

Georgia State University **2019** Annual Financial Report





**GEORGIA STATE UNIVERSITY**  
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**For the Fiscal Year Ended June 30, 2019**

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# Introductory Section





OFFICE OF THE SENIOR VICE PRESIDENT FOR FINANCE & ADMINISTRATION

P.O. Box 3999  
Atlanta, GA 30302-3999  
Phone: 404 413-3000

August 16, 2019

To: President Mark P. Becker  
Georgia State University

The Annual Financial Report (AFR) for Georgia State University includes the financial statements for the year ended June 30, 2019, as well as other useful information to help ensure the University's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the University's financial position as a result of operations for the fiscal year ended June 30, 2019.

Georgia State University management is responsible for the accuracy of this information and for the completeness and fairness of its presentation, including all disclosures. We believe the information is accurate and fairly presents the University's financial position, revenues, expenses and other changes in net position.

The University's financial records are included in the University System of Georgia's financial report, which is audited by the State of Georgia Department of Audits and Accounts (DOAA) on an annual basis. The University's internal auditors also perform fiscal compliance and performance reviews, sharing the results with the University's management. The audit of the University's financial assistance programs is performed by the DOAA in conjunction with the statewide Single Audit.

Sincerely,

Jerry J. Rackliffe  
Senior Vice President  
Finance and Administration

# Financial Section







## DEPARTMENT OF AUDITS AND ACCOUNTS

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

**GREG S. GRIFFIN**  
STATE AUDITOR  
(404) 656-2174

### Independent Auditor's Report

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the Board of Regents of the University System of Georgia  
and  
Dr. Mark P. Becker, President  
Georgia State University

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

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Georgia State University (University) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Georgia State University Foundation, Inc. and Georgia State University Athletic Association, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University'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 University'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 opinions.

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only those portions of the business-type activities, major fund and aggregate discretely presented component units of the State of Georgia that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2019, the changes in its financial position, or where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As also discussed in Note 1 to the financial statements, in 2019, the University restated the prior period financial statements to correct prior year errors. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory section and accompanying supplementary information listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, based on our audit, the procedures performed as described above, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the University'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's 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 University's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record in the office of the State Auditor and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin  
State Auditor

December 23, 2019



# GEORGIA STATE UNIVERSITY

## Management's Discussion and Analysis

### Introduction

Georgia State University (University) is one of the 26 institutions of higher education of the University System of Georgia. The University was founded in 1913 and is one of the Southeast's most enterprising public research universities. The University is a national leader in graduating students from diverse backgrounds. The University provides its world-class faculty and more than 50,000 students with unsurpassed connections to the opportunities available in one of the 21st century's great global cities. The University offers a challenging academic environment that emphasizes research and practical experience across the curriculum with 100 fields of study and more than 250 degree programs.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2019	52,814	44,819
FY 2018	51,562	43,502
FY 2017	50,969	42,850

### Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2019. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2019 and fiscal year 2018. The adoption of Governmental Accounting Standards Board (GASB) Statement 75 in FY 2018 resulted in the accrual of the University's proportionate share of the net other post-employment benefit (OPEB) liability for the Board of Regents Retiree Health Benefit Plan, changes to the related OPEB note disclosures and additional OPEB required supplemental information.

### Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2019 and includes all assets and liabilities, both current and noncurrent, deferred outflows of resources and deferred inflows of resources. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University and how much the University owes vendors. The difference between the sum of assets plus deferred outflows of resources and the sum of liabilities plus deferred inflows of resources (net position) is one indicator of the University's financial health. Increases or decreases in net position provide an indicator of the improvement or decline of the University's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment.

Net Position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in property, plant and equipment owned by the University.

The next category is restricted, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable, restricted resources is available only for investment purposes. Expendable, restricted resources are available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

The final category is unrestricted. Unrestricted resources are available to the University for any lawful purpose.

The table below provides a summary of the University's net position for the fiscal year as compared to the prior fiscal year:

<b>CONDENSED STATEMENT OF NET POSITION</b>	<b>June 30, 2019</b>	<b>June 30, 2018 (1)</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
<b>ASSETS</b>				
Current Assets	\$ 316,908,195	\$ 259,289,877	\$ 57,618,318	22.22 %
Capital Assets, Net	977,227,958	982,230,035	(5,002,077)	(0.51)%
Other Assets	5,956,723	6,446,988	(490,265)	(7.60)%
<b>TOTAL ASSETS</b>	<b>1,300,092,876</b>	<b>1,247,966,900</b>	<b>52,125,976</b>	<b>4.18 %</b>
<b>DEFERRED OUTFLOWS</b>	<b>120,246,742</b>	<b>\$ 81,221,944</b>	<b>39,024,798</b>	<b>48.05 %</b>
<b>LIABILITIES</b>				
Current Liabilities	95,573,218	92,815,573	2,757,645	2.97 %
Non-Current Liabilities	979,196,167	965,454,212	13,741,955	1.42 %
<b>TOTAL LIABILITIES</b>	<b>1,074,769,385</b>	<b>1,058,269,785</b>	<b>16,499,600</b>	<b>1.56 %</b>
<b>DEFERRED INFLOWS</b>	<b>101,875,539</b>	<b>72,367,249</b>	<b>29,508,290</b>	<b>40.78 %</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	738,371,635	735,167,675	3,203,960	0.44 %
Restricted, Non-Expendable	115,461	112,042	3,419	3.05 %
Restricted, Expendable	25,026,661	22,642,917	2,383,744	10.53 %
Unrestricted (Deficit)	(519,819,063)	(559,370,824)	39,551,761	7.07 %
<b>TOTAL NET POSITION</b>	<b>\$ 243,694,694</b>	<b>\$ 198,551,810</b>	<b>\$ 45,142,884</b>	<b>22.74 %</b>

(1) The amounts listed for fiscal year 2018 were not adjusted for the restatement of beginning net position.

Total assets increased \$52,125,976 which was due to an increase in current assets of \$57,618,318, a decrease in net capital assets of \$5,002,077, and a decrease in other assets of \$490,265. The overall increase in assets was due to an increase in cash related to increases in sponsored and indirect cost revenue. There was also an increase in tuition and fee revenue related to increased enrollment.

Total deferred outflows of resources increased by \$39,024,798 which was primarily due to the University's proportionate share of the actuarially determined deferred outflows on defined benefit pension plan administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia and the proportionate share of the deferred outflows on Other Post Employment Benefits.

Total liabilities increased \$16,499,600 which was due to an increase in current liabilities of \$2,757,645 and an increase in non-current liabilities of \$13,741,955 mostly due an increase in Other Post Employment Benefit Liability.

Total deferred inflows of resources increased by \$29,508,290 which was primarily due to the University's proportionate share of the actuarially determined deferred gain on post-employment benefits of 21.7 million.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$45,142,884. This change in net position is primarily in the category of Current Assets, in the amount of \$57,618,318.

### Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and non-operating, and the expenses paid by the University, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are

non-operating because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services for those revenues.

The table below presents the changes in net position as compared to the prior fiscal year:

<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>	<b>June 30, 2019</b>	<b>June 30, 2018 (1)</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Operating Revenue	\$ 580,999,970	\$ 548,255,349	\$ 32,744,621	5.97 %
Operating Expense	943,089,909	931,304,259	11,785,650	1.27 %
Operating Income (Loss)	(362,089,939)	(383,048,910)	20,958,971	5.47 %
Non-Operating Revenue and Expense	395,292,850	369,618,236	25,674,614	6.95 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	33,202,911	(13,430,674)	46,633,585	347.22 %
Other Revenues, Expenses, Gains, Losses and Special Items	13,369,510	25,442,091	(12,072,581)	(47.45)%
Change in Net Position	46,572,421	12,011,417	34,561,004	287.73 %
Net Position at beginning of year, restated	197,122,273	186,540,393	10,581,880	5.67 %
Net Position at End of Year	\$ 243,694,694	\$ 198,551,810	\$ 45,142,884	22.74 %

(1) The amounts listed for fiscal year 2018 were not adjusted for the restatement of beginning net position.

Some highlights of the information presented on this statement are as follows:

#### Revenues

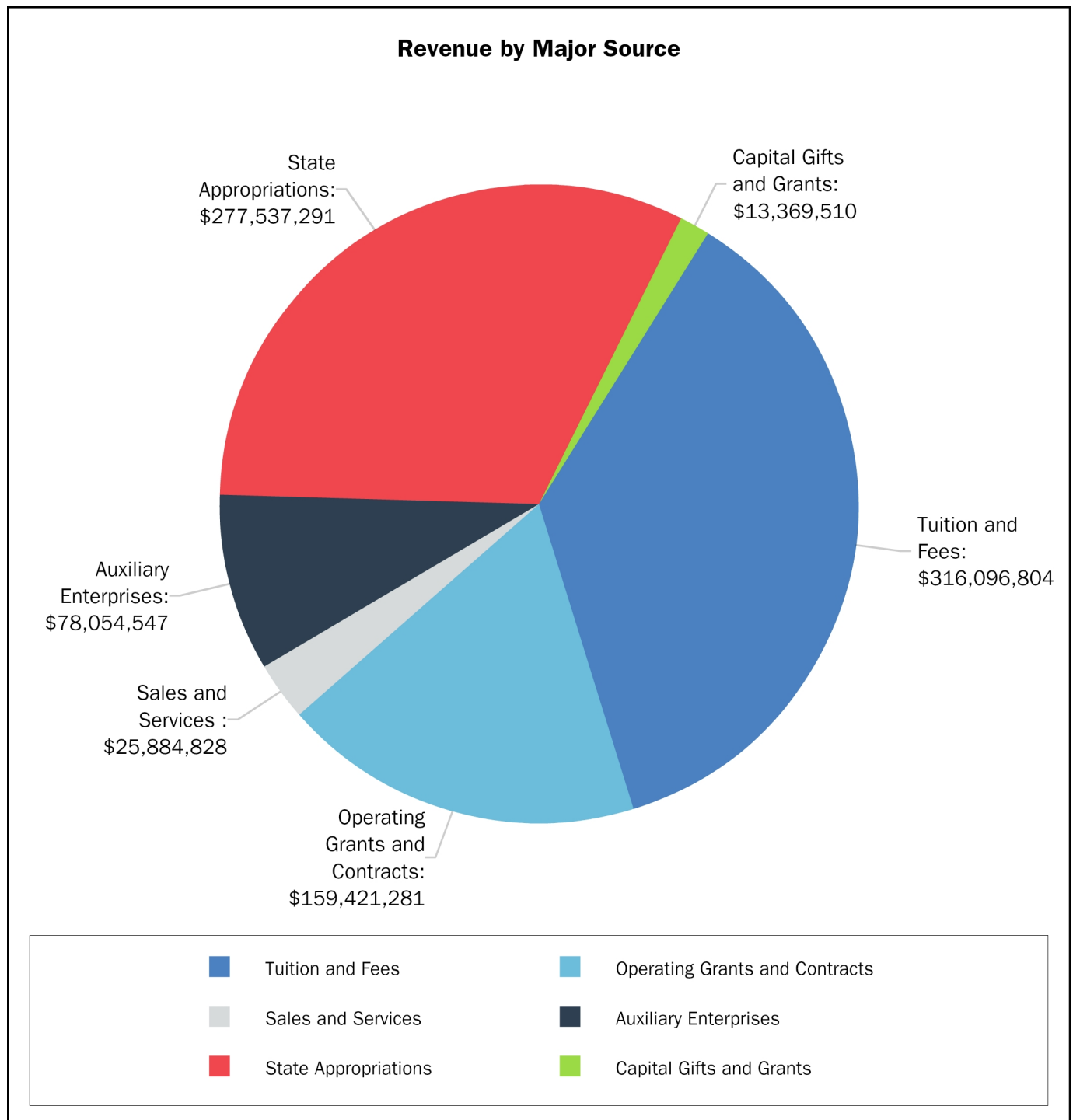
In fiscal year 2019, state appropriations increased \$9.6 million (3.60%), operating grants and contracts revenue increased \$9.7 million (6.47%) and net tuition and fee revenues increased \$19.3 million (6.51%)

