

# AUGUSTA UNIVERSITY



## Annual Financial Report Fiscal Year 2020

Including Independent Auditor's Report







**AUGUSTA UNIVERSITY**  
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# *Financial Section*





## DEPARTMENT OF AUDITS AND ACCOUNTS

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**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. Brooks Keel, President  
Augusta University

#### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, aggregate discretely presented component units, and aggregate remaining fund information of Augusta University (University), as of and for the year ended June 30, 2020, 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 report has 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 other auditors did not audit the Georgia Health Sciences Foundation, Inc. and the Medical College of Georgia Foundation, Inc.'s financial statements 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, aggregate discretely presented component units, and aggregate remaining fund information of the University as of June 30, 2020, 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 University's financial statements 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, aggregate discretely presented component units, and aggregate remaining fund information 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, 2020, 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.

### *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 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 accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020 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 the first and last names being more prominent.

Greg S. Griffin  
State Auditor

December 21, 2020



# AUGUSTA UNIVERSITY

## Management's Discussion and Analysis

### Introduction

Founded in 1828 and located in Augusta, Richmond County, Georgia, Augusta University (University) is a public research university and medical center dedicated to training the next generation of innovators, leaders, and health care providers. Based in Augusta with locations across Georgia, Augusta University is at the forefront of groundbreaking research focused on improving and enriching the human experience. The University is one of the institutions of higher education of the University System of Georgia.

Offering undergraduate programs in the liberal arts and sciences, business and education, as well as a full range of graduate programs and hands-on clinical research opportunities, Augusta University is Georgia's innovation center for education and health care. The combination of nationally ranked business and nursing schools as well as the state's flagship public medical school and only dental school makes Augusta University a destination of choice for students of today and leaders of tomorrow. With locations throughout Augusta and at satellite campuses in Athens, Albany, Rome, and Savannah, the University's ten colleges and schools have a truly statewide impact in Georgia.

Home to the Medical College of Georgia, the nation's 8th-largest and 13th-oldest medical school, the University's Health Sciences Campus is at the forefront of health care innovation. Located in beautiful downtown Augusta and housing the state's largest College of Nursing, the comprehensive College of Allied Health Sciences, The Graduate School, and the state's only dental school, The Dental College of Georgia, the Health Sciences Campus is also home to the state's only public academic medical center.

Built in and around a former United States arsenal, the historic Summerville Campus is home to the University's liberal arts curriculum. In the shade of the ancient trees, professors from the Katherine Reese Pamplin College of Arts, Humanities, and Social Sciences; the nationally-ranked James M. Hull College of Business; the College of Education; and the College of Science and Mathematics prepare students for a lifetime of critical thinking, creativity, and entrepreneurial success.

Nestled along the Savannah River, the Riverfront Campus is located in Augusta's growing cybersecurity corridor and is the home of the Georgia Cyber Center, a state-of-the-art cyber center comprised of the University's School of Computer and Cyber Sciences, a cutting-edge cyber range, a 340-seat auditorium, secure briefing space, incubator space for innovation and entrepreneurship, and classrooms; as well as proximity to industry professionals and innovative start-ups. This ecosystem provides collaborative space where Government, academia, and industry work and train together.

Opened in 1991, Christenberry Fieldhouse (CFH) houses 11 of the Augusta Jaguars' 13 competition sports. In addition to housing all administrative and support staff for the Augusta University Department of Athletics, CFH also houses the College of Education's Department of Kinesiology. The Forest Hills Campus, on which CFH is located, also houses a full-size golf course, baseball, softball, and soccer fields, and serves as the home of the Jaguars' nationally recognized NCAA Division I golf team.

Our campus libraries, the Robert B. Greenblatt, M.D. Library on the Health Sciences Campus and the Reese Library on the Summerville Campus, provide comprehensive information resources and services in support of the teaching, discovery, and clinical care mission of our student-centered research university and academic medical center.

The University continues to grow as shown by the comparison numbers that follow.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2020	9,274	8,575
FY 2019	9,072	8,419
FY 2018	8,824	8,153

## **Overview of the Financial Statements and Financial Analysis**

The University is pleased to present its financial statements for fiscal year 2020. The emphasis of discussion about these statements will be on current year data. There are five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. 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 2020 and fiscal year 2019 for business-type activities only.

### **Statement of Net Position**

The Statement of Net Position is a financial condition snapshot as of June 30, 2020 and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both current and noncurrent. 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 assets, deferred outflows of resources, liabilities, and 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.



Statement of Net Position for the Years Ended June 30, 2020 and June 30, 2019, Condensed

CONDENSED STATEMENT OF NET POSITION	June 30, 2020	June 30, 2019	Increase/ (Decrease)	% Change
<b>ASSETS</b>				
Current Assets	\$ 196,853,349	\$ 136,542,641	\$ 60,310,708	44.17 %
Capital Assets, Net	673,925,919	682,949,901	(9,023,982)	(1.32)%
Other Assets	46,809,857	87,446,680	(40,636,823)	(46.47)%
<b>TOTAL ASSETS</b>	<b>917,589,125</b>	<b>906,939,222</b>	<b>10,649,903</b>	<b>1.17 %</b>
<b>DEFERRED OUTFLOWS</b>	<b>153,990,747</b>	<b>135,543,575</b>	<b>18,447,172</b>	<b>13.61 %</b>
<b>LIABILITIES</b>				
Current Liabilities	88,332,043	100,399,007	(12,066,964)	(12.02)%
Non-Current Liabilities	1,001,443,601	948,263,794	53,179,807	5.61 %
<b>TOTAL LIABILITIES</b>	<b>1,089,775,644</b>	<b>1,048,662,801</b>	<b>41,112,843</b>	<b>3.92 %</b>
<b>DEFERRED INFLOWS</b>	<b>84,049,297</b>	<b>80,632,368</b>	<b>3,416,929</b>	<b>4.24 %</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	628,740,197	632,135,277	(3,395,080)	(0.54)%
Restricted, Non-Expendable	2,628,560	2,630,187	(1,627)	(0.06)%
Restricted, Expendable	32,527,141	28,467,274	4,059,867	14.26 %
Unrestricted (Deficit)	(766,140,967)	(750,045,110)	(16,095,857)	(2.15)%
<b>TOTAL NET POSITION</b>	<b>\$ (102,245,069)</b>	<b>\$ (86,812,372)</b>	<b>\$ (15,432,697)</b>	<b>(17.78)%</b>

The June 30, 2019 amounts do not reflect the effects of the restatement of July 1, 2019 net position related to the implementation of GASB 84. See Note 1 in the Notes to the Financial Statements for more information.

Total assets increased \$10,649,903 which was due to an increase in current assets of \$60,310,708, a decrease in net capital assets of \$(9,023,982), and a decrease in other assets of \$(40,636,823). Cash and cash equivalents increased by \$52,996,509 as a result of decreased spending, increased payment by component units during the final quarter of the fiscal year, and sale of investments to supplement cash during the year as necessary. Prepaid items increased by \$6,639,120 as a result of a payment by the University for an ongoing Georgia State Financing and Investment Commission (GSFIC) managed project which is currently in progress for the design and building of a College of Science and Math Building on the Augusta University campus. Accounts receivable had an overall decrease of \$(3,334,349) which was mainly a combination of an increase of \$2,094,095 in amounts due from component units and a decrease in other receivables of \$(6,120,882). The decrease in other receivables was partly due to a reporting change which was the result of implementation of GASB Statement 84, *Fiduciary Activities*, and increased practices to keep accounts from remaining unpaid. Under the Master Lease Agreement, the Health System is required to pay an annual performance-based service fee to support the delivery of services described in the Master Affiliation Agreement and provide the many resources needed to continue operation. The performance-based service fee is based on the percentage of Augusta University Medical Center's net income to operating revenue and for fiscal year 2020 is \$465,494.

No new Georgia State Financing and Investment Commission managed projects were completed and transferred to the University in fiscal year 2020, unlike fiscal year 2019 when several projects were completed and transferred to the University. In fiscal year 2020, there were fewer new capital projects than in the prior year. In addition, some projects have been delayed or placed on hold due to the coronavirus (COVID 19) situation which continues to be prevalent globally.

Total deferred outflows of resources increased by \$18,447,172 which was primarily due to the University's change in proportionate share of the actuarially determined deferred loss on defined benefit pension plans administered by Teachers Retirement System of Georgia and to a much lesser degree the Early Retirement Plan. The increases were offset somewhat by decreases in outflows of resources for Other Post Employment Benefits and to a much lesser degree the Employees' Retirement System of Georgia.

Total liabilities increased \$41,112,843 which was due to a decrease in current liabilities of \$(12,066,964) and an increase in non-current liabilities of \$53,179,807. Advances increased \$4,352,930 due to an increase in grants and contracts unearned revenue and in summer enrollment of approximately 5%. Non-current compensated absences increased by \$7,638,408 which represents a 44.59% change. This increase was related to a combination of an increase in salaries and a significant increase in unused employee vacation leave because of the COVID 19 pandemic which necessitated shelter-in-place restrictions and closing of public locations during the months when normal vacation leave would be used at a higher rate. The largest increase in non-current liabilities was a 13.17% change in net pension liability of \$47,979,619 and was attributable to the change in the defined benefit pension plan administered by the Teachers Retirement System of Georgia.

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 a decrease in net position of \$(15,432,697). This change in net position was primarily in the category of Unrestricted and was largely the result of significant increases discussed previously related to compensated absences and net pension liability.

Total deferred inflows of resources increased by \$3,416,929 which was primarily due to the University's change in proportionate share of the actuarially determined deferred gain on defined benefit pension plans administered by Employees' Retirement System of Georgia, and Other Postemployment Benefits in fiscal year 2020 with the most significant increase being the latter. These increases were offset to some degree by decreases in deferred inflows of resources for the Teachers Retirement System of Georgia and the Early Retirement Plan.

### 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.

Statement of Revenue, Expenses, and Changes in Net position for the Years Ended June 30, 2020 and June 30, 2019, Condensed

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2020	June 30, 2019	Increase/ (Decrease)	% Change
Operating Revenue	\$ 738,425,435	\$ 682,731,652	\$ 55,693,783	8.16 %
Operating Expense	1,043,626,219	943,410,859	100,215,360	10.62 %
Operating Income/Loss	(305,200,784)	(260,679,207)	(44,521,577)	(17.08)%
Non-Operating Revenue and Expense	277,581,853	253,298,150	24,283,703	9.59 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(27,618,931)	(7,381,057)	(20,237,874)	(274.19)%
Other Revenues, Expenses, Gains, Losses and Special Items	12,036,454	153,634,976	(141,598,522)	(92.17)%
Change in Net Position	(15,582,477)	146,253,919	(161,836,396)	(110.65)%
Net Position at beginning of year, restated	(86,662,592)	(233,066,291)	146,403,699	62.82 %
Net Position at End of Year	\$ (102,245,069)	\$ (86,812,372)	\$ (15,432,697)	(17.78)%

*The June 30, 2019 amounts do not reflect the effects of the restatement of July 1, 2019 net position related to the implementation of GASB 84. See Note 1 in the Notes to the Financial Statements for more information.*

The Statement of Revenues, Expenses, and Changes in Net Position reflects the decrease in net position, which is largely due to Unrestricted as noted previously. The total decrease in net position was \$(15,432,697) which represents a 17.78% change. Operating Revenue increased \$55,693,783 or 8.16% in fiscal year 2020 and was mainly the result of federal and other grants and contracts increases of \$6,958,294 (11.53%) and \$30,428,311 (13.87%) respectively.



In addition, sales and services revenue increased by \$12,782,010 (127.80%) which was partly the result of the implementation of GASB Statement 84, *Fiduciary Activities*, which reclassified certain activity to sales and services.

Non-operating revenue increased \$24,194,977 or 9.48% in fiscal year 2020 and was mainly the result of a state appropriations increase of \$22,226,311 or 9.94%. Also contributing to the overall increase in non-operating revenue was the disbursement of Pell Grant financial aid funds for third summer term which were released in June and resulted in increased federal grants and contracts.

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

## Revenues

As noted previously, state appropriations increased by a total of \$22,226,311 or 9.94% which was the result of increases in regular appropriations, Special Funding Initiative, and Georgia Cyber Innovation and Training Center programs with total appropriations of \$226,142,773, \$15,138,825, and \$5,363,207 respectively. State appropriation revenue was decreased by a transfer of \$8,252,101 to the University of Georgia (UGA) to support the Medical School Expansion and the UGA-AU seed grant program. Net tuition and fee revenues increased \$5,334,226 (5.60%), which was a direct result of an overall enrollment increase of 2.2% from Fall 2018 to Fall 2019.

