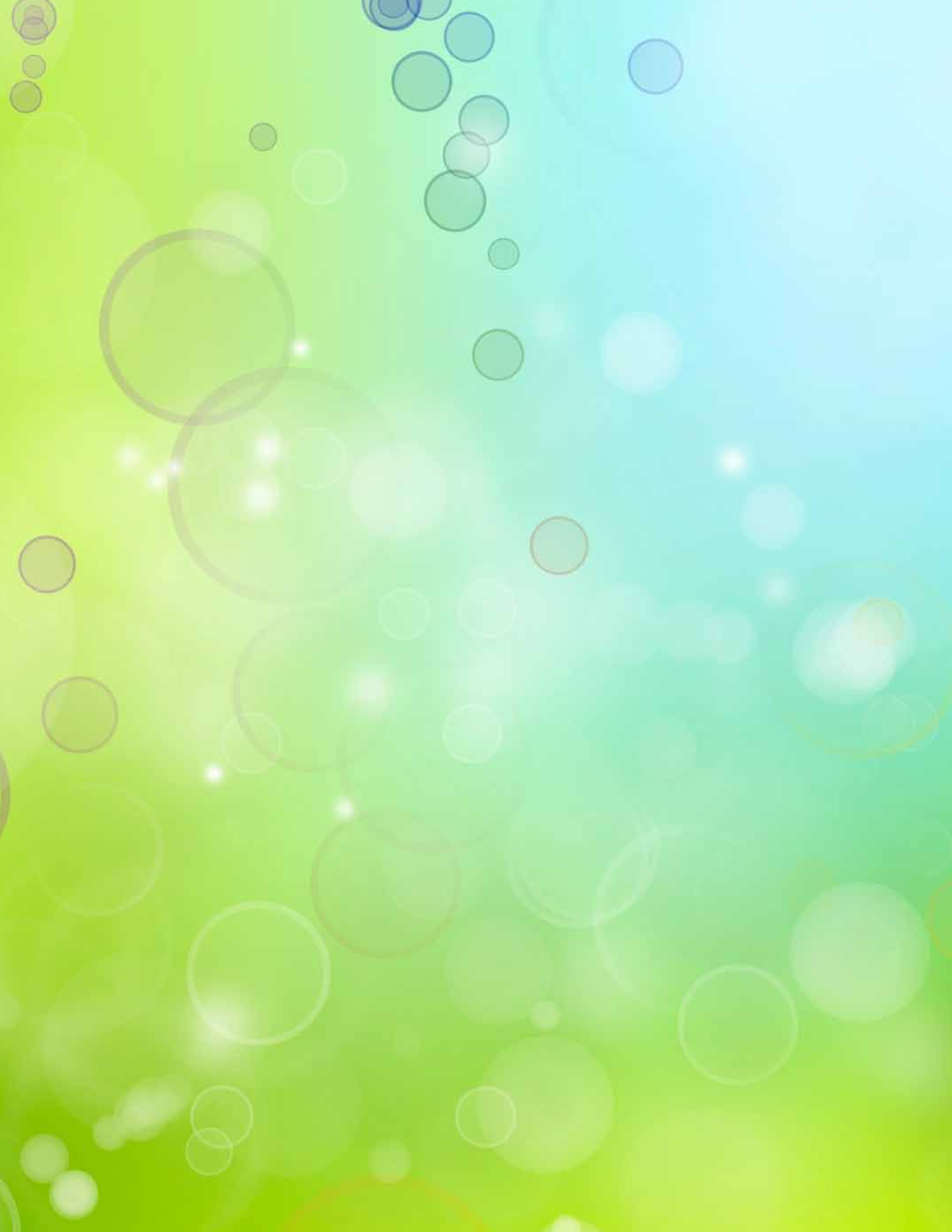
Teachers Retirement System of Georgia

A COMPONENT UNIT OF THE STATE OF GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014



Teachers Retirement System of Georgia

A COMPONENT UNIT OF THE STATE OF GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014

Prepared by the
Financial Services Division of the
Teachers Retirement System of Georgia

Jeffrey L. Ezell
Executive Director

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CERTIFICATE OF ACHIEVEMENT

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers Retirement System of Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

BOARD OF TRUSTEES
as of December 1, 2014

LETTER OF TRANSMITTAL

Teachers Retirement System of Georgia

Jeffrey L. Ezell
Executive Director

December 17, 2014
Board of Trustees
Teachers Retirement System of Georgia
Atlanta, Georgia

I am pleased to present the Comprehensive Annual Financial Report of the Teachers Retirement System of Georgia (the "System") for the fiscal year ended June 30, 2014. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the management of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System. I trust that you will find this report helpful in understanding your retirement system.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers Retirement System of Georgia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the 26th consecutive year that the System has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

History and Overview

The System was created in 1943, by an act of the Georgia General Assembly to provide retirement security to those individuals who choose to dedicate their lives to educating the children of the State of Georgia, and began operations in 1945. A summary of the System's provisions is provided on pages 12-14 of this report.

The System is governed by a ten-member Board of Trustees which appoints the Executive Director who is responsible for the administration and operations of the System, which serves more than 412,000 active and retired members, and 294 employers.

Financial Information

The management of the System is charged with the responsibility of maintaining a sound system of internal accounting controls. The objectives of such a system are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations, and that they are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Even though there are inherent limitations in any system of internal control, the management of the System makes every effort to ensure that through systematic reporting and internal reviews, errors or fraud would be quickly detected and corrected.

Please refer to Management's Discussion and Analysis starting on page 17 of this report for an overview of the financial status of the System, including a summary of the System's Fiduciary Net Position, Changes in Fiduciary Net Position, and Asset Allocations.

INVESTMENTS—The System has continued to invest in a mix of high quality bonds and stocks as it historically has done. These types of investments have allowed the System to participate in rising markets, while moderating the risks on the downside. New funds continue to be invested in high quality securities. A high quality balanced fund has proven to be a successful strategy in a variety of markets over a long period of time.

As in previous years, maintaining quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" continues to be the principal guides in investment decisions. The System continued to use a diversified portfolio to accomplish these objectives.

FUNDING—The System's funding policy provides for employee and employer contributions at rates, expressed as a percentage of annual covered payroll, that are sufficient to provide resources to pay benefits when due.

A useful indicator of the funded status of a retirement system is the relationship between the actuarial value of assets and the actuarial accrued liabilities. The System continues to remain strong as evidenced by the ratio of the actuarial value of assets to the actuarial accrued liabilities. This ratio was 81.1% for the fiscal year ended June 30, 2013. The ultimate test of the financial soundness of a retirement system is its ability to pay all promised benefits when due. I am proud to say that through the continued wisdom and the support of Governor Nathan Deal and the Georgia General Assembly, the System has been and will continue to be funded on an actuarially sound basis, thus providing the membership the comfort and security they expect from their retirement system.

Initiatives

We continuously look for ways to improve our customer service and maintain a secure and stable System for our customers. Throughout the year, we solicit feedback from our members and take those suggestions and comments into consideration when making our processes, technology and services offered more effective and efficient.

LETTER OF TRANSMITTAL
continued

To keep our System secure, two network security penetration tests were conducted by a private sector security firm. No security risks were found and there were no social engineering failures. Over the course of the year our system blocked 1,312,049 hacker probes and 17,533 hacker attacks on the network infrastructure. We added Positive Pay, a fraud detection tool, to our operating and expense accounts to further combat fraudulent checks.

To engage and keep our newer members informed, we implemented a fully-revised New Member presentation, which includes a section on general concepts of personal financial literacy. We individually counseled over 7,000 members and retirees at our office and around the State. Through our 311 outreach events, including meetings, benefit fairs, and workshops, we reached over 28,000 members and retirees. We also enhanced the disability retiree review process to include disability retirees who have returned to work, ensuring these retirees are in compliance with Georgia law.

Each year we also strive to stay up-to-date with our technology. Fiscal Year 2014 was no exception. We developed a content management system for our website and implemented improvements in employer reporting to streamline and improve performance when processing employer files, resulting in significant improvements to processing time.

Other Information

INDEPENDENT AUDIT—The Board of Trustees requires an annual audit of the financial statements of the System by independent, certified public accountants. The accounting firm of KPMG LLP was selected by the Board. The independent auditors' report on the statement of plan fiduciary net position and the related statement of changes in plan fiduciary net position is included in the Financial Section of this report.

ACKNOWLEDGMENTS—The compilation of this report reflects the combined effort of the staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the assets contributed by the System's members, their employers, and the State of Georgia.

Copies of this report can be obtained by contacting the System, or may be downloaded from the System's website.

I would like to take this opportunity to express my gratitude to Governor Nathan Deal, members of the Georgia General Assembly, the staff, the advisors, and to the many people who have worked so diligently to ensure the successful operation of the System.

Sincerely,

Jeffrey L. Ezell

Jeffrey L. Ezell
Executive Director

Financial Highlights	June 30, 2014	June 30, 2013	% Change
Member Contributions	$ 640,120,000	$ 640,745,000	− 0.1
Employer and Nonemployer Contributions	$ 1,270,963,000	$ 1,180,469,000	+ 7.7
Interest and Dividend Income	$ 1,347,317,000	$ 1,351,355,000	− 0.3
Benefits Paid to Retired Members	$ 3,764,452,000	$ 3,548,149,000	+ 6.1
Member Withdrawals	$ 87,095,000	$ 81,142,000	+ 7.3
Interest Credited to Member Contributions	$ 294,707,000	$ 281,041,000	+ 4.9

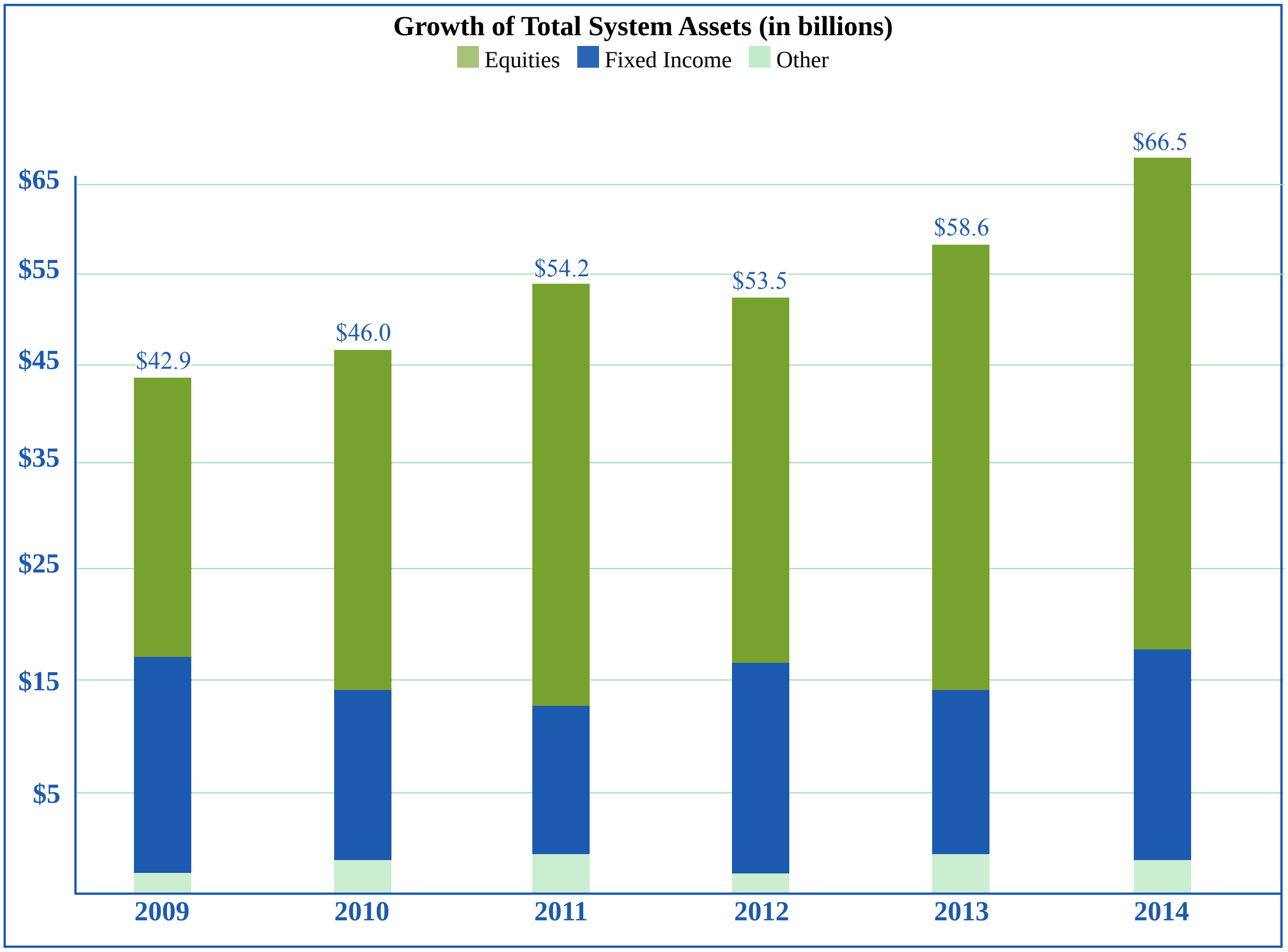
Statistical Highlights	2014	2013	% Change
Active Membership	209,855	208,616	+ 0.6
Members Leaving the System	8,687	8,394	+ 3.5
Retired Members	108,100	101,139	+ 6.9
Average Monthly Benefit	$ 2,902	$ 2,923	− 0.7

SYSTEM ASSETS

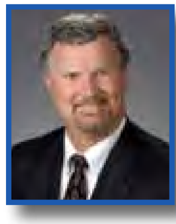
Total System Assets at June 30 (in thousands)

	2009	2010	2011	2012	2013	2014
Equities	$23,733,154	$28,237,867	$37,567,598	$37,190,400	$41,395,706	$47,126,335
Fixed Income	17,944,548	16,075,686	14,386,920	15,188,293	14,882,328	17,490,895
Other[1]	1,175,665	1,675,244	2,196,449	1,154,311	2,360,040	1,907,659
Total System Assets	$42,853,367	$45,988,797	$54,150,967	$53,533,004	$58,638,074	$66,524,889

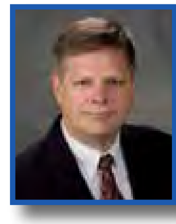
[1] Includes receivables, cash and cash equivalents, and capital assets, net.



ADMINISTRATIVE STAFF & ORGANIZATION



Jeffrey L. Ezell
Executive Director



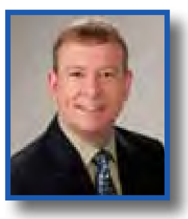
Stephen J. Boyers
Chief Financial Officer

Charles W. Cary, Jr.
Chief Investment Officer
Investment Services

Diann F. Green
Director
Retirement Services

Lisa M. Hajj
Director
Communications

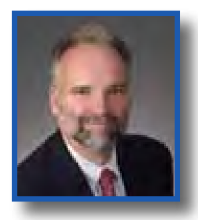
Dina N. Jones
Director
Member Services



Gregory J. Rooks
Controller
Financial Services

J. Gregory McQueen
Director
Information Technology

Tonia T. Morris
Director
Human Resources



Charles P. Warren
Director
Employer Services and
Contact Management

Consulting Services

Actuary
Cavanaugh Macdonald
Consulting, LLC

Auditor
KPMG LLP

Medical Advisors*
Gordon J. Azar, M.D.
Atlanta, Georgia
William Biggers, M.D.
Atlanta, Georgia
Marvin Bittinger, M.D.
Gainesville, Georgia
Pedro Garcia, M.D.
Atlanta, Georgia
Harold Sours, M.D.
Atlanta, Georgia
Joseph W. Stubbs, M.D.
Albany, Georgia

* as of November 1, 2014

Investment Advisors*

Albritton Capital Management
Baillie Gifford Overseas Limited
Barrow, Hanley, Mewhinney & Strauss
Cooke & Bieler
Denver Investment Advisors
Fisher Investments
Mondrian Investment Partners Limited
PENN Capital Management
Sands Capital Management

* See page 41 in the Investment Section for a summary of fees paid to Investment Advisors.