For the years ended June 30, 2019 and June 30, 2018, revenues by source were as follows:

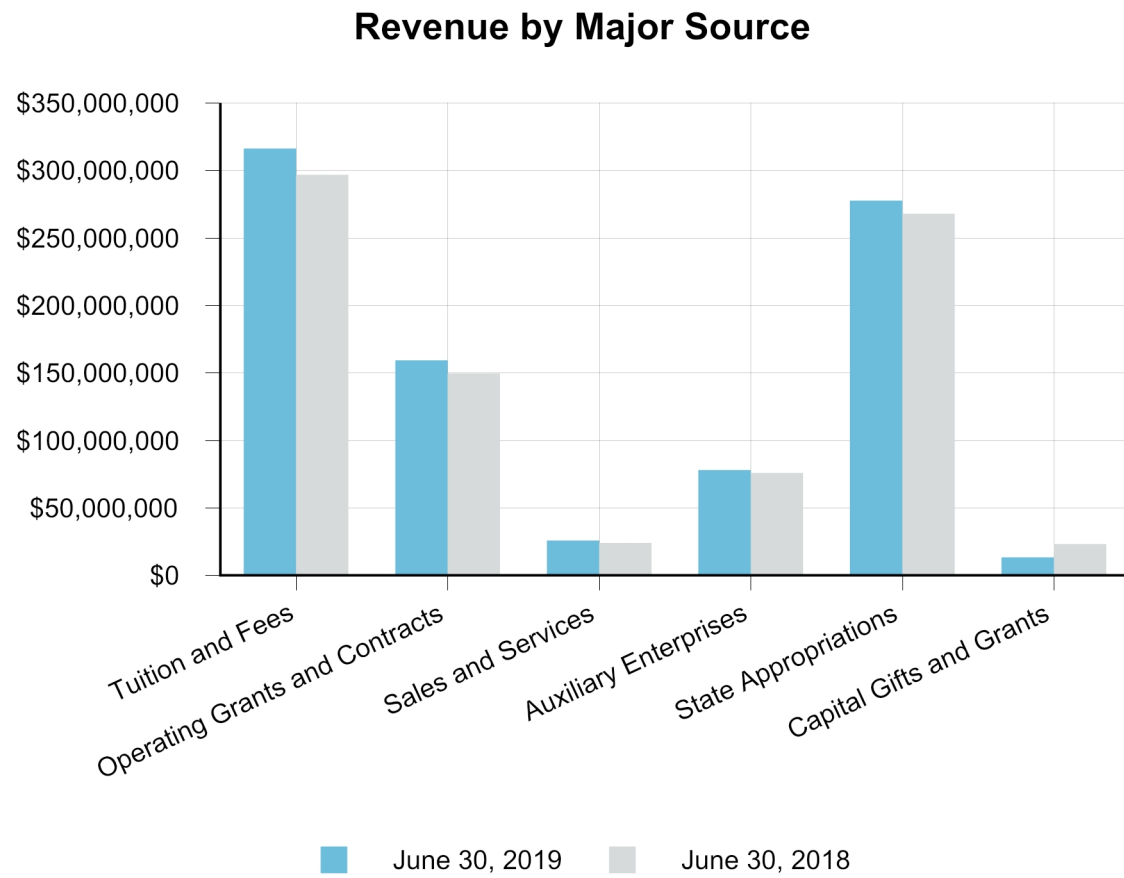
<b>REVENUES BY SOURCE</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Tuition and Fees	\$ 316,096,804	296,775,566	\$ 19,321,238	6.51 %
Grants and Contracts	159,421,281	149,727,326	9,693,955	6.47 %
Sales and Services	25,884,828	24,016,699	1,868,129	7.78 %
Auxiliary Enterprises	78,054,547	75,800,071	2,254,476	2.97 %
Other Operating Revenues	1,542,510	1,935,687	(393,177)	(20.31)%
Total Operating Revenues	580,999,970	548,255,349	32,744,621	5.97 %
State Appropriations	277,537,291	267,904,773	9,632,518	3.60 %
Grants and Contracts	116,835,444	109,411,227	7,424,217	6.79 %
Gifts	11,409,950	1,449,864	9,960,086	686.97 %
Investment Income	6,073,995	2,669,139	3,404,856	127.56 %
Other Nonoperating Revenues	(4,136,258)	291,197	(4,427,455)	(1,520.43)%
Total Nonoperating Revenues	407,720,422	381,726,200	25,994,222	6.81 %
State Capital Gifts and Grants	9,420,498	15,915,107	(6,494,609)	(40.81)%
Other Capital Gifts and Grants	3,949,012	7,383,324	(3,434,312)	(46.51)%
Total Capital Gifts and Grants	13,369,510	23,298,431	(9,928,921)	(42.62)%
Special Items	—	2,143,660	(2,143,660)	(100.00)%
Total Revenues	\$ 1,002,089,902	\$ 955,423,640	\$ 46,666,262	4.88 %



Revenue by source (state appropriations, operating grants and contracts, tuition and fees, auxiliaries, gifts and other sources) is depicted by the following chart:



Revenue by major source for the years ended June 30, 2019 and June 30, 2018 is depicted by the following chart:



## Expenses

For the years ended June 30, 2019 and June 30, 2018, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2019	June 30, 2018	Increase/ (Decrease)	% Change
Instruction	\$ 288,991,936	\$ 290,665,508	\$ (1,673,572)	(0.58)%
Research	174,018,016	175,983,466	(1,965,450)	(1.12)%
Public Service	23,394,643	22,354,692	1,039,951	4.65 %
Academic Support	105,188,718	110,314,390	(5,125,672)	(4.65)%
Student Services	59,356,906	59,578,153	(221,247)	(0.37)%
Institutional Support	49,725,448	45,496,083	4,229,365	9.30 %
Plant Operations and Maintenance	89,358,391	78,172,356	11,186,035	14.31 %
Scholarships and Fellowships	60,921,928	49,872,663	11,049,265	22.15 %
Auxiliary Enterprises	92,133,923	98,866,948	(6,733,025)	(6.81)%
<b>Total Operating Expenses</b>	<b>943,089,909</b>	<b>931,304,259</b>	<b>11,785,650</b>	<b>1.27 %</b>
Interest Expense	12,427,572	12,107,964	319,608	2.64 %
<b>Total Nonoperating Expenses</b>	<b>12,427,572</b>	<b>12,107,964</b>	<b>319,608</b>	<b>2.64 %</b>
<b>Total Expenses</b>	<b>\$ 955,517,481</b>	<b>\$ 943,412,223</b>	<b>\$ 12,105,258</b>	<b>1.28 %</b>

Total expenses were \$955.5 million in fiscal year 2019, an increase of \$12.1 million (1.28%) when compared with fiscal 2018. These increases are primarily attributable to the following functional classifications: Plant Operations and Maintenance (\$11.2 million) and Scholarships and Fellowships (\$11.0 million).

As noted above, total expenses increased \$12.1 million (1.28%) in fiscal year 2019 when compared with fiscal 2018. The increases were substantially attributable several ongoing building renovation and construction projects and an increase in federal, state and athletic funded scholarships.

## Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the University during the year and is divided into five sections. The first section is concerned with operating cash flows and reflects the net cash used by the various operating activities of the University. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from capital and related financing activities and contains cash used for the acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.



Cash Flows for the Years Ended June 30, 2019 and 2018, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2019	June 30, 2018
Cash Provided (Used) by:		
Operating Activities	\$ (291,843,398)	\$ (318,418,219)
Non-Capital Financing Activities	405,105,154	376,740,925
Capital and Related Financing Activities	(63,821,196)	(64,553,183)
Investing Activities	6,069,945	2,663,358
NET CHANGE IN CASH and CASH EQUIVALENTS	\$ 55,510,505	\$ (3,567,119)
Cash and cash equivalents, beginning of year	195,795,135	199,362,254
CASH and cash equivalents, end of year	\$ 251,305,640	\$ 195,795,135

### Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2019 and June 30, 2018 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2019	June 30, 2018 (1)	Increase (Decrease)	% Change
Land	\$ 112,081,332	\$ 112,081,332	\$ —	0.00 %
Capitalized Collections	1,193,045	338,145	854,900	252.82 %
Construction Work-in-Progress	26,582,280	20,020,643	6,561,637	32.77 %
Infrastructure	19,626,687	19,537,088	89,599	0.46 %
Building and Building Improvements	729,688,599	741,411,883	(11,723,284)	(1.58)%
Facilities and Other Improvements	13,530,381	14,230,417	(700,036)	(4.92)%
Equipment	40,069,408	38,509,747	1,559,661	4.05 %
Library Collections	34,456,226	36,100,780	(1,644,554)	(4.56)%
Capital Assets, net of accumulated depreciation	\$ 977,227,958	\$ 982,230,035	\$ (5,002,077)	(0.51)%

(1) The amounts listed for fiscal year 2018 were not adjusted for the restatement of ending capital asset balances

The overall decrease in capital assets was driven by the combination of an increase in new projects under construction and the retirement of assets associated with the Kell Hall demolition.

### Long Term Liabilities

Georgia State University had Long-Term Liabilities of \$242,283,304 of which \$22,255,538 was reflected as current liability at June 30, 2019.

For additional information concerning Long-Term Liabilities, see Note 8 in the Notes to the Financial Statements.

The Notes to the Financial Statements are an integral part of the basic financial statements and communicate information essential for fair presentation. For example, the notes convey information concerning significant accounting policies used to prepare the financial statements, detailed information on cash and investments, receivables, capital leases, compensated absences, retirement and other postemployment benefits, capital assets and a report of operating expenses by function.