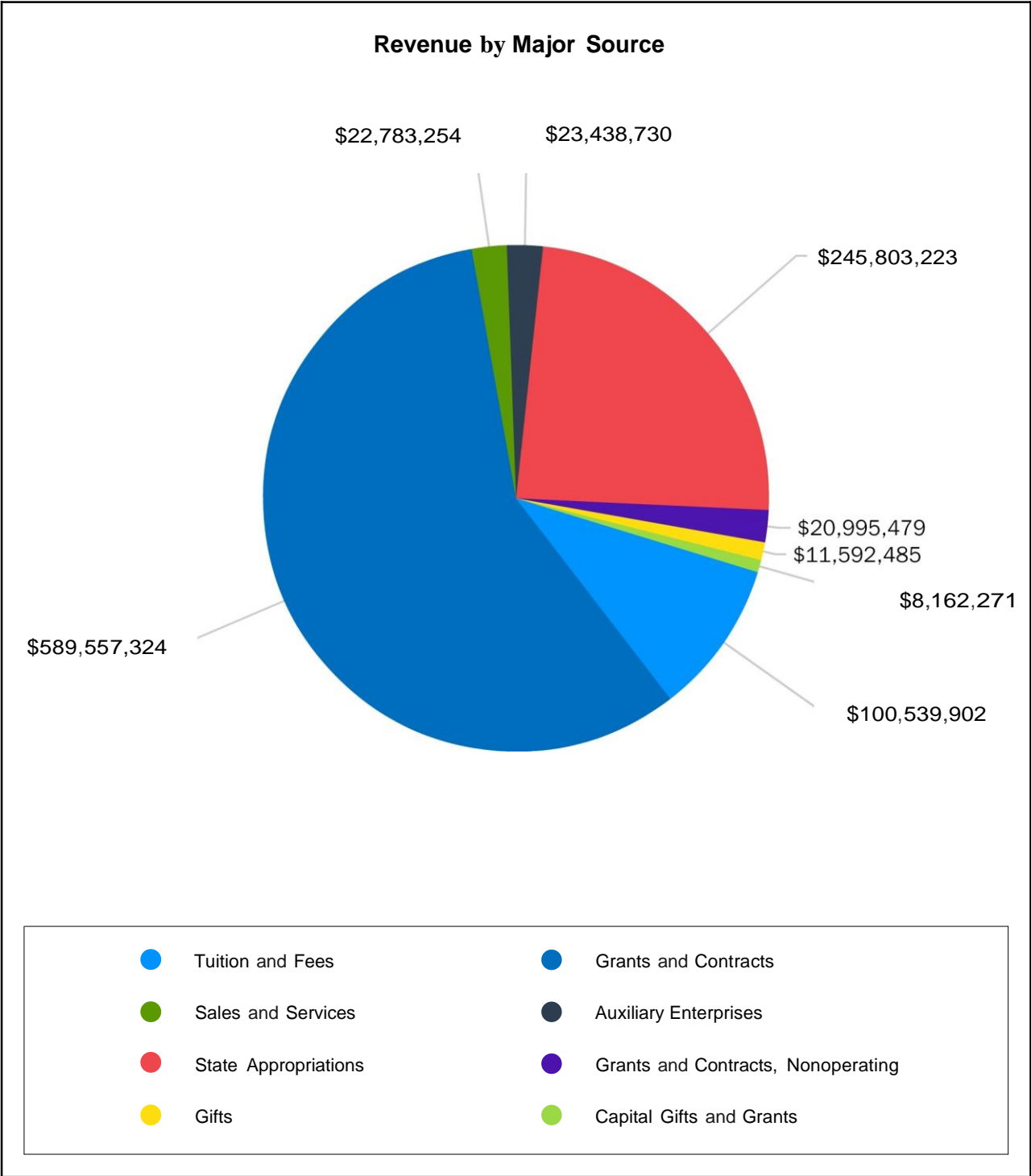
The largest operating revenue increase was grants and contracts revenue which increased \$35,354,431 or 6.38%. This included the State of Georgia Department of Behavioral Health and Developmental Disabilities contract revenue and Department of Juvenile Justice and Georgia Department of Corrections contract revenue. There were increases in every operating revenue source in fiscal year 2020 including auxiliary enterprises which had an increase of \$1,026,269 or 4.58% which included revenue increases from residence halls, food services, parking, and other organizations. This auxiliary enterprise revenue increase was also a result of the increased enrollment and a slight increase in the fee structure.

State Capital Gifts and Grants included a project funded by Georgia State Financing and Investment Commission managed by the Georgia Technology Authority for the Georgia Cyber Innovation and Training Center and an additional prepaid by the University for the Cancer Research Center which was substantially completed and transferred to the University in fiscal year 2019. Special Items represents the transfer from Georgia Technology Authority of an ongoing project for renovation and equipment for the Hull McKnight and Shaffer MacCartney Buildings which were erected on the site of the Cyber Complex in fiscal year 2019.

For the years ended June 30, 2020 and June 30, 2019, revenues by source were as follows:

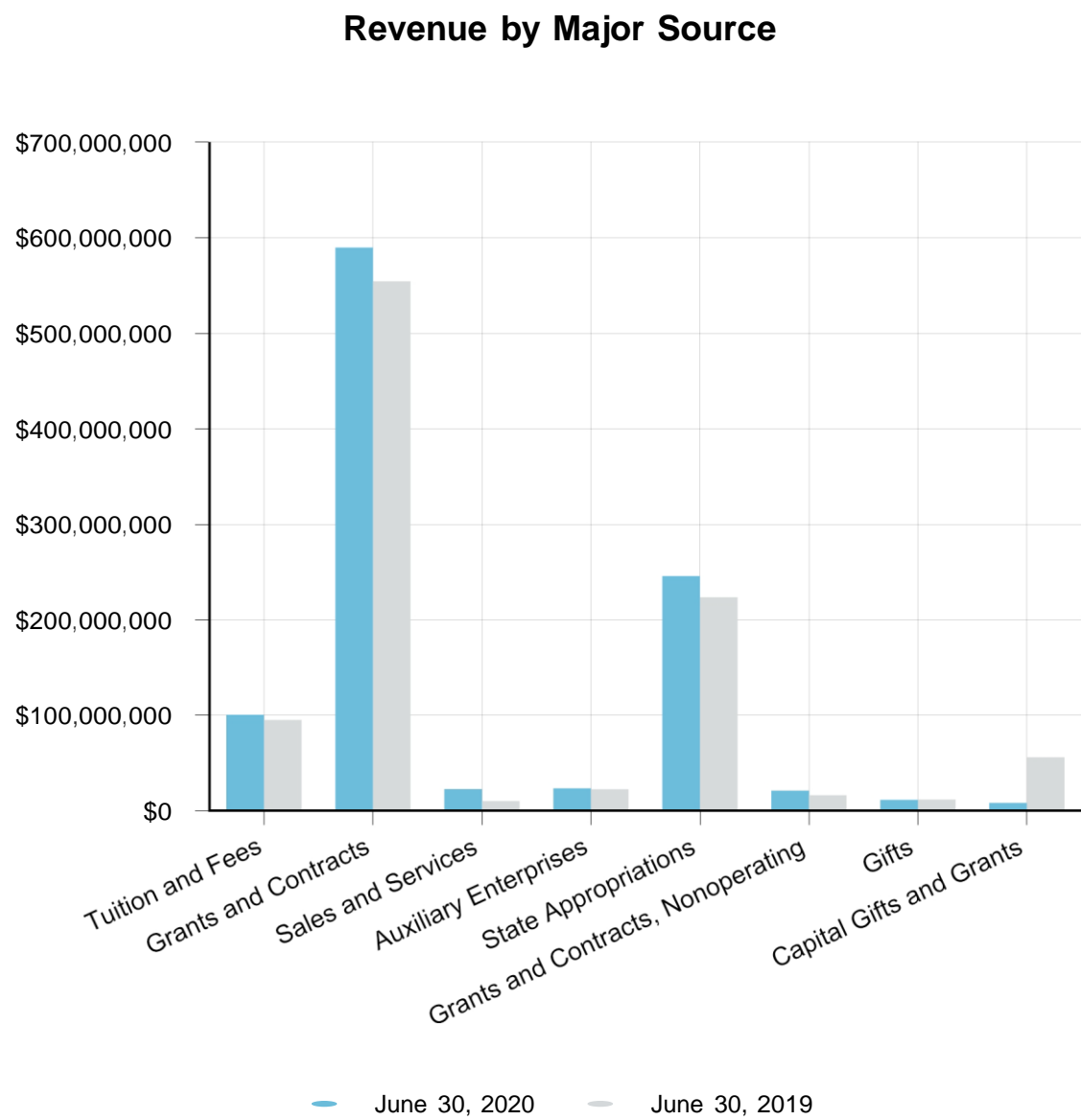
REVENUES BY SOURCE	June 30, 2020	June 30, 2019	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 100,539,902	\$ 95,205,676	\$ 5,334,226	5.60 %
Grants and Contracts	589,557,324	554,202,893	35,354,431	6.38 %
Sales and Services	22,783,254	10,001,244	12,782,010	127.80 %
Auxiliary Enterprises	23,438,730	22,412,461	1,026,269	4.58 %
Other Operating Revenues	2,106,225	909,378	1,196,847	131.61 %
<b>Total Operating Revenues</b>	<b>738,425,435</b>	<b>682,731,652</b>	<b>55,693,783</b>	<b>8.16 %</b>
State Appropriations	245,803,223	223,576,912	22,226,311	9.94 %
Grants and Contracts	20,995,479	16,156,193	4,839,286	29.95 %
Gifts	11,592,485	11,736,828	(144,343)	(1.23)%
Investment Income	1,934,647	3,574,502	(1,639,855)	(45.88)%
Other Nonoperating Revenues	(913,021)	173,401	(1,086,422)	(626.54)%
<b>Total Nonoperating Revenues</b>	<b>279,412,813</b>	<b>255,217,836</b>	<b>24,194,977</b>	<b>9.48 %</b>
State Capital Gifts and Grants	8,162,271	55,990,158	(47,827,887)	(85.42)%
Special Items	3,874,183	97,644,818	(93,770,635)	(96.03)%
<b>Total Revenues</b>	<b>\$1,029,874,702</b>	<b>\$1,091,584,464</b>	<b>\$ (61,709,762)</b>	<b>(5.65)%</b>

Revenue by source (state appropriations, 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, 2020 and June 30, 2019 is depicted by the following chart:



## Expenses

For the years ended June 30, 2020 and June 30, 2019, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2020	June 30, 2019	Increase/ (Decrease)	% Change
Instruction	\$ 207,803,152	\$ 157,081,344	\$ 50,721,808	32.29 %
Research	77,552,885	72,955,489	4,597,396	6.30 %
Public Service	43,504,200	40,062,386	3,441,814	8.59 %
Academic Support	62,579,544	59,015,207	3,564,337	6.04 %
Student Services	8,181,190	8,037,915	143,275	1.78 %
Institutional Support	108,209,071	98,140,677	10,068,394	10.26 %
Plant Operations and Maintenance	48,946,582	45,268,556	3,678,026	8.12 %
Scholarships and Fellowships	11,551,385	7,160,971	4,390,414	61.31 %
Auxiliary Enterprises	19,307,533	20,917,191	(1,609,658)	(7.70)%
Patient Care	455,990,677	434,771,123	21,219,554	4.88 %
Total Operating Expenses	1,043,626,219	943,410,859	100,215,360	10.62 %
Interest Expense	1,830,960	1,919,686	(88,726)	(4.62)%
Total Nonoperating Expenses	1,830,960	1,919,686	(88,726)	(4.62)%
Total Expenses	\$1,045,457,179	\$ 945,330,545	\$ 100,126,634	10.59 %

Total operating expenses were \$1,043,626,219 in fiscal year 2020, an increase of \$100,215,360 (10.62%) when compared with fiscal year 2019. These increases are primarily attributable to the following functional classifications: Instruction (\$50.7 million); Institutional Support (\$10.1 million); and Patient Care (\$21.2 million). The functional classifications with the highest percentage of increase include Instruction (32.29%), Public Service (8.59%), Institutional Support (10.26%), and Scholarships and Fellowships (61.31%).

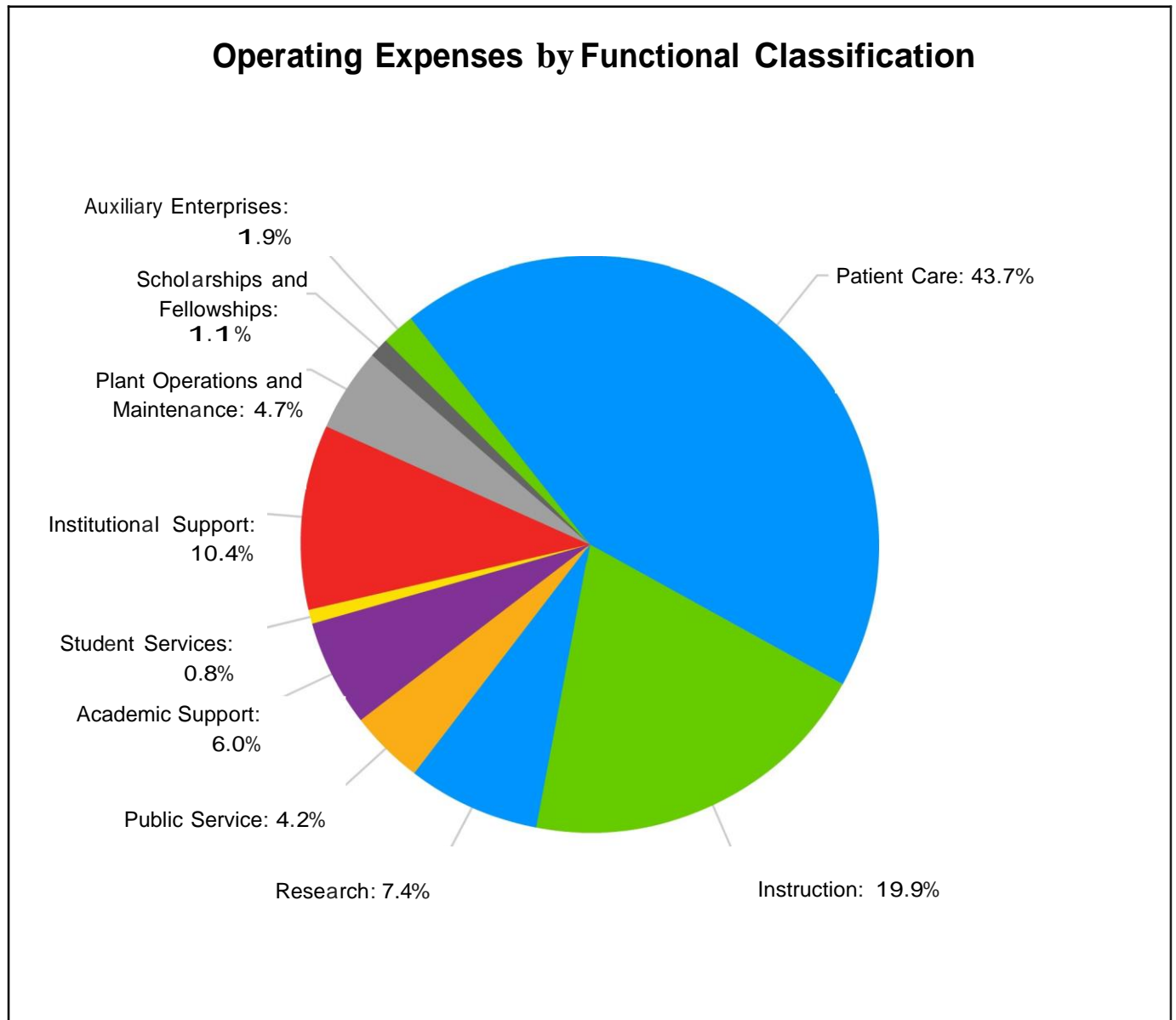
As seen in the chart above, total expenses increased \$100,126,634 (10.59%) in fiscal year 2020 when compared with fiscal year 2019. The increases were substantially attributable to increases in salaries and benefits (\$75.9 million or 12.1%), supplies and other services (\$15.0 million or 5.86%), scholarships and fellowships (\$4.2 million or 44.83%), and depreciation expense (\$2.7 million or 8.67%).

