Moon Glow Swamp", Photograph
Artist: John E. Ramspott, Oxford, GA

State of Georgia**Listing of Organizational Units Comprising****The State of Georgia Reporting Entity****For the Fiscal Year Ended June 30, 2012**

<u>ORGANIZATIONAL UNIT</u>	<u>CONTROL NUMBERS</u>
Accounting Office, State	407
Administrative Services, Department of	403
Agricultural Commodities Commissions	ACC
Agricultural Commodity Commissions for Peanuts	936
Agricultural Exposition Authority, Georgia	926
Agriculture, Department of	402
Audits and Accounts, Department of (*)	404
Aviation Authority, Georgia	992
Aviation Hall of Fame, Georgia	483
Banking and Finance, Department of	406
Behavioral Health and Developmental Disabilities, Department of	441
Boll Weevil Eradication Foundation	930
Building Authority, Georgia (*)	900
Community Affairs, Department of	428
Community Health, Department of (*)	419
Correctional Industries Administration, Georgia	921
Corrections, Department of	467
Defense, Department of	411
Development Authority, Georgia (*)	914
Driver Services, Department of	475
Early Care and Learning, Department of	469
Economic Development, Department of	429
Economic Development Foundation, Inc., Georgia	989
Tourism Foundation, Georgia	990
Education, Department of	414
Foundation for Public Education, Georgia	994
Environmental Finance Authority, Georgia (*)	928
Financing and Investment Commission, Georgia State (*)	409
Forestry Commission, State	420
Games Commission, Georgia State	496
General Assembly, Georgia (*)	444
Governor, Office of the	422
Higher Education Assistance Corporation, Georgia (*)	918
Higher Education Facilities Authority, Georgia (*)	969
Highway Authority, Georgia	924
Housing and Finance Authority, Georgia (*)	923
Human Services, Department of	427
Insurance, Department of	408
International and Maritime Trade Center Authority, Georgia (*)	974
Investigation, Georgia Bureau of	471
Jekyll Island State Park Authority	910
Jekyll Island Foundation	993
Judicial Branch	430
Court of Appeals	432
Judicial Council of Georgia	434
Juvenile Court Judges, Council of	431
Prosecuting Attorneys' Council	418
Superior Courts	436
Supreme Court	438
Juvenile Justice, Department of	461

State of Georgia**Listing of Organizational Units Comprising****The State of Georgia Reporting Entity****For the Fiscal Year Ended June 30, 2012**

<u>ORGANIZATIONAL UNIT</u>	<u>CONTROL NUMBERS</u>
Labor, Department of	440
Lake Lanier Islands Development Authority	913
Law, Department of	442
Lottery Corporation, Georgia (*)	973
Medical Center Authority, Georgia (*)	982
Music Hall of Fame Authority, Georgia	929
Natural Resources, Department of	462
Natural Resources Foundation, Georgia	4621
North Georgia Mountains Authority	912
Oconee River Greenway Authority	988
OneGeorgia Authority	981
Pardons and Paroles, State Board of	465
Pension Funds	
Employees' Retirement System of Georgia (*)	
Regular	416
Deferred Compensation Plans	n/a
Defined Contribution Plan, Georgia	n/a
District Attorneys' Retirement System of Georgia	946
Judicial Retirement System, Georgia	n/a
Legislative Retirement System, Georgia	n/a
Military Pension Fund, Georgia	n/a
Public School Employees' Retirement System	468
State Employees' Assurance Department	n/a
Superior Court Judges Retirement System of Georgia	945
Firefighters' Pension Fund, Georgia	950
Judges of the Probate Court Retirement Fund of Georgia	949
Magistrates Retirement Fund	991
Peace Officers' Annuity and Benefit Fund of Georgia	947
Sheriffs' Retirement Fund of Georgia	951
Superior Court Clerks' Retirement Fund of Georgia (*)	948
Teachers Retirement System of Georgia (*)	482
Personnel Administration, State	460
Ports Authority, Georgia (*)	916
Properties Commission, State	410
Public Defender Standards Council, Georgia	492
Public Health, Department of	405
Public Safety, Department of	466
Public Service Commission	470
Public Telecommunications Commission, Georgia	977
Rail Passenger Authority, Georgia	960
Regents of the University System of Georgia, Board of Colleges, Universities and Foundations	472
Research Universities	
Georgia Institute of Technology (*)	503
Georgia Tech Athletic Association (*)	5032
Georgia Tech Facilities, Inc.(*)	5034
Georgia Tech Foundation, Incorporated (*)	5035
Georgia Tech Research Corporation (*)	5036
Georgia Tech Applied Research Corporation (*)	5037

State of Georgia**Listing of Organizational Units Comprising****The State of Georgia Reporting Entity****For the Fiscal Year Ended June 30, 2012**