## **Economic Outlook**

Georgia State University is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The University's overall financial position is strong. The University anticipates the current fiscal year will be much like fiscal year 2019 and will maintain a close watch over resources to maintain the University's ability to react to unknown internal and external issues.

Mark P. Becker, President  
Georgia State University

Jerry J. Rackliffe, Senior Vice President  
Georgia State University



# Financial Statements

(GAAP Basis)



**GEORGIA STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Georgia State University	Component Units
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 240,904,237	\$ 18,166,057
Cash and Cash Equivalents (Externally Restricted)	9,606,890	13,812,552
Accounts Receivable, net		
Federal Financial Assistance	3,207,929	—
Component Units	18,756,356	—
Primary Government		4,004,456
Pledges and Contributions		4,726,801
Other	38,359,553	18,457,444
Investment in Capital Leases - Primary Government		6,025,903
Inventories	156,926	—
Prepaid Items	5,916,304	16,662,365
Total Current Assets	316,908,195	81,855,578
<b>Non-Current Assets</b>		
Accounts Receivable, net		
Due from USO - Capital Liability Reserve Fund	1,414,211	—
Pledges and Contributions		6,823,492
Investments		38,124,292
Notes Receivable, net	3,619,451	—
Investment in Capital Leases - Primary Government		181,697,058
Other Assets		4,904,918
Non-current Cash (Externally Restricted)	794,513	—
Investments (Externally Restricted)	128,548	218,633,824
Capital Assets, net	977,227,958	23,746,118
Total Non-Current Assets	983,184,681	473,929,702
<b>TOTAL ASSETS</b>	1,300,092,876	555,785,280
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 120,246,742	\$ 7,937,156

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

**GEORGIA STATE UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Georgia State University	Component Units
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 20,423,087	\$ 6,407,398
Salaries Payable	3,415,747	26,845
Benefits Payable	7,550,718	8,080
Contracts Payable	2,806,748	—
Retainage Payable	1,084,775	—
Due to Affiliated Organizations	515,194	—
Due to Component Units	4,004,456	—
Due to Primary Government		18,756,356
Advances (Including Tuition and Fees)	30,014,423	2,540,699
Deposits	183,050	—
Deposits Held for Other Organizations	2,666,153	2,344,706
Other Liabilities	653,329	1,024,196
Lease Purchase Obligations - External	2,398,020	18,838
Lease Purchase Obligations - Component Units	6,025,901	—
Revenue Bonds and Notes Payable		6,420,000
Compensated Absences	13,831,617	375,255
<b>Total Current Liabilities</b>	<b>95,573,218</b>	<b>37,922,373</b>
<b>Non-Current Liabilities</b>		
Other Liabilities		4,410,299
Lease Purchase Obligations - External	30,938,539	16,345
Lease Purchase Obligations - Component Units	181,720,775	—
Revenue Bonds and Notes Payable		203,620,451
Liabilities Under Split Interest Agreements		1,239,720
Compensated Absences	7,368,452	—
Net Other Post-employment Benefits Liability	450,999,520	—
Net Pension Liability	308,168,881	—
<b>Total Non-Current Liabilities</b>	<b>979,196,167</b>	<b>209,286,815</b>
<b>TOTAL LIABILITIES</b>	<b>1,074,769,385</b>	<b>247,209,188</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>101,875,539</b>	<b>16,363,042</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	738,371,635	23,710,935
Restricted for:		
Nonexpendable	115,461	141,903,645
Expendable	25,026,661	101,471,183
Unrestricted (Deficit)	(519,819,063)	33,064,443
<b>TOTAL NET POSITION</b>	<b>\$ 243,694,694</b>	<b>\$ 300,150,206</b>

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

**GEORGIA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2019**

	Georgia State University	Component Units
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net)	\$ 316,096,804	\$ —
Grants and Contracts		
Federal	78,643,652	72,228,675
State	12,466,902	1,451,137
Other	68,310,727	18,144,652
Sales and Services	25,884,828	24,607,707
Rents and Royalties	245,199	22,110,998
Auxiliary Enterprises		
Residence Halls	17,902,126	—
Bookstore	1,563,174	—
Food Services	18,195,536	—
Parking/Transportation	9,693,191	—
Health Services	3,604,493	—
Intercollegiate Athletics	20,132,569	—
Other Organizations	6,963,458	—
Gifts and Contributions		25,976,325
Endowment Income		6,380,200
Other Operating Revenues	1,297,311	6,363,437
Total Operating Revenues	580,999,970	177,263,131
<b>OPERATING EXPENSES</b>		
Faculty Salaries	205,842,439	—
Staff Salaries	251,425,994	11,365,496
Employee Benefits	147,891,489	2,608,630
Other Personal Services	3,136,530	—
Travel	7,218,208	4,036,361
Scholarships and Fellowships	72,786,300	15,917,812
Utilities	20,723,946	1,790,471
Supplies and Other Services	176,637,049	141,802,003
Depreciation	57,427,954	1,446,142
Total Operating Expenses	943,089,909	178,966,915
Operating Income (Loss)	\$ (362,089,939)	\$ (1,703,784)



**GEORGIA STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2019**

	Georgia State University	Component Units
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	\$ 277,537,291	\$ —
Grants and Contracts		
Federal	111,991,591	—
Other	4,843,853	—
Gifts	11,409,950	750,000
Investment Income	6,073,995	7,738,913
Interest Expense	(12,427,572)	(6,458,351)
Other Nonoperating Revenues (Expenses)	(4,136,258)	732,244
Net Nonoperating Revenues	395,292,850	2,762,806
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	33,202,911	1,059,022
Capital Grants and Gifts		
State	9,420,498	—
Other	3,949,012	—
Total Other Revenues, Expenses, Gains or Losses	13,369,510	—
Change in Net Position	46,572,421	1,059,022
Net Position, Beginning of Year, As Originally Reported	198,551,810	299,091,184
Prior Year Adjustments	(1,429,537)	—
Net Position, Beginning of Year, Restated	197,122,273	299,091,184
Net Position, End of Year	\$ 243,694,694	\$ 300,150,206

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

# **GEORGIA STATE UNIVERSITY** **STATEMENT OF CASH FLOWS** **FOR FISCAL YEAR ENDED JUNE 30, 2019**

## Georgia State University

### CASH FLOWS FROM OPERATING ACTIVITIES

Payments from Customers	\$ 421,134,816
Grants and Contracts (Exchange)	157,761,267
Payments to Suppliers	(335,811,261)
Payments to Employees	(464,193,855)
Payments for Scholarships and Fellowships	(72,786,300)
Loans Issued to Students	(2,571,402)
Collection of Loans from Students	3,344,438
Other Receipts	1,278,899
Other Payments	
Net Cash Used by Operating Activities	(291,843,398)

### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	277,537,291
Agency Funds Transactions - Receipts	946,467,237
Agency Funds Transactions - Disbursements	(947,258,335)
Gifts and Grants Received for Other Than Capital Purposes	128,245,394
Other Non-Capital Financing Payments	113,567
Net Cash Flows Provided by Non-Capital Financing Activities	405,105,154

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Gifts and Grants Received	11,217,800
Proceeds from Sale of Capital Assets	5,206
Purchases of Capital Assets	(51,945,686)
Principal Paid on Capital Debt and Leases	(9,810,630)
Interest Paid on Capital Debt and Leases	(13,287,886)
Net Cash Used by Capital and Related Financing Activities	(63,821,196)

### CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	6,729
Investment Income	6,063,216
Purchase of Investments	
Net Cash Provided by Investing Activities	6,069,945

Net Increase in Cash and Cash Equivalents	55,510,505
Cash and Cash Equivalents, Beginning of Year	195,795,135
Cash and Cash Equivalents, End of Year	\$ 251,305,640

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

# **GEORGIA STATE UNIVERSITY** **STATEMENT OF CASH FLOWS** **FOR FISCAL YEAR ENDED JUNE 30, 2019**

	Georgia State University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (362,089,939)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	57,427,954
Operating Expenses Related to Noncash Gifts	
Change in Assets and Liabilities:	
Receivables, net	(5,113,592)
Inventories	50,463
Prepaid Items	(228,646)
Notes Receivable, Net	773,036
Accounts Payable	623,404
Salaries Payable	(133,140)
Benefits Payable	(8,000)
Retainage Payable	794,911
Deposits	168,747
Advances (Including Tuition and Fees)	1,233,825
Other Liabilities	(220,299)
Compensated Absences	336,434
Due to Affiliated Organizations	1,978,818
Net Pension Liability	3,141,106
Other Post-Employment Benefit Liability	18,077,715
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	30,368,603
Deferred Outflows of Resources	(39,024,798)
Net Cash Used by Operating Activities	<u><u>\$ (291,843,398)</u></u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Noncapital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u>\$ 1,097,502</u>
Gift of Capital Assets	<u>\$ 3,949,012</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (4,255,030)</u>
Accrual of Capital Asset Related Payables	<u>\$ 2,473,008</u>
Capital Assets Acquired by Incurring Capital Lease Obligations	<u>\$ 1,815,391</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 860,314</u>
Unrealized Gain (Loss) on Investments	<u>\$ 10,774</u>

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

**GEORGIA STATE UNIVERSITY**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**JUNE 30, 2019**

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 3,865,917	\$ 7,176,214	\$ 7,123,926	\$ —	\$ 18,166,057
Cash and Cash Equivalents (Externally Restricted)	—	8,439,967	5,372,585	—	13,812,552
Primary Government	1,149,746	—	2,854,710	—	4,004,456
Pledges and Contributions	8,878,856	4,726,801	—	(8,878,856)	4,726,801
Other	256,686	798,212	17,402,546	—	18,457,444
Investment in Capital Leases - Primary Government	—	3,588,630	2,437,273	—	6,025,903
Prepaid Items	276,446	—	16,385,919	—	16,662,365
Total Current Assets	14,427,651	24,729,824	51,576,959	(8,878,856)	81,855,578
<b>Non-Current Assets</b>					
Accounts Receivable, net	—	—	—	—	—
Pledges and Contributions	—	6,823,492	—	—	6,823,492
Other	—	—	—	—	—
Investments	—	27,811,871	10,312,421	—	38,124,292
Investment in Capital Leases - Primary Government	—	114,101,675	67,595,383	—	181,697,058
Other Assets	—	4,904,918	—	—	4,904,918
Investments (Externally Restricted)	—	218,633,824	—	—	218,633,824
Capital Assets, net	593,509	15,271,982	7,880,627	—	23,746,118
Total Non-Current Assets	593,509	387,547,762	85,788,431	—	473,929,702
<b>TOTAL ASSETS</b>	15,021,160	412,277,586	137,365,390	(8,878,856)	555,785,280
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	\$ —	\$ —	\$ 7,937,156	\$ —	\$ 7,937,156