The increases in salaries and benefits are attributable to increases in health, dental, and short term disability insurance benefits, and faculty and staff salary merit increases. The salaries and benefits increases were more significant in the categories of instruction, academic support, institutional support, and patient care being 34.89%, 8.58%, 9.15%, and 6.93% respectively.

There was a decrease overall in utilities in fiscal year 2020 (3.98%) related to reduced usage of electricity, fuel oil, and natural gas which decreased by 1.78%, 69.70%, and 25.54% respectively. Water usage increased slightly because of the continued higher than normal heat which necessitated increased watering to maintain the campus grounds. Telephone usage increased by 5.02% which was the result of mandatory social distancing and telework scheduling for non-essential employees necessitating increased phone lines and use of virtual meetings.

Supplies and other services increased by \$15.0 million (5.86%) in fiscal year 2020. The largest increase was in the category of instruction (\$6.6 million) and was the result of increased general academic and community education instruction. Increases were also seen in the categories of public service (\$2.4 million), institutional support (\$3.8 million), and plant operations and maintenance (\$3.8 million). Implementation of GASB Statement No. 84, *Fiduciary Activities*, also contributed to changes in the reporting of certain expenditures. These increases were offset to some extent by decreases in other areas with the most significant decrease being in patient care (\$1.5 million) and was partly related to decreases in Georgia Correctional Health Care adult health care medical, optical, and dental supplies and Department of Juvenile Justice juvenile health care medical, optical, and office supplies when compared with the previous year.

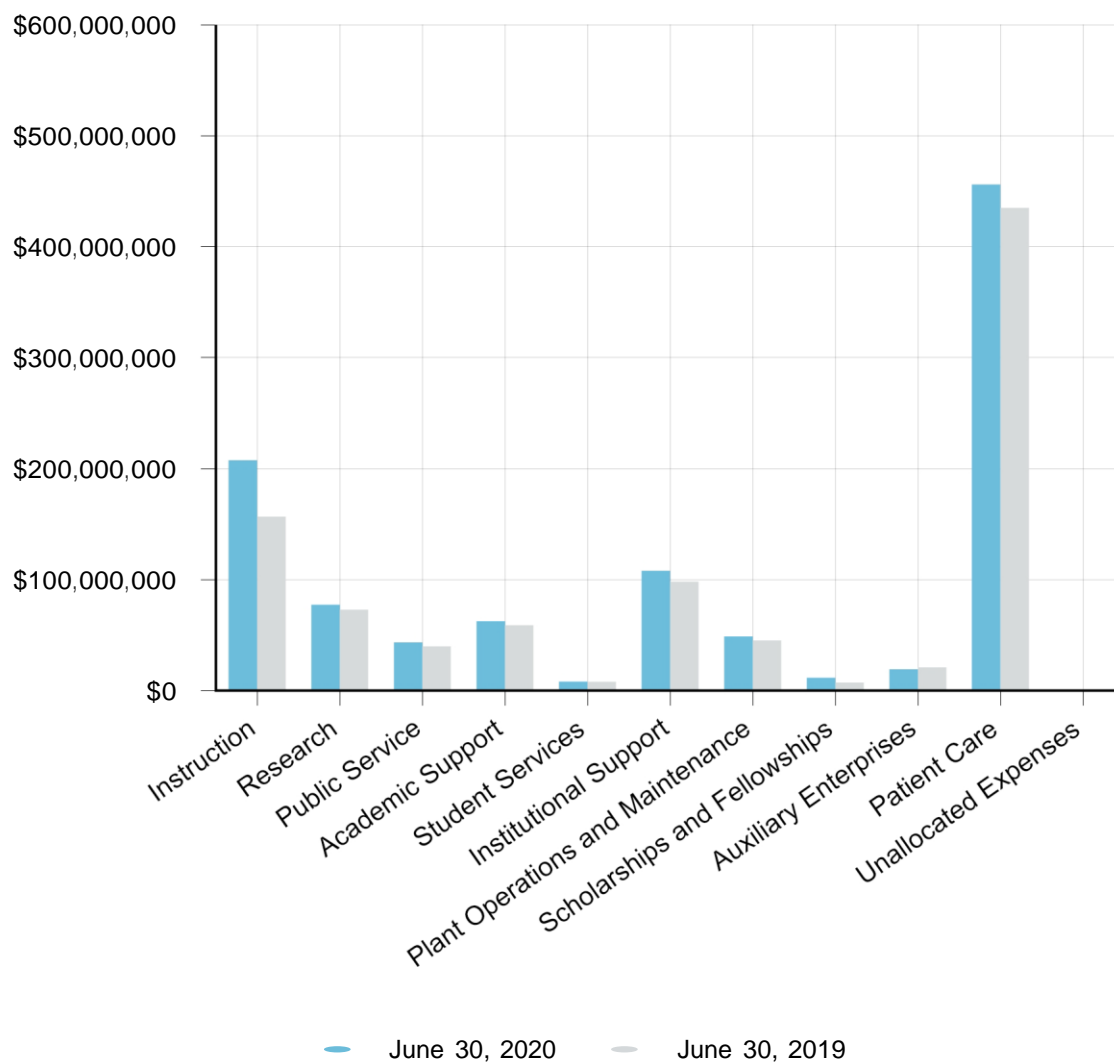
The following chart depicts the fiscal year 2020 operating expenses by functional classification.





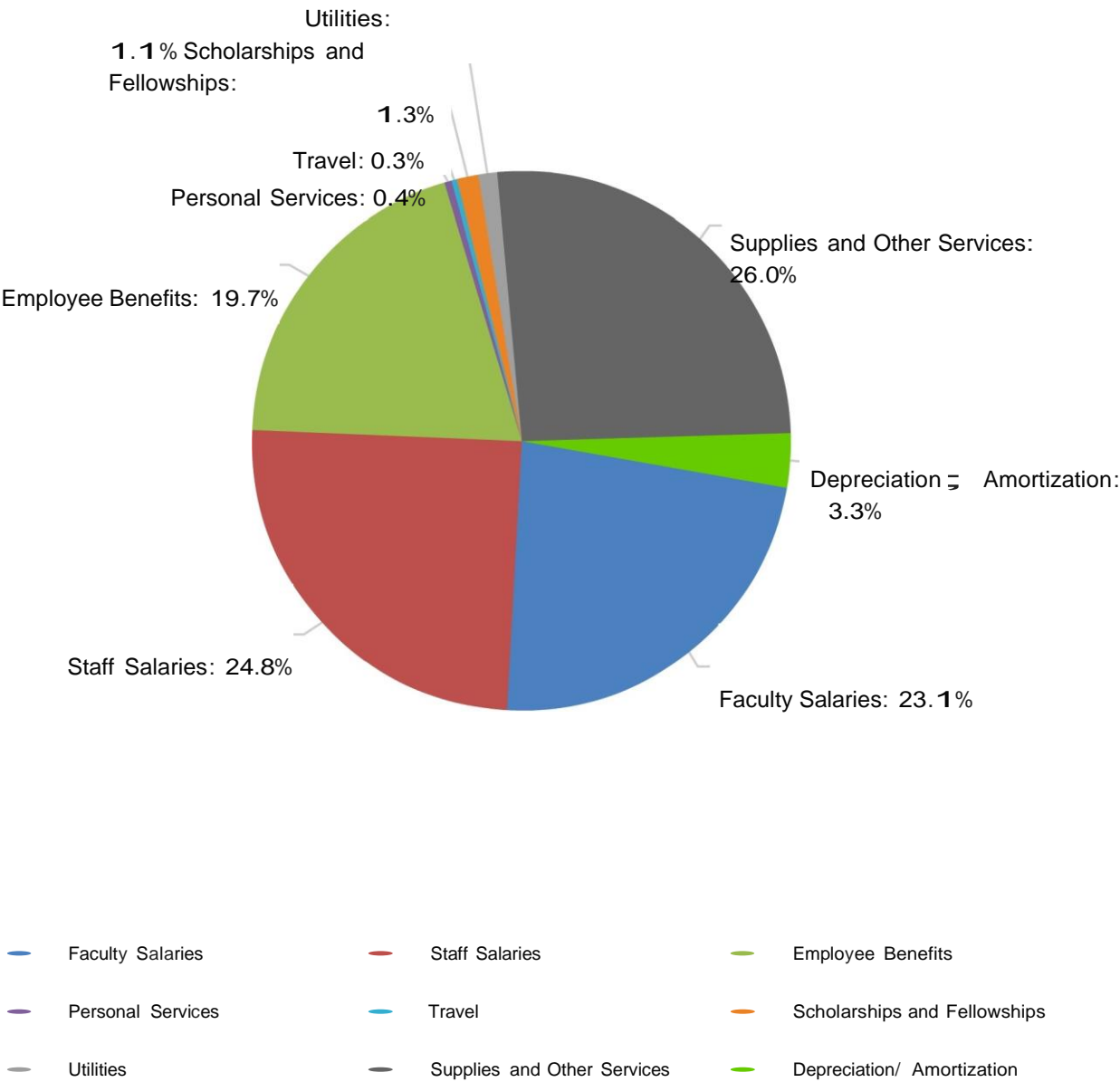
Operating expenses by functional classification for the years ended June 30, 2020 and June 30, 2019 is depicted by the following chart:

### Operating Expenses by Functional Classification

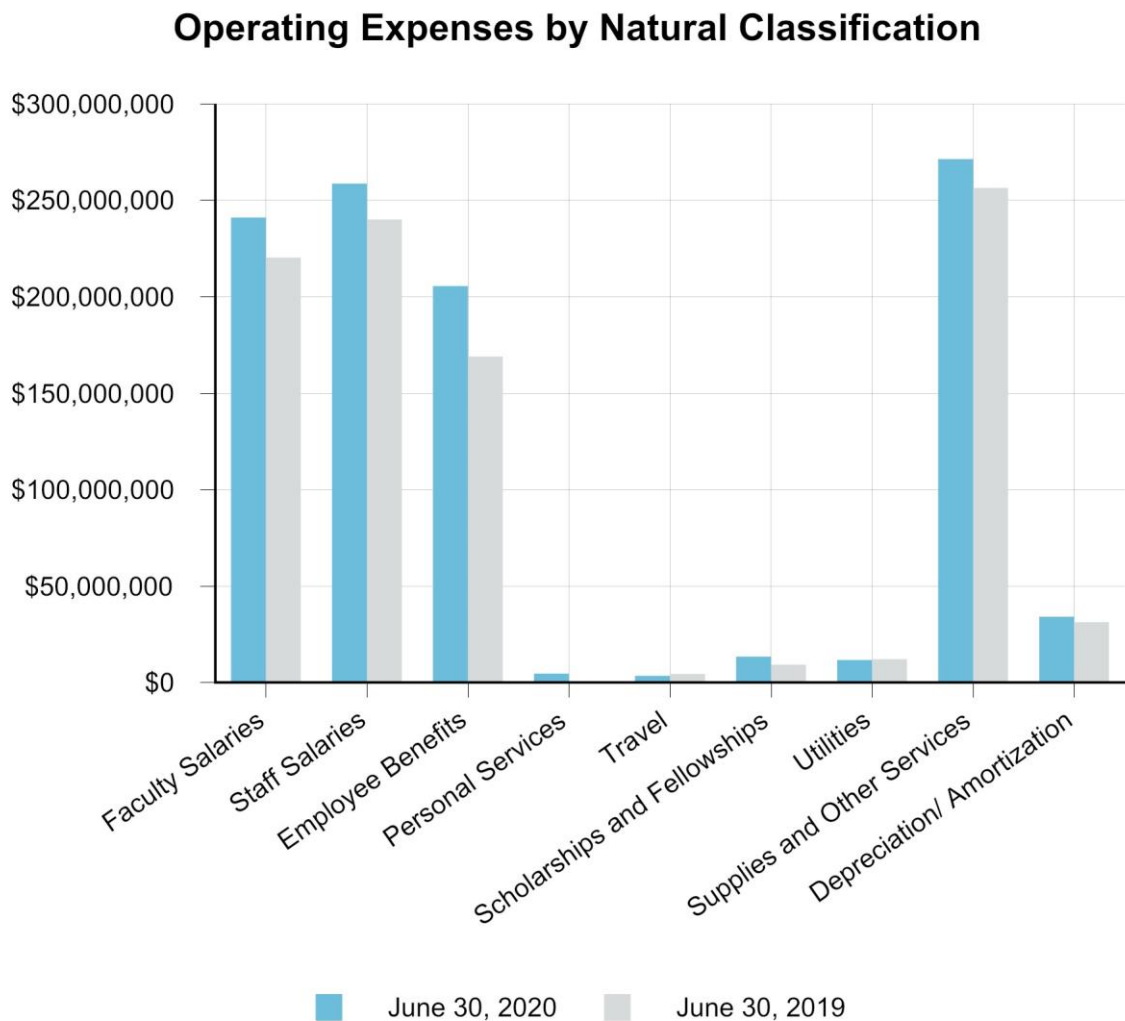


The following chart depicts the fiscal year 2020 operating expenses by natural classification.