SUMMARY OF PLAN PROVISIONS

Purpose

The Teachers Retirement System of Georgia (the "System") was established in 1943, by an act of the Georgia General Assembly for the purpose of providing retirement allowances and other benefits for teachers of this state, and began operations in 1945. The System has the power and privileges of a corporation, and the right to bring and defend actions.

The major objectives of the System are (1) to pay monthly benefits due to retirees accurately and in a timely manner, (2) to soundly invest retirement funds to insure adequate financing for future benefits due and for other obligations of the System, (3) to accurately account for the status and contributions of all active and inactive members, (4) to provide statewide educational and counseling services for System members, and (5) to process refunds due terminated members.

Administration

State statutes provide that the administration of the System be vested in a ten-member Board of Trustees comprised as follows:

Ex-officio members:

- the State Auditor
- the State Treasurer

Governor's appointees:

- two active members of the System who are classroom teachers and not employees of the Board of Regents
- one active member of the System who is a public school administrator
- one active member of the System who is not an employee of the Board of Regents
- one member-at-large

Board of Regents appointee:

- one active member of the System who is an employee of the Board of Regents

Trustee appointees:

- one member who has retired under the System
- one individual who is a citizen of the state, not a member of the System and experienced in the investment of money

A complete listing of the current Board of Trustees is included on page 5 of this report.

Management of the System is the responsibility of the Executive Director who is appointed by the Board and serves at its pleasure. On behalf of the Board, the Executive Director is responsible for the proper operation of the System, engaging such actuarial and other services as shall be necessary to transact business, and paying expenses necessary for operations. A listing of the administrative staff is included on page 11 of this report.

Membership

All personnel employed in a permanent status position with local boards of education, charter schools, universities and colleges, technical colleges, Board of Regents, county and regional libraries, RESA's, and certain State of Georgia agencies are required to be members as a condition of employment. Exceptions to TRS membership include employees required to participate in another Georgia retirement plan or employees who may elect the Board of Regents Optional Retirement Plan in lieu of TRS membership.

Eligibility

Service Retirement

Active members may retire and elect to receive monthly retirement benefits after one of the following conditions: 1) completion of 10 years of creditable service and attainment of age 60, or 2) completion of 25 years of creditable service.

Disability Retirement

Members are eligible to apply for monthly retirement benefits under the disability provision of the law if they are an active member, have at least 10 years of creditable service, and are permanently disabled.

The Formula

Normal Retirement

Any member who has at least 30 years of creditable service or who has at least 10 years of creditable service and has attained age 60 will receive a benefit calculated by using the percentage of salary formula. Simply stated, two percent (2%) is multiplied by the member's years of creditable service established with the System, including partial years (not to exceed 40 years). The product is then multiplied by the average monthly salary for the two highest consecutive membership years of service. The resulting product is the monthly retirement benefit under the maximum plan of retirement.

Early Retirement

Any member who has not reached the age of 60 and has between 25 and 30 years of creditable service will receive a reduced benefit. The benefit will be calculated using the percentage of salary formula explained above. It will then be reduced by the lesser of 1/12 of 7% for each month the member is below age 60, or 7% for each year or fraction thereof the member has less than 30 years of creditable service. The resulting product is the monthly retirement benefit under the maximum plan of retirement.

Disability Retirement

Disability retirement benefits are also calculated using the percentage of salary formula explained above. The resulting product is the monthly disability retirement benefit under the maximum plan. You must have at least 10 years of creditable service to qualify, however, there is no age requirement for disability retirement.

Plan A - Maximum Plan of Retirement

This plan produces the largest possible monthly benefit payable to the member only during his or her lifetime. There are no survivorship benefits under this plan.

Plan B - Optional Plans of Retirement

Upon retirement, a member of the System may elect one of six optional plans that provide survivorship benefits. The election of an optional form of payment is made upon application for retirement and it becomes irrevocable upon distribution of the first benefit check. The six options are as follows:

Option 1

The retiring member accepts a relatively small reduction from the maximum monthly benefit in order to guarantee to the estate, beneficiary or beneficiaries named on the retirement application, a lump-sum refund of any remaining portion of member contributions and interest.

Option 2

This plan offers the retiring member a reduced monthly benefit, based on the ages of the member and the beneficiary, payable for life. It further provides a guarantee to the surviving named beneficiary that, at the death of the retired member, the beneficiary will receive the same basic monthly retirement allowance the member received at the date of retirement plus any cost-of-living increases the member received up to the time of death.

Option 2 Pop-Up

Any member may elect a reduced retirement allowance to be designated "Option 2 Pop-Up" with the provision that if the beneficiary dies prior to the retiree that the basic benefit payable to the retiree shall increase to an amount the retiree would have received under Plan A - Maximum Plan.

Option 3

This plan of retirement offers a reduced monthly benefit that is based on the ages of the member and the beneficiary. The resulting benefit is paid to the retired member for life, with the guarantee to the surviving named beneficiary that at the time of the retired member's death, the beneficiary will receive a payment for life of one-half of the initial monthly benefit received by the member at the time of retirement plus one-half of any cost-of-living increases the member received up to the time of death.

SUMMARY OF PLAN PROVISIONS

continued

Option 3 Pop-Up

Any member may elect a reduced retirement allowance to be designated “Option 3 Pop-Up” with the provision that if the beneficiary dies prior to the retiree, the basic benefit payable to the retiree shall increase to the amount the retiree would have received under Plan A - Maximum Plan.

Option 4

This option offers a reduced monthly lifetime benefit in exchange for the flexibility to designate a specific dollar amount or percentage of your monthly benefit to be paid to your beneficiary after your death. The beneficiary benefits you specify under this plan cannot cause your monthly benefit to be reduced below 50% of the maximum benefit available to you. If multiple beneficiaries predecease you, the dollar amounts for the percentages are not adjusted. Beneficiaries also receive a prorated share of any cost-of-living increases you received up to the date of death.

Partial Lump-Sum Option Plan

TRS offers a Partial Lump-Sum Option Plan (PLOP) at retirement. In exchange for a permanently reduced lifetime benefit, a member may elect to receive a lump-sum distribution in addition to a monthly retirement benefit. The age of the member and plan of retirement are used to determine the reduction in the benefit.

A member is eligible to participate in the Partial Lump-Sum Option Plan if he or she meets the following criteria. A member must:

- have 30 years of creditable service or 10 years of creditable service and attain age 60 (not early retirement).
- not retire with disability benefits.

At retirement, a member may elect a lump-sum distribution in an amount between 1 and 36 months of his or her normal monthly retirement benefit. This amount will be calculated under Plan A - Maximum Plan of Retirement and will be rounded up and down to be a multiple of $1,000. If a PLOP distribution is elected, the monthly benefit is actuarially reduced to reflect the value of the PLOP distribution. The combination of both the PLOP distribution and the reduced benefit are the same actuarial value as the unreduced normal benefit alone.

Financing the System

The funds to finance the System come from member contributions, 6.00% of annual salary; employer contributions, 12.28% of annual salary; and investment income.

INDEPENDENT AUDITORS' REPORT

KPMG LLP
Suite 2000, 303 Peachtree Street, NE
Atlanta, GA 30308
www.kpmg.com

The Board of Trustees
Teachers Retirement System of Georgia:

Report on the Financial Statements

We have audited the accompanying financial statements of the Teachers Retirement System of Georgia (the System), a component unit of the State of Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2014, and the changes in fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 2 to the basic financial statements, the System adopted, in 2014, Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans,* an amendment of GASB Statement No. 25. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of changes in employers' and nonemployers' net pension liability, schedule of employers' and nonemployers' net pension liability, schedule of employer and nonemployer contributions and schedule of investment returns on pages 17-20 and 34-35 be presented to supplement the basic

INDEPENDENT AUDITORS' REPORT

continued

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedules of administrative expenses and investment expenses, and introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of administrative expenses and investment expenses are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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. In our opinion, the schedules of administrative expenses and investment expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

KPMG LLP

December 17, 2014

This section provides a discussion and analysis of the financial performance of the Teachers Retirement System of Georgia (the System) for the year ended June 30, 2014. The discussion and analysis of the System's financial performance is within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The following highlights are discussed in more detail later in this analysis:

- At June 30, 2014, the System's assets exceeded its liabilities by $66.5 billion (reported as net position) as compared to the net position of $58.6 billion at June 30, 2013, representing an increase of $7.9 billion.
- Contributions from members decreased by $0.6 million or 0.1% from $640.7 million in 2013 to $640.1 million in 2014. Contributions by employers increased by $90.0 million or 7.7% from $1.17 billion in 2013 to $1.26 billion in 2014. The minimal change in member contributions is due to a stable member contribution rate and membership base, while the increase in employer contributions reflects an increase in the employer contribution rate.
- Pension benefits paid to retirees and beneficiaries for the years ended June 30, 2014 and 2013 were $3.8 billion and $3.5 billion, representing an increase of 6.1%. This is due to increases in the number of retirees and beneficiaries receiving benefit payments and postretirement benefit adjustments in both years.

Overview of the Financial Statements

The basic financial statements include (1) the statement of fiduciary net position, (2) the statement of changes in fiduciary net position, and (3) notes to the financial statements. The System also includes in this report additional information to supplement the financial statements.

The System prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). These statements provide information about the System's overall financial status.

In addition, the System presents required supplementary information, which provides historical trend information about the plan. The four schedules include (1) a schedule of changes in employers' and nonemployers' net pension liability; (2) a schedule of employers' and nonemployers' net pension liability; (3) a schedule of employer and nonemployer contributions; and (4) a schedule of investment returns.

Statement of Fiduciary Net Position

The *Statement of Fiduciary Net Position* presents information that includes all of the System's assets and liabilities, with the balance reported as and representing the *Net Position Restricted for Pensions*. The investments of the System in this statement are presented at fair value. This statement is presented on page 21.

Statement of Changes in Fiduciary Net Position

The *Statement of Changes in Fiduciary Net Position* reports how the System's net position changed during the fiscal year. The additions and the deductions to net position are summarized in this statement. The additions include contributions and investment income, which includes the net increase (decrease) in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses. This statement is presented on page 22.

Required Supplementary Information

A brief explanation of the four required schedules found beginning on page 34 of this report follows:

Schedule of Changes in the Employers' and Nonemployers' Net Pension Liability

This schedule presents historical trend information about the changes in the net pension liability and includes the beginning and ending balances of the total pension liability and the plan's fiduciary net position, the net pension liability, and the effects of certain changes on those items. This trend information will be accumulated to display a ten year presentation.

Schedule of Employers' and Nonemployers' Net Pension Liability

This schedule presents historical trend information about the net pension liability and includes total pension liability, the plan's fiduciary net position, net pension liability, covered employee payroll, and the ratios of fiduciary net position to total pension liability and net pension liability to covered-employee payroll. This trend information will be accumulated to display a ten year presentation.

Schedule of Employer and Nonemployer Contributions

This schedule presents historical trend information for the last ten consecutive fiscal years about the actuarially determined contributions of employers and nonemployers and the contributions made in relation to the requirement.

Schedule of Investment Returns

This schedule presents historical trend information about the annual money-weighted rate of return on plan investments, net of plan investment expense. This trend information will be accumulated to display a ten year presentation.

MANAGEMENT'S DISCUSSION & ANALYSIS

(Unaudited) continued

Financial Analysis of the System

A summary of the System's net position at June 30, 2014 and 2013 is as follows (dollars in thousands):

	Net Position June 30 2014	Net Position June 30 2013	Amount Change	Percentage Change
Assets:				
Cash and cash equivalents and receivables	$ 1,900,723	$ 2,356,033	$ (455,310)	(19.3) %
Investments	64,617,230	56,278,034	8,339,196	14.8 %
Capital assets, net	6,936	4,007	2,929	73.1 %
Total Assets	66,524,889	58,638,074	7,886,815	13.4 %
Liabilities:				
Due to brokers and accounts payable	58,798	43,237	15,561	36.0 %
Net Position	$ 66,466,091	$ 58,594,837	$ 7,871,254	13.4 %

The $7.9 billion increase in net position from 2013 to 2014 is primarily due to the increase in the equity markets.

The following table presents the investment allocation at June 30, 2014 and 2013:

	2014	2013
Asset Allocation at June 30 (in percentages):		
Equities:		
Domestic	53.7 %	55.9 %
International	19.2 %	17.6 %
Domestic Obligations:		
U.S. Treasuries	10.2 %	14.3 %
Corporate and Other Bonds	14.6 %	11.0 %
International Obligations:		
Governments	0.5 %	0.6 %
Corporates	1.8 %	0.6 %
Asset Allocation at June 30 (in thousands):		
Equities:		
Domestic	$ 34,720,712	$ 31,480,103
International	12,405,623	9,915,603
Domestic Obligations:		
U.S. Treasuries	6585,575	8,061,830
Corporate and Other Bonds	9,453,469	6,184,533
International Obligations:		
Governments	319,584	310,241
Corporates	1,132,267	325,724
	$ 64,617,230	$ 56,278,034

Financial Analysis of the System continued

The total investment portfolio at June 30, 2014 increased $8.3 billion from June 30, 2013, which is primarily due to the increase in the equity markets in 2014.

The implementation of GASB Statement No. 67 requires the System to report an annual money-weighted rate of return on plan investments, net of plan investment expense. A money-weighted return is weighted by the amount of dollars in the fund at the beginning and end of the performance period. A money-weighted return is highly influenced by the timing of cash flows into and out of the fund and is a better measure of an entity or person who controls the cash flows into or out of the fund. The nondiscretionary cash flows for the plan, primarily contributions and benefit payments, have a considerable impact on the money-weighted returns of the portfolio. The money-weighted rate of return for the fiscal year ended June 30, 2014 was 12.17%.

The investment rate of return in fiscal year 2014 was 17.2%, with a 23.7% return for equities and a 3.0% return for fixed income. The five-year annualized rate of return on investments at June 30, 2014 was 12.8% with a 17.3% return on equities and a 4.4% return on fixed income.

A summary of the changes in the System's net position for the years ended June 30, 2014 and 2013 is as follows (dollars in thousands):

	Changes in Net Position 2014	Changes in Net Position 2013	Amount Change	Percentage Change
Additions:				
Member Contributions	$ 604,120	$ 640,745	$ (625)	(0.1) %
Employer Contributions	1,264,546	1,174,557	89,989	7.7 %
Nonemployer Contributions	6,417	5,912	505	8.5 %
Net Investment Income	9,826,743	6,930,134	2,896,609	41.8 %
Total Additions	11,737,826	8,751,348	2,986,478	34.1 %
Deductions:				
Benefit Payments	3,764,452	3,548,149	216,303	6.1 %
Refunds	87,095	81,142	5,953	7.3 %
Administrative Expenses	15,025	14,369	656	4.6 %
Total Deductions	3,866,572	3,643,660	222,912	6.1 %
Net Increase in Net Position	$ 7,871,254	$ 5,107,688	$ 2,763,566	54.1 %

Note: This schedule reflects the implementation of GASB Statement No. 67 which requires investment-related costs to be reported as Investment Expense, a component of Net Investment Income. For fiscal year 2013, these costs have been reclassified from Administrative Expenses for comparative purposes. Additionally, for fiscal year 2013, Nonemployer Contributions have been reclassified from Employer Contributions for comparative purposes.

MANAGEMENT'S DISCUSSION & ANALYSIS
(Unaudited) continued

Additions

The System accumulates resources needed to fund benefits through contributions and returns on invested funds. Member contributions were relatively unchanged with a decrease of 0.1% in 2014 compared to 2013, primarily due to the member contribution rate remaining constant at 6% in both years and little change in the number of active members in 2014. Employer contributions increased 7.7% in 2014 as a result of an increase in the employer contribution rate to 12.28% from 11.41% in 2013. Contribution rates are recommended by the System's actuary and approved by the System's Board of Trustees. The increase in net investment income is a result of the increase in the equity markets in 2014.