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



**GEORGIA STATE UNIVERSITY**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**JUNE 30, 2019**

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 430,932	\$ 4,206,947	\$ 1,769,519	\$ —	\$ 6,407,398
Salaries Payable	26,845	—	—	—	26,845
Benefits Payable	8,080	—	—	—	8,080
Due to Primary Government	554,826	—	18,201,530	—	18,756,356
Advances (Including Tuition and Fees)	1,270,632	1,270,067	—	—	2,540,699
Deposits Held for Other Organizations	—	2,344,706	—	—	2,344,706
Other Liabilities	—	1,024,196	—	—	1,024,196
Lease Purchase Obligations - External	18,838	—	—	—	18,838
Revenue Bonds and Notes Payable	—	4,110,000	2,310,000	—	6,420,000
Compensated Absences	375,255	—	—	—	375,255
Total Current Liabilities	2,685,408	12,955,916	22,281,049	—	37,922,373
<b>Non-Current Liabilities</b>					
Other Liabilities	—	4,410,299	—	—	4,410,299
Lease Purchase Obligations - External	16,345	—	—	—	16,345
Revenue Bonds and Notes Payable	—	125,267,927	78,352,524	—	203,620,451
Liabilities Under Split Interest Agreements	—	1,239,720	—	—	1,239,720
Total Non-Current Liabilities	16,345	130,917,946	78,352,524	—	209,286,815
<b>TOTAL LIABILITIES</b>	2,701,753	143,873,862	100,633,573	—	247,209,188
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	—	—	16,363,042	—	16,363,042
<b>NET POSITION</b>					
Net Investment in Capital Assets	558,326	15,271,982	7,880,627	—	23,710,935
Restricted for:					
Nonexpendable	—	140,353,645	1,550,000	—	141,903,645
Expendable	3,011,977	91,393,983	7,315,223	(250,000)	101,471,183
Unrestricted (Deficit)	8,749,104	21,384,114	11,560,081	(8,628,856)	33,064,443
<b>TOTAL NET POSITION</b>	\$ 12,319,407	\$ 268,403,724	\$ 28,305,931	\$ (8,878,856)	\$ 300,150,206

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

**GEORGIA STATE UNIVERSITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**COMPONENT UNITS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2019**

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
<b>OPERATING REVENUES</b>					
Grants and Contracts					—
Federal	\$ —	\$ —	\$ 72,228,675	\$ —	\$ 72,228,675
State	—	—	1,451,137	—	1,451,137
Other	—	—	18,144,652	—	18,144,652
Sales and Services	24,607,707	—	—	—	24,607,707
Rents and Royalties	974,893	18,001,804	3,134,301	—	22,110,998
Gifts and Contributions	6,713,238	20,275,927	—	(1,012,840)	25,976,325
Endowment Income	—	6,380,200	—	—	6,380,200
Other Operating Revenues	3,260,408	3,103,029	—	—	6,363,437
Total Operating Revenues	35,556,246	47,760,960	94,958,765	(1,012,840)	177,263,131
<b>OPERATING EXPENSES</b>					
Staff Salaries	8,928,818	2,436,678	—	—	11,365,496
Employee Benefits	2,608,630	—	—	—	2,608,630
Travel	2,549,098	1,413,133	74,130	—	4,036,361
Scholarships and Fellowships	7,923,239	7,994,573	—	—	15,917,812
Utilities	1,783,820	—	6,651	—	1,790,471
Supplies and Other Services	14,521,134	40,503,112	91,833,484	(5,055,727)	141,802,003
Depreciation	91,622	647,101	707,419	—	1,446,142
Total Operating Expenses	38,406,361	52,994,597	92,621,684	(5,055,727)	178,966,915
Operating Income (Loss)	\$ (2,850,115)	\$ (5,233,637)	\$ 2,337,081	\$ 4,042,887	\$ (1,703,784)

**GEORGIA STATE UNIVERSITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**COMPONENT UNITS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2019**

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gifts	—	—	750,000	—	750,000
Investment Income	41,682	6,948,382	748,849	—	7,738,913
Interest Expense	—	(3,770,674)	(2,687,677)	—	(6,458,351)
Other Nonoperating Revenues (Expenses)	—	—	732,244	—	732,244
Net Nonoperating Revenues	41,682	3,177,708	(456,584)	—	2,762,806
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(2,808,433)	(2,055,929)	1,880,497	4,042,887	1,059,022
Total Other Revenues, Expenses, Gains or Losses	—	—	—	—	—
Change in Net Position	(2,808,433)	(2,055,929)	1,880,497	4,042,887	1,059,022
Net Position, Beginning of Year, As Originally Reported	15,127,840	270,459,653	26,425,434	(12,921,743)	299,091,184
Prior Year Adjustments	—	—	—	—	—
Net Position, Beginning of Year, Restated	15,127,840	270,459,653	26,425,434	(12,921,743)	299,091,184
Net Position, End of Year	<u>\$ 12,319,407</u>	<u>\$ 268,403,724</u>	<u>\$ 28,305,931</u>	<u>\$ (8,878,856)</u>	<u>\$ 300,150,206</u>

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



## Notes to the Financial Statements





# GEORGIA STATE UNIVERSITY

## NOTES TO THE FINANCIAL STATEMENTS

### JUNE 30, 2019

#### Note 1 Summary of Significant Accounting Policies

##### Nature of Operations

Georgia State University (University) serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge and by disseminating knowledge to the people of Georgia, the nation, and throughout the world.

##### Reporting Entity

As defined by Official Code of Georgia Annotated (O.C.G.A) § 20-3-50, the University is part of the University System of Georgia (USG), an organizational unit of the State of Georgia (the State) under the governance of the Board of Regents (Board). The Board has constitutional authority to govern, control and manage the USG. The Board is composed of 19 members, one member from each congressional district in the State and five additional members from the state-at-large, appointed by the Governor and confirmed by the Senate. Members of the Board serve a seven year term and members may be reappointed to subsequent terms by a sitting governor.

The University does not have the right to sue/be sued without recourse to the State. The University's property is the property of the State and subject to all the limitations and restrictions imposed upon other property of the State by the Constitution and laws of the State. In addition, the University is not legally separate from the State. Accordingly, the University is included within the State's basic financial statements as part of the primary government as defined in section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2019, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's CAFR. The most recent State of Georgia CAFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at [sao.georgia.gov/comprehensive-annual-financial-reports](http://sao.georgia.gov/comprehensive-annual-financial-reports).

##### Discretely Presented Component Units

The below organizations are legally separate, tax-exempt component units of the State. Although the State (primary government) is not fiscally accountable for these entities, it has been determined that the nature and significance of the relationship between the primary government and the below organizations is such that exclusion from these departmental financial statements would render them misleading. The below organizations met the requirements for discrete presentation as defined by GASB Codification Sections 2100 and 2600. Each of the below organization's fiscal year ends on June 30 each year. Separately issued financial statements are available from the following addresses.

- Georgia State University Athletic Association, Inc., 755 Hank Aaron Dr., Atlanta, GA 30315
- Georgia State University Foundation, Inc., Attn: Dale Palmer, GSU Foundation, 533 One Park Place, Atlanta, GA 30301-2668.
- Georgia State University Research Foundation, Inc., 100 Auburn Avenue, Suite 315, Fulton, Atlanta, GA, 30303

See Component Unit Note for additional information related to discretely presented component units.

### **Basis of Accounting and Financial Statement Presentation**

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

The University's business-type activities financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. All significant intra-fund transactions have been eliminated.

### **New Accounting Pronouncements**

For fiscal year 2019, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2019, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The adoption of this Statement does not have a significant impact on the University's financial statements.

### **Cash and Cash Equivalents**

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Georgia Fund 1) and the Board of Regents Short-Term Investment Pool. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

### **Short-Term Investments**

Short-Term Investments consist of investments of 90 days - 13 months. These include certificates of deposits or other time-restricted investments with original maturities of six months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal. Short-Term Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Short-Term Investments restricted as to use by a third party are reported as externally restricted.

### **Investments**

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The University accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Board of Regents Balanced Income Fund, the Board of Regents Diversified Fund and the Board of Regents Diversified Fund for Foundations are included as investments.

Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Assets restricted as to use by a third party are reported as externally restricted.

### **Accounts Receivable**

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

**Inventories**

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

**Non-current Cash and Investments**

Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position.

**Prepaid Items**

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or acquisition value (entry price) at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

For projects managed by GSFIC, GSFIC retains construction in progress in its accounting records throughout the construction period and transfers the entire project to the institutional unit of the University System when complete. For projects managed by institutions of the USG, the institutions retain construction in progress on their books and are reimbursed by GSFIC.

**Capital Liability Reserve Fund**

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The balance included on the University's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the University's contribution to the Fund.

**Deferred Outflows of Resources**

Deferred outflows of resources consist of the consumption of net position that is applicable to a future reporting period.

**Deposits**

Deposits represent good faith deposits from students to reserve housing assignments, meal plans or other auxiliary services.

**Advances**

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

### **Deposits Held for Other Organizations**

Deposits held for other organizations result primarily from the University acting as an agent or fiduciary, for another entity. Deposits held for others include scholarships, fellowships and other funds held for various governments, companies, clubs or individuals.

### **Compensated Absences**

Employee vacation pay is accrued at the end of the fiscal year for financial statement purposes. The liability and expense incurred are recorded at the end of the fiscal year as compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statements of Revenues, Expenses, and Changes in Net Position.

### **Non-current Liabilities**

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

### **Deferred Inflows of Resources**

Deferred inflows of resources consist of the acquisition of net position that is applicable to a future reporting period.

### **Other Post-Employment Benefit (OPEB)**

The net OPEB liability represents the University's proportionate share of the difference between the total OPEB liability and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Board of Regents Retiree Health Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

### **Pensions and Net Pension Liability**

The net pension liability represents the University's proportionate share of the difference between the total pension liability as a result of the exchange for employee services for compensation and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position, additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Net Position**

The University's net position is classified as follows:

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

*Restricted - non-expendable net position* includes endowments and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. For institution-controlled, donor-restricted endowments, the by-laws of the Board of Regents of the University System of Georgia permits each individual institution to use prudent judgment in the spending of current realized and unrealized endowment appreciation. Donor-restricted endowment appreciation is periodically transferred to restricted - expendable accounts for expenditure as specified by the purpose of the endowment. The University



maintains pertinent information related to each endowment fund including donor; amount and date of donation; restrictions by the source of limitations; limitations on investments, etc.

Restricted - expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions by external third parties.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board or management to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

### **Income Taxes**

As a political subdivision of the State of Georgia which has been delegated the right to exercise part of the sovereign power of the State, the University is not subject to federal income tax.