### Operating Expenses by Natural Classification



Operating expenses by natural classification for the years ended June 30, 2020 and June 30, 2019 is depicted by the following chart:



### 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, 2020 and June 30, 2019, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2020	June 30, 2019
Cash Provided (Used) by:		
Operating Activities	\$ (237,291,852)	\$ (261,429,273)
Non-Capital Financing Activities	278,659,587	256,850,320
Capital and Related Financing Activities	(28,333,609)	(16,489,632)
Investing Activities	42,222,326	8,254,551
Net Change in Cash	55,256,452	(12,814,034)
Cash and Cash Equivalents, Beginning of Year (Restated)	30,256,506	41,110,996
Cash and Cash Equivalents, End of Year	\$ 85,512,958	\$ 28,296,962

The June 30, 2019 amounts do not reflect the effects of the restatement of July 1, 2019 net position related to the implementation of GASB 84. See Note 1 in the Notes to the Financial Statements for more information.

### Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2020 and June 30, 2019 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2020	June 30, 2019	Increase (Decrease)	% Change
Land	\$ 28,515,529	28,515,529	\$ —	— %
Capitalized Collections	87,006	87,006	—	— %
Construction Work-in-Progress	3,610,007	10,200,461	(6,590,454)	(64.61)%
Infrastructure	9,851,417	8,197,930	1,653,487	20.17 %
Building and Building Improvements	578,597,143	584,336,541	(5,739,398)	(0.98)%
Facilities and Other Improvements	15,850,219	14,065,293	1,784,926	12.69 %
Equipment	32,355,107	32,075,398	279,709	0.87 %
Library Collections	5,059,491	5,471,743	(412,252)	(7.53)%
Capital Assets, net of accumulated depreciation	\$ 673,925,919	\$ 682,949,901	\$ (9,023,982)	(1.32)%

University managed capital projects for building and building improvements and infrastructure in fiscal year 2020 totaled \$6,787,511, including projects for the Fine Arts building renovation, exterior wayfinding and signage for various areas of the campus, and Residence VI demolition and parking redevelopment. In addition, building and building improvements, equipment, and research and development infrastructure totaling \$10,875,752 were funded by Georgia State Financing and Investment Commission (GSFIC) and included \$711,053 prepaid by the University for the Cancer Research Center building which was substantially completed and transferred to the University in fiscal year 2019.

In the Georgia State Financing and Investment Commission funded total was \$8,902,397 for renovating and equipping the Cyber Center Complex, a project which is being managed by the Georgia Technology Authority (GTA) and transferred to the University as it is completed. The Cyber Center Complex project began in fiscal year 2019 and continued in fiscal year 2020.

Other on-going projects funded by GSFIC included capital expenditures of \$2,726,992 in fiscal year 2020. Projected funding by GSFIC for fiscal year 2021 will be approximately the same as in previous years.

For additional information concerning Capital Assets, see Notes 1, 6, 8, and 13 in the Notes to the Financial Statements.

**Long-Term Liabilities**

Augusta University had Long-Term Liabilities of \$93,421,541 of which \$25,734,796 was reflected as current liability at June 30, 2020. Long-Term Liabilities included capital leases and compensated absences.

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**

Augusta University continued to manage resources prudently in fiscal year 2020 and remains committed to student affordability and strategic allocation of resources to our core mission of teaching, discovery, clinical care, and service. For the fourth consecutive fiscal year, the University saw a modest increase in enrollment of 2.2% from Fall 2018 to Fall 2019. Enrollment trends continue to suggest that a modest increase will be recognized during fiscal year 2021, which will result in additional tuition revenue.

The University's financial position and internal planning processes provide the University some protection against funding reductions and adverse economic conditions. The novel coronavirus (COVID-19) was an unexpected global situation that impacted fiscal year 2020, causing significant changes in operation for the University. These changes necessitated refunding of tuition, changing the spring fee structure, moving to online course instruction, and managing innovative work schedules to reduce the physical presence on campus. If the virus continues to spread in fiscal year 2021, it could adversely impact auxiliary services if refunds should be required for services that cannot be provided to students. However, the University remains committed to ensuring a positive educational experience for our students.

While we are optimistic both operating and non-operating revenues and expenses will remain relatively consistent as compared to previous years, with no significant fluctuations, the University is impacted by general economic conditions. Nevertheless, management is committed to continuing its high level of excellence in service to students, sponsors, the State of Georgia, and other constituents.

Dr. Brooks A. Keel, Ph.D., President  
Augusta University

Yvonne Turner, Executive Vice President  
Augusta University



# *Financial Statements (GAAP Basis)*



**AUGUSTA UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Augusta University	Component Units
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 63,279,574	\$ 169,819,582
Cash and Cash Equivalents (Externally Restricted)	22,233,384	4,902,075
Short-term Investments	—	45,835,810
Short-term Investments (Externally Restricted)	—	22,040,717
Accounts Receivable, net		
Federal Financial Assistance	9,301,035	5,336,106
Affiliated Organizations	564,627	—
Component Units	73,541,253	—
Primary Government	—	1,946,993
Pledges and Contributions	—	1,895,248
Other	14,472,684	153,645,248
Investment in Capital Leases - Primary Government	—	2,499,031
Inventories	565,416	24,102,526
Prepaid Items	12,895,376	18,422,444
Total Current Assets	196,853,349	450,445,780
<b>Non-Current Assets</b>		
Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund	197,730	—
Pledges and Contributions	—	1,472,706
Other	—	28,196,391
Investments	31,593,326	160,669,120
Notes Receivable, net	1,692,880	—
Investment in Capital Leases - Primary Government	—	41,576,758
Other Assets	—	5,785,276
Non-current Cash (Externally Restricted)	—	69,973
Investments (Externally Restricted)	13,325,921	257,294,553
Capital Assets, net	673,925,919	272,724,779
Total Non-Current Assets	720,735,776	767,789,556
<b>TOTAL ASSETS</b>	<b>917,589,125</b>	<b>1,218,235,336</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	\$ 153,990,747	\$ 3,698,961

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

**AUGUSTA UNIVERSITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Augusta University	Component Units
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 21,380,532	\$ 83,533,695
Salaries Payable	3,626,798	10,850,685
Benefits Payable	116,579	—
Contracts Payable	146,167	—
Retainage Payable	255,126	—
Due to Affiliated Organizations	134,403	—
Due to Component Units	1,946,993	—
Due to Primary Government	—	73,541,253
Advances (Including Tuition and Fees)	34,822,017	68,180,914
Deposits	672	—
Deposits Held for Other Organizations	167,960	—
Other Liabilities	—	5,610,136
Notes and Loans Payable	—	80,149
Lease Purchase Obligations - External	1,092,063	5,924,708
Lease Purchase Obligations - Component Units	2,499,031	—
Revenue Bonds and Notes Payable	—	6,405,000
Liabilities Under Split Interest Agreements	—	1,625
Compensated Absences	22,143,702	23,599,910
total Current Liabilities	88,332,043	277,728,075
<b>Non-Current Liabilities</b>		
Advances (Including Tuition and Fees)	—	—
Other Liabilities	—	19,228,538
Notes and Loans Payable	—	10,839,792
Lease Purchase Obligations - External	1,342,992	24,661,163
Lease Purchase Obligations - Component Units	41,576,758	—
Revenue Bonds and Notes Payable	—	223,255,918
Liabilities Under Split Interest Agreements	—	822,241
Interest Rate Swap	—	28,181,020
Compensated Absences	24,766,995	—
Net Other Post-employment Benefits Liability	521,431,154	6,641,329
Net Pension Liability	412,325,702	—
total Non-Current Liabilities	1,001,443,601	313,630,001
<b>TOTAL LIABILITIES</b>	1,089,775,644	591,358,076
<b>DEFERRED INFLOWS OF RESOURCES</b>	84,049,297	872,879
<b>NET POSITION</b>		
Net Investment in Capital Assets	628,740,197	61,619,298
Restricted for:		
Nonexpendable	2,628,560	158,721,248
Expendable	32,527,141	135,459,320
Unrestricted (Deficit)	(766,140,967)	273,903,476
<b>TOTAL NET POSITION</b>	\$ (102,245,069)	\$ 629,703,342

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

**AUGUSTA UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2020**

	Augusta University	Component Units
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net)	\$ 100,539,902	\$ —
Grants and Contracts		
Federal	67,296,556	56,968,099
State	272,448,290	—
Other	249,812,478	9,123,320
Sales and Services	22,783,254	82,801,572
Rents and Royalties	2,090,812	1,254,060
Patient Services		873,371,423
Auxiliary Enterprises		
Residence Halls	4,674,824	—
Bookstore	1,410,210	—
Food Services	1,948,751	—
Parking/Transportation	5,881,348	—
Health Services	2,671,889	—
Intercollegiate Athletics	3,026,602	—
Other Organizations	3,825,106	—
Gifts and Contributions	—	13,554,367
Endowment Income	—	7,593,878
Other Operating Revenues	15,413	734,250
Total Operating Revenues	738,425,435	1,045,400,969
<b>OPERATING EXPENSES</b>		
Faculty Salaries	241,038,922	3,029,800
Staff Salaries	258,637,429	333,000,437
Employee Benefits	205,547,228	81,210,739
Other Personal Services	4,572,511	189,459,782
Travel	3,413,020	810,190
Scholarships and Fellowships	13,438,832	4,959,433
Utilities	11,578,482	4,337,974
Supplies and Other Services	271,386,692	473,104,409
Depreciation	34,013,103	36,560,373
Total Operating Expenses	1,043,626,219	1,126,473,137
Operating Income (Loss)	\$ (305,200,784)	\$ (81,072,168)

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



**AUGUSTA UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2020**

	Augusta University	Component Units
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	\$ 245,803,223	\$ 32,500,563
Grants and Contracts		
Federal	16,529,985	50,843,764
State	—	3,409,250
Other	4,465,494	—
Gifts	11,592,485	—
Investment Income	1,934,647	5,192,567
Interest Expense	(1,830,960)	(11,615,213)
Other Nonoperating Revenues (Expenses)	(913,021)	(8,531,438)
Net Nonoperating Revenues	277,581,853	71,799,493
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(27,618,931)	(9,272,675)
Capital Grants and Gifts		
State	8,162,271	—
Other	—	1,935,771
Additions to Permanent and Term Endowments	—	3,357,976
Special Item	3,874,183	—
Total Other Revenues, Expenses, Gains or Losses	12,036,454	5,293,747
Change in Net Position	(15,582,477)	(3,978,928)
Net Position, Beginning of Year	(86,812,372)	633,682,270
Prior Year Adjustments	149,780	—
Net Position, Beginning of Year, Restated	(86,662,592)	633,682,270
Net Position, End of Year	\$ (102,245,069)	\$ 629,703,342

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

# AUGUSTA UNIVERSITY

## STATEMENT OF CASH FLOWS

### FOR FISCAL YEAR ENDED JUNE 30, 2020

	Augusta University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 149,750,823
Grants and Contracts (Exchange)	592,955,636
Payments to Suppliers	(474,888,622)
Payments to Employees	(491,989,333)
Payments for Scholarships and Fellowships	(13,438,832)
Loans Issued to Students	(171,376)
Collection of Loans from Students	520,520
Other Payments	(30,668)
Net Cash Used by Operating Activities	(237,291,852)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	245,803,223
Gifts and Grants Received for Other Than Capital Purposes	32,856,364
Net Cash Flows Provided by Non-Capital Financing Activities	278,659,587
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	5,325,766
Proceeds from Sale of Capital Assets	217,130
Purchases of Capital Assets	(26,639,098)
Principal Paid on Capital Debt and Leases	(5,524,556)
Interest Paid on Capital Debt and Leases	(1,712,851)
Net Cash Used by Capital and Related Financing Activities	(28,333,609)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	41,813,540
Investment Income	2,067,424
Purchase of Investments	(1,658,638)
Net Cash Provided by Investing Activities	42,222,326
Net Increase in Cash and Cash Equivalents	55,256,452
Cash and Cash Equivalents, Beginning of Year (Restated)	30,256,506
Cash and Cash Equivalents, End of Year	\$ 85,512,958

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

# AUGUSTA UNIVERSITY

## STATEMENT OF CASH FLOWS

### FOR FISCAL YEAR ENDED JUNE 30, 2020

	Augusta University
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (305,200,784)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation	34,013,103
Change in Assets and Liabilities:	
Receivables, net	(71,907)
Inventories	210,059
Prepaid Items	447,352
Notes Receivable, Net	349,144
Accounts Payable	(9,037,043)
Salaries Payable	579,963
Benefits Payable	(3,429,424)
Contracts Payable	(13,092)
Advances (Including Tuition and Fees)	4,352,930
Other Liabilities	672
Funds Held for Others	(30,668)
Compensated Absences	7,107,055
Due to Affiliated Organizations	(9,603)
Net Pension Liability	47,979,619
Other Post-Employment Benefit Liability	491,015
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	3,416,929
Deferred Outflows of Resources	(18,447,172)
Net Cash Used by Operating Activities	<u><u>\$ (237,291,852)</u></u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND	
RELATED FINANCING TRANSACTIONS	
Non-Capital Financing Activities Accounts Receivable, Net of Allowances	\$ 465,494
Gift of Capital Assets	<u>\$ 2,836,505</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ 2,261,827</u>
Accrual of Capital Asset Related Payables	<u>\$ 281,329</u>
Capital Assets Acquired Through Prepaid Capital	<u>\$ 711,053</u>
Capital Assets Acquired by Incurring Capital Lease Obligations	<u>\$ 938,843</u>
Early Extinguishment of Capital Debt	<u>\$ 2,985</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 118,109</u>
Special Item - Capital Asset Transfer	<u>\$ 3,874,183</u>
Unrealized Gain (Loss) on Investments	<u>\$ 132,777</u>