<u>ORGANIZATIONAL UNIT</u>	<u>CONTROL NUMBERS</u>
Georgia State University	509
Georgia State University Foundation, Inc.(*)	5091
Georgia State University Research Foundation, Inc. (*)	5092
Georgia Health Sciences University	512
Medical College of Georgia Foundation, Inc. (*)	5122
The Medical College of Georgia Physician's Practice Group Foundation (*)	5125
MCG Health System, Inc.	5127
MCG Health, Inc.(*)	5124
University of Georgia (*)	518
The University of Georgia Athletic Association, Inc.(*)	5181
The University of Georgia Foundation (*)	5182
University of Georgia Research Foundation, Inc.(*)	5184
Regional Universities	
Georgia Southern University	539
Georgia Southern University Housing Foundation, Inc.(*)	5392
Valdosta State University	551
VSU Auxiliary Services Real Estate Foundation, Inc.	5512
State Universities	
Albany State University	521
Armstrong Atlantic State University	524
Armstrong Atlantic State University Educational Properties Foundation, Inc.	5241
Augusta State University	527
Clayton State University	528
Columbus State University	530
Fort Valley State University	533
Georgia College & State University	536
Georgia College and State University Foundation, Inc. (*)	5362
Georgia Southwestern State University	542
Kennesaw State University	543
Kennesaw State University Foundation, Inc. (*)	5431
North Georgia College & State University	545
North Georgia College & State University Real Estate Foundation, Inc.	5452
Savannah State University	548
Southern Polytechnic State University	550
University of West Georgia	554
State Colleges	
Abraham Baldwin Agricultural College	557
Atlanta Metropolitan State College	561
College of Coastal Georgia	563
Dalton State College	569
Darton State College	570
East Georgia State College	572
Gainesville State College	575
Georgia Gwinnett College	540
Georgia Highlands College	573
Georgia Perimeter College	571
Gordon State College	576
Macon State College	581
Middle Georgia College	584
South Georgia College	587

State of Georgia**Listing of Organizational Units Comprising****The State of Georgia Reporting Entity****For the Fiscal Year Ended June 30, 2012**

<u>ORGANIZATIONAL UNIT</u>	<u>CONTROL NUMBERS</u>
Two-Year Colleges	
Bainbridge College	562
Waycross College	589
University System of Georgia Foundation, Inc.	4721
Other	
Georgia Military College	968
Skidaway Institute of Oceanography	593
Regional Educational Service Agencies (RESA)	
Central Savannah River Area RESA	8684
Chattahoochee-Flint RESA	8724
Coastal Plains RESA	8864
First District RESA	8804
Griffin RESA	8624
Heart of Georgia RESA	8764
Metropolitan RESA	8564
Middle Georgia RESA	8644
North Georgia RESA	8524
Northeast Georgia RESA	8584
Northwest Georgia RESA	8504
Oconee RESA	8664
Okefenokee RESA	8884
Pioneer RESA	8544
Southwest Georgia RESA	8844
West Georgia RESA	8604
Regional Transportation Authority, Georgia	976
Revenue, Department of	474
Road and Tollway Authority, State (*)	927
Sapelo Island Heritage Authority	942
Secretary of State	478
Seed Development Commission, Georgia	919
Soil and Water Conservation Commission, State	480
Southwest Georgia Railroad Excursion Authority	984
Sports Hall of Fame Authority, Georgia	944
State Treasurer, Office of the	486
Stone Mountain Memorial Association (*)	911
Student Finance Authority, Georgia (*)	917
Student Finance Commission, Georgia	476
Subsequent Injury Trust Fund	489
Superior Court Clerks' Cooperative Authority, Georgia (*)	955
Technical College System of Georgia	415
State Technical Colleges	
Albany Technical College	820
Altamaha Technical College	821
Athens Technical College	822
Atlanta Technical College	823
Augusta Technical College	824
Central Georgia Technical College	835
Chattahoochee Technical College	827
Columbus Technical College	828
Georgia Piedmont Technical College	830

State of Georgia

Listing of Organizational Units Comprising

The State of Georgia Reporting Entity

For the Fiscal Year Ended June 30, 2012

<u>ORGANIZATIONAL UNIT</u>	<u>CONTROL NUMBERS</u>
Georgia Northwestern Technical College	829
Gwinnett Technical College	832
Lanier Technical College	834
Middle Georgia Technical College	836
Moultrie Technical College	837
North Georgia Technical College	838
Oconee Fall Line Technical College	817
Ogeechee Technical College	844
Okefenokee Technical College	818
Savannah Technical College	841
South Georgia Technical College	842
Southeastern Technical College	843
Southern Crescent Technical College	831
Southwest Georgia Technical College	846
West Georgia Technical College	826
Wiregrass Technical College	848
Technology Authority, Georgia	980
Tourism Foundation, Georgia	990
Transportation, Department of	484
Veterans Service, Department of	488
Workers' Compensation, State Board of	490
World Congress Center Authority, Geo. L. Smith II, Georgia	922

(*) Audits of these organizational units performed in whole or in part by other auditors.