### **Classification of Revenues and Expenses**

The Statement of Revenues, Expenses and Changes in Net Position classifies fiscal year activity as operating and nonoperating according to the following criteria:

- Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.
- Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB Statements No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, such as state appropriations and investment income.
- Operating expense includes activities that have the characteristics of exchange transactions.
- Nonoperating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

### **Scholarship Allowances**

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$93,336,692.

### Restatement of Prior Year Net Position

The University made the following restatements:

	<u>Business-type Activities</u>
Net position, beginning of year, as originally reported	198,551,810
Correction of prior year errors	(1,429,537)
Net position, beginning of year, restated	197,122,273

### Correction of prior year errors

Corrections to prior year library collections accumulated depreciation and prior year calculation of Perkins repayment balance resulted in a decrease in beginning net position in the amount of \$1,728,700 and an increase of \$299,163 respectively.

## Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2019 are classified in the accompanying statement of net position as follows:

Cash and Cash Equivalents	\$ 240,904,237
Cash and Cash Equivalents (Externally Restricted)	9,606,890
Noncurrent Cash (Externally Restricted)	794,513
Noncurrent Investments (Externally Restricted)	128,548
	<u>\$ 251,434,188</u>

Cash on hand, deposits and investments as of June 30, 2019 consist of the following:

Cash on Hand	\$ 49,240
Deposits with Financial Institutions	29,066,538
Investments	222,318,410
	<u>\$ 251,434,188</u>

### A. Deposits with Financial Institutions

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

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

3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Letters of credit issued by a Federal Home Loan Bank.
7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The University participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

At June 30, 2019, the bank balances of the University's deposits totaled \$34,255,641. None of these deposits were exposed to custodial credit risk.

## B. Investments

The University maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility it has to the citizens of Georgia and which conforms to Board of Regents investment policy. All investments are consistent with donor intent, Board of Regents policy and applicable federal and state laws.

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2019.

	<u>Fair Value</u>
Investment Pools	
Board of Regents	
Short-Term Fund	\$ 98,013,954
Balanced Income Fund	48,428
Diversified Fund	80,120
Office of the State Treasurer	
Georgia Fund 1	<u>124,175,908</u>
Total Investments	<u><u>\$ 222,318,410</u></u>

The University holds positions in the Georgia Fund 1 investment pool managed by the Georgia Office of the State Treasurer. The unit of account is each share held, and the value of the position would be the fair value of the pool's

share price multiplied by the number of shares held. The University does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

#### Board of Regents Pooled Investment Program

The USG serves as fiscal agent for various units of the University System of Georgia and affiliated organizations. The USG pools the monies of these organizations with the USG's monies for investment purposes. The investment pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each pooled investment fund balance at fair value along with a pro rata share of the pooled fund's investment returns.

The USG maintains investment policy guidelines for each pooled investment fund that is offered to qualified University System participants. These policies are intended to foster sound and prudent responsibility each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable Federal and state laws. Units of the University System of Georgia and their affiliated organizations may participate in the Pooled Investment Fund program. The overall character of the pooled fund portfolio should be one of above average quality, possessing at most an average degree of investment risk.

The University's position in the pooled investment fund options are described below.

1. Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and three years, and the fund will typically have an overall average duration of  $\frac{3}{4}$  - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-Term Fund at June 30, 2019 was \$98,013,954, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.63 years.

2. Balanced Income Fund

The Balanced Income Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents.

The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Balanced Income Fund at June 30, 2019 was \$48,428, of which 68% is invested in debt securities. The Effective Duration of the Fund is 5.22 years.

3. Diversified Fund

The Diversified Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to provide improved return characteristics with reduced volatility through greater diversification. This pool is appropriate for investing longer term funds such as endowments. Permitted investments in the fund may include domestic, international and emerging market equities, domestic fixed income and global fixed income.

The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Diversified Fund at June 30, 2019 was \$80,120, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.12 years.

#### Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1 per share. The value of the University's share of the Georgia Fund 1 Investment Pool at June 30, 2019 was \$124,175,908. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 39 days.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The University's policy for managing interest rate risk attempts to match investments with expected cash requirements.

### **Note 3 Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2019:

	<u>Business Type Activities</u>
Student Tuition and Fees	\$ 23,435,509
Auxiliary Enterprises and Other Operating Activities	3,109,661
Federal Financial Assistance	3,207,929
Georgia State Financing and Investment Commission	1,224,220
Due from Component Units	18,756,356
Due from Other USO-Capital Liability Reserve Fund	1,414,211
Other	19,899,605
	<u>71,047,491</u>
Less: Allowance for Doubtful Accounts	<u>9,309,442</u>
Net Accounts Receivable	<u><u>\$ 61,738,049</u></u>

### **Note 4 Inventories**

Inventories consisted of the following at June 30, 2019:

Consumable Supplies	\$ 121,402
Merchandise for Resale	<u>35,524</u>
Total	<u><u>\$ 156,926</u></u>

### **Note 5 Notes and Loans Receivable**

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2019. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for amounts canceled under these provisions. As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2019, the allowance for uncollectible loans was \$72,065.



## Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2019 are shown below:

	(Restated) Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Capital Assets, Not Being Depreciated:				
Land	\$ 112,081,332			\$ 112,081,332
Capitalized Collections	338,145	854,900		1,193,045
Construction Work-in-Progress	20,020,643	26,797,442	20,235,805	26,582,280
Total Capital Assets Not Being Depreciated	132,440,120	27,652,342	20,235,805	139,856,657
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	36,386,191	2,410,737	7,739	38,789,189
Building and Building Improvements	1,163,011,051	26,752,378	16,860,867	1,172,902,562
Facilities and Other Improvements	25,038,292	474,750		25,513,042
Equipment	143,652,898	15,033,386	11,171,836	147,514,448
Library Collections	167,315,059	7,152,356	643,511	173,823,904
Total Capital Assets Being Depreciated/Amortized	1,535,403,491	51,823,607	28,683,953	1,558,543,145
Less: Accumulated Depreciation/Amortization				
Infrastructure	16,849,103	2,320,364	6,965	19,162,502
Building and Building Improvements	421,599,168	34,352,374	12,737,579	443,213,963
Facilities and Other Improvements	10,807,875	1,174,786		11,982,661
Equipment	105,143,151	12,512,220	10,210,331	107,445,040
Library Collections	132,942,979	7,068,210	643,511	139,367,678
Total Accumulated Depreciation/Amortization	687,342,276	57,427,954	23,598,386	721,171,844
Total Capital Assets, Being Depreciated/Amortized, Net	848,061,215	(5,604,347)	5,085,567	837,371,301
Capital Assets, net	\$ 980,501,335	\$ 22,047,995	\$ 25,321,372	\$ 977,227,958

(1) Correction of prior year Library Collections accumulated depreciation caused a decrease of \$1,728,700 in beginning balance

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2019, GSFIC did not transfer any capital additions to the University related to GSFIC managed projects.

A comparison of depreciation expense for the last three fiscal years is as follows:

Fiscal Year	Depreciation Expense
2019	\$ 57,427,954
2018	\$ 54,179,977
2017	\$ 50,366,423

## Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2019:

	Current Liabilities
Prepaid Tuition and Fees	\$ 24,318,555
Other - Advances	5,695,868
Totals	<u>\$ 30,014,423</u>

## Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion
Leases					
Lease Purchase Obligations	\$ 228,249,967	\$ 1,815,391	\$ 8,982,123	\$ 221,083,235	\$ 8,423,921
Other Liabilities					
Compensated Absences	20,863,636	16,823,566	16,487,133	21,200,069	13,831,617
Total	<u>20,863,636</u>	<u>16,823,566</u>	<u>16,487,133</u>	<u>21,200,069</u>	<u>13,831,617</u>
Total Long-Term Obligations	<u>\$ 249,113,603</u>	<u>\$ 18,638,957</u>	<u>\$ 25,469,256</u>	<u>\$ 242,283,304</u>	<u>\$ 22,255,538</u>

See Note 14, Retirement Plans, for information related to net pension liability. See Note 17, Post-Employment Benefits Other Than Pension Benefits, for information related to net other post employment benefits liability.

## Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2019, consisted of the following:

### Deferred Outflows of Resources

Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	\$ 72,329,993
Deferred Outflows on OPEB Plan (See Note 17)	47,916,749
<b>Total Deferred Outflows of Resources</b>	<u>\$ 120,246,742</u>

### Deferred Inflows of Resources

Deferred Inflows on Debt Refunding	\$ 15,350,081
Unavailable Revenues	22,315,461
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	9,892,833
Deferred Inflows on OPEB Plan (See Note 17)	54,317,164
<b>Total Deferred Inflows of Resources</b>	<u>\$ 101,875,539</u>

### Deferred Loss/Gain on Debt Refunding

In June 2016, the Georgia State University Research Foundation refunded the bonds associated with the Petit Science Center and passed the perceived economic advantages of this refund to the Institution by reducing the future minimum lease payments and the effective interest rate. As a result of this refund, the Institution recognized a Deferred Inflow on Debt Refunding in the amount of \$6,502,797. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$5,576,305.

In August 2017, the Georgia State University Foundation refunded the bonds associated with the Suntrust Tower and Parking Decks and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$5,953,575. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$5,350,350.

In August 2017, the Georgia State University Foundation refunded the bonds associated with the Newton Academic Building and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$2,188,383. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$1,954,277.

In May 2018, the Georgia State University Foundation refunded the bonds associated with the Georgia Perimeter Student Support Projects and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$2,609,934. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$2,469,149.

## Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2019 is as follows:

Net Investment in Capital Assets	\$ 738,371,635
Restricted for	
Nonexpendable	
Permanent Endowment	115,461
Expendable	
Sponsored and Other Organized Activities	20,305,235
Federal Loans	4,708,488
Quasi-Endowments	12,938
Sub-Total	25,026,661
Unrestricted	
Auxiliary Enterprises Operations	1,376,425
Auxiliary Enterprises Renewals and Replacement Reserve	40,638,917
Reserve for Encumbrances	51,459,732
Reserve for Inventory	127,285
Capital Liability Reserve Fund	1,414,211
Other Unrestricted	(614,835,633)
Sub-Total	(519,819,063)
Total Net Position	\$ 243,694,694

Other unrestricted net position is reduced by \$457,399,935 related to the recording of net OPEB liability, deferred inflows, and deferred outflows of resources related to OPEB plan. Other unrestricted net position is also reduced by \$245,731,721 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources related to defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2019 are as follows:

	(Restated)			Balance
	Balance			Balance
	July 1, 2018	Additions	Reductions	June 30, 2019
Net Investments in Capital Assets	\$ 733,438,975	\$ 68,222,267	\$ 63,289,607	\$ 738,371,635
Restricted Net Position	23,054,122	289,626,235	287,538,235	25,142,122
Unrestricted Net Position	(559,370,824)	716,599,925	677,048,164	(519,819,063)
Total Net Position	\$ 197,122,273	\$ 1,074,448,427	\$ 1,027,876,006	\$ 243,694,694

(1) Correction of prior year Library Collections accumulated depreciation resulted in a decrease of \$1,728,700 in beginning NICA

## Note 11 Endowments

### Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was \$3,419 and is reflected as expendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the University's endowment funds is predicated under classical trust doctrines. Unless the donor has stipulated otherwise, capital gains and losses are accounted for as part of the endowment principal and are not available for expenditure.