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

**AUGUSTA UNIVERSITY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2020**

	Early Retirement		
	Plan - Augusta	Custodial	
	University	Funds	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,892,546	\$ —	\$ 5,892,546
Investments			
Mutual Bond Funds	25,415,643	—	25,415,643
Equity Mutual Funds - Domestic	39,167,386	—	39,167,386
Equity Securities - Domestic	34,666,696	—	34,666,696
Receivables			
Other	—	2,425,407	2,425,407
<b>Total Assets</b>	<b>105,142,271</b>	<b>2,425,407</b>	<b>107,567,678</b>
<b>LIABILITIES</b>			
Cash Overdraft	—	608,375	608,375
Accounts Payable	—	1,281,365	1,281,365
Deposits Held for Organization	—	9,664	9,664
<b>Total Liabilities</b>	<b>—</b>	<b>1,899,404</b>	<b>1,899,404</b>
<b>NET POSITION</b>			
Held in Trust for:			
Pension Benefits	105,142,271	—	105,142,271
Individuals, Organizations, and Other Governments	—	526,003	526,003
<b>Total Net Position</b>	<b>\$ 105,142,271</b>	<b>\$ 526,003</b>	<b>\$ 105,668,274</b>

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

**AUGUSTA UNIVERSITY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2020**

	Early Retirement Plan - Augusta University	Custodial Funds	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 11,474,114	\$ —	\$ 11,474,114
Investment Income			
Dividends and Interest	2,160,769	—	2,160,769
Net Appreciation in Investments Reported at Fair Value	545,597		545,597
Less: Investment Expense	(166,699)	—	(166,699)
Net Investment Income	2,539,667	—	2,539,667
Federal Financial Aid		94,009,485	94,009,485
State Financial Aid		17,211,509	17,211,509
Other Financial Aid		2,926,311	2,926,311
Clubs and Other Organizations Fund Raising		2,792,742	2,792,742
Public-Private Partnership Passthrough		5,294,176	5,294,176
Total Additions	14,013,781	122,234,223	136,248,004
<b>DEDUCTIONS</b>			
Benefits	14,247,377		14,247,377
Scholarships and Other Student Support		114,366,375	114,366,375
Student Organizations Support		3,097,688	3,097,688
Public-Private Partnership Passthrough		5,318,138	5,318,138
Total Deductions	14,247,377	122,782,201	137,029,578
Change in Fiduciary Net Position	(233,596)	(547,978)	(781,574)
Fiduciary Net Position, Beginning of Year			
Fiduciary Net Position, Beginning of Year, As Originally Reported	105,375,867	—	105,375,867
Prior Year Adjustments	—	1,073,981	1,073,981
Fiduciary Net Position, Beginning of Year, Restated	105,375,867	1,073,981	106,449,848
Fiduciary Net Position, End of Year	\$ 105,142,271	\$ 526,003	\$ 105,668,274

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



**AUGUSTA UNIVERSITY**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**JUNE 30, 2020**

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ 154,768,143	\$ 6,746,512	\$ 6,924,938	\$ 255,811	\$ 1,124,178	\$ —	\$ 169,819,582
Cash and Cash Equivalents (Externally Restricted)	1,235,936	3,576,198	—	—	89,941	—	4,902,075
Short-term Investments	41,537,543	1,572,604	—	2,725,663	—	—	45,835,810
Short-term Investments (Externally Restricted)	10,492,062	654,000	—	10,894,655	—	—	22,040,717
Accounts Receivable, net							
Federal Financial Assistance		—	5,336,106	—	—	—	5,336,106
Primary Government	1,793,501	—	—	—	1,047	152,445	1,946,993
Pledges and Contributions		118,069	—	1,047,472	729,707	—	1,895,248
Other	153,631,623	13,625	—	—	—	—	153,645,248
Investment in Capital Leases - Primary Government	1,255,961	2,081,162	—	—	—	(838,092)	2,499,031
Inventories	24,102,526	—	—	—	—	—	24,102,526
Prepaid Items	18,222,540	18,279	—	181,625	—	—	18,422,444
Total Current Assets	407,039,835	14,780,449	12,261,044	15,105,226	1,944,873	(685,647)	450,445,780
<b>Non-Current Assets</b>							
Accounts Receivable, net							
Pledges and Contributions		140,260	—	595,072	737,374	—	1,472,706
Other	28,179,803	—	—	—	16,588	—	28,196,391
Investments	119,499,299	1,405,698	4,993,727	—	34,770,396	—	160,669,120
Investment in Capital Leases - Primary Government	20,036,901	27,429,148	—	—	—	(5,889,291)	41,576,758
Other Assets	5,377,889	204,387	—	—	203,000	—	5,785,276
Non-current Cash (Externally Restricted)		—	69,973	—	—	—	69,973
Investments (Externally Restricted)	4,731,380	27,578,729	—	5,088,842	219,895,602	—	257,294,553
Capital Assets, net	254,671,703	—	—	2,295,000	15,758,076	—	272,724,779
Total Non-Current Assets	432,496,975	56,758,222	5,063,700	7,978,914	271,381,036	(5,889,291)	767,789,556
<b>TOTAL ASSETS</b>	<b>839,536,810</b>	<b>71,538,671</b>	<b>17,324,744</b>	<b>23,084,140</b>	<b>273,325,909</b>	<b>(6,574,938)</b>	<b>1,218,235,336</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
	\$ 3,698,961	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,698,961

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

**AUGUSTA UNIVERSITY**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**JUNE 30, 2020**

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	\$ 81,614,361	\$ 419,500	\$ 1,132,336	\$ 63,110	\$ 304,388	\$ —	\$ 83,533,695
Salaries Payable	10,850,685	—	—	—	—	—	10,850,685
Due to Component Units	(52,640)	—	—	52,640	—	—	—
Due to Primary Government	67,309,697	95,512	5,529,314	3,917	450,368	152,445	73,541,253
Advances (Including Tuition and Fees)	67,792,963	926,899	—	299,144	—	(838,092)	68,180,914
Other Liabilities	5,565,149	—	21,130	—	23,857	—	5,610,136
Notes and Loans Payable	—	—	—	—	80,149	—	80,149
Lease Purchase Obligations - External	5,924,708	—	—	—	—	—	5,924,708
Revenue Bonds and Notes Payable	5,330,000	1,075,000	—	—	—	—	6,405,000
Liabilities Under Split Interest Agreements	—	—	—	1,625	—	—	1,625
Compensated Absences	23,599,910	—	—	—	—	—	23,599,910
Total Current Liabilities	267,934,833	2,516,911	6,682,780	420,436	858,762	(685,647)	277,728,075
<b>Non-Current Liabilities</b>							
Advances (Including Tuition and Fees)	—	5,889,291	—	—	—	(5,889,291)	—
Other Liabilities	19,228,538	—	—	—	—	—	19,228,538
Notes and Loans Payable	—	—	—	—	10,839,792	—	10,839,792
Lease Purchase Obligations - External	24,661,163	—	—	—	—	—	24,661,163
Revenue Bonds and Notes Payable	202,385,455	20,870,463	—	—	—	—	223,255,918
Liabilities Under Split Interest Agreements	—	—	—	7,841	814,400	—	822,241
Interest Rate Swap	28,181,020	—	—	—	—	—	28,181,020
Net Other Post Employment Benefits Liability	6,641,329	—	—	—	—	—	6,641,329
Total Non-Current Liabilities	281,097,505	26,759,754	—	7,841	11,654,192	(5,889,291)	313,630,001
<b>TOTAL LIABILITIES</b>	<b>549,032,338</b>	<b>29,276,665</b>	<b>6,682,780</b>	<b>428,277</b>	<b>12,512,954</b>	<b>(6,574,938)</b>	<b>591,358,076</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
	872,879	—	—	—	—	—	872,879
<b>NET POSITION</b>							
Net Investment in Capital Assets	54,305,828	—	—	2,295,000	5,018,470	—	61,619,298
Restricted for:							
Nonexpendable	—	19,855,144	—	2,963,300	135,902,804	—	158,721,248
Expendable	16,459,378	18,434,320	69,973	14,241,242	86,254,407	—	135,459,320
Unrestricted	222,565,348	3,972,542	10,571,991	3,156,321	33,637,274	—	273,903,476
<b>TOTAL NET POSITION</b>	<b>\$293,330,554</b>	<b>\$ 42,262,006</b>	<b>\$ 10,641,964</b>	<b>\$ 22,655,863</b>	<b>\$260,812,955</b>	<b>\$ —</b>	<b>\$ 629,703,342</b>

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

**AUGUSTA UNIVERSITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**COMPONENT UNITS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2020**

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
<b>OPERATING REVENUES</b>							
Grants and Contracts							
Federal	\$ —	\$ —	\$ 56,968,099	\$ —	\$ —		\$ 56,968,099
Other		19,042	8,835,961	268,317	—		9,123,320
Sales and Services	81,867,386	457,141	—	477,045	—		82,801,572
Rents and Royalties	759,990	181,717	262,883	12,300	37,170		1,254,060
Patient Services	873,371,423						873,371,423
Gifts and Contributions		4,741,765	396,506	7,499,515	916,581		13,554,367
Endowment Income		221,984	—	5,696	7,366,198		7,593,878
Other Operating Revenues		—	—	—	734,250		734,250
Total Operating Revenues	955,998,799	5,621,649	66,463,449	8,262,873	9,054,199	—	1,045,400,969
<b>OPERATING EXPENSES</b>							
Faculty Salaries		123,935	—	291,954	2,613,911		3,029,800
Staff Salaries	329,232,345	1,023,389	—	1,293,927	1,450,776		333,000,437
Employee Benefits	80,331,825	388,779	—	490,135	—		81,210,739
Other Personal Services	188,508,837	123,879	—	172,648	654,418		189,459,782
Travel	472,285	75,793	—	110,172	151,940		810,190
Scholarships and Fellowships	—	582,463	—	1,189,019	3,187,951		4,959,433
Utilities	4,310,773	—	—	—	27,201		4,337,974
Supplies and Other Services	398,985,931	694,854	65,937,568	4,510,675	2,975,381		473,104,409
Depreciation	36,433,863	—	—	—	126,510		36,560,373
Total Operating Expenses	1,038,275,859	3,013,092	65,937,568	8,058,530	11,188,088	—	1,126,473,137
Operating Income (Loss)	\$ (82,277,060)	\$ 2,608,557	\$ 525,881	\$ 204,343	\$ (2,133,889)	\$ —	\$ (81,072,168)

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

**AUGUSTA UNIVERSITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**COMPONENT UNITS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2020**

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
<b>NONOPERATING REVENUES (EXPENSES)</b>							
State Appropriations	\$ 32,500,563	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 32,500,563
Grants and Contracts							
Federal	50,843,764	—	—	—	—		50,843,764
State	3,409,250	—	—	—	—		3,409,250
Investment Income	7,344,788	1,053,133	247,993	415,681	(3,869,028)		5,192,567
Interest Expense	(9,989,003)	(1,630,430)	—	—	4,220		(11,615,213)
Other Nonoperating Revenues (Expenses)	(8,531,438)	—	—	—	—		(8,531,438)
Net Nonoperating Revenues	75,577,924	(577,297)	247,993	415,681	(3,864,808)	—	71,799,493
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(6,699,136)	2,031,260	773,874	620,024	(5,998,697)	—	(9,272,675)
Capital Grants and Gifts							
Other	1,935,771	—	—	—	—		1,935,771
Additions to Permanent and Term Endowments		340,700	—	215,261	2,802,015		3,357,976
Total Other Revenues, Expenses, Gains or Losses	1,935,771	340,700	—	215,261	2,802,015	—	5,293,747
Change in Net Position	(4,763,365)	2,371,960	773,874	835,285	(3,196,682)	—	(3,978,928)
Net Position, Beginning of Year	298,093,919	39,890,046	9,868,090	21,820,578	264,009,637		633,682,270
Net Position, End of Year	<u>\$293,330,554</u>	<u>\$ 42,262,006</u>	<u>\$ 10,641,964</u>	<u>\$ 22,655,863</u>	<u>\$260,812,955</u>	<u>\$ —</u>	<u>\$ 629,703,342</u>

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



# *Notes to the Financial Statements*



# **AUGUSTA UNIVERSITY**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **JUNE 30, 2020**

#### **Note 1 Summary of Significant Accounting Policies**

##### **Nature of Operations**

The Augusta 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, 2020, 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.

- Augusta University Foundation, Inc. 1120 15th Street, FI-1049, Augusta, GA, 30912
- Augusta University Research Institute, Inc. 1120 15th Street, AA 311, Richmond, Augusta, GA, 30912
- AU Health Systems, Inc. 1120 15th Street. FY139, Augusta, GA 30912

- Georgia Health Sciences Foundation, Inc., 1120 15th Street, Augusta, Georgia 30912
- Medical College of Georgia Foundation, Inc., 545 15th Street, Augusta, GA 30901

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

#### Fiduciary Component Units

GAAP requires fiduciary component units to be reported as fiduciary funds of the USG rather than as discrete component units. The USG's two fiduciary component units are the Retiree Health Benefit Fund and the Augusta University Early Retirement Pension Plan.

The University System Office is the custodian of the Board of Regents Retiree Health Benefit Fund. This fund was authorized pursuant to the Official Code of Georgia Annotated Section 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of post-employment health insurance benefits.