Deductions

Deductions increased 6.1% in 2014, primarily because of the 6.1% increase in benefit payments. Regular pension benefit payments increased due to an increase in the number of retirees and beneficiaries receiving benefit payments to 108,100 in 2014 from 101,139 in 2013 and postretirement benefit increases in both years.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Teachers Retirement System of Georgia, Two Northside 75, Suite 100, Atlanta, GA 30318.

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2014 (in thousands)

	2014
Assets	
Cash and Cash Equivalents	$ 1,545,261
Receivables:	
Interest and Dividends	177,547
Due from Brokers for Securities Sold	32,386
Member and Employer Contributions	142,654
Other	2,875
Total Receivables	355,462
Investments – at fair value:	
Domestic Obligations:	
U.S. Treasuries	6,585,575
Corporate and Other Bonds	9,453,469
International Obligations:	
Governments	319,584
Corporates	1,132,267
Equities:	
Domestic	34,720,712
International	12,405,623
Total Investments	64,617,230
Capital Assets, net	6,936
Total Assets	66,524,889
Liabilities	
Due to Brokers for Securities Purchased	50,307
Accounts Payable and Other	8,491
Total Liabilities	58,798
Net Position Restricted for Pensions	$ 66,466,091

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2014 (in thousands)

	2014
Additions:	
Contributions:	
Employer	$ 1,264,546
Nonemployer	6,417
Member	640,120
Investment Income:	
Net Increase in Fair Value of Investments	8,522,039
Interest, Dividends, and Other	1,347,317
Total	9,869,356
Less Investment Expense	42,613
Net Investment Income	9,826,743
Total Additions	11,737,826
Deductions:	
Benefit Payments	3,764,452
Refunds of Member Contributions	87,095
Administrative Expenses, net	15,025
Total Deductions	3,866,572
Net Increase in Net Position	7,871,254
Net Position Restricted for Pensions:	
Beginning of year	58,594,837
End of year	$ 66,466,091

See accompanying notes to financial statements.

1. Plan Description

Teachers Retirement System of Georgia (the System) was created in 1943 by an act of the Georgia Legislature (the Act) to provide retirement benefits for teachers who qualify under the Act. The System administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. 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 the System.

Eligibility and Membership

All teachers in the state public schools, the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and certain other designated employees in educational-related work are eligible for membership. There were 294 employers and 1 nonemployer contributing entity participating in the plan at June 30, 2014.

As of June 30, 2014, participation in the System is as follows:

Inactive members and beneficiaries currently receiving benefits	108,100
Inactive members not yet receiving benefits, vested	9,857
Inactive members, nonvested	84,892
Active plan members	209,855
Total	412,704

Retirement Benefits

The System provides service retirement, disability retirement, and survivor's benefits. Title 47 of the *Official Code of Georgia Annotated (O.C.G.A.)* assigns the authority to establish and amend the provisions of the System to the State Legislature. 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 and Disability Benefits

Retirement benefits also include death and disability benefits, whereby the disabled member or surviving spouse is entitled to receive annually an amount equal to the member's service retirement benefit or disability retirement, whichever is greater. The benefit is based on the member's creditable service (minimum of ten years of service) and compensation up to the time of disability.

The death benefit is the amount that would be payable to the member's beneficiary had the member retired on the date of death on either a service retirement allowance or a disability retirement allowance, whichever is larger. The benefit is based on the member's creditable service (minimum of ten years of service) and compensation up to the date of death.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014, continued

1. Plan Description continued

Contributions

The System is funded by member, employer, and nonemployer contributing entity (Nonemployer) contributions. The contribution rates are adopted and amended by the Board of Trustees. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employers by the State of Georgia.

Contributions, as a percentage of covered payroll, required for fiscal year 2014 were based on the June 30, 2011 actuarial valuation as follows:

Member	6.00 %
Employer:	
Normal	6.24 %
Unfunded accrued liability	6.04 %
Total	12.28 %

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions with accumulated interest are reported as net position restricted for pension benefits.

2. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The System's financial statements are prepared on the accrual basis of accounting. Contributions from the employers, nonemployers, and the members are recognized when due, based on statutory requirements. Retirement and refund payments are recognized as deductions when due and payable.

During fiscal year 2014, the System adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25. This Statement establishes new financial reporting standards for state and local governmental pension plans that are administered through a trust or similar arrangement. This statement resulted in changes to the actuarial calculation of total and net pension liability and the related note disclosures and required supplementary information. The implementation of GASB Statement No. 67 did not impact the recorded amounts in the financial statements.

Reporting Entity

The System is a component unit of the State of Georgia, however, it is accountable for its own fiscal matters and presentation of its separate financial statements. The System has considered potential component units under GASB Statements No. 61, *The Financial Reporting Entity's Omnibus – An Amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and determined there were no component units of the System.

Cash and Cash Equivalents

Cash and cash equivalents, reported at cost, include cash in banks, cash on deposit with the investment custodian earning a credit to offset fees, and short-term highly liquid financial securities with original maturities of three months or less from the date of acquisition.

2. Summary of Significant Accounting Policies and Plan Asset Matters continued

Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. There are no investments in, loans to, or leases with parties related to the System.

The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, foreign currency, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The System's policy in regard to the allocation of invested assets is established on a cost basis in compliance with Georgia statute. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the System's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Fixed income	25% - 45%
Equities	55% - 75%
Cash and cash equivalents	—
Total	100%

Approximately 10.2% of the investments held for pension benefits are invested in debt securities of the U.S. Government. The System has no investments in any one organization, other than those issued by the U.S. Government, that represent 5% or more of the System's net assets held in trust for pension benefits.

For the fiscal year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Capital assets costing $5,000 or more are capitalized. Depreciation on capital assets is computed using the straight-line method over estimated useful lives of three to forty years. Depreciation expense is included in administrative expenses, net. Maintenance and repairs are charged to administrative expenses when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of changes in fiduciary net position in the period of disposal.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position and changes therein. Actual results could differ from those estimates.

3. Investment Program

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the Board of Trustees. All investments are held by agent custodial banks in the name of the System. State statutes and the System's investment policy authorize the System to invest in a variety of short-term and long-term securities as follows:

Cash and Cash Equivalents

The carrying amount of the System's deposits totaled $1,445,260,206 at June 30, 2014, with actual bank balances of $1,452,795,979. The System's cash balances are fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. Government.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014, continued

3. Investment Program continued

Short-term highly liquid financial securities are authorized in the following instruments:

- Repurchase and reverse repurchase agreements, whereby the System and a broker exchange cash for direct obligations of the U.S. Government or obligations unconditionally guaranteed by agencies of the U.S. Government or U.S. corporations. The System or broker promises to repay the cash received plus interest at a specific date in the future in exchange for the same securities. The System held repurchase agreements of $100,000,000 at June 30, 2014.

Other short-term securities authorized, but not currently used, are:

- U.S. Treasury obligations.
- Commercial paper, with a maturity of 180 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 and/or A-1 by national credit rating agencies.
- Master notes, an overnight security administered by a custodian bank, and an obligation of a corporation whose commercial paper is rated P-1 and/or A-1 by national credit rating agencies.

Investments in commercial paper or master notes are limited to no more than $500 million in any one name.

Investments

Fixed income investments are authorized in the following instruments:

- U.S. and foreign government obligations. At June 30, 2014, the System held U.S. Treasury bonds of $6,585,574,570 and international government bonds of $319,584,390.
- Corporate bonds with at least an "A" rating by a national rating agency. At June 30, 2014, the System held U.S. corporate bonds of $9,453,469,350 and international corporate bonds of $1,132,266,630.
- Obligations unconditionally guaranteed by agencies of the U.S. Government. At June 30, 2014, the System did not hold agency bonds.
- Private placements are authorized under the same general restrictions applicable to corporate bonds. At June 30, 2014, the System did not hold private placements.

Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the state of Georgia.

Equity securities are also authorized (in statutes) for investment as a complement to the System's fixed income portfolio and as a long-term inflation hedge. By statute, no more than 75% of the total invested assets on a historical cost basis may be placed in equities. Equity holdings in any one corporation may not exceed 5% of the outstanding equity of the issuing corporation. The equity portfolio is managed by the Division of Investment Services (the Division) in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the Board of Trustees; in-house research considering such matters as yield, growth, and sales statistics; and analysis of independent market research. Equity trades are approved and executed by the Division's staff. Common stocks eligible for investment are approved by the Investment Committee of the Board of Trustees before being placed on an approved list. Equity investments are authorized in the following instruments:

- Domestic equities are those securities considered by the O.C.G.A. to be domiciled in the United States. At June 30, 2014, the System held domestic equities of $34,720,711,327.
- International equities, including American Depository Receipts (ADR), are not considered by the O.C.G.A. to be domiciled in the United States. At June 30, 2014, the System held ADRs of $11,064,319,185 and international equities of $1,341,304,131.

3. Investment Program continued

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. State law limits investments to investment grade securities. It is the System's investment policy to require that the bond portfolio be of high quality and chosen with respect to maturity ranges, coupon levels, refunding characteristics, and marketability. The System's policy is to require that new purchases of bonds be restricted to high grade bonds rated no lower than "A" by any nationally recognized statistical rating organization. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The quality ratings of investments in fixed income securities as described by Standard & Poor's and by Moody's Investor Services, which are nationally recognized statistical rating organizations, at June 30, 2014, are shown in the chart below.

The investment policy requires that repurchase agreements be limited to the purchase of U.S. Treasury or Agency obligations or corporate bonds rated no lower than "A" by any nationally recognized statistical rating organization, with a market value in excess of funds advanced. The System held repurchase agreements, included in cash and cash equivalents, of $100,000,000, as of June 30, 2014.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. On June 30, 2014, the System did not have debt or equity investments in any one organization, other than those issued or guaranteed by the U.S. Government or its agencies, which represented greater than 5% of plan net position.

Quality Ratings of Fixed Income Investments
Held at June 30, 2014

Investment type	Standard and Poor's/ Moody's quality rating	June 30, 2014 fair value
Domestic Obligations:		
U.S. Treasuries		$ 6,585,574,570
Corporates	AAA/Aaa	831,886,340
	AA/Aa	2,129,951,220
	AA/A	2,397,419,340
	A/Aa	335,720,420
	A/A	3,758,492,030
Total Corporates		9,453,469,350
International Obligations:		
Governments	AA/Aa	319,584,390
Corporates	AA/Aa	1,132,266,630
Total Fixed Income Investments		$ 17,490,894,940

NOTES TO FINANCIAL STATEMENTS

June 30, 2014, continued

3. Investment Program continued

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the System has no formal interest rate risk policy, active management of the bond portfolio incorporates interest rate risk to generate improved returns. This risk is managed within the portfolio 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 System's fixed income assets.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risks, primarily reside within the System's international equity investment holdings. The System's foreign exchange risk management policy is to minimize risk and protect the investments from negative impact by hedging foreign currency exposures with foreign exchange instruments when market conditions and circumstances are deemed appropriate. As of June 30, 2014, the System's exposure to foreign currency risk in U.S. Dollars is highlighted in the table on the following page.

Effective Duration of Fixed Income Assets and Repurchase Agreements by Security Type

Fixed income and repurchase agreements security type	Fair value, June 30, 2014	Percent of all fixed income assets and repurchase agreements	Effective duration (years)
Domestic Obligations:			
U.S. Treasuries	$ 6,585,574,570	37.5 %	5.0
Corporates	9,453,469,350	53.7 %	4.1
International Obligations:			
Governments	319,584,390	1.8 %	3.3
Corporates	1,132,266,630	6.4 %	3.7
Repurchase Agreements	100,000,000	0.6 %	—
Total	$ 17,590,894,940	100.0 %	4.4*

**Total effective duration (years) does not include repurchase agreements.*

3. Investment Program continued

International Investment Securities at Fair Value as of June 30, 2014

Currency	Equities	Fixed Income	Total
Australian Dollar	$ 131,604,396	$ —	$ 131,604,396
Brazilian Real	13,620,569	—	13,620,569
British Pound	311,435,185	—	311,435,185
Canadian Dollar	36,046,503	—	36,046,503
Danish Krone	25,401,608	—	25,401,608
Euro	171,899,682	—	171,899,682
Hong Kong Dollar	205,659,382	—	205,659,382
Indonesian Rupiah	654,779	—	654,779
Japanese Yen	137,799,001	—	137,799,001
Malaysian Ringgit	17,768,832	—	17,768,832
Mexican Peso	25,997,953	—	25,997,953
New Taiwan Dollar	8,246,942	—	8,246,942
New Zealand Dollar	4,196,133	—	4,196,133
Norwegian Krone	19,429,856	—	19,429,856
Philippine Peso	2,390,669	—	2,390,669
Polish Zloty	9,862,641	—	9,862,641
Singapore Dollar	34,695,189	—	34,695,189
South African Rand	73,419,129	—	73,419,129
South Korean Won	18,652,175	—	18,652,175
Swedish Krona	41,764,139	—	41,764,139
Swiss Franc	25,374,660	—	25,374,660
Thailand Baht	25,384,708	—	25,384,708
Total Holdings subject to foreign currency risk	1,341,304,131	—	1,341,304,131
Investment securities payable in U.S. dollars	11,064,319,185	1,451,851,020	12,516,170,205
Total international investments - at fair value	$ 12,405,623,316	$ 1,451,851,020	$ 13,857,474,336

NOTES TO FINANCIAL STATEMENTS

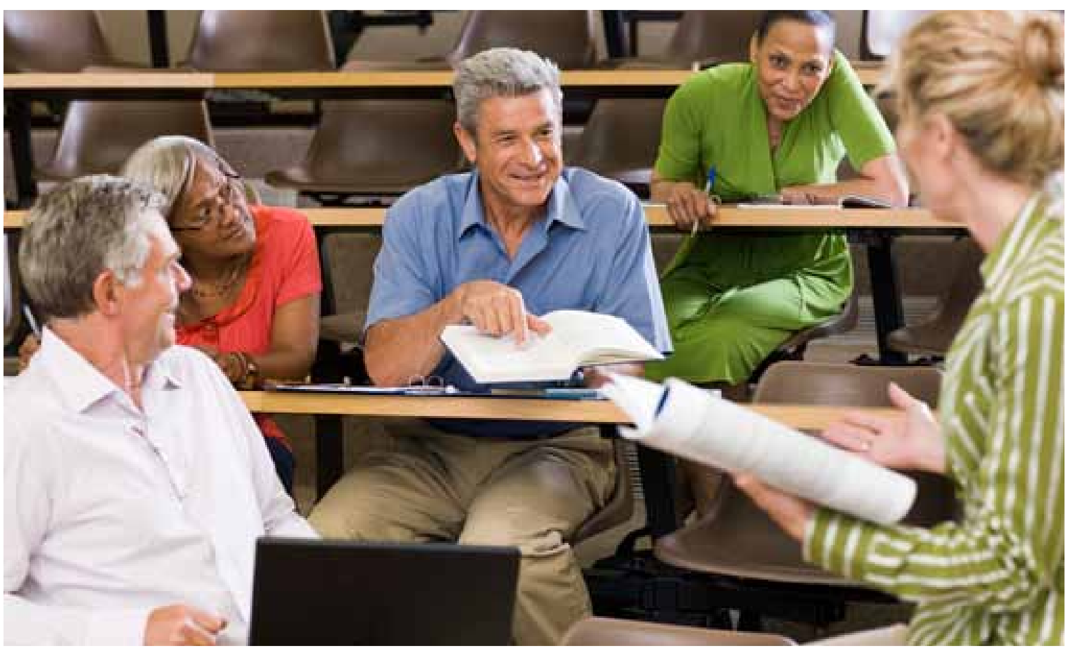
June 30, 2014, continued

4. Securities Lending Program

State statutes and Board of Trustees' policies permit the System to lend its securities to broker/dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System is presently involved in a securities lending program with major brokerage firms. The System lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the System continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U.S. Government and agency securities, mortgage-backed securities issued by a U.S. Government agency, corporate bonds, and equities. The collateral value must be equal to at least 102% to 109% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled $15,612,001,449 at June 30, 2014. The collateral value was equal to 104.1% of the loaned securities' value at June 30, 2014. The System's lending collateral was held in the System's name by the tri-party custodian.