For the current year, the University did not incur investment losses that exceeded the related endowment's available accumulated income and net appreciation

## Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2019. The University had no other significant unearned outstanding construction or renovation contracts.

## Note 13 Leases

### Lease Obligations

The University is obligated under various capital and operating lease agreements for the acquisition or use of real property and equipment.

#### Capital Leases

The University acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest expenditures related to capital leases for fiscal year 2019 were \$9,810,630 and \$12,427,572, respectively. Interest rates range up to 7.803%. The University has \$187,746,677 in outstanding lease obligations due to component units. Component units have \$187,722,961 in investment in capital lease receivables due from the University.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2019:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2019	Outstanding Balance per Lease Schedules at June 30, 2019
	( + )	( - )	( = )	
Leased Equipment	\$ 3,628,552	\$ 704,686	\$ 2,923,866	\$ 1,983,343
Leased Buildings and Building Improvements	271,875,661	68,442,901	203,432,760	219,099,892
Total Assets Held Under Capital Lease	<u>\$ 275,504,213</u>	<u>\$ 69,147,587</u>	<u>\$ 206,356,626</u>	<u>\$ 221,083,235</u>

The following schedule lists the pertinent information for each of the University's capital leases:

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Lofts Housing	Georgia State University Foundation	\$ 39,965,234	27 years	Jan 2005	Aug 2032	\$ 30,407,073 (1)
Rialto Center	Georgia State University Foundation	1,041,646	35 years	Dec 2009	Nov 2044	946,143 (1)
Petit Science Center	GSU Research Foundation	85,853,469	29 years	May 2010	Jun 2039	70,056,371 (1)
Suntrust Tower	Georgia State University Foundation	52,689,804	29 years	Jun 2007	Jun 2036	43,959,558 (1)
Suntrust Parking Deck	Georgia State University Foundation	12,793,580	29 years	Jun 2007	Jun 2036	10,837,395 (1)
Newton Academic Building	Georgia State University Foundation	22,682,812	28 years	Jun 2007	May 2035	15,023,615 (1)
Newton Learning Center	Georgia State University Foundation	12,754,177	29 years	Aug 2009	Jun 2038	7,908,069 (1)
Clarkston International Center	Georgia State University Foundation	3,048,768	29 years	Sep 2009	Jun 2038	2,677,495 (1)
Clarkston Parking Deck	Georgia State University Foundation	8,281,580	30 years	Aug 2008	Jun 2038	7,657,649 (1)
Clarkston Student Success Center	Georgia State University Foundation	6,015,435	29 years	Mar 2009	Jun 2038	5,410,046 (1)
Decatur Student Success Center	Georgia State University Foundation	9,002,865	29 years	May 2009	Jun 2038	8,032,487 (1)
Dunwoody Parking Deck	Georgia State University Foundation	8,436,012	30 years	Aug 2008	Jun 2038	7,800,445 (1)
Dunwoody Student Success Center	Georgia State University Foundation	9,358,859	29 years	Apr 2009	Jun 2038	8,383,546 (1)
Various Copiers	Various vendors	3,628,552	3 to 5 years	Oct 2011	Jun 2024	1,983,343
Total Leases		<u>\$ 275,552,793</u>				<u>\$ 221,083,235</u>

(1) These capital leases are related party transactions.

Lofts Housing is a sublease of a lease agreement between the Georgia State University Foundation and TUFF/Atlanta Housing, LLC. The Rialto Center is a sublease of a lease agreement between the Georgia State University Foundation and Rialto Associates, LLC.

Certain capital leases provide for renewal and/or purchase options. Generally, purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

#### Operating Leases

The University leases land, facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the University has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The University's operating lease expense for fiscal 2019 was \$7,472,288.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2019, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2020	\$ 21,941,129	\$ 6,278,155
2021	21,851,379	4,820,654
2022	21,347,449	4,778,673
2023	21,318,040	4,889,694
2024	21,374,629	5,020,481
2025 through 2029	107,691,197	676,715
2030 through 2034	102,758,568	676,715
2035 through 2039	55,839,990	663,580
2040 through 2044	396,521	663,580
2045 through 2049	33,044	663,580
2050 through 2054	—	265,432
Total Minimum Lease Payments	374,551,946	\$ 29,397,259
Less: Interest	127,063,617	
Less: Executory Costs	26,405,094	
Principal Outstanding	<u>\$ 221,083,235</u>	

#### **Note 14. Retirement Plans**

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

The significant retirement plans that the University participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.



## **A. Teachers Retirement System of Georgia and Employees' Retirement System of Georgia**

### **General Information about the Teachers Retirement System**

#### *Plan description*

All teachers of the University as defined in O.C.G.A. § 47-3-60 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at [www.trsga.com/publications](http://www.trsga.com/publications).

#### *Benefits Provided*

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee 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. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

#### *Contributions*

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2019. The University's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual the University payroll. The University's contributions to TRS totaled \$42,276,362 for the year ended June 30, 2019.

### **General Information about the Employees' Retirement System**

#### *Plan description*

ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials).

#### *Benefits provided*

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

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

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

### Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2019 was 24.78% of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contributions rate of 24.66% of annual covered payroll for old and new plan members and 21.66% for GSEPS members, plus a 0.12% adjustment for the HB 751 one time benefit adjustment of 3% to retired state employees. The University's contributions to ERS totaled \$250,014 for the year ended June 30, 2019. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2018. At June 30, 2018, the University's TRS proportion was 1.652032%, which was an increase of 0.019579% from its proportion measured as of June 30, 2017. At June 30, 2018, the University's ERS proportion was 0.036885%, which was a decrease of (0.003283)% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized pension expense of \$32,816,369 for TRS and \$222,929 for ERS. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,300,830	\$ 632,018	\$ 47,162	\$ —
Changes of assumptions	4,627,276	—	71,440	—
Net difference between projected and actual earnings on pension plan investments	—	8,384,475	—	34,944
Changes in proportion and differences between contributions and proportionate share of contributions	4,745,116	760,225	11,793	81,171
Contributions subsequent to the measurement date	42,276,362	—	250,014	—
Total	<u>\$ 71,949,584</u>	<u>\$ 9,776,718</u>	<u>\$ 380,409</u>	<u>\$ 116,115</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS	ERS
2020	\$ 17,244,115	\$ 75,051
2021	\$ 8,906,570	\$ 12,930
2022	\$ (7,192,119)	\$ (58,089)
2023	\$ 580,280	\$ (15,612)
2024	\$ 357,658	\$ —

### **Actuarial assumptions**

The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

#### **Teachers Retirement System**

Inflation	2.75%
Salary increases	3.25% - 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

#### **Employees' Retirement System**

Inflation	2.75%
Salary increases	3.25 – 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9–12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term expected rate of return on TRS and ERS 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS target allocation	ERS target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.50)%
Domestic large equities	39.80%	37.20%	9.00 %
Domestic mid equities	3.70%	3.40%	12.00 %
Domestic small equities	1.50%	1.40%	13.50 %
International developed market equities	19.40%	17.80%	8.00 %
International emerging market equities	5.60%	5.20%	12.00 %
Alternatives	—	5.00%	10.50 %
Total	100.00%	100.00%	

\* Rates shown are net of inflation

### Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.50% and 7.30%, respectively. 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 State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS 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 Institute's proportionate share of the net pension liability to changes in the discount rate:

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the University's proportionate share of 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:

#### Teachers Retirement System:

	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$ 511,890,871	\$ 306,652,526	\$ 137,525,684

#### Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	\$ 2,156,792	\$ 1,516,355	\$ 970,686

### Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and ERS financial reports which are publicly available at [www.trsga.com/publications](http://www.trsga.com/publications) and [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials), respectively.

## **B. Defined Contribution Plan:**

### **Regents Retirement Plan**

#### Plan Description

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

#### Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2019, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of \$15,996,649 (9.24%) and \$10,386,571 (6.00%), respectively.

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

## **Note 15 Risk Management**

The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The University's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

Retirees age 65 and older participate in a secondary healthcare coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to a health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare-related expenses.

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification.

Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The University is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the O.C.G.A § 45-9-1.

The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

## **Note 16 Contingencies**

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

## **Note 17 Post-Employment Benefits Other Than Pension Benefits**

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

#### **Plan Description and Funding Policy**

The Board of Regents Retiree Health Benefit Plan (Plan) is a single-employer, defined-benefit, healthcare plan administered by the University System Office, an organizational unit of the USG. The Plan was authorized pursuant to OCGA § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits.

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

Retirees age 65 and older participate in a secondary healthcare coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to the retirees' health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare related expenses.

The University's membership in the Plan consisted of the following at June 30, 2019:

Active Employees	5,503
Retirees or Beneficiaries Receiving Benefits	1,556
Retirees Receiving Life Insurance Only	331
	<hr/>
Total	<u>7,390</u>

The contribution requirements of plan members and the employer are established and may be amended by the Board. The Plan is substantially funded on a “pay-as-you-go” basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation.

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2019 plan year, the employer rate was approximately 90% of the total health insurance cost for eligible retirees and the retiree rate was approximately 10%. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2019, the University contributed \$16,371,356 to the plan for current premiums or claims.

#### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2018. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The University’s proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. At June 30, 2018, the University’s proportion was 10.225005%, which was a decrease of (0.034472)% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized OPEB expense of \$34,924,488. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,449,162	\$ —
Changes of assumptions	—	50,629,200
Net difference between projected and actual earnings on OPEB plan investments	96,231	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	3,687,964
Contributions subsequent to the measurement date	16,371,356	—
Total	<u>\$ 47,916,749</u>	<u>\$ 54,317,164</u>

The University’s contributions subsequent to the measurement date of \$16,371,356 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2020	\$	(5,338,606)
2021	\$	(5,338,606)
2022	\$	(5,338,606)
2023	\$	(5,119,049)
2024	\$	(904,367)
Thereafter	\$	(732,537)



### Actuarial assumptions

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of May 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2018 3.87% from Bond Buyer Index Interest Rate as of 6/30/2017 3.58% from Bond Buyer Index Long-term Rate of Return 4.50% General Inflation 2.50% Salary Growth 4.00%
Mortality Rates	Healthy: RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014  Disabled: RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females)
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.1%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	2030 for Pre-Medicare Eligible, 2019 for Medicare Eligible
Experience Study	Based on the experience of the Teachers Retirement System of Georgia. The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience studies, which covered the five-year period ending June 30, 2014. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation for the Plan were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

### Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. The discount rate was updated from 3.58% to 3.87% as of June 30, 2018. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.10%	70%
Equity Allocation	3.98%	30%

### Discount rate

The Plan's projected fiduciary net position at the end of 2022 is \$0, based on the valuation completed for the fiscal year ending June 30, 2018. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2022. Therefore, the long-term expected rate of return on Plan investments of 4.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018. Instead, a yield or index rate for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.87% from the Bond Buyer.