Augusta University Early Retirement Pension Plan (ERP) is a single-employer defined benefit pension plan administered by Augusta University. The plan was devised by Augusta University as a means of manpower reduction and was approved by the Board of Regents of the University System of Georgia effective January 1, 2000.

#### **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 and fiduciary fund 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.

The University reports the following fiduciary funds:

- Pension - Accounts for the activities of the Early Retirement Plan.
- Custodial Funds - Accounts for activities resulting from the University acting as an agent or fiduciary for various governments, companies, clubs, or individuals.

#### **New Accounting Pronouncements**

For fiscal year 2020, the University adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification and reporting of fiduciary activities. This Statement requires activity meeting certain criteria to be reported in a fiduciary fund within a statement of fiduciary net position and a statement of changes in fiduciary net position. The adoption of this Statement resulted in the restatement of the July 1, 2019 fiduciary net position for custodial fiduciary funds.

For fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. 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. 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.

## **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 Diversified Fund is included as investments. Investments restricted as to use by a third party are reported as externally restricted.

Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position.

## **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 the first-in, first-out basis.

## **Prepaid Items**

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2020 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 \$197,730 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 the amount provided for students by the Department of Military and Veterans Services which have been determined to be overpayments by the Veterans Administration School Certifying official that should be returned to the Department of Veterans Affairs Debt Management Center.

**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 escheated funds that are the result of unclaimed property.

**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 Statement 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 Benefits (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. Information about the Early Retirement Plan is based on the information provided by the plan actuary. 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 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 \$19,015,542.

### Restatement of Prior Year Net Position

The University made the following restatements:

	Business-type Activities	Fiduciary Funds
Net position, beginning of year, as originally reported	\$ (86,812,372)	\$ 105,375,867
Changes in accounting principles	149,780	1,073,981
Net position, beginning of year, restated	<u>\$ (86,662,592)</u>	<u>\$ 106,449,848</u>

### Changes in accounting principles

The University made prior period adjustments due to the adoption of GASB Statement No. 84, *Fiduciary Activities*, which required the restatement of the June 30, 2019 fiduciary net position. The result is a increase in net position at July 1, 2019 of \$1,073,981 reported on the Statement of Changes in Fiduciary Net Position, increase of \$149,780 reported on the Statement of Net Position and an increase in cash and cash equivalents at July 1, 2019 of \$1,959,544 reported on the Statement of Cash Flows. This change is in accordance with generally accepted accounting principles.

### Special Item Transfer

The Georgia Technology Authority transferred additional building improvements and equipment for the two buildings known as the Hull McKnight and Schaffer MacCartney Buildings which were erected in fiscal year 2019 on the Cyber Complex site located at 1 Eleventh Street, Augusta, Richmond County, Georgia. The building improvements and equipment transferred as part of an ongoing project in fiscal year 2020, had a reported net book value of \$3,874,183. The effect of the transfer of assets of \$3,874,183 is noted as a Special Item transfer on the Statement of Revenues, Expenses, and Changes in Net Position.

## Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2020 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Cash and Cash Equivalents	\$	68,563,745
Cash and Cash Equivalents (Externally Restricted)		22,233,384
Investments		99,249,725
Non Current - Investments		31,593,326
Noncurrent Investments (Externally Restricted)		13,325,921
	\$	<u>234,966,101</u>

Cash on hand, deposits and investments as of June 30, 2020 consist of the following:

Cash on Hand	\$	63,362
Deposits with Financial Institutions		68,413,730
Investments		166,489,009
	\$	<u>234,966,101</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, 2020, the bank balances of the University's deposits totaled \$80,899,164. Of these deposits, none 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.

GASB Statement No. 72, *Fair Value Measurements and Application* requires fair value measurement be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments.

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, 2020.

	Fair Value	Fair Value Hierarchy	
		Level 1	Level 2
Investment type:			
Debt Securities			
U.S. Treasuries	\$ 16,796,273	\$ 16,796,273	
U.S. Agencies			
Explicitly Guaranteed	13,040,021		13,040,021
Implicitly Guaranteed	17,710,553		17,710,553
Corporate Debt	2,368,856		2,368,856
Money Market Mutual Funds	5,523,764	5,523,764	
Mutual Bond Funds	25,415,643	25,415,643	
Other Investments			
Equity Mutual Funds - Domestic	39,167,386	39,167,386	
Equity Securities - Domestic	34,666,696	34,666,696	
	154,689,192	\$ 121,569,762	\$ 33,119,430
Investment Pools			
Board of Regents			
Diversified Fund	11,799,817		
Total Investments	\$ 166,489,009		

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

#### 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 endowment funds are invested in the Diversified Fund which 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, 2020 was \$11,799,817, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.73 years.

#### 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. The University recognizes that short-term loss of principal may be necessary in order to achieve long-term safety and growth of principal; and that in order to maximize income from debt instruments, market values may be exposed to short-term volatility.

The University's investments as of June 30, 2020 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
U.S. Treasuries	\$ 16,796,273	\$ 16,796,273				
U.S. Agencies						
Explicitly Guaranteed	13,040,021	1,192,924	1,455,194	10,391,903		
Implicitly Guaranteed	17,710,553	4,417,746	6,952,259	6,340,548		
Corporate Debt	2,368,856	857,441	1,511,415			
Money Market Mutual Funds	5,523,764	5,523,764				
Mutual Bond Funds	25,415,643			2,851,940	13,751,654	8,812,049
	80,855,110	\$ 28,788,148	\$ 9,918,868	\$ 19,584,391	\$ 13,751,654	\$ 8,812,049
Other Investments						
Equity Mutual Funds - Domestic	39,167,386					
Equity Securities - Domestic	34,666,696					
Investment Pools						
Board of Regents						
Diversified Fund	11,799,817					
Total Investments	\$ 166,489,009					

#### Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University's policy for managing custodial credit risk is all securities transactions are settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve. The University chooses to bank with one of the State's primary banks with operations in Augusta.

At June 30, 2020, \$80,855,110 of the University's applicable investments were uninsured and held by the investment's counterparty's trust department or agent, in the University's name.

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for managing credit quality risk is to establish minimal quality ratings.

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA	A	Unrated
Related Debt Investments					
U. S. Agency Securities	\$ 17,710,553	\$ 17,710,553	\$ —	\$ —	\$ —
Corporate Debt	2,368,856	201,785	605,428	1,561,643	—
Money Market Mutual Funds	5,523,764	3,995,671	—	—	1,528,093
Mutual Bond Funds	25,415,643	—	—	—	25,415,643
	\$ 51,018,816	\$ 21,908,009	\$ 605,428	\$ 1,561,643	\$ 26,943,736



### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy requires diversification of investments to reduce overall portfolio risk while maintaining market rates of return.

At June 30, 2020, approximately 10.09%, 6.48%, 5.93%, 15.24%, and 14.82% of the University's investments were investments in United States Treasury Notes, Government National Mortgage Association, iShares Core Total U. S. Aggregate Bond Exchange-traded Fund (ETF), Vanguard Institutional Index Fund, and VanGuard Total Stock Market ETF respectively.

### **Note 3 Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2020:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 495,196	\$ —
Auxiliary Enterprises and Other Operating Activities	2,213,179	—
Federal Financial Assistance	9,301,035	—
Georgia State Financing and Investment Commission	686,233	—
Due from Affiliated Organizations	564,627	—
Due from Component Units	73,541,253	—
Due From Other USG Institutions	208,730	—
Other	11,703,053	2,425,407
	98,713,306	2,425,407
Less: Allowance for Doubtful Accounts	635,977	—
Net Accounts Receivable	\$ 98,077,329	\$ 2,425,407

## Note 4 Inventories

Inventories consisted of the following at June 30, 2020:

Consumable Supplies	\$	1,246
Merchandise for Resale		564,170
		<hr/>
Total	\$	<u>565,416</u>

## Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2020. 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, 2020, the allowance for uncollectible loans was \$405,551.

## Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2020 are shown below:

	Balance July 1, 2019	Special Item Transfer	Additions	Reductions	Balance June 30, 2020
Capital Assets, Not Being Depreciated:					
Land	\$ 28,515,529	\$ —	\$ —	\$ —	\$ 28,515,529
Capitalized Collections	87,006	—	—	—	87,006
Construction Work-in-Progress	10,200,461	—	3,575,006	10,165,460	3,610,007
Total Capital Assets Not Being Depreciated	<u>38,802,996</u>	<u>—</u>	<u>3,575,006</u>	<u>10,165,460</u>	<u>32,212,542</u>
Capital Assets, Being Depreciated/Amortized:					
Infrastructure	11,475,568	—	2,173,701	—	13,649,269
Building and Building Improvements	906,094,414	3,848,608	12,793,919	—	922,736,941
Facilities and Other Improvements	23,920,982	—	3,081,853	—	27,002,835
Equipment	130,723,838	25,575	11,230,367	10,847,497	131,132,283
Library Collections	29,797,559	—	690,361	60,487	30,427,433
Total Capital Assets Being Depreciated/Amortized	<u>1,102,012,361</u>	<u>3,874,183</u>	<u>29,970,201</u>	<u>10,907,984</u>	<u>1,124,948,761</u>
Less: Accumulated Depreciation/Amortization					
Infrastructure	3,277,638	—	520,214	—	3,797,852
Building and Building Improvements	321,757,873	—	22,381,925	—	344,139,798
Facilities and Other Improvements	9,855,689	—	1,296,927	—	11,152,616
Equipment	98,648,440	—	8,711,423	8,582,687	98,777,176
Library Collections	24,325,816	—	1,102,614	60,488	25,367,942
Total Accumulated Depreciation/Amortization	<u>457,865,456</u>	<u>—</u>	<u>34,013,103</u>	<u>8,643,175</u>	<u>483,235,384</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>644,146,905</u>	<u>3,874,183</u>	<u>(4,042,902)</u>	<u>2,264,809</u>	<u>641,713,377</u>
Capital Assets, net	<u>\$ 682,949,901</u>	<u>\$ 3,874,183</u>	<u>\$ (467,896)</u>	<u>\$ 12,430,269</u>	<u>\$ 673,925,919</u>

For projects managed by Georgia State Financing and Investing Commission (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, 2020, there were no GSFIC transferred capital additions from GSFIC managed projects. However, GSFIC had construction in progress of approximately \$22,621,045 for an incomplete GSFIC managed project for the University. In addition, building and building improvements, equipment, and research and development infrastructure totaling \$10,875,752 were funded by GSFIC and included \$711,053 prepaid by the University for the Cancer Research Center which was substantially completed and transferred to the University in fiscal year 2019. Also included in the GSFIC funded amount was \$8,902,397 for renovating and equipping the Cyber Center Complex, a project which is being managed by the Georgia Technology Authority (GTA) and transferred to the University as it is completed. The Cyber Center Complex project began in fiscal year 2019 and continued in fiscal year 2020.

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

Fiscal Year	Depreciation Expense
2020	\$ 34,013,103
2019	\$ 31,300,256
2018	\$ 28,110,779

## Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2020:

	Current Liabilities
Prepaid Tuition and Fees	\$ 3,907,401
Research	30,474,946
Other - Advances	439,670
Totals	<u>\$ 34,822,017</u>

## Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Leases					
Lease Purchase Obligations	\$ 51,099,542	\$ 938,843	\$ 5,527,541	\$ 46,510,844	\$ 3,591,094
Other Liabilities					
Compensated Absences	39,803,642	32,406,465	25,299,410	46,910,697	22,143,702
Total Long-Term Obligations	<u>\$ 90,903,184</u>	<u>\$ 33,345,308</u>	<u>\$ 30,826,951</u>	<u>\$ 93,421,541</u>	<u>\$ 25,734,796</u>

## 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, 2020, consisted of the following:

### Deferred Outflows of Resources

Deferred Outflows on Debt Refunding	\$ 2,312,671
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	110,695,249
Deferred Outflows on OPEB Plan (See Note 17)	40,982,827
<b>Total Deferred Outflows of Resources</b>	<b>\$ 153,990,747</b>

### Deferred Inflows of Resources

Deferred Inflows on Debt Refunding	\$ 706,220
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	11,361,485
Deferred Inflows on OPEB Plan (See Note 17)	71,981,592
<b>Total Deferred Inflows of Resources</b>	<b>\$ 84,049,297</b>

### Deferred Outflows/Inflows on Debt Refunding

In October 2014, the MCG-PPG Cancer Research Center, LLC, refunded the bonds associated with this lease and passed the perceived economic advantages of this refunding to the University by reducing the interest rate to 4.15% and the lease term maturity to June, 2034. The future minimum lease payments did not change as a result of this refunding. The University recognized a Deferred Outflow on Debt Refunding in the amount of \$2,647,632. The unamortized Deferred Outflows on Debt Refunding at year end related to this transaction is \$2,059,269.

In October 2014, the Augusta University Foundation refunded the bonds associated with the student activities center and passed the perceived advantages of this refunding to the University by reducing the effective interest rate to 3.72% with a maturity date of December, 2033. The future minimum lease payments did not change as a result of the refunding. The University recognized a Deferred Outflows on Debt Refunding of \$325,802. The unamortized Deferred Outflows on Debt Refunding at year end related to this transaction is \$253,402.

In November 2012, the Augusta University Foundation refunded the bond associated with the student housing complex lease at 4.26% for the same term with the same maturity date of January, 2035. The University recognized a Deferred Gain on Debt Refunding of \$894,546. The unamortized Deferred Inflows on Debt Refunding at year end related to this transaction is \$706,220.

## Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2020 is as follows:

Net Investment in Capital Assets	\$ 628,740,197
Restricted for	
Nonexpendable	
Permanent Endowment	2,628,560
Expendable	
Sponsored and Other Organized Activities	17,149,401
Federal Loans	5,157,472
Institutional Loans	1,049,011
Quasi-Endowments	9,171,257
Sub-Total	32,527,141
Unrestricted	
Auxiliary Enterprises Operations	11,423,686
Reserve for Encumbrances	27,491,540
Reserve for Inventory	25,042
Capital Liability Reserve Fund	197,730
Other Unrestricted	(805,278,965)
Sub-Total	(766,140,967)
Total Net Position	\$ (102,245,069)

Other unrestricted net position is reduced by \$552,429,919 related to the recording of net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to OPEB plan. Other unrestricted net position is also reduced by \$312,991,938 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources related to benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and 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, 2020 are as follows:

	(Restated)			
	Balance			Balance
	July 1, 2019	Additions	Reductions	June 30, 2020
Net Investments in Capital Assets	\$ 632,135,277	\$ 32,781,471	\$ 36,176,551	\$ 628,740,197
Restricted Net Position	31,097,461	618,715,074	614,656,834	35,155,701
Unrestricted Net Position	(749,895,330)	412,072,649	428,318,286	(766,140,967)
Total Net Position	\$ (86,662,592)	\$ 1,063,569,194	\$ 1,079,151,671	\$ (102,245,069)

## 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 \$3,910 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, 2020. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of \$67,334 executed as of June 30, 2020. This amount is not reflected in the accompanying basic financial statements.

## 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 cash payments related to capital leases for fiscal year 2020 were \$5,524,556 and \$1,712,851, respectively. In addition, a principal adjustment of \$2,985 was made for leases ending early, bringing the total principal reduction to \$5,527,541. Interest rates range from 2.437% - 10.10%.

The University has \$44,075,789 in outstanding lease obligations due to component units. Component units have \$44,075,789 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, 2020:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2020	Outstanding Balance per Lease Schedules at June 30, 2020
	( + )	( - )	( = )	
Leased Equipment	\$ 6,957,939	\$ 3,600,573	\$ 3,357,366	\$ 2,435,055
Leased Buildings and Building Improvements	59,576,418	25,588,163	33,988,255	44,075,789
Total Assets Held Under Capital Lease	<u>\$ 66,534,357</u>	<u>\$ 29,188,736</u>	<u>\$ 37,345,621</u>	<u>\$ 46,510,844</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
Cancer Research Center (CRC)	MCG-PPG, CRC LLC	\$ 27,704,398	30 years	01/2006	06/2034	\$ 21,292,862 (1)
University Housing	ASU Foundation	20,246,137	30 years	09/2005	01/2035	14,922,303 (1)
Student Center	ASU Foundation	11,782,962	29 years	03/2006	12/2033	7,860,624 (1)
Telephone/Network Gear	Key Govt Finance, Inc.	760,292	3 years	07/2019	07/2021	499,971
Communications/Wireless Refresh	Key Govt Finance, Inc.	2,615,637	3 years	04/2018	04/2021	233,984
Unified Communications	Key Govt Finance, Inc.	1,195,266	5 years	07/2018	07/2022	722,996
Multiple Individual Copier Leases	Pollock	1,937,305	5 years	04/2015	06/2025	978,104
Total Leases		\$ 66,241,997				\$ 46,510,844

(1) These capital leases are related party transactions.

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 is obligated under various operating leases for the use of equipment. 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 2020 was \$5,720, none of which is due to related parties.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2020, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2021	\$ 5,175,469	\$ 4,780
2022	4,874,126	
2023	4,377,430	
2024	4,032,974	
2025	3,975,558	
2026 through 2030	19,760,678	
2031 through 2035	16,091,121	
Total Minimum Lease Payments	58,287,356	\$ 4,780
Less: Interest	9,312,172	
Less: Executory Costs	2,464,340	
Principal Outstanding	<u>\$ 46,510,844</u>	

### Operating Lease Revenue

The University leases certain facilities for use by others for terms varying from 1 to 10 years. The leases are accounted for as operating leases; revenue for services provided and for use of facilities are recorded when earned.

Total revenues from rental of facilities were \$1,302,780 for the fiscal year ended June 30, 2020. Minimum future revenues and rentals to be received under operating leases as of June 30, 2020, are as follows:

	Real Property Operating Leases
Year Ending June 30:	
2021	\$ 2,821,134
2022	3,258,034
2023	3,320,677
2024	2,985,978
2025	2,357,667
2026 through 2030	3,489,286
Total Minimum Lease Revenues	<u>\$ 18,232,776</u>

## **Note 14. Retirement Plans**

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 [trsga.com/publications](http://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 2020. The University's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of the annual University payroll. The University's contributions to TRS totaled \$47,068,026 for the year ended June 30, 2020.

## **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 [ers.ga.gov/financials](http://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, 2020 was 24.66% of annual covered payroll for old and new plan members and 21.64% for GSEPS members. The University's contributions to ERS totaled \$738,277 for the year ended June 30, 2020. 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, 2020, 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, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 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, 2019. At June 30, 2019, the University's TRS proportion was 1.708647% which was an decrease of (0.003370)% from its proportion measured as of June 30, 2018. At June 30, 2019, the University's ERS proportion was 0.123308%, which was a decrease of (0.006324)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized pension expense of \$62,679,046 for TRS and \$2,158,855 for ERS. At June 30, 2020, 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	\$ 20,708,836	\$ 108,926	\$ 169,457	\$ —
Changes of assumptions	35,257,333	—	89,560	—
Net difference between projected and actual earnings on pension plan investments	—	8,749,042	—	158,389
Changes in proportion and differences between contributions and proportionate share of contributions	3,881,471	2,193,967	509,590	151,161
Contributions subsequent to the measurement date	47,068,026	—	738,277	—
Total	\$ 106,915,666	\$ 11,051,935	\$ 1,506,884	\$ 309,550

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 ended June 30, 2021. 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
2021	\$ 19,740,601	\$ 654,877
2022	\$ 4,215,786	\$ (185,615)
2023	\$ 12,756,319	\$ (31,202)
2024	\$ 12,082,999	\$ 20,997
2025	\$ —	\$ —

### Actuarial assumptions

The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

#### Teachers Retirement System

Inflation	2.50%
Salary increases	3.00% - 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the long-term assumed rate of return.

#### 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the assumed investment rate of return.

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%	(0.10)%
Domestic large equities	51.00%	46.20%	8.90 %
Domestic mid equities			
Domestic small equities	1.50%	1.30%	13.20 %
International developed market equities	12.40%	12.40%	8.90 %
International emerging market equities	5.10%	5.10%	10.90 %
Alternatives	—%	5.00%	12.00 %
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 7.25% 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 University'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, 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 or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 6.50%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	\$ 596,406,345	\$ 367,405,307	\$ 179,085,086

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	\$ 7,231,003	\$ 5,088,343	\$ 3,261,760

**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 [trsga.com/publications](http://trsga.com/publications) and [ers.ga.gov/financials](http://ers.ga.gov/financials), respectively.

**B. Early Retirement Pension Plan**Plan Description

Augusta University Early Retirement Pension Plan (ERP) is a single-employer defined benefit pension plan administered by the University. The plan was derived by Augusta University as a means of workforce reduction and was approved by the Board of Regents of the University System of Georgia (BOR) effective January 1, 2000.

The plan was designed to provide eligible participants additional benefits above the amounts payable through Teachers Retirement System of Georgia (TRS). The plan was designed to allow vested employees aged 55 or employees of any age with 25 years of creditable service to retire without penalties as applied by the Teachers Retirement System of Georgia (TRS) for early retirement.

The plan would allow for all participants to retire as if they were vested and aged 60 or had attained 30 years of creditable service. Any member who opted into the Optional Retirement Plan aged 55 with 10 years of service by June 30, 2000 was also eligible to participate in the plan.

The plan is closed to new entrants. There were no active plan participants. As of January 1, 2020, plan participants consisted of the following:

## Inactive Plan Participants:

Retirees and Beneficiaries Currently Receiving Benefits	595
Terminated Employees Entitled to Deferred Benefits	0
Disabled Employees Entitled to Deferred Benefits	0
Total	<u>595</u>

Benefits Provided

TRS provides a benefit equal to 2.00% of the participant's average annual compensation during the two consecutive years of creditable service which produce the highest such average, multiplied by the number of years of creditable service, limited to 40 years.

If the participant has less than 30 years of creditable service and has not attained age 60 at the time of retirement, the benefit will be reduced by the lesser of 1/12 of 7% for each month that retirement precedes age 60 or 7% for each year or fraction of a year by which the participant has less than 30 years of creditable service at the time of retirement. In addition, a one-time 3% increase is applied to the first \$37,500 of the participant's benefit at retirement.

The ERP provides the additional benefits that would have been payable under TRS based on the following adjustments:

- Age of the participant was increased five years
- Participant's creditable service was increased five years
- Participant's annual rate of earnings as of August 1, 1999 was projected five years into the future with 3% increases each year

ERP benefits will be increased 3% a year as a cost-of-living adjustment (COLA): 1.5% on each January 1 and July 1. The ERP provided COLA's for both the ERP and TRS benefits until actual eligibility for a COLA through TRS occurred. Since that time, the ERP has provided COLA's only on the portion of the benefit paid by the ERP, and TRS has provided COLA's under the terms of the TRS plan.

The ERP does not issue a standalone report.

#### Funding Policy

The fund sources that provided for an employee's salary, as of December 31, 1999, would be responsible for funding the annuity to provide for retiree benefits. There is no additional cost to the employee/retiree, USG, or State of Georgia for this plan. Contributions are made by Augusta University based on the actuarial valuation of the plan. For fiscal year 2020, affiliated organizations contributed \$5,214,998 to the plan on-behalf of the University.

Since this plan was not pre-funded, Augusta University's approach is to collect and deposit as much into the ERP fund in the earlier years as is possible, thereby, realizing a greater return on investment. Effective January 1, 2016, the period to amortize the unfunded accrued liability was extended 2 years. With this change, the plan should be fully funded by June 30, 2025. The funding policy is reasonable and in compliance with minimum funding requirements set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law.

#### Investments

Augusta 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 of the institution to the citizens of Georgia and which conforms to the USG investment policy. All investments are consistent with USG policy and applicable Federal and state laws.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. The Augusta University's Investment Policy and Guidelines for managing concentration of credit risk requires that stocks and debt issues be diversified. Augusta University also relies upon the concentration of credit risk policy of the individual investment vehicles related to plan assets. More than 5% of the Pension Plan's Investments are in iShares Core Total U.S. Aggregate Bond Exchange-traded Fund (ETF), VanGuard Institutional Index Fund, and Vanguard Total Stock Market ETF. These investments are 9.42%, 24.22%, and 23.55% respectively of the Plan's total investments.

For the fiscal year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.43%.

#### Net Pension Liability (NPL)

The components of the net pension liability at June 30, 2020 were as follows:

Total Pension Liability	\$ 144,974,323
Plan Fiduciary Net Position	<u>(105,142,271)</u>
Net Pension Liability	<u>\$ 39,832,052</u>



Plan Fiduciary Net Position as a percentage of total pension liability is 72.52%.

#### Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of January 1, 2020 with the results rolled forward to the June 30, 2020 measurement date using the following actuarial assumptions, applied to all periods included in the measurement: (a) rate of return of 7.25% per annum, compounded annually (b) inflation of 2.50% per annum, compounded annually, and (c) cost of living adjustments of 3% per annum, compounded annually.

There were no changes in actuarial methods from the prior year report. The following changes from the prior year report were made to the actuarial assumptions: mortality improvement scale MP-2019 and discount rate of 7.25%. To better recognize current and future mortality improvements, assumptions were updated to the most recent Mortality Improvement Scale published by the Society of Actuaries MP-2019 rather than the previously used MP-2018. The effect was a decrease in liabilities and annual pension expense. To better reflect current capital market expectations, assumptions were updated to 7.25% discount rate rather than the previously used 7.50%. The effect was an increase in liabilities and annual pension expense. There were no other changes in plan provisions or actuarial assumptions and methods since the prior report.

The projection of cash flows used to determine the discount rate of 7.25% per annum, compounded annually assumes that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was established with the January 1, 2020 valuation. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These best-estimates 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 best-estimates of geometric real rates of return and the plan investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighted Real Return
Domestic Equity	80.00%	5.50%	4.40%
Fixed income	20.00%	1.75%	0.35%
Portfolio Real Return			4.75%
Assumed Inflation			2.50%
Long-Term Expected Rate of Return			7.25%

\*Rates shown are net of inflation.

#### Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 50,986,586	\$ 39,832,052	\$ 30,037,240

*Schedule of Changes in Net Pension Liability*

For the year ended June 30, 2020, the University recognized net pension liability of \$39,832,052 calculated as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2019	\$ 146,605,709	\$ 105,375,867	\$ 41,229,842
Interest	10,461,152	—	10,461,152
Experience losses (gains)	393,469	—	393,469
Changes of assumptions	1,761,370	—	1,761,370
Contributions - Employer	—	11,474,114	(11,474,114)
Net investment income	—	2,539,667	(2,539,667)
Benefit payments	(14,247,377)	(14,247,377)	—
Net Change	(1,631,386)	(233,596)	(1,397,790)
Balance, June 30, 2020	\$ 144,974,323	\$ 105,142,271	\$ 39,832,052

Affiliated organizations contributed \$5,214,998 to the plan on behalf of the University.

*Schedule of Changes in Pension Expense*

For the year ended June 30, 2020, the University recognized pension expense of \$5,304,052 from the following sources:

	Pension Expense
Interest	\$ 10,461,152
Projected investment income	(7,799,193)
Recognition of experience (gain)/loss	393,469
Recognition of changes in assumptions	1,761,370
Investment losses (gains)	487,254
Pension Expense June 30, 2019	\$ 5,304,052

*Deferred Outflows/Inflows of Resources*

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,272,699	\$ —

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:

2021	\$ (378,948)
2022	\$ 543,885
2023	\$ 1,055,856
2024	\$ 1,051,906

## C. 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 2020, 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 \$15,898,219 (9.24%) and \$10,324,612 (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 2020, 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 University 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, 2020.