Loaned securities are included in the accompanying statement of fiduciary net position since the System maintains ownership. The related collateral securities are not recorded as assets on the System's statement of fiduciary net position, and a corresponding liability is not recorded, since the System is deemed not to have the ability to pledge or trade the collateral securities. In accordance with the criteria set forth in GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the System is deemed not to have the ability to pledge or sell collateral securities, since the System's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the System has not previously demonstrated that ability, and there are no indications of the System's ability to pledge or sell the collateral securities.



5. Capital Assets

The following is a summary of capital assets and depreciation information as of June 30 and for the years then ended:

	Balance at June 30, 2013	Additions	Disposals	Balance at June 30, 2014
Capital Assets:				
Land	$ 944,225	$ 3,127,941	$ —	$ 4,072,166
Building	2,800,000	—	—	2,800,000
Furniture and Fixtures	492,760	58,516	—	551,276
Computer Equipment	2,448,432	129,184	(11,187)	2,566,429
Computer Software	14,979,713	—	—	14,979,713
	21,665,130	3,315,641	(11,187)	24,969,584
Accumulated Depreciation For:				
Building	(630,000)	(70,000)	—	(700,000)
Furniture and Fixtures	(438,278)	(21,305)	—	(459,583)
Computer Equipment	(1,610,276)	(295,316)	11,187	(1,894,405)
Computer Software	(14,979,713)	—	—	(14,979,713)
	(17,658,267)	(386,621)	11,187	(18,033,701)
Capital Assets, Net	$ 4,006,863	$ 2,929,020	$ —	$ 6,935,883

During fiscal year 2014, the System did not experience any capital asset impairment loss with respect to the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.*

6. Net Pension Liability of Employers and Nonemployers

The components of the net pension liability of the participating employers and nonemployers at June 30, 2014 were as follows (dollars in thousands):

Total pension liability	$ 79,099,772
Plan fiduciary net position	66,466,091
Employers' and nonemployers' net pension liability	$ 12,633,681
Plan fiduciary net position as a percentage of the total pension liability	84.03%

NOTES TO FINANCIAL STATEMENTS

June 30, 2014, continued

6. Net Pension Liability of Employers and Nonemployers continued

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.75 - 7.00%, average, including inflation
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

Asset Class	Target Allocation	Long-Term expected real rate of return*
Fixed income	30.00 %	3.00 %
Domestic large equities	39.70	6.50
Domestic mid equities	3.70	10.00
Domestic small equities	1.60	13.00
International developed market equities	18.90	6.50
International emerging market equities	6.10	11.00
Total	100.00 %	

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

6. Net Pension Liability of Employers and Nonemployers continued

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

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the employers and nonemployers, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate (dollars in thousands):

Actuarial valuation date: The total pension liability is based upon the June 30, 2013 actuarial valuation. An expected total pension liability is determined as of June 30, 2014 using standard roll-forward techniques. The roll forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year.

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Employers' and nonemployers' net pension liability	$ 23,282,179	12,633,681	3,864,864

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30 (Unaudited)

Schedule of Changes in Employers' and Nonemployers' Net Pension Liability (dollars in thousands)

	2014
Total pension liability:	
Service cost	$ 1,374,556
Interest	5,557,046
Changes of benefit terms	—
Differences between expected and actual experience	—
Changes of assumption	—
Benefit payments	(3,764,452)
Refund of member contributions	(87,095)
Net change in total pension liability	3,080,055
Total pension liability - beginning	76,019,717
Total pension liability - ending (a)	79,099,772
Plan fiduciary net position:	
Contributions - employer	1,264,546
Contributions - nonemployer	6,417
Contributions - member	640,120
Net investment income	9,826,743
Benefit payments	(3,764,452)
Refund of member contributions	(87,095)
Administrative expense	(15,025)
Net change in plan fiduciary net position	7,871,254
Plan fiduciary net position - beginning	58,594,837
Plan fiduciary net position - ending (b)	66,466,091
Net pension liability - ending (a) - (b)	$ 12,633,681

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

Schedule of Employers' and Nonemployers' Net Pension Liability (dollars in thousands)

	2014
Total pension liability	$ 79,099,772
Plan fiduciary net position	66,466,091
Employers' and nonemployers' net pension liability	$ 12,633,681
Plan fiduciary net position as a percentage of the total pension liability	84.03%
Covered-employee payroll	$ 10,349,862
Employers' and nonemployers' net pension liability as a percentage of covered-employee payroll	122.07%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Employers' and Nonemployers' Contributions (dollars in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined employer and nonemployer contribution	$ 1,270,963	1,180,469	1,082,224	1,089,912	1,057,416	1,026,287	986,759	927,371	855,626	815,693
Contributions in relation to actuarially determined contribution	$ 1,270,963	1,180,469	1,082,224	1,089,912	1,057,416	1,026,287	986,759	927,371	855,626	815,693
Contribution deficiency (excess)	$ —	—	—	—	—	—	—	—	—	—
Covered-employee payroll	$ 10,349,862	10,345,916	10,527,471	10,602,257	10,856,427	11,059,127	10,633,179	10,036,483	9,260,022	8,827,846
Contributions as a percentage of covered-employee payroll	12.28%	11.41%	10.28%	10.28%	9.74%	9.28%	9.28%	9.24%	9.24%	9.24%

Schedule of Investment Returns

	2014
Annual money-weighted rate of return, net of investment expense	12.17%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014 (Unaudited)

Schedule of Changes in the Employers' and Nonemployers' Net Pension Liability

The total pension liability contained in this schedule was provided by the System's actuary, Cavanaugh Macdonald Consulting, LLC. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

Schedule of Employer and Nonemployer Contributions

The required employer and nonemployer contributions and percentage of those contributions actually made are presented in the schedule.

Actuarial Methods and Assumptions

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of employer and nonemployer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Seven-Year Smoothed Market
Inflation Rate	3.00%
Salary Increases	3.75 to 7.00%, including inflation
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

Schedule of Administrative Expenses

	2014
Personal Services:	
Salaries and Wages	$ 7,675,881
Retirement Contributions	1,374,855
Health Insurance	2,372,049
FICA	547,245
Miscellaneous	74,086
Total Personal Services	12,044,116
Communications:	
Postage	20,403
Publications and Printing	227,449
Telecommunications	130,926
Travel	113,589
Total Communications	712,367
Professional Services:	
Computer Services	1,072,698
Contracts	3,850
Actuarial Services	140,220
Audit Fees	140,300
Legal Services	53,748
Medical Services	100,180
Total Professional Services	1,510,996
Management Expenses:	
Building Maintenance	578,950
Total Management Expenses	578,950
Other Services and Charges:	
Repairs and Maintenance	8,246
Supplies and Materials	169,258
Depreciation Expense	386,621
Miscellaneous	136,244
Total Other Services and Charges	700,369
Total Administrative Expenses	15,546,798
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	521,921
Net Administrative Expenses	$ 15,024,877

See accompanying independent auditors' report.

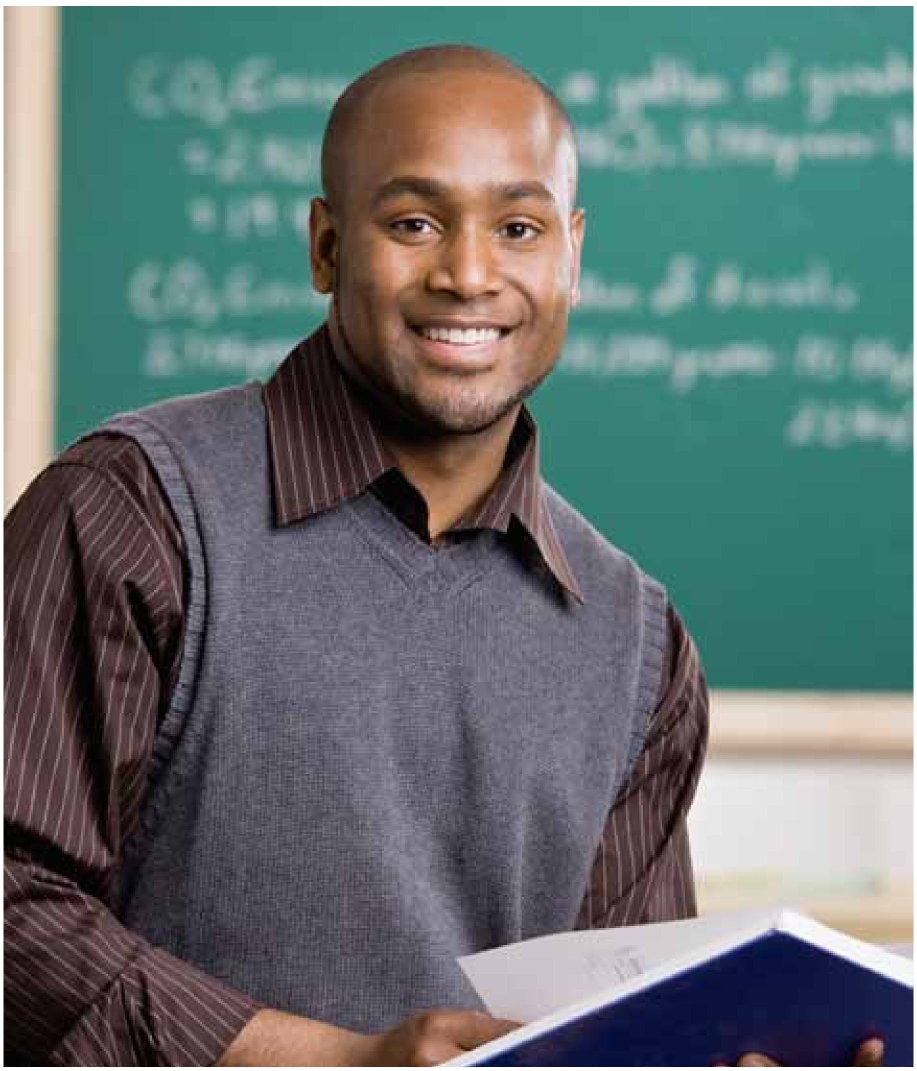
ADDITIONAL INFORMATION

For the Year Ended June 30, 2014

Schedule of Investment Expenses

	2014
Investment Advisory and Custodial Fees	$ 31,498,056
Miscellaneous	11,115,020
Total Investment Expenses	$ 42,613,076

See accompanying independent auditors' report.



INVESTMENT OVERVIEW

The media continues to report on the pedestrian domestic recovery, the weak economy in Europe, and China's slowing growth rate. Throw in turmoil in the Middle East and the Ukraine, along with the end of Quantitative Easing, and one might expect subpar returns. Instead, the U.S. stock market has had returns exceeding 20% for two consecutive years.

It is difficult not to get caught up in the headlines, but as a pension plan it is more important to stay focused on the long-term. The System continues to invest in a mix of liquid, high quality bonds and stocks. These types of investments allow the System to participate in rising markets while moderating the risks on the downside. A high quality balanced fund has proven to be a successful strategy in a variety of markets over long periods of time.

As in previous years, the bias to quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" remain the guiding principles for investment decisions. The Board of Trustees continues to use a diversified portfolio to accomplish these objectives.

The economy continued to grow for the fiscal year. Industrial production, personal income and housing all improved last year. Employment growth continued its relatively slow improvement, but there are some noticeable weaknesses overseas. A combination of stimulative policies by central bankers and a stronger domestic economy appeared to be working as far as financial markets go.

Studies undertaken to evaluate the investment returns of pension funds over very long time horizons indicate that the asset allocation decision has the largest impact on the fund's returns. Although the returns for the various asset categories vary from year to year, over the long term equities usually outperform fixed income and cash by a very wide margin. For that reason, the System has generally maintained a significant equity exposure with the remainder of the fund invested in fixed income securities designed to generate income and preserve capital.

Returns for one, three, five, ten and twenty year periods are presented in this section. Longer time periods, such as the twenty year period, allow for more valid evaluation of returns, both in absolute terms and relative to an asset class index, by reducing emphasis on the short-term volatility of markets. The Daily Valuation Method was used to calculate rates of return which is in accordance with the CFA Institute's objectives as stated in its publication "Global Investment Performance Standards Handbook," third edition.

As mentioned earlier, the domestic equity markets had a very good year. The return for the S&P 500 was 24.6% and the Dow Jones Industrial Average rose 15.6%. U.S. small and mid-cap stocks outperformed large cap stocks last year. The S&P 400 Mid-Capitalization and the S&P 600 Small Capitalization Indexes had similar returns of 25.2% and 25.5%, respectively. Among individual companies, returns varied depending upon the company's size, industry, and exposure to global markets.

International markets also did well. The MSCI EAFE Index had a 23.6% return and the MSCI Emerging Market Index had a return of 14.3%. Developed markets, particularly the European markets, were uniformly strong as participants anticipated additional easing from various foreign Central Banks. The markets in economically troubled Spain and Italy were up over 50% for example. Emerging markets were more of a mixed bag as commodity weakness, concerns of higher U.S. rates and weaker growth in China affected some markets more than others, not to mention local political and domestic events.

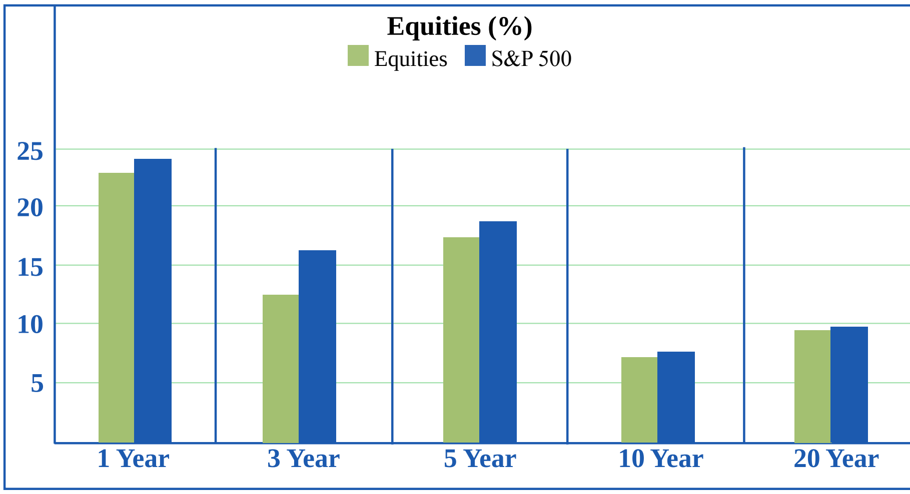
The longer the maturity of the bond the better the performance, and corporate bonds provided extra returns as corporate spreads tightened. After negative fixed income returns in fiscal year 2013, the total return on the 10 year Treasury Note was 2.8% and the 30 year Treasury Bond had a 6.2% return. The return on short-term Treasury bills was negligible again due to the Federal Reserve's policies to stimulate the economy.

We look at two fixed income indexes to measure the bond market's performance. The Barclays Government / Credit Index had a return of 4.3%. It is a broad index containing corporate and government sponsored bonds as well as Treasuries. The Citigroup Treasury / Sponsored / AAA/AA had a return of 2.3% and is a broad index containing higher rated corporate bonds as well as Treasuries and Government securities. Higher quality bonds underperformed lower quality bonds as evidenced by the 5.1% return for AA rated bonds versus 9.6% for BBB rated bonds.