*Sensitivity of the net OPEB liability to changes in the discount rate*

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate (3.87%):

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Proportionate Share of the Net OPEB Liability	\$ 538,070,460	\$ 450,999,520	\$ 382,901,924

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates*

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 380,307,296	\$ 450,999,520	\$ 544,011,014
Pre-Medicare Eligible	6.1% decreasing to 3.5%	7.1% decreasing to 4.5%	8.1% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

*OPEB plan fiduciary net position:*

Detailed information about the Plan's fiduciary net position is available in the USG Consolidated Annual Financial Report which is publicly available at [www.usg.edu/fiscal\\_affairs/financial\\_reporting/](http://www.usg.edu/fiscal_affairs/financial_reporting/).

## Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2019 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 139,704,516	\$ 40,526,996	\$ 76,456,928	\$ 1,481,531	\$ 1,896,015
Research	49,260,818	48,206,973	15,777,327	—	2,473,828
Public Service	1,788,399	10,632,976	3,389,216	—	560,993
Academic Support	13,142,944	41,284,396	16,837,229	—	787,101
Student Services	971,237	33,077,145	9,892,842	13,364	636,049
Institutional Support	966,013	25,887,138	9,406,120	1,641,635	242,663
Plant Operations and Maintenance	—	27,979,542	9,172,526	—	83,376
Scholarships and Fellowships	7,087	127,295	11,791	—	51
Auxiliary Enterprises	1,425	23,703,533	6,947,510	—	538,132
Total Operating Expenses	\$ 205,842,439	\$ 251,425,994	\$ 147,891,489	\$ 3,136,530	\$ 7,218,208

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 3,022,530	\$ 32,141	\$ 15,529,406	\$ 10,341,873	\$ 288,991,936
Research	1,366,897	104,358	42,375,451	14,452,364	174,018,016
Public Service	287,055	34,337	6,558,986	142,681	23,394,643
Academic Support	21,789	1,164,214	21,002,507	10,948,538	105,188,718
Student Services	1,928,058	49,597	11,075,883	1,712,731	59,356,906
Institutional Support	1,891,514	17,810	8,110,059	1,562,496	49,725,448
Plant Operations and Maintenance	—	16,783,592	23,017,801	12,321,554	89,358,391
Scholarships and Fellowships	60,730,460	—	45,244	—	60,921,928
Auxiliary Enterprises	3,537,997	2,537,897	48,921,712	5,945,717	92,133,923
Total Operating Expenses	<u>\$ 72,786,300</u>	<u>\$ 20,723,946</u>	<u>\$ 176,637,049</u>	<u>\$ 57,427,954</u>	<u>\$ 943,089,909</u>

## Note 19 Component Units

### Georgia State University Athletic Association, Inc.

The Georgia State University Athletic Association, Inc. (GSUAA) administers Georgia State University's intercollegiate athletics program, including fund-raising to support scholarships. During the year ended June 30, 2019, the GSUAA distributed approximately \$26,182,099 to Georgia State University for athletic scholarship support and other payments that were either expense reimbursements or support for Georgia State University's intercollegiate athletics program. The GSUAA reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

### Georgia State University Foundation, Inc.

The Georgia State University Foundation, Inc. and Subsidiaries (GSUF) is a private nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The GSUF acts primarily as a fund-raising organization to supplement the resources that are available to the Georgia State University in support of its programs. During the year ended June 30, 2019, the GSUF distributed approximately \$33,523,393 to Georgia State University in support of capital outlay projects, scholarships and other supporting activities.

### Georgia State University Research Foundation Inc. and Affiliates

The Georgia State University Research Foundation (Research Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University) and was established to contribute to the scientific, literary, educational, and charitable functions of the University in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments or other units of the University. Most of the research grants awarded to the Research Foundation are subcontracted to the University, which is responsible for the fiscal administration of the grants. The ten member board of the Research Foundation is self-perpetuating and consists of faculty and administrators of the University. Because the resources held by the Research Foundation can only be used by or for the benefit of the University, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

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

## Elimination and Consolidation Adjustments

The Georgia State University Athletic Association (GSUAA) holds an interest in the net assets of the Georgia State University Foundation (GSUF) related to GSUAA's fund raising efforts. An entry in the amount of \$8,878,856 to eliminate that interest was posted. Entries in the amounts of \$1,012,840 and \$5,055,727 respectively, were posted to eliminate the duplication of revenue and expense transactions posted by GSUF related to GSUAA activity.

Combined component unit's investments are comprised of the following amounts at June 30, 2019:

	Fair Value
Investment type	
Debt Securities	
U.S. Treasuries	\$ 16,602,309
Bond Securities	68,176,603
Other Investments	
Equity Securities - Domestic	64,228,228
Equity Securities - International	69,635,850
Real Estate Investment Trusts	9,866,150
Other	18,125,394
	246,634,534
Investment Pools	
Short-Term Fund	1,892,059
Balanced Income Fund	2,236,432
Diversified Fund for Foundations	5,995,091
Total Investments	<u>\$ 256,758,116</u>

Combined component unit's endowments are comprised of the following amounts at June 30, 2019:

	Unrestricted Endowments	Donor Restricted Endowments	Total
Beginning	\$ 37,169,979	\$ 131,812,577	\$ 168,982,556
Contributions	594,138	7,588,054	8,182,192
Net realized and unrealized gains	1,597,416	7,926,673	9,524,089
Appropriation of endowment assets for expenditure	(1,248,123)	(5,132,077)	(6,380,200)
Transfers to comply with donor intent	(833,339)	(291,582)	(1,124,921)
Other	—	—	—
Ending	<u>\$ 37,280,071</u>	<u>\$ 141,903,645</u>	<u>\$ 179,183,716</u>

Combined amounts due to component units related to direct financing lease activity as of June 30, 2019 is as follows:

Year Ending June 30:	Year:	Total
2020	1	\$ 16,043,004
2021	2	16,246,644
2022	3	16,312,776
2023	4	16,312,700
2024	5	16,343,535
2025 through 2029	6-10	81,935,121
2030 through 2034	11-15	82,392,134
2035 through 2039	16-20	50,672,052
Total Minimum Lease Payments to be Received		296,257,966
Less: Unearned Income		(108,535,005)
Net Investment in Direct Financing Lease Receivable		<u>\$ 187,722,961</u>

Combined component unit's capital assets are comprised of the following amounts at June 30, 2019:

Capital Assets not being Depreciated:

Land	\$ 11,080,129
Total Capital Assets not being Depreciated	<u>11,080,129</u>

Capital Assets being Depreciated:

Infrastructure	—
Building and Building Improvements	16,389,248
Facilities and Other Improvements	6,232,631
Equipment	2,105,786
Software	—
Total Capital Assets being Depreciated/Amortized	<u>24,727,665</u>

Less Total Accumulated Depreciation/Amortization	<u>12,061,676</u>
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Total Capital Assets being Depreciated/Amortized, Net	<u>12,665,989</u>
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Capital Assets, Net	<u><u>\$ 23,746,118</u></u>
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Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Compensated Absences	\$ —	\$ 375,255	\$ —	\$ 375,255	\$ 375,255
Lease Purchase Obligation (Capital Lease)	651,870	20,029	636,716	35,183	18,838
Liabilities under Split Interest Agreement	1,714,796	—	475,076	1,239,720	—
Notes and Loans Payable	—	—	—	—	—
Note Premium	—	—	—	—	—
Note (Discount)/Cost of Issuance	—	—	—	—	—
Interest Rate Swap	—	—	—	—	—
Other Post Employment Benefits Obligation	—	—	—	—	—
Pollution Remediation	—	—	—	—	—
Revenue/Mortgage Bonds Payable	196,175,000	—	5,145,000	191,030,000	6,420,000
Bond - Premium	22,735,485	—	2,247,415	20,488,070	—
Bond - (Discount)	(1,631,817)	—	(154,198)	(1,477,619)	—
Total Long-Term Liabilities	<u>\$ 219,645,334</u>	<u>\$ 395,284</u>	<u>\$ 8,350,009</u>	<u>\$ 211,690,609</u>	<u>\$ 6,814,093</u>

Combined component unit's capital lease obligations are comprised of the following amounts at June 30, 2019:

Year ending June 30:	Year:	
2020	1	\$ 18,838
2021	2	14,345
2022	3	4,006
Total minimum lease payments		<u>37,189</u>
Less: Interest		2,006
Less: Executory costs (if paid)		—
Principal Outstanding		<u>\$ 35,183</u>

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2019:

		Principal	Interest	Total
Year ending June 30:	Year:			
2020	1	\$ 6,420,000	\$ 8,178,024	\$ 14,598,024
2021	2	6,865,000	7,910,829	14,775,829
2022	3	7,170,000	7,624,177	14,794,177
2023	4	7,545,000	7,313,926	14,858,926
2024	5	7,910,000	6,905,813	14,815,813
2025 through 2029	6-10	45,875,000	28,145,713	74,020,713
2030 through 2034	11-15	57,550,000	15,910,288	73,460,288
2035 through 2039	16-20	51,695,000	4,667,401	56,362,401
		<u>191,030,000</u>	<u>86,656,171</u>	<u>277,686,171</u>
Bond Premium		20,488,070	—	20,488,070
Bond (Discount)		(1,477,619)	—	(1,477,619)
Total		<u>\$ 210,040,451</u>	<u>\$ 86,656,171</u>	<u>\$ 296,696,622</u>



# REQUIRED SUPPLEMENTARY INFORMATION





**GEORGIA STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
DEFINED BENEFIT PENSION PLAN  
FOR THE LAST TEN YEARS**