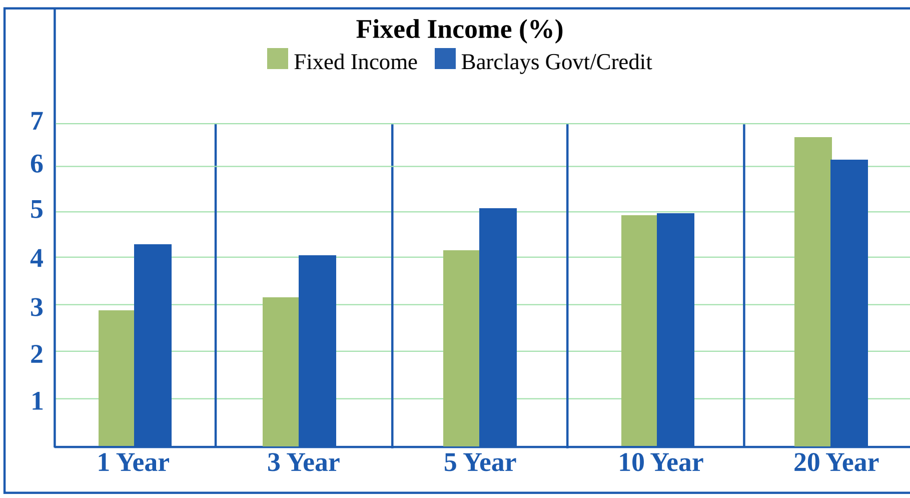
In summary, the investment status of the System is excellent. The high quality of the System's investments is in keeping with the continued policy of "Conservatism" and "Conservation of Capital."

Prepared by the Division of Investment Services

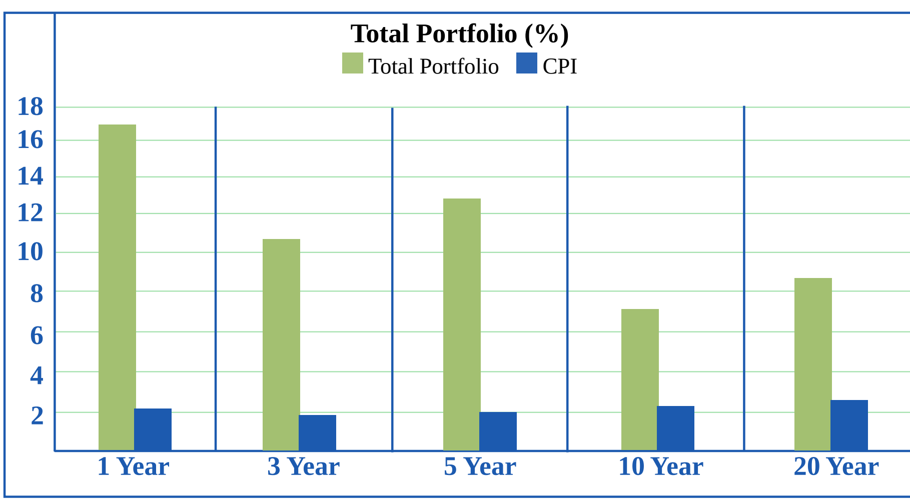
RATES OF RETURN



	Equities	S&P 500
1 Year	23.48	24.61
3 Year	13.70	16.58
5 Year	17.13	18.83
10 Year	7.56	7.78
20 Year	9.50	9.79



	Fixed Income	Barclays Govt/Credit
1 Year	2.96	4.28
3 Year	3.22	4.08
5 Year	4.23	5.09
10 Year	4.92	4.94
20 Year	6.79	6.18

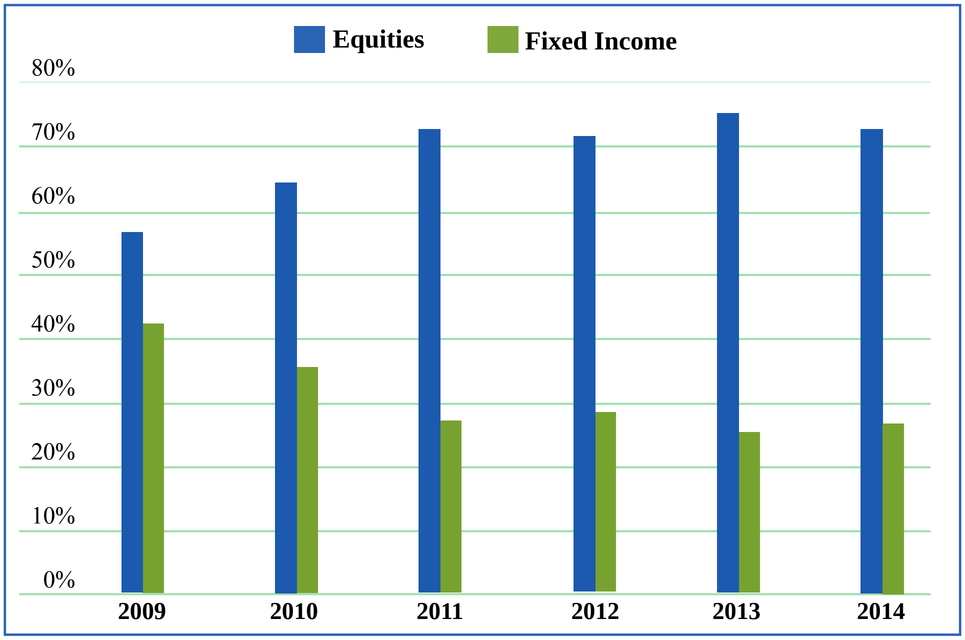


	Total Portfolio	CPI
1 Year	17.17	2.08
3 Year	10.69	1.83
5 Year	12.81	2.02
10 Year	7.24	2.31
20 Year	8.78	2.41

Note: Time-weighted rates of return are calculated using the Daily Valuation Method based on market rates of return.

INVESTMENTS

Asset Allocation



Schedule of Fees and Commissions

For the Year Ended June 30, 2014

	2014
Investment Advisors' Fees*:	
U.S. Equity	$ 16,289,124
International Equity	13,285,196
Investment Commissions:	
U.S. Equity	10,698,292
International Equity	2,647,960
SEC & Foreign Transaction Fees:	1,234,762
Miscellaneous*:	13,038,756
Total Fees and Commissions	$ 57,194,090

*Amount included in total investment expenses shown on page 38.

Investment Summary

	2009	2010	2011	2012	2013	2014
Asset Allocation at June 30						
Equities	57.0%	63.7%	72.3%	71.0%	73.5%	72.9%
Fixed Income	43.0%	36.3%	27.7%	29.0%	26.5%	27.1%
Asset Allocation at June 30 (in millions)						
Equities	$23,733	$28,238	$37,568	$37,191	$41,396	$47,126
Fixed Income	17,945	16,076	14,387	15,188	14,882	17,491
Short-Term Securities	—	—	—	—	—	100
Total Investments	$41,678	$44,314	$51,955	$52,379	$56,278	$64,617

PORTFOLIO DETAIL STATISTICS

Twenty Largest Equity Holdings*

Shares	Company	Fair Value
8,132,308	Apple Inc.	$ 755,735,382
7,058,077	Exxon Mobil Corp.	710,607,192
13,609,942	Microsoft Corp.	567,534,581
5,214,530	Johnson & Johnson	545,544,129
929,596	Google Inc.	539,321,320
3,802,077	Chevron Corp.	496,361,152
7,931,028	Wells Fargo & Co.	416,854,832
5,020,980	Procter & Gamble Co.	394,598,818
8,002,074	Verizon Communications Inc.	391,541,481
12,967,473	Pfizer Inc.	384,874,599
10,398,708	AT&T Inc.	367,698,315
13,900,062	General Electric Co.	365,293,629
6,192,809	JPMorgan Chase & Co.	356,829,655
2,576,500	Berkshire Hathaway Inc.	326,081,840
10,550,074	Intel Corp.	325,997,287
7,046,100	Coca Cola Co.	298,472,796
2,224,674	Schlumberger Ltd.	262,400,298
2,838,365	PepsiCo Inc.	253,579,529
3,368,812	Wal-Mart Stores Inc.	252,896,717
16,236,610	Bank of America Corp.	249,556,696
	Total of 20 Largest Equity Holdings	$ 8,261,780,248
	Total Equity Holdings	$ 47,126,334,643

Ten Largest Fixed-Income Holdings*

Description	Maturity Date	Interest Rate %	Par Value	Fair Value
U.S. Treasury Note	9/30/17	1.8750	$ 1,060,000,000	$ 1,089,234,800
U.S. Treasury Note	8/15/21	2.1250	640,000,000	639,603,200
U.S. Treasury Note	8/15/15	0.2500	615,000,000	615,578,100
General Electric Company	10/9/22	2.7000	599,000,000	588,241,960
U.S. Treasury Note	7/31/17	0.5000	562,000,000	554,581,600
U.S. Treasury Bond	11/15/28	5.2500	426,000,000	545,680,440
U.S. Treasury Note	2/28/18	2.7500	482,000,000	509,565,580
Pfizer Inc.	3/15/15	5.3500	482,000,000	498,580,800
U.S. Treasury Note	1/31/17	3.1250	446,000,000	473,736,740
EMC Corporation	6/1/20	2.6500	466,000,000	469,811,880
Total of 10 Largest Fixed-Income Holdings				$ 5,984,615,100
Total Fixed-Income Holdings				$ 17,490,894,940

* A complete listing is available upon written request, subject to restrictions of O.C.G.A. Section 47-1-14.

ACTUARY'S CERTIFICATION LETTER

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

May 1, 2014

Board of Trustees,
Teachers Retirement System of Georgia
Suite 100, Two Northside 75
Atlanta, GA 30318

Members of the Board:

Section 47-3-23 of the law governing the operation of the Teachers Retirement System of Georgia provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2013. The report indicates that annual employer contributions at the rate of 14.27% of compensation for the fiscal year ending June 30, 2016 are sufficient to support the benefits of the System. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

Since the previous valuation, the Board has adopted a funding policy. In accordance with the funding policy, the actuarial value of assets was set equal to the market value of assets on June 30, 2013. 5-year smoothing of investment gains and losses will commence in subsequent years.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2013 Session of the General Assembly. In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percent of payroll. Gains and losses are reflected in the unfunded accrued liability, which is amortized as a level percent of payroll in accordance with the funding policy adopted by the Board.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

ACTUARY'S CERTIFICATION LETTER

continued

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Principal and Managing Director

John J. Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

The laws governing the Teachers Retirement System of Georgia (the "System") provide that an actuary perform an annual valuation of the contingent assets and liabilities of the System and perform at least once every five years an actuarial investigation of the mortality, service, and compensation experience of the members and beneficiaries of the System. The latest actuarial valuation of the System prepared as of June 30, 2013, was made on the basis of the funding policy adopted by the Board on November 20, 2013 and the 5-year experience study adopted by the Board on November 17, 2010. The Board is responsible for maintaining this funding policy. A summary of plan provisions can be found in the Introductory Section beginning on page 12, and a plan description can be found in the Financial Section beginning on page 23.

The more pertinent facts and significant assumptions underlying the computations included in the June 30, 2013 valuation are as follows:

a) **Actuarial Method Used.** The actuarial cost method used for funding purposes is the Entry Age Normal method, which is the same cost method used for financial reporting purposes. The Entry Age Normal method is the most commonly used funding method among public retirement plans. This cost method allocates the cost of benefits over each member's expected career as a level percentage of their expected salary and demonstrates the highest degree of stability in the calculation of a plan's normal cost over time. Gains and losses are reflected in the unfunded accrued liability. Adopted November 20, 2013.

b) **Ultimate Investment Return.** 7.50% compounded annually, which consists of a 4.50% assumed real rate of return and a 3.00% assumed annual rate of inflation. This long-term expected rate of return is used to determine the total pension liability for financial reporting purposes. Adopted November 20, 2013.

c) **Salary Increases.** Salaries are expected to increase 3.75% to 7.00% annually depending upon the members' years of creditable service. The salary increase includes a 0.75% assumed real rate of wage inflation and a 3.00% assumed annual rate of inflation. Adopted November 17, 2010.

d) **Death, Disability and Withdrawal Rates.** Death, disability and withdrawal rates for active employees and service retirement tables are based upon the System's historical experience. The death-after-retirement rates are based on the RP-2000 Combined Mortality Table (set back two years for males and three years for females). The death-after-disability retirement rates are based on the RP-2000 Disabled Mortality Table (set back two years for males). Adopted November 17, 2010.

e) **Asset Valuation Method.** In accordance with the funding policy, the actuarial value of the assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing of investment gains and losses will commence in subsequent years. The actuarial value of assets recognizes a portion of the difference between the market value of the assets and the expected value of assets, based on the assumed valuation rate of return. The amount recognized in subsequent years will be one-fifth of the difference between market value and actuarial expected value. Adopted November 20, 2013. The actuarial value of assets is limited to a range between 75% and 125% of market value. Adopted July 27, 2011.

f) **Service Retirement Benefit.** The service benefit (pension) paid to members is an annuity that is owed to them at retirement that will provide a total annual pension equal to 2% of the member's average compensation over the two consecutive years of membership service producing the highest such average, multiplied by the number of years of creditable service up to 40 years. It is also assumed that certain cost-of-living adjustments will be made in future years.

g) **Actuarially Determined Unfunded Accrued Liability.** The present value of the unfunded accrued liability, based on unaudited data provided the actuary by the System, was approximately $13.6 billion at June 30, 2013.

SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

continued

h) **Valuation Interest Rate Smoothing.** The valuation liabilities are calculated using a smoothed interest rate method. The interest rate assumed during the look-forward period (currently 23 years from the valuation date) is the investment rate of return expected to be earned during the look-forward period based on the actual rate of return earned during the look-back period (currently 7 years) such that the average assumed rate of return over the combined 30-year period is equivalent to the assumed ultimate investment rate of return (currently 7.50%). The interest rate after the 23-year look-forward period is the ultimate investment rate of return of 7.50%. Adopted November 20, 2013. The smoothed interest rate used during the 23-year look-forward period is subject to a corridor around the annual expected rate of return to limit the extent that the calculated smoothed rate can vary from the long-term investment rate of return. Adopted November 20, 2013.

i) **Required Contributions (% of compensation).** Contributions required by the annual actuarial valuation as of June 30, 2013, to be made for the year ended June 30, 2016:

(1) Member	**6.00%**
(2) Employer:	
Normal	**6.38%**
Unfunded Accrued Liability	**7.89%**
Total	**14.27%**

SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS
continued

Service Retirement

Adopted November 17, 2010

	Male		Female	
Age	< 30 years of service	≥ 30 years of service	< 30 years of service	≥ 30 years of service
50	5.00%	50.00%	5.00%	50.00%
55	5.00	38.00	5.00	35.00
60	20.00	35.00	25.00	40.00
61	18.00	30.00	25.00	40.00
62	25.00	35.00	25.00	40.00
63	20.00	33.00	25.00	40.00
64	18.00	30.00	25.00	40.00
65	30.00	30.00	30.00	30.00
66	30.00	30.00	30.00	30.00
67	30.00	30.00	28.00	28.00
68	28.00	28.00	28.00	28.00
69	26.00	26.00	28.00	28.00
70	30.00	30.00	30.00	30.00

Separation Before Service Retirement

Adopted November 17, 2010

	Annual Rate of				
			Withdrawal Years of Service		
Age	Death	Disability	0-4 Yrs	5-9 Yrs	10+ Yrs
		Male			
20	0.03%	0.03%	31.00%	— %	— %
25	0.04	0.03	18.00	16.00	—
30	0.04	0.04	14.00	8.00	11.00
35	0.06	0.04	14.00	6.00	3.00
40	0.10	0.05	13.00	6.00	2.25
45	0.13	0.09	12.00	6.00	2.20
50	0.19	0.17	11.00	5.50	2.50
55	0.29	0.32	11.00	5.00	2.70
60	0.53	—	11.00	5.00	—
64	0.88	—	11.00	5.00	—
		Female			
20	0.02%	0.02%	30.00%	— %	— %
25	0.02	0.02	14.00	25.00	—
30	0.02	0.02	13.00	9.00	9.00
35	0.04	0.03	13.00	7.00	3.50
40	0.06	0.04	11.00	7.00	3.00
45	0.09	0.07	10.00	5.50	2.00
50	0.13	0.12	10.00	5.00	2.00
55	0.20	0.38	10.00	4.75	2.75
60	0.35	—	10.00	4.75	—
64	0.58	—	10.00	4.75	—

ACTUARIAL VALUATION DATA

Active Members

Fiscal Year[1]	Number of Participating Employers	Active Members: Members	Active Members: Annual Payroll[2] (000's)	Active Members: Average Pay	Active Members: % Increase
2004	371	198,572	$ 8,083,118	$ 40,706	1.2 %
2005	375	199,088	8,252,598	41,452	1.8
2006	377	206,592	8,785,985	42,528	2.6
2007	385	215,566	9,492,003	44,033	3.5
2008	389	224,993	10,197,584	45,324	2.9
2009	392	226,537	10,641,543	46,975	3.6
2010	386	222,020	10,437,703	47,012	0.1
2011	399	216,137	10,099,278	46,726	- 0.6
2012	404	213,648	10,036,023	46,975	0.5
2013	401	209,854	9,924,682	47,293	0.7

Retirees and Beneficiaries

	Added to Roll		Removed from Roll		Roll-End of Year			
Fiscal Year[1]	Number	Annual Allowances (000's)	Number	Annual Allowances (000's)	Number	Annual Allowances (000's)	% Increase in Annual Allowances	Average Annual Allowances
2004	5,381	$ 206,251	1,483	$ 29,525	61,590	$ 1,656,445	11.9 %	$ 26,895
2005	6,176	230,973	1,594	33,139	66,172	1,854,279	11.9	28,022
2006	5,691	223,279	1,644	37,087	70,219	2,040,471	10.0	29,059
2007	5,858	230,924	1,656	39,293	74,421	2,232,102	9.4	29,993
2008	5,817	238,137	1,655	39,808	78,583	2,430,431	8.9	30,928
2009	5,543	245,006	1,768	45,116	82,358	2,630,321	8.2	31,938
2010	6,383	279,009	1,763	46,853	86,978	2,862,477	8.8	32,910
2011	7,136	295,192	1,937	55,062	92,177	3,102,607	8.4	33,659
2012	7,055	298,471	1,915	55,565	97,317	3,345,513	7.8	34,377
2013	7,937	322,853	1,983	59,453	103,271	3,608,913	7.9	34,946

[1] Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. An actuarial valuation for the fiscal year ended June 30, 2014 is currently in process and was not available for this analysis.

[2] The annual payroll shown in the schedule of active member valuation data is the annual compensation of the active members at the date of the valuation. The covered payroll reported in the financial section represents the payroll during the fiscal year upon which employer contributions were made.

ACTUARIAL VALUATION DATA
continued

Solvency Test (in thousands)

	Aggregate Actuarial Accrued Liabilities For				Portion of Accrued Liabilities Covered by Assets		
Fiscal Year*	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer-Financed Portion)	Actuarial Value of Assets	(1)	(2)	(3)
2004	$ 4,923,415	$ 19,870,020	$ 19,436,596	$ 44,617,956	100.0%	100.0%	100.0%
2005	5,171,813	23,229,592	19,409,809	46,836,895	100.0	100.0	95.0
2006	5,417,408	25,653,251	19,989,022	49,263,027	100.0	100.0	91.0
2007	5,703,184	28,212,100	21,081,286	52,099,171	100.0	100.0	86.3
2008	6,009,710	30,915,200	22,208,867	54,354,284	100.0	100.0	78.5
2009**	6,382,932	29,725,063	23,342,121	53,438,604	100.0	100.0	74.2
2010	6,705,274	34,264,548	22,622,215	54,529,416	100.0	100.0	59.9
2011	6,973,343	37,271,020	21,734,277	55,427,716	100.0	100.0	51.5
2012	7,242,569	39,759,145	21,346,964	56,262,332	100.0	100.0	43.4
2013	7,480,767	43,152,402	21,587,696	58,594,837	100.0	100.0	36.9

* Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. An actuarial valuation for the fiscal year ended June 30, 2014 is currently in process and was not available for this analysis.

** Revised since the previous valuation to reflect the refinement of the smoothed valuation interest rate methodology used in the 2010 valuation, which includes corridors around the long-term investment rate of return.

Member and Employer Contribution Rates

Fiscal Year	Member	Employer
2006	5.00 %	9.24 %
2007	5.00	9.28
2008	5.00	9.28
2009	5.00	9.28
2010	5.25	9.74
2011	5.53	10.28
2012	5.53	10.28
2013	6.00	11.41
2014	6.00	12.28
2015	6.00	13.15

ACTUARIAL VALUATION DATA
continued

Schedule of Funding Progress (in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funding Ratio (a/b)	Annual Covered Payroll (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll [(b-a)/c]
6/30/04	$ 44,617,956	$ 44,230,031	$ (387,925)	100.9%	$ 8,083,118	(4.8)%
6/30/05	46,836,895	47,811,214	974,319	98.0	8,252,598	11.8
6/30/06	49,263,027	51,059,681	1,796,654	96.5	8,785,985	20.4
6/30/07	52,099,171	54,996,570	2,897,399	94.7	9,482,003	30.5
6/30/08	54,354,284	59,133,777	4,779,493	91.9	10,197,584	46.9
6/30/09*	53,438,604	59,450,116	6,011,512	89.9	10,641,543	56.5
6/30/10	54,529,416	63,592,037	9,062,621	85.7	10,437,703	86.8
6/30/11	55,427,716	65,978,640	10,550,924	84.0	10,099,278	104.5
6/30/12	56,262,332	68,348,678	12,086,346	82.3	10,036,023	120.4
6/30/13	58,594,837	72,220,865	13,626,028	81.1	9,924,682	137.3

*Revised since the previous valuation to reflect the refinement of the "smoothed valuation interest rate" methodology used in the 2010 valuation, which includes corridors around the long-term investment rates of return.

This data, except for annual covered payroll, was provided by the System's actuary.

ACTUARIAL VALUATION DATA
continued

Analysis of Financial Experience (in millions)

Analysis of the Change in Unfunded Accrued Liability
Increase (Decrease) During the Years Ended June 30,

Item	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Interest Added to Previous										
Unfunded Accrued Liability	$ 977.8	$ 846.2	$733.2	$ 486.3	$ 358.5	$ 217.3	$ 134.7	$ 73.1	$ (29.1)	$ (35.0)
Accrued Liability Contribution	(604.7)	(443.5)	(396.3)	(312.0)	(125.0)	(118.5)	57.2	51.9	49.4	79.6
Experience:										
Valuation Asset Growth	1,241.1	1,855.1	2,018.7	1,674.9	2,433.5	548.9	(132.3)	675.3	516.4	507.5
Pensioners' Mortality	52.7	51.6	24.2	89.8	50.1	58.4	25.6	(40.7)	(14.0)	48.8
Turnover and Retirements(5)	378.2	319.1	195.3	269.5	307.1	291.4	213.3	65.8	59.9	26.8
New Entrants	96.2	101.2	89.6	123.7	185.1	258.8	212.6	143.5	104.0	118.5
Salary Increases	(715.2)	(709.9)	(1,132.2)	(1,040.5)	14.1	162.8	294.5	144.1	(227.5)	(667.1)
Method Changes (4)	(926.7)	—	—	—	(2,062.3)	—	—	(339.2)	313.7	—
Interest Smoothing	915.9	(627.0)	412.8	—	—	—	—	—	—	—
Amendments (1)	—	—	(685.5)	—	—	386.3	252.3	48.5	—	—
Change in Member Contribution Rate (3)	—	—	—	12.8	—	(15.7)	(8.4)	—	—	—
Assumption Changes (2)	—	—	—	1,472.4	—	—	—	—	589.4	—
Miscellaneous	124.4	142.6	228.5	274.2	70.9	92.4	51.2	—	—	—
Total Increase	$ 1,539.7	$ 1,535.4	$ 1,488.3	$ 3,051.1	$ 1,232.0	$ 1,882.1	$ 1,100.7	$ 822.3	$ 1,362.2	$ 79.1

(1) Amendments

2006 - Reflects the impact of House Bill 400 which increased allowances effective July 1, 2006 to retirees and beneficiaries retired before July 1, 1987.

2007 - Reflects the impact of the first phase of the Plymel lawsuit.

2008 - Reflects the impact of the final Plymel lawsuit.

2011 - Reflects the impact of discontinuing the one-time 3% increase on the first $37,500 of members' allowances for all members who retire on or after January 1, 2013.

(2) Assumption Changes

2005 - The assumed rates of withdrawal, disability, retirement, and mortality and the assumed rates of salary increase have been revised to more closely reflect the actual and anticipated experience of the System. In addition, the administration expense load was increased to 0.25% from 0.15% of active payroll.

2010 - The assumed rates of withdrawal, disability, retirement, and mortality and the assumed rates of salary increase have been revised to more closely reflect the actual and anticipated experience of the System.

(3) Member Contribution Rate

2007 - Reflects an increase in the member contribution rate from 5.00% to 5.25% effective July 1, 2009.

2008 - Reflects an increase in the member contribution rate from 5.25% to 5.53% effective July 1, 2010.

2010 - Reflects an increase in the member contribution rate from 5.53% to 6.00% effective July 1, 2012.

(4) Method Changes

2006 - Reflects change from 5-year to 7-year market value smoothing (method for determining the actuarial value of assets).

2009 - Reflects change to a valuation interest rate smoothing methodology and a change to include a corridor around the long-term investment rate of return.

2013 - Reflects change to asset smoothing methodology where the final actuarial value of assets used for the current valuation was set to the market value of assets as of June 30, 2013. Five-year smoothing of investment gains and losses will commence in subsequent years.

(5) Turnover and Retirements

2004 - Reflects impact of change in reported data due to a change in computer system. Previous years' data reported active members as any participant who contributed during the fiscal year. The 2004 data reported active members as only those who were contributing any of the last three months of the fiscal year.

STATISTICAL SECTION OVERVIEW & FINANCIAL TRENDS

The statistical section presents additional information to provide financial statement users with added historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the System's financial condition.

Financial Trends

The schedules presented on page 52 and page 53 contain trend information to help the reader understand how the System's financial position has changed over time.

Operating Information

The schedules presented on pages 54 through 64 contain benefits, service and employer data to help the reader understand how the System's financial report relates to the services of the System and the activities it performs.

Additions by Source (in thousands)

Fiscal Year	Member Contributions	Employer and Nonemployer Contributions	Net Investment Income (Loss)	Total Additions to (Deductions from) Fiduciary Net Position
2005	$ 464,931	$ 815,693	$ 3,279,505	$ 4,560,129
2006	485,721	855,626	2,691,062	4,032,409
2007	524,940	927,371	6,792,341	8,244,652
2008	554,027	986,759	(1,775,578)	(234,792)
2009	567,635	1,026,287	(6,572,435)	(4,978,513)
2010	592,264	1,057,416	4,671,571	6,321,251
2011	604,126	1,089,912	9,594,994	11,289,032
2012	601,512	1,082,224	1,090,900	2,774,636
2013	640,745	1,180,469	6,938,349	8,759,563
2014	640,120	1,270,963	9,826,743	11,737,826

Contributions were made in accordance with actuarially determined contribution requirements.

Deductions by Type (in thousands)

Fiscal Year	Benefit Payments: Service	Partial Lump-Sum Option	Disability	Survivor Benefits	Supplemental Payments (1)	Lump-Sum Death Settlement	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions From Fiduciary Net Position
2005	$ 1,656,652	$ 15,653	$ 50,959	$ 72,025	$ 2,398	$ 1,791	$ 1,799,478	$ 19,558	$ 50,491	$ 1,869,527
2006	1,863,194	26,601	62,773	35,394	2,093	1,376	1,991,431	20,173	53,138	2,064,742
2007	2,128,927	33,378	70,431	46,670	1,842	1,702	2,282,950	22,073	52,875	2,357,898
2008	2,527,156	40,820	89,348	95,452	1,648	2,059	2,756,483	23,744	54,482	2,834,709
2009	2,385,561	37,191	72,028	36,922	1,414	1,371	2,534,487	22,603	49,414	2,606,504
2010	2,639,144	34,530	74,998	49,290	1,122	1,340	2,800,424	20,223	53,638	2,874,285
2011	2,868,815	37,652	80,393	52,122	922	1,599	3,041,503	20,986	67,916	3,130,405
2012	3,091,370	42,441	85,830	55,328	754	1,829	3,277,552	21,954	72,157	3,371,663
2013	3,353,295	42,259	91,727	58,234	633	2,001	3,548,149	22,584	81,142	3,651,875
2014	3,569,374	33,148	98,145	61,203	508	2,074	3,764,452	15,025	87,095	3,866,572

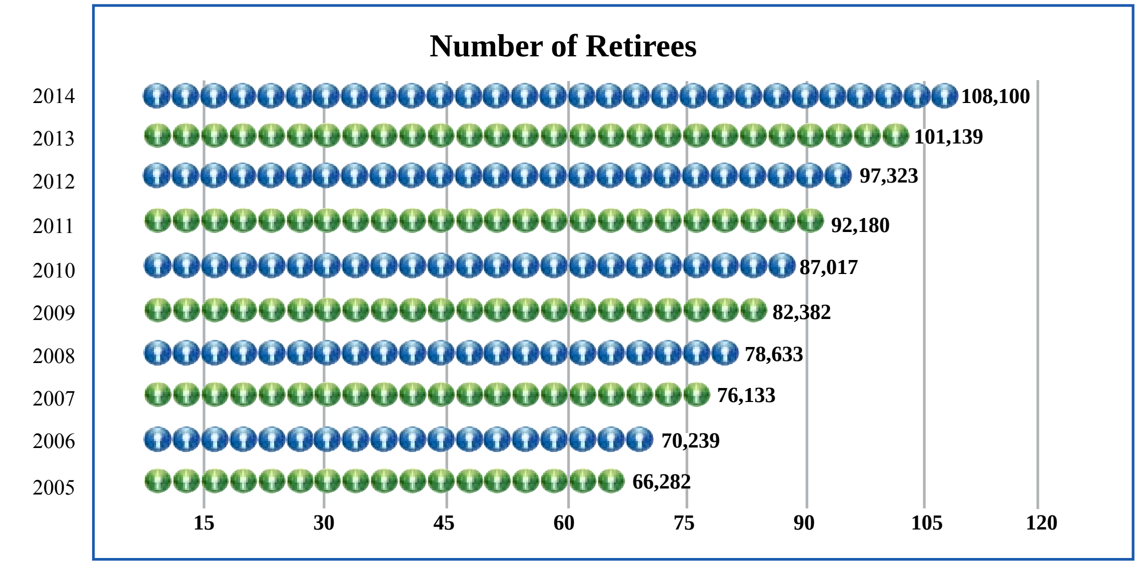
(1) Supplemental payments to retirees who belong to a local retirement system.