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	6/30/2019	\$ 250,014	\$ 250,014	\$ —	\$ 998,558	25.04%
	6/30/2018	\$ 234,157	\$ 234,157	\$ —	\$ 931,300	25.14%
	6/30/2017	\$ 251,578	\$ 251,578	\$ —	\$ 1,018,945	24.69%
	6/30/2016	\$ 221,130	\$ 221,130	\$ —	\$ 894,538	24.72%
	6/30/2015	\$ 133,543	\$ 133,543	\$ —	\$ 608,119	21.96%
	6/30/2014	\$ 117,257	\$ 117,257	\$ —	\$ 634,086	18.49%
	6/30/2013	\$ 99,182	\$ 99,182	\$ —	\$ 681,077	14.56%
	6/30/2012	\$ 95,363	\$ 95,363	\$ —	\$ 819,975	11.63%
	6/30/2011	\$ 70,164	\$ 70,164	\$ —	\$ 674,005	10.41%
	6/30/2010	\$ 74,358	\$ 74,358	\$ —	\$ 714,294	10.41%
Teachers Retirement System	6/30/2019	\$ 42,276,362	\$ 42,276,362	\$ —	\$ 202,279,243	20.90%
	6/30/2018	\$ 33,099,169	\$ 33,099,169	\$ —	\$ 196,901,658	16.81%
	6/30/2017	\$ 26,762,188	\$ 26,762,188	\$ —	\$ 187,541,613	14.27%
	6/30/2016	\$ 25,340,624	\$ 25,340,624	\$ —	\$ 177,579,706	14.27%
	6/30/2015	\$ 22,546,428	\$ 22,546,428	\$ —	\$ 171,455,725	13.15%
	6/30/2014	\$ 20,332,145	\$ 20,332,145	\$ —	\$ 163,379,560	12.44%
	6/30/2013	\$ 18,613,705	\$ 18,613,705	\$ —	\$ 163,141,030	11.41%
	6/30/2012	\$ 17,869,959	\$ 17,869,959	\$ —	\$ 173,832,286	10.28%
	6/30/2011	\$ 17,023,882	\$ 17,023,882	\$ —	\$ 165,601,965	10.28%
	6/30/2010	\$ 15,679,821	\$ 15,679,821	\$ —	\$ 160,983,789	9.74%

**GEORGIA STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS  
FOR THE LAST FIVE FISCAL YEARS\***

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	6/30/2019	0.036885%	\$ 1,516,355	\$ 931,300	162.82%	76.68%
	6/30/2018	0.040168%	\$ 1,631,357	\$ 1,018,945	160.10%	76.33%
	6/30/2017	0.040000%	\$ 1,842,830	\$ 894,538	206.01%	72.34%
	6/30/2016	0.030000%	\$ 1,087,922	\$ 608,119	178.90%	76.20%
	6/30/2015	0.030000%	\$ 1,050,436	\$ 634,086	165.66%	77.99%
Teachers Retirement System	6/30/2019	1.652032%	\$ 306,652,526	\$ 196,901,658	155.74%	80.27%
	6/30/2018	1.632453%	\$ 303,396,418	\$ 187,541,613	161.78%	79.33%
	6/30/2017	1.622000%	\$ 334,683,518	\$ 177,579,706	188.47%	76.06%
	6/30/2016	1.630000%	\$ 248,239,461	\$ 171,455,725	144.78%	81.44%
	6/30/2015	1.610000%	\$ 203,148,832	\$ 163,379,560	124.34%	84.03%

\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**GEORGIA STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
DEFINED BENEFIT PENSION PLANS  
METHODS AND ASSUMPTIONS  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

*Changes of assumptions*

**Employees' Retirement System:**

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date.

**Teachers Retirement System:**

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.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

**GEORGIA STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
FOR THE LAST THREE YEARS\***

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
6/30/2019	\$ 16,371,356	\$ 16,371,356	\$ —	\$ 391,254,629	4.18%
6/30/2018	\$ 16,198,447	\$ 16,198,447	\$ —	\$ 381,228,465	4.25%
6/30/2017	\$ 10,216,788	\$ 10,216,788	\$ —	\$ 355,368,885	2.87%

\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**GEORGIA STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
FOR THE LAST TWO YEARS\***

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
6/30/2019	10.23%	\$ 450,999,520	\$ 381,228,465	118.30%	1.69%
6/30/2018	10.26%	\$ 432,921,805	\$ 355,368,885	121.82%	0.19%

\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**GEORGIA STATE UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR OPEB PLAN  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
METHODS AND ASSUMPTIONS  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

*Changes in Assumptions Since Prior Valuation*

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. The discount rate was updated from 3.58% to 3.87% as of June 30, 2018. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.



# SUPPLEMENTARY INFORMATION





**GEORGIA STATE UNIVERSITY**  
**BALANCE SHEET (NON-GAAP BASIS)**  
**BUDGET FUNDS**  
**JUNE 30, 2019**  
**(UNAUDITED)**

ASSETS

Cash and Cash Equivalents	\$	151,257,611.97
Accounts Receivable		
Federal Financial Assistance		17,480,150.99
Other		46,558,439.97
Prepaid Expenditures		750,020.88
Inventories		121,402.24
Other Assets		95,332.97
		<hr/>
Total Assets	\$	216,262,959.02
		<hr/>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	2,956,279.10
Encumbrance Payable		41,160,230.05
Accounts Payable		15,042,310.29
Unearned Revenue		45,956,338.74
Other Liabilities		1,694,026.44
		<hr/>
Total Liabilities		106,809,184.62
		<hr/>

Fund Balances

Reserved		
Capital Outlay		3,309,000.00
Department Sales and Services		15,251,533.28
Indirect Cost Recoveries		62,594,130.59
Technology Fees		8,363,557.45
Restricted/Sponsored Funds		2,187,398.06
Uncollectible Accounts Receivable		8,318,953.17
Inventories		127,285.14
Tuition Carry - Forward		9,052,650.53
Unreserved		
Surplus		249,266.18
		<hr/>
Total Fund Balances		109,453,774.40
		<hr/>
Total Liabilities and Fund Balances	\$	216,262,959.02
		<hr/>

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

**GEORGIA STATE UNIVERSITY**  
**STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Appropriation	Amended Appropriation	Final Budget	Funds Available Compared to Budget	
				Current Year Revenues	Prior Year Reserve Carry-Over
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	\$ —	\$ —	\$ 1,427,500.00	\$ 1,427,500.00	\$ —
Total Public Service / Special Funding Initiatives	—	—	1,427,500.00	1,427,500.00	—
Teaching					
State Appropriation					
State General Funds	275,716,404.00	275,716,404.00	276,508,890.00	276,508,890.00	—
Other Funds	750,356,976.00	750,356,976.00	918,219,129.00	684,483,215.75	81,846,367.00
Total Teaching	1,026,073,380.00	1,026,073,380.00	1,194,728,019.00	960,992,105.75	81,846,367.00
Total Operating Activity	<u>\$ 1,026,073,380.00</u>	<u>\$ 1,026,073,380.00</u>	<u>\$ 1,196,155,519.00</u>	<u>\$ 962,419,605.75</u>	<u>\$ 81,846,367.00</u>

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

**GEORGIA STATE UNIVERSITY**  
**STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	\$ —	\$ 1,427,500.00	\$ —	\$ 1,427,500.00	\$ —	\$ —
Tobacco Funds	—	—	—	—	—	—
State Funds - Prior Year Carry- Over						
Other Funds	—	—	—	—	—	—
Total Public Service / Special Funding Initiatives	—	1,427,500.00	—	1,427,500.00	—	—
Research Consortium						
State Appropriation						
State General Funds	—	—	—	—	—	—
Tobacco Funds	—	—	—	—	—	—
Other Funds	—	—	—	—	—	—
Total Research Consortium	—	—	—	—	—	—
Teaching						
State Appropriation						
State General Funds	—	276,508,890.00	—	276,508,890.00	—	—
Other Funds	—	766,329,582.75	(151,889,546.25)	664,171,507.68	254,047,621.32	102,158,075.07
Total Teaching	—	1,042,838,472.75	(151,889,546.25)	940,680,397.68	254,047,621.32	102,158,075.07
Total Operating Activity	\$ —	\$ 1,044,265,972.75	\$ (151,889,546.25)	\$ 942,107,897.68	\$ 254,047,621.32	\$ 102,158,075.07

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

**GEORGIA STATE UNIVERSITY**  
**STATEMENT OF CHANGES TO FUND BALANCE**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2017 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	\$ 276,691.83	\$ —	\$ (276,691.83)	\$ 257,381.30	\$ —
Other Funds	81,875,210.63	(81,846,367.00)	(28,843.63)	308,953.55	(1,623,310.42)
Total Teaching	82,151,902.46	(81,846,367.00)	(305,535.46)	566,334.85	(1,623,310.42)
Total Operating Activity	82,151,902.46	(81,846,367.00)	(305,535.46)	566,334.85	(1,623,310.42)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	210,335.81				(83,050.67)
Uncollectible Accounts Receivable	6,612,592.08				1,706,361.09
Budget Unit Totals	\$ 88,974,830.35	\$ (81,846,367.00)	\$ (305,535.46)	\$ 566,334.85	\$ —

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**GEORGIA STATE UNIVERSITY**  
**STATEMENT OF CHANGES TO FUND BALANCE**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Early Return of Fiscal Year 2018 Surplus	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Teaching						
State Appropriation						
State General Funds	\$ (20,896.16)	\$ —	\$ 236,485.14	\$ —	\$ 236,485.14	\$ 236,485.14
Other Funds	(72,667.25)	102,158,075.07	100,771,050.95	100,758,269.91	12,781.04	100,771,050.95
Total Teaching	(93,563.41)	102,158,075.07	101,007,536.09	100,758,269.91	249,266.18	101,007,536.09
Total Operating Activity	(93,563.41)	102,158,075.07	101,007,536.09	100,758,269.91	249,266.18	101,007,536.09
Prior Year Reserves						
Not Available for Expenditure						
Inventories			127,285.14	127,285.14		127,285.14
Uncollectible Accounts Receivable			8,318,953.17	8,318,953.17		8,318,953.17
Early Retirement Program (Georgia Health Sciences University)	—	—	—	—	—	—
Budget Unit Totals	\$ (93,563.41)	\$ 102,158,075.07	\$ 109,453,774.40	\$ 109,204,508.22	\$ 249,266.18	\$ 109,453,774.40
		Capital Outlay	\$ 3,309,000.00	\$ —	\$ 3,309,000.00	
		Departmental Sales and Services	15,251,533.28	—	15,251,533.28	
		Indirect Cost Recovery	62,594,130.59	—	62,594,130.59	
		Technology Fees	8,363,557.45	—	8,363,557.45	
		Restricted/Sponsored Funds	2,187,398.06	—	2,187,398.06	
		Property Reserves	—	—	—	
		Tuition Carry-Forward	9,052,650.53	—	9,052,650.53	
		Uncollectible Accounts Receivable	8,318,953.17	—	8,318,953.17	
		Inventories	127,285.14	—	127,285.14	
		Early Retirement Program	—	—	—	
		Surplus	—	249,266.18	249,266.18	
		Deficit	—	—	—	
			\$ 109,204,508.22	\$ 249,266.18	\$ 109,453,774.40	

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