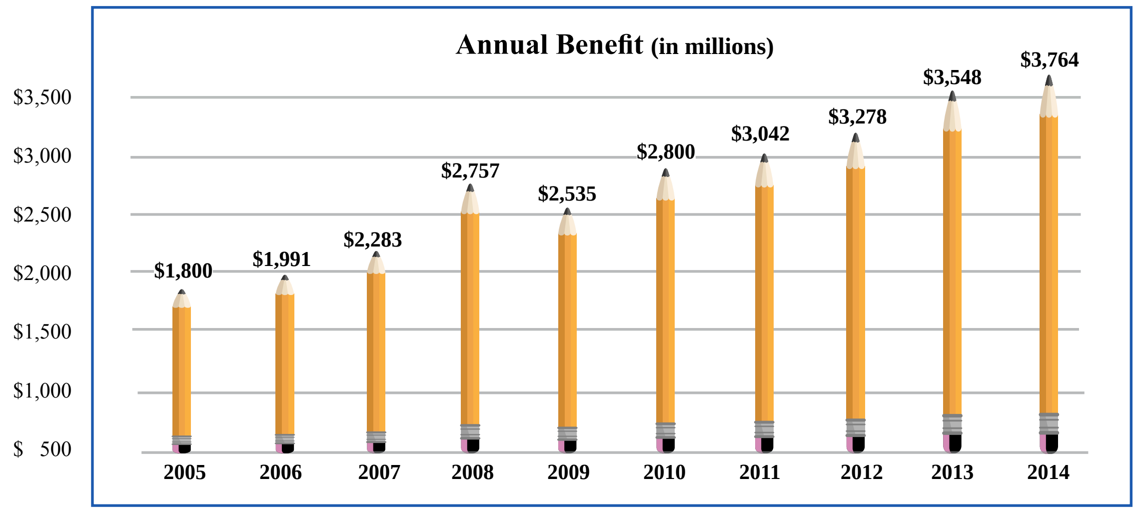
Changes in Fiduciary Net Position (in thousands)

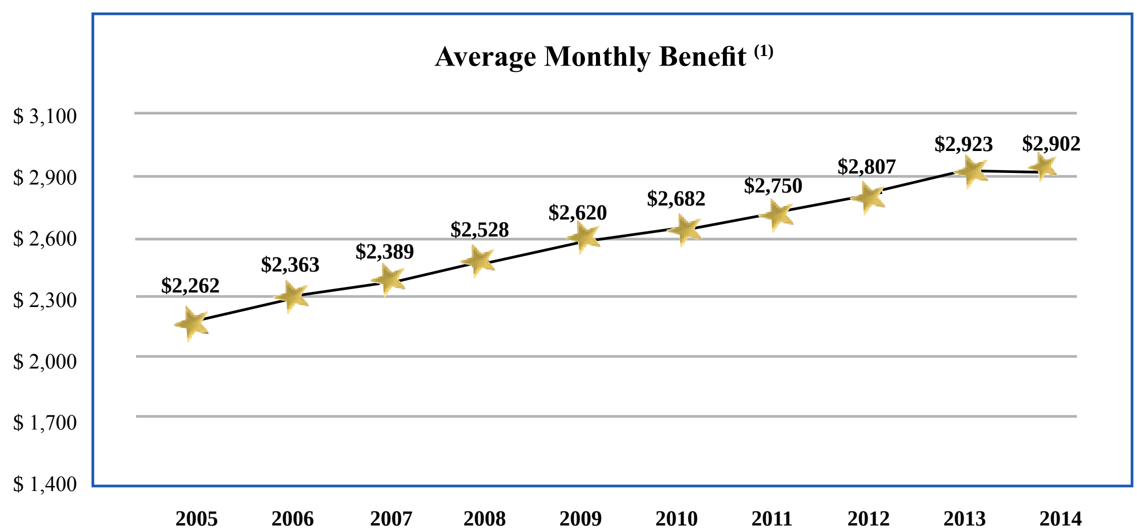
Fiscal Year	Total Additions to (Deductions from) Fiduciary Net Position	Total Deductions from Fiduciary Net Position	Changes in Fiduciary Net Position
2005	$ 4,560,129	$ 1,869,527	$ 2,690,602
2006	4,032,409	2,064,742	1,967,667
2007	8,244,652	2,357,898	5,886,754
2008	(234,792)	2,834,709	(3,069,501)
2009	(4,978,513)	2,606,504	(7,585,017)
2010	6,321,251	2,874,285	3,446,966
2011	11,289,032	3,130,405	8,158,627
2012	2,774,636	3,371,663	(597,027)
2013	8,759,563	3,651,875	5,107,688
2014	11,737,826	3,866,572	7,871,254

OPERATING INFORMATION

Benefit Payment Statistics

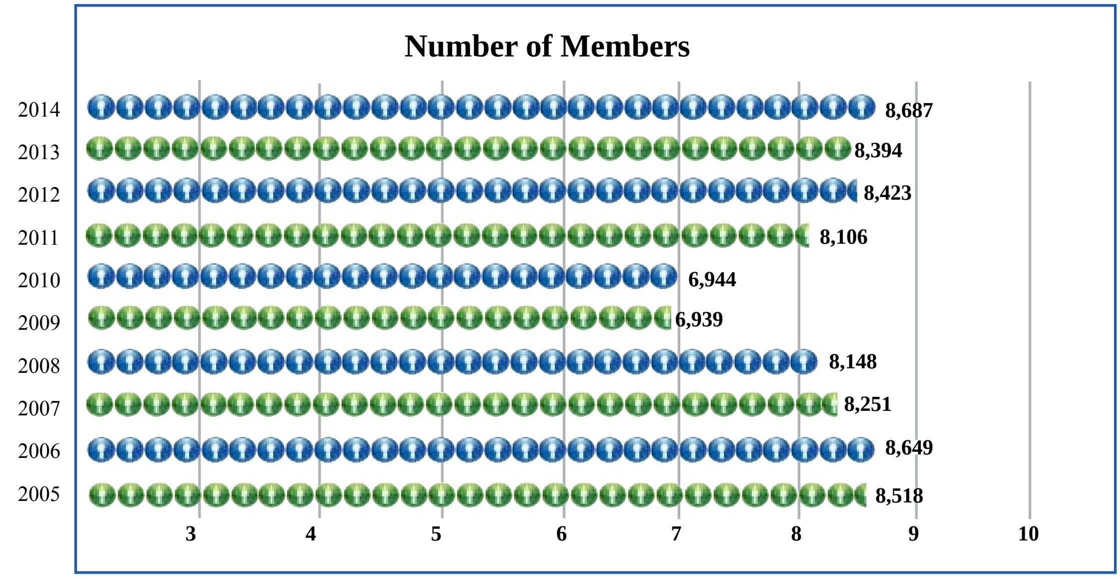


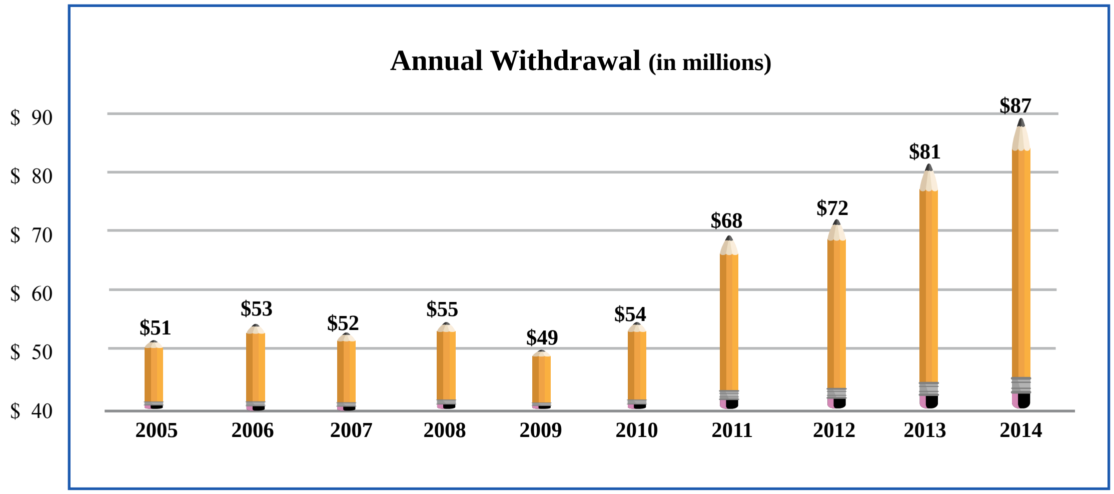


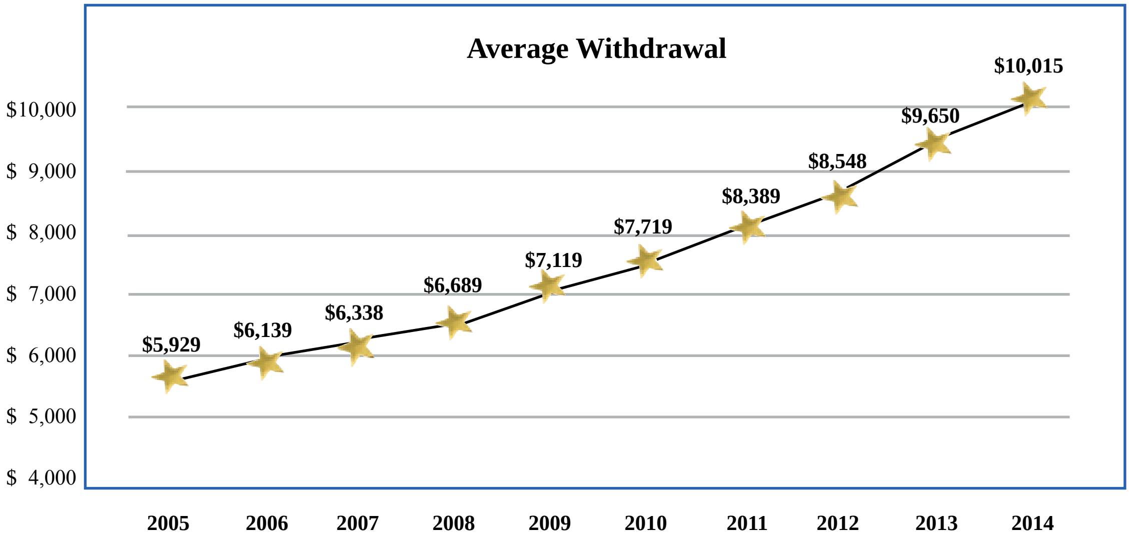


[1] Retirees who belonged to a local retirement system and who received supplemental payments are not included.

Member Withdrawal Statistics







OPERATING INFORMATION
continued

Average Monthly Benefit Payments for New Retirees

	Years Credited Service					
Effective Retirement Dates for Fiscal Years Ended June 30,	**10 - 15**	**16 - 20**	**21 - 25**	**26 - 30**	**Over 30**	**Total**
2005						
Average monthly benefit	$ 729.34	$1,216.78	$1,751.04	$2,575.64	$3,474.65	$2,431.70
Average final average salary	$2,960.22	$3,315.00	$4,014.56	$4,511.41	$5,345.03	$4,628.32
Number of retirees	907	689	693	1,379	2,545	6,213
2006						
Average monthly benefit	$ 759.49	$1,236.93	$1,874.90	$2,356.35	$3,361.85	$2,436.59
Average final average salary	$3,002.19	$3,273.99	$4,036.61	$4,571.12	$5,338.88	$4,495.40
Number of retirees	815	651	653	718	2,780	5,617
2007						
Average monthly benefit	$ 757.50	$1,246.18	$1,782.60	$2,350.01	$3,330.98	$2,335.28
Average final average salary	$3,193.24	$3,580.49	$4,061.53	$4,669.55	$5,406.13	$4,182.19
Number of retirees	975	704	758	729	2,725	5,891
2008						
Average monthly benefit	$ 809.08	$1,324.02	$1,866.99	$2,466.86	$3,488.62	$2,424.71
Average final average salary	$3,404.28	$3,734.90	$4,283.55	$4,797.61	$5,676.32	$4,755.66
Number of retirees	1,010	726	777	686	2,665	5,864
2009						
Average monthly benefit	$ 812.18	$1,293.52	$1,892.41	$2,564.06	$3,603.15	$2,456.32
Average final average salary	$3,430.35	$3,676.14	$4,302.88	$4,938.17	$5,785.56	$4,794.47
Number of retirees	1,008	701	774	601	2,480	5,564
2010						
Average monthly benefit	$ 859.93	$1,433.00	$1,931.22	$2,624.98	$3,655.74	$2,479.89
Average final average salary	$3,651.87	$4,095.26	$4,366.28	$5,142.35	$5,820.83	$4,902.99
Number of retirees	1,195	786	1,018	690	2,736	6,425
2011						
Average monthly benefit	$ 879.11	$1,483.30	$1,963.77	$2,719.55	$3,735.70	$2,456.69
Average final average salary	$3,753.60	$4,216.80	$4,461.70	$5,175.76	$5,940.78	$4,943.41
Number of retirees	1,455	954	1,150	812	2,797	7,168
2012						
Average monthly benefit	$ 900.60	$1,417.23	$2,008.09	$2,723.70	$3,764.35	$2,425.05
Average final average salary	$3,813.60	$4,070.28	$4,564.72	$5,250.18	$5,995.69	$4,948.47
Number of retirees	1,532	920	1,125	885	2,589	7,051
2013						
Average monthly benefit	$ 881.25	$1,465.23	$1,979.00	$2,626.66	$3,642.94	$2,335.21
Average final average salary	$3,720.18	$4,200.63	$4,506.44	$5,060.19	$5,811.25	$4,821.63
Number of retirees	1,721	1,107	1,279	1,060	2,762	7,929
2014						
Average monthly benefit	$ 877.35	$1,410.94	$1,902.93	$2,515.64	$3,556.03	$2,152.62
Average final average salary	$3,801.40	$4,136.09	$4,454.29	$4,962.86	$5,868.78	$4,736.63
Number of retirees	1,744	1,066	1,169	994	2,099	7,072

Retired Members by Type of Benefit

Amount of Monthly Benefit	Number of Retirees	Type of Retirement [1] A	B	C	D	Option Selected [2] Max	Opt-1	Opt-2	Opt-3	Opt-4	Opt-2 Pop-Up	Opt-3 Pop-Up
$ 1–250	588	338	53	120	77	247	7	181	62	53	25	13
250–500	4,509	3,665	448	392	4	2,830	146	864	177	110	274	108
500–750	6,044	5,067	587	388	2	3,984	207	962	246	63	426	156
750–1000	6,434	5,544	513	372	5	4,079	228	1,089	286	41	495	216
1000–1250	6,275	5,415	498	354	8	3,874	236	1,019	285	43	562	256
1,250–1,500	5,366	4,681	407	273	5	3,304	196	852	262	43	476	233
1,500–1,750	4,740	4,153	364	221	2	2,801	192	722	275	40	468	242
1,750–2,000	4,431	3,941	303	184	3	2,624	164	688	264	35	408	248
2,000–2,250	4,214	3,756	299	159	-	2,457	186	594	262	39	399	276
2,250–2,500	4,331	3,961	274	96	-	2,557	180	579	269	48	441	257
2,500–2,750	4,521	4,133	285	103	-	2,709	189	583	259	48	483	250
2,750–3,000	5,075	4,722	258	95	-	3,101	226	593	256	70	528	301
3,000–3,250	5,708	5,444	180	84	-	3,608	253	635	260	72	563	317
3,250–3,500	5,991	5,797	137	57	-	3,796	280	581	284	100	588	362
3,500–3,750	6,585	6,451	91	43	-	4,420	357	532	268	84	562	362
3,750–4,000	5,732	5,650	53	29	-	3,784	307	450	276	94	480	341
4,000–4,250	5,120	5,063	27	30	-	3,455	309	408	229	81	370	268
4,250–4,500	4,099	4,040	23	36	-	2,784	225	326	209	51	295	209
4,500–4,750	3,339	3,304	15	20	-	2,309	169	262	153	67	216	163
4,750–5,000	2,542	2,519	8	15	-	1,723	133	224	140	50	142	130
Over 5,000	12,456	12,326	33	97	-	7,378	705	1,571	998	380	749	675
TOTALS	**108,100**	**99,970**	**4,856**	**3,168**	**106**	**67,824**	**4,895**	**13,715**	**5,720**	**1,612**	**8,950**	**5,383**

[1] Type of Retirement
A - Service
B - Disability
C - Survivor benefit
D - Supplemental payments to retirees who belonged to a local retirement system.

[2] Refer to Introductory Section, beginning on page 13 for descriptions of Options.

OPERATING INFORMATION
continued

Retirement Payments By County of Residence

County	Number of Retirees	FY14 Total Gross Pay
Appling	261	$ 9,356,430
Atkinson	87	2,835,671
Bacon	132	4,512,739
Baker	30	943,194
Baldwin	666	22,920,981
Banks	179	5,694,262
Barrow	561	17,627,066
Bartow	841	28,718,752
Ben Hill	252	8,334,913
Berrien	248	8,058,455
Bibb	1,807	61,988,119
Bleckley	246	8.088,590
Brantley	121	4,030,956
Brooks	171	5,867,097
Bryan	278	8,345,518
Bulloch	1,230	42,946,525
Burke	247	7,762,076
Butts	234	8,148,860
Calhoun	101	3,014,631
Camden	314	11,484,339
Candler	146	4,505,991
Carroll	1,604	56,675,857
Catoosa	404	13,492,093
Charlton	83	2,925,839
Chatham	2,636	91,149,552
Chattahoochee	30	991,716
Chattooga	288	9,369,664
Cherokee	1,740	61,821,525
Clarke	2,996	126,454,450
Clay	43	1,462,137
Clayton	1,043	37,997,796
Clinch	90	3,388,718
Cobb	4,981	180,011,880
Coffee	466	15,718,613
Colquitt	508	18,349,977
Columbia	2,005	70,190,586
Cook	207	6,730,205
Coweta	1,132	41,071,822
Crawford	184	6,245,944
Crisp	304	10,380,015

County	Number of Retirees	FY14 Total Gross Pay
Dade	115	$ 3,431,963
Dawson	252	10,229,830
Decatur	260	9,444,585
Dekalb	5,423	224,407,728
Dodge	251	8,224,350
Dooly	111	3,863,795
Dougherty	1,515	56,006,049
Douglas	815	29,195,960
Early	166	5,633,582
Echols	7	252,168
Effingham	351	10,236,630
Elbert	272	8,516,148
Emanuel	344	11,736,833
Evans	125	4,019,720
Fannin	311	10,862,397
Fayette	1,546	60,010,595
Floyd	1,279	46,714,474
Forsyth	816	28,977,675
Franklin	326	11,219,632
Fulton	6,633	282,232,244
Gilmer	344	12,564,017
Glascock	35	1,036,575
Glynn	1,138	41,440,109
Gordon	485	16,816,928
Grady	220	7,401,448
Greene	267	10,871,623
Gwinnett	3,815	142,531,251
Habersham	541	17,849,737
Hall	1,671	63,214,818
Hancock	140	3,875,085
Haralson	295	9,565,534
Harris	346	12,089,683
Hart	261	10,142,410
Heard	77	2,418,427
Henry	1,557	55,628,475
Houston	1,186	49,482,044
Irwin	102	3,489,163
Jackson	857	29,652,122
Jasper	176	5,957,691
Jeff Davis	136	5,004,521

Retirement Payments By County of Residence continued

County	Number of Retirees	FY14 Total Gross Pay	County	Number of Retirees	FY14 Total Gross Pay
Jefferson	194	$ 6,458,750	Richmond	2,671	$ 85,345,999
Jenkins	112	3,690,475	Rockdale	736	26,446,219
Johnson	114	3,755,276	Schley	56	1,694,690
Jones	203	7,302,167	Screven	204	6,699,309
Lamar	221	7,505,451	Seminole	110	3,481,571
Lanier	66	2,413,212	Spalding	794	26,821,467
Laurens	664	23,064,107	Stephens	363	12,618,496
Lee	267	8,960,092	Stewart	76	2,498,467
Liberty	257	8,390,916	Sumter	503	18,400,881
Lincoln	144	4,999,451	Talbot	80	2,249,646
Long	52	1,560,046	Taliaferro	17	457,947
Lowndes	1,510	50,631,565	Tattnall	190	6,318,321
Lumpkin	426	14,913,446	Taylor	107	3,622,949
Macon	149	4,861,623	Telfair	193	6,763,256
Madison	705	19,674,771	Terrell	87	2,678,202
Marion	80	2,140,656	Thomas	660	22,195,388
McDuffie	284	9,494,589	Tift	802	27,676,698
McIntosh	148	5,170,386	Toombs	340	11,621,256
Meriwether	217	7,493,987	Towns	208	7,163,333
Miller	67	2,071,383	Treutlen	96	3,127,803
Mitchell	257	7,860,327	Troup	719	25,7665,622
Monroe	270	9,478,403	Turner	167	5,143,744
Montgomery	124	4,283,128	Twiggs	72	2,465,682
Morgan	323	12,314,311	Union	336	12,399,967
Murray	301	11,262,861	Upson	345	11,964,656
Muscogee	2,292	82,765,046	Walker	547	17,690,602
Newton	686	24,442,297	Walton	978	33,937,717
Oconee	1,090	43,841,306	Ware	520	18,114,757
Oglethorpe	259	8,073,683	Warren	60	1,966,046
Paulding	523	16,459,816	Washington	254	8,612,404
Peach	558	20,356,924	Wayne	351	11,439,829
Pickens	579	21,871,776	Webster	29	848,975
Pierce	238	7,721,863	Wheeler	98	3,456,150
Pike	231	7,634,996	White	418	14,699,260
Polk	430	15,806,429	Whitfield	858	31,482,131
Pulaski	127	4,328,655	Wilcox	147	5,134,763
Putnam	341	12,416,974	Wilkes	150	4,941,076
Quitman	30	1,033,319	Wilkinson	121	3,852,341
Rabun	245	9,270,721	Worth	195	6,394,052
Randolph	79	2,689,917	Outside GA	19,053	398,933,138
			TOTALS	**108,100**	**$ 3,764,452,000**

OPERATING INFORMATION
continued

Principal Participating Employers

	2014*			2005*		
Employers	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
State of Georgia	35,279	1	16.81 %	—	—	—
Gwinnett County Schools	15,789	2	7.52 %	13,994	1	6.89 %
Cobb County Schools	10,644	3	5.07 %	11,126	2	5.47 %
Dekalb County Schools	9,814	4	4.68 %	10,859	3	5.34 %
Fulton County Schools	9,695	5	4.62 %	8,637	4	4.25 %
Atlanta Public Schools	5,330	6	2.54 %	5,386	7	2.65 %
Clayton County Schools	4,855	7	2.31 %	5,566	6	2.74 %
Chatham County Schools	4,200	8	2.00 %	4,000	8	1.97 %
Henry County Schools	3,828	9	1.82 %	—	—	—
Muscogee County School District	3,574	10	1.70 %	3,756	9	1.85 %
University of Georgia	—	—	—	7,509	5	3.69 %
Richmond County Schools	—	—	—	3,736	10	1.84 %
All Other	106,847		50.93 %	128,683		63.31 %
Total	209,855		100.0 %	203,252		100.00 %

* Covers a 10-year period

Note: GASB Statement No. 67 was implemented during the fiscal year ended June 30, 2014 and required legally separate employers within the same financial reporting entity to be treated as a single employer for reporting purposes. Therefore, information presented for fiscal years prior to implementation is not comparable with information presented for fiscal years after implementation.

Reporting Entities

Universities and Colleges

Abraham Baldwin Agricultural College
Albany State University
Armstrong Atlantic State University
Atlanta Metropolitan State College
Bainbridge College
Clayton State University
College of Coastal Georgia
Columbus State University
Dalton State College
Darton State College
East Georgia State College
Fort Valley State University
Georgia College and State University
Georgia Gwinnett College
Georgia Regents University
Georgia Highlands College
Georgia Institute of Technology
Georgia Perimeter College
Georgia Southern University
Georgia Southwestern State University
Georgia State University
Gordon State College
Kennesaw State University
Middle Georgia State College
Savannah State University
South Georgia State College
Southern Polytechnic State University
University of Georgia
University of North Georgia
University of West Georgia
Valdosta State University

Boards of Education

Appling County
Atkinson County
Atlanta City
Bacon County
Baker County
Baldwin County
Banks County
Barrow County
Bartow County
Ben Hill County
Berrien County

Boards of Education cont.

Bibb County
Bleckley County
Brantley County
Bremen City
Brooks County
Bryan County
Buford City
Bulloch County
Burke County
Butts County
Calhoun City
Calhoun County
Camden County
Candler County
Carroll County
Carrollton City
Cartersville City
Catoosa County
Charlton County
Chatham County
Chattahoochee County
Chattooga County
Cherokee County
Chickamauga City
Clarke County
Clay County
Clayton County
Clinch County
Cobb County
Coffee County
Colquitt County
Columbia County
Commerce City
Cook County
Coweta County
Crawford County
Crisp County
Dade County
Dalton City
Dawson County
Decatur City
Decatur County
Dekalb County
Dodge County
Dooly County
Dougherty County
Douglas County
Dublin City
Early County

Boards of Education cont.

Echols County
Effingham County
Elbert County
Emanuel County
Evans County
Fannin County
Fayette County
Floyd County
Forsyth County
Franklin County
Fulton County
Gainesville City
Gilmer County
Glascock County
Glynn County
Gordon County
Grady County
Greene County
Griffin-Spalding County
Gwinnett County
Habersham County
Hall County
Hancock County
Haralson County
Harris County
Hart County
Heard County
Henry County
Houston County
Irwin County
Jackson County
Jasper County
Jeff Davis County
Jefferson City
Jefferson County
Jenkins County
Johnson County
Jones County
Lamar County
Lanier County
Laurens County
Lee County
Liberty County
Lumpkin County
Macon County
Madison County
Marietta City
Marion County
McDuffie County

OPERATING INFORMATION
continued

Reporting Entities

Boards of Education cont.

McIntosh County
Meriwether County
Miller County
Mitchell County
Monroe County
Montgomery County
Morgan County
Murray County
Muscogee County
Newton County
Oconee County
Oglethorpe County
Paulding County
Peach County
Pelham City
Pickens County
Pierce County
Pike County
Polk School District
Pulaski County
Putnam County
Quitman County
Rabun County
Randolph County
Richmond County
Rockdale County
Rome City
Schley County
Screven County
Seminole County
Social Circle City
Stephens County
Stewart County
Sumter County
Talbot County
Taliaferro County
Tattnall County
Taylor County
Telfair County
Terrell County
Thomas County
Thomasville City
Thomaston-Upson County
Tift County
Toombs County
Towns County
Treutlen County
Trion City

Boards of Education cont.

Troup County
Turner County
Twiggs County
Union County
Valdosta City
Vidalia City
Walker County
Walton County
Ware County
Warren County
Washington County
Wayne County
Webster County
Wheeler County
White County
Whitfield County
Wilcox County
Wilkes County
Wilkinson County
Worth County

Public Libraries

Athens Regional Library
Barnesville-Lamar County Library
Bartow County Library
Bartram Trail Regional Library
Brooks County Library
Camden County Library
Catoosa County Library
Chatsworth-Murray County Library
Chattooga County Library
Cherokee Regional Library
Chestatee Regional Library
Clayton County Regional Library
Coastal Plains Regional Library
Cobb County Public Library
Conyers-Rockdale Library
Coweta County Public Library
Dekalb County Public Library
Desota Trail Regional Library
Dougherty County Public Library
East Central Georgia Regional Library
Elbert County Public Library
Fitzgerald-Ben Hill County Library
Flint River Regional Library
Forsyth County Public Library
Gwinnett County Public Library
Hall County Library

Reporting Entities

Public Libraries cont.

Hart County Library
Hawkes Library
Henry County Library
Houston County Public Library
Jefferson County Library
Kinchafoonee Regional Library
Lake Blackshear Regional Library
Lee County Public Library
Lincoln County Library
Live Oak Public Library
M.E. Roden Memorial Library
Mary Vinson Memorial Library
Middle Georgia Regional Library
Moultrie-Colquitt County Library
Mountain Regional Library
Newton County Library
Northeast Georgia Regional Library
Northwest Georgia Regional Library
Ocmulgee Regional Library
Oconee Regional Library
Ohoopee Regional Library
Okefenokee Regional Library
Peach Public Library
Piedmont Regional Library
Pine Mountain Regional Library
Roddenberry Memorial Library
Sara Hightower Regional Library
Satilla Regional Library
Screven-Jenkins Regional Library
Sequoyah Regional Library
South Georgia Regional Library
Southwest Georgia Regional Library
Statesboro Regional Library
Thomas County Public Library
Three Rivers Regional Library
Troup-Harris-Coweta Regional Library
Uncle Remus Regional Library
Warren County Public Library
West Georgia Regional Library
Worth County Library System

Technical Colleges

Albany Technical College
Altamaha Technical College
Athens Technical College
Atlanta Technical College
Augusta Technical College
Central Georgia Technical College
Chattahoochee Technical College
Columbus Technical College
Georgia Northwestern Technical College
Georgia Piedmont Technical College
Gwinnett Technical College
Heart of Georgia Technical College
Lanier Technical College
Moultrie Technical College
North Georgia Technical College
Ogeechee Technical College
Okefenokee Technical College
Sandersville Technical College
Savannah Technical College
South Georgia Technical College
Southeastern Technical College
Southern Crescent Technical College
Southwest Georgia Technical College
West Georgia Technical College
Wiregrass Georgia Technical College

Regional Educational Service Agencies

Central Savannah River Area RESA
Chattahoochee Flint RESA
Coastal Plains RESA
First District RESA
Griffin RESA
Heart of Georgia RESA
Metro RESA
Middle Georgia RESA
North Georgia RESA
Northeast Georgia RESA
Northwest Georgia RESA
Oconee RESA
Okefenokee RESA
Pioneer RESA
Southwest Georgia RESA
West Georgia RESA

OPERATING INFORMATION
continued

Reporting Entities

Charter Schools
Academy of Smyrna Charter
Amana Academy
Atlanta Heights Charter School
Atlanta Neighborhood Charter School
Baconton Community Charter School
Brighten Academy
Charles Drew Charter School
Charter Conservatory for Liberal Arts and Technology, Inc.
Cherokee Charter Academy
Coweta Academy Charter
Dekalb Academy of Technology
Dekalb Path Academy
Dekalb Preparatory Academy
Destiny Achievers Academy of Excellence
Fulton Leadership Academy
Fulton Science Academy High
Fulton Sunshine Academy
Georgia Magnet Charter School
Georgia Connections Academy
Globe Academy
Heritage Preparatory Academy
International Community Charter School
Ivy Preparatory Academy
Ivy Preparatory Academy for Girls
Ivy Preparatory Young Men's Leadership Academy
Kennesaw Charter Science
Kipp Metro Atlanta Collaborate
Kipp South Fulton Academy
Latin Academy Charter School
Leadership Preparatory Academy
Main Street Academy
Mountain Education Center
Museum School of Avondale
Neighborhood Charter School
New Life Academy of Excellence
Odyssey Charter School
Pataula Charter Academy
Scholars Academy Inc.
T.E.A.C.H. Charter School
The Kindezi School
University Community Academy
Wesley International Academy
Westside Atlanta

State Agencies
Board of Regents
Cooperative Extension Service
Department of Behavioral Health and Developmental Disabilities
Department of Community Health
Department of Corrections
Department of Human Services
Department of Juvenile Justice
Department of Natural Resources
Department of Public Safety
Georgia Department of Driver Services
Georgia Department of Economic Development
Georgia Department of Agriculture
Georgia Department of Audits and Accounts
Georgia Department of Early Care and Learning
Georgia Department of Education
Georgia Department of Labor
Georgia Environmental Finance Authority
Georgia General Assembly
Georgia Public Defender Standards Council
Georgia Public Telecommunications
Georgia Student Finance Commission
Office of Planning and Budget
Secretary of State
State Accounting Office
State Road Toll and Authority
Technical College System of Georgia

Other
Baldwin County Board of Health
Bryan County Health Department
Clayton Center Community Service Board
Dekalb County Department of Family and Children Services
Effingham County Tax Office
Floyd County DFACS
Georgia Military College
Glynn County Health Department
Hall County DFACS
Lowndes County Department of Family and Children Services
Ware County Health Department

Teachers Retirement System of Georgia

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