## **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 2020, 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, 2020:

Active Employees	5,295
Retirees or Beneficiaries Receiving Benefits	2,221
Retirees Receiving Life Insurance Only	599
Total	8,115

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 2020 plan year, the employer rate was approximately 84% of the total health insurance cost for eligible retirees and the retiree rate was approximately 16%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. 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 2020, the University contributed \$12,062,285 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, 2020, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2019. An expected total OPEB liability as of June 30, 2019 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, 2019. At June 30, 2019, the University's proportion was 11.661036%, which was a decrease of (0.149654)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized OPEB expense of \$34,523,032. At June 30, 2020, 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	\$ 28,920,542	\$ 2,975,662
Changes of assumptions	—	58,576,762
Net difference between projected and actual earnings on OPEB plan investments	—	136,981
Changes in proportion and differences between contributions and proportionate share of contributions	—	10,292,187
Contributions subsequent to the measurement date	12,062,285	—
Total	<u>\$ 40,982,827</u>	<u>\$ 71,981,592</u>

The University's contributions subsequent to the measurement date of \$12,062,285 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, 2021. 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:

2021	\$	(10,064,210)
2022	\$	(10,064,210)
2023	\$	(9,796,061)
2024	\$	(4,652,179)
2025	\$	(4,399,029)
Thereafter	\$	(4,085,361)

### Actuarial assumptions

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of May 1, 2019 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 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal Bond Index Interest Rate as of 6/30/2018 3.87% from Bond Buyers GO 20-Bond Municipal Bond Index Long-term Rate of Return 4.50% General Inflation 2.50% Salary Increase 4.00%
Mortality Rates	Healthy: Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with scale MP-2018  Disabled: Pub-2010 Disabled Mortality for General Employees and Teachers (as appropriate) headcount weighted projected with scale MP-2018
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.9%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2020 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which cover the five year period ending June 30, 2014.

### Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption. Mortality rates were changed from the RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with MP-2018. Retirement rates were updated from the rates developed for the Teacher's Retirement System to rates based on actual experience. The discount rate was updated from 3.87% to 3.50% as of June 30, 2019.

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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.09%	70%
Equity Allocation	4.46%	30%

#### Discount rate

The Plan's projected fiduciary net position at the end of 2023 is \$0, based on the valuation completed for the fiscal year ending June 30, 2019. 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 2023. 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, 2019. 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 3.50% from the Bond Buyer.

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

The following presents the 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 (2.50%) or 1% higher (4.50%) than the current discount rate (3.50%):

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Proportionate Share of the Net OPEB Liability	\$ 617,227,988	\$ 521,431,154	\$ 441,568,065

#### 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	\$ 437,226,399	\$ 521,431,154	\$ 626,933,248
Pre-Medicare Eligible	5.9% decreasing to 3.5%	6.9% decreasing to 4.5%	7.9% 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 [usg.edu/fiscal\\_affairs/financial\\_reporting/](http://usg.edu/fiscal_affairs/financial_reporting/).



## Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2020 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 72,980,396	\$ 19,494,823	\$ 67,256,193	\$ 426,532	\$ 1,351,882
Research	25,815,279	15,576,632	10,920,381	44,675	598,441
Public Service	6,776,837	16,832,290	7,419,549	61,912	314,828
Academic Support	14,537,853	27,581,990	15,913,305	91,779	186,996
Student Services	840,702	3,683,461	1,668,115	47,183	137,408
Institutional Support	13,214,251	29,317,516	32,905,083	365,307	292,555
Plant Operations and Maintenance	351,737	12,224,442	5,400,477	4,155	37,622
Scholarships and Fellowships	3,900	25,000	659	—	—
Auxiliary Enterprises	187,529	4,246,750	1,899,663	22,769	72,999
Patient Care	106,330,438	129,654,525	62,163,803	3,508,199	420,289
Total Operating Expenses	\$ 241,038,922	\$ 258,637,429	\$ 205,547,228	\$ 4,572,511	\$ 3,413,020

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 729,339	\$ 1,098,759	\$ 29,762,557	\$ 14,702,671	\$ 207,803,152
Research	161,615	84,971	23,332,738	1,018,153	77,552,885
Public Service	65,901	85,890	11,775,292	171,701	43,504,200
Academic Support	—	168,419	1,844,699	2,254,503	62,579,544
Student Services	5,705	53,612	1,734,483	10,521	8,181,190
Institutional Support	141	387,347	23,791,840	7,935,031	108,209,071
Plant Operations and Maintenance	—	9,156,239	15,306,076	6,465,834	48,946,582
Scholarships and Fellowships	11,521,826	—	—	—	11,551,385
Auxiliary Enterprises	954,305	419,462	10,060,581	1,443,475	19,307,533
Patient Care	—	123,783	153,778,426	11,214	455,990,677
Total Operating Expenses	\$ 13,438,832	\$ 11,578,482	\$ 271,386,692	\$ 34,013,103	\$ 1,043,626,219

## Note 19 Subsequent Event

Augusta University has evaluated subsequent events through the date on which the financial statements were available to be issued, and there were no significant subsequent events.

## Note 20 Component Units

### Augusta University Foundation, Inc.

The Augusta University Foundation, Inc. (AUF) 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 AUF acts primarily as a fund-raising organization to supplement the resources that are available to Augusta University in support of its programs. During the year ended June 30, 2020, the AUF distributed approximately \$1,286,002 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

**Augusta University Research Institute, Inc.**

Augusta University Research Institute, Inc. (AURI) is a legally separate, tax-exempt component unit of the State of Georgia reporting entity. The AURI serves to enhance the research mission of Augusta University by securing sponsored research funding and by providing funding of special research initiatives. During the year ended June 30, 2020, the AURI distributed approximately \$65,496,954 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

**AU Health System, Inc.**

AU Health System, Inc. (the Health System), located in Augusta, Georgia, was incorporated under the laws of the State of Georgia as a nonprofit corporation on June 1, 2010. The Health System is a legally separate, tax-exempt organization, which was established to promote the health science education missions and other tax-exempt functions and purposes of the Augusta University (the University), AU Medical Associates (AUMA), AU Medical Center, Inc. (AUMC), Roosevelt Warm Springs Rehabilitation & Specialty Hospitals, Inc. (RWSH), and other cooperating organizations and entities within the University.

**Georgia Health Sciences Foundation, Inc.**

The Georgia Health Sciences Foundation, Inc. (GHSF) 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 GHSF acts primarily as a fund-raising organization to supplement the resources that are available to Augusta University in support of its programs. During the year ended June 30, 2020, the GHSF distributed approximately \$3,715,108 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

**Medical College of Georgia Foundation, Inc.**

Medical College of Georgia Foundation, Inc. (the Foundation) is a nonprofit corporation incorporated under the laws of the State of Georgia in 1954. The Foundation serves the needs and interests of the Medical College of Georgia, the Augusta University Health Sciences campus, and the Augusta University Health System. The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

Medical College of Georgia Foundation, Inc. receives and administers funds for the support of the Medical College of Georgia, the Augusta University Health Sciences campus, and the Augusta University Health System, and manages investments and distributed funds in accordance with donor instructions and board of director's intentions for gifts. The Foundation provides support for faculty chairs, research, scholarships, and other institutional programs. During the year ended June 30, 2020, the Foundation paid approximately \$6,208,243 to Augusta University and its affiliates in support of students and University programs. The Foundation paid approximately \$876,889 to non-affiliated organizations on behalf of Augusta University.

**Elimination and Consolidation Adjustments**

Augusta University Foundation, Inc. grossed up Investment in Capital Leases for unearned interest to be received on capital leases. An elimination entry was necessary to remove this activity from Current Investments in Capital Leases and in the amount of \$838,092 and Noncurrent Investment in Capital Leases and Noncurrent Advances in the amount of \$5,889,291 and \$6,727,383 respectively in order to be in accordance with generally accepted accounting principles.

Combined component unit's investments are comprised of the following amounts at June 30, 2020:

	Fair Value
Investment type	
Debt Securities	
U.S. Treasuries	\$ 34,766,319
U.S. Agencies	
Explicitly Guaranteed	2,130,973
Implicitly Guaranteed	13,809,605
Bond Securities	2,832,042
Corporate Debt	70,376,036
Money Market Mutual Funds	3,462,074
Municipal Obligations	11,525,110
Mutual Bond Funds	3,788,919
Repurchase Agreements	654,000
Other Investments	
Equity Mutual Funds - Domestic	17,395,124
Equity Mutual Funds - International	13,648,926
Equity Securities - Domestic	25,343,803
Equity Securities - International	10,178,554
Real Estate Held for Investment Purposes	1,702,700
Real Estate Investment Trusts	1,077,376
Other	248,464,352
	461,155,913
Investment Pools	
Board of Regents	
Short-Term Fund	16,800,519
Balanced Income Fund	4,559,778
Total Return Fund	154,754
Diversified Fund for Foundations	4,776,833
Total Investments	<u>\$ 487,447,797</u>

Of the investments disclosed above, \$1,607,597 of the Board of Regents Short-Term investment pool held by Augusta University Research Institute, Inc. is reported as cash and cash equivalents on the Statement of Net Position.

Component unit's noncurrent cash and cash equivalents are restricted assets limited as to use.

Combined component unit's endowments are comprised of the following amounts at June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
B ginning	\$ 32,658,414	\$ 242,119,258	\$ 274,777,672
Contributions	40,700	3,391,448	3,432,148
Net realized and unrealized gains	78,245	2,199,285	2,277,530
Appropriation of endowment assets for expenditure	(2,476,975)	(10,442,972)	(12,919,947)
Transfers to comply with donor intent	—	395,661	395,661
Other	110,864	1,848,082	1,958,946
E ding	<u>\$ 30,411,248</u>	<u>\$ 239,510,762</u>	<u>\$ 269,922,010</u>

Combined amounts due to component units related to direct financing lease activity as of June 30, 2020 is as follows:

Year Ending June 30:	Year:	Total
2021	1	\$ 3,951,870
2022	2	3,952,459
2023	3	3,954,083
2024	4	3,952,651
2025	5	3,953,562
2026 through 2030	6-10	19,760,678
2031 through 2035	11-15	16,091,121
Total Minimum Lease Payments to be Received		55,616,424
Less: Unearned Income		(11,540,635)
Net Investment in Direct Financing Lease Receivable		\$ 44,075,789

Combined component unit's capital assets are comprised of the following amounts at June 30, 2020:

Capital Assets not being Depreciated:	
Land and Land Improvements	\$ 35,891,559
Construction Work-in-Progress	19,860,096
Software Development-in-Progress	3,623,967
Total Capital Assets not being Depreciated	59,375,622
Capital Assets, Being Depreciated/Amortized:	
Buildings and Building Improvements	52,374,034
Facilities and Other Improvements	199,271,647
Equipment	295,154,306
Patents, Trademarks, and Copyrights	160,000
Software	34,163,506
Total Capital Assets being Depreciated/Amortized	581,123,493
Less Total Accumulated Depreciation/Amortization	367,774,336
Total Capital Assets being Depreciated/Amortized, Net	213,349,157
Capital Assets, Net	\$ 272,724,779

Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Compensated Absences	\$ 20,521,811	\$ 7,483,483	\$ 4,405,384	\$ 23,599,910	\$ 23,599,910
Lease Purchase Obligation (Capital Lease)	25,700,452	13,699,537	8,814,118	30,585,871	5,924,708
Liabilities under Split Interest Agreement	1,069,096	—	245,230	823,866	1,625
Notes and Loans Payable	9,472,672	1,447,269	—	10,919,941	80,149
Interest Rate Swap	20,085,401	8,095,619	—	28,181,020	—
Other Post Employment Benefits Obligation	6,758,623	1,046,540	1,163,834	6,641,329	—
Revenue/Mortgage Bonds Payable	230,790,000	1,104,188	7,294,188	224,600,000	6,405,000
Bond - Premium	6,353,993	—	527,379	5,826,614	—
Unamortized Issuance and Other Bond Related Costs	(810,460)	—	(44,764)	(765,696)	—
Total Long Term Liabilities	<u>\$ 319,941,588</u>	<u>\$ 32,876,636</u>	<u>\$ 22,405,369</u>	<u>\$ 330,412,855</u>	<u>\$ 36,011,392</u>

Combined component unit's capital lease obligations are comprised of the following amounts at June 30, 2020:

Year ending June 30:

2021	1	\$ 7,495,396
2022	2	6,724,710
2023	3	5,557,276
2024	4	4,295,339
2025	5	3,353,305
2026 through 2030	6-10	8,434,911
2031 through 2035	11-15	740,831
Total minimum lease payments		<u>36,601,768</u>
Less: Interest		<u>6,015,897</u>
Principal Outstanding		<u>\$ 30,585,871</u>

Combined component unit's notes and loans are comprised of the following amounts at June 30, 2020:

		Principal	Interest	Total
Year ending June 30:				
2021	1	\$ 80,149	\$ 389,637	\$ 469,786
2022	2	10,839,792	66,924	10,906,716
		<u>10,919,941</u>	<u>456,561</u>	<u>11,376,502</u>
Note Premium		—	—	—
Note (Discount)		—	—	—
Total		<u>\$ 10,919,941</u>	<u>\$ 456,561</u>	<u>\$ 11,376,502</u>

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2020:

		Principal	Interest	Total
Year ending June 30:				
2021	1	\$ 6,405,000	\$ 6,599,371	\$ 13,004,371
2022	2	6,650,000	6,452,767	13,102,767
2023	3	6,900,000	6,289,876	13,189,876
2024	4	7,810,000	6,105,228	13,915,228
2025	5	8,855,000	5,886,417	14,741,417
2026 through 2030	6-10	55,260,000	24,959,170	80,219,170
2031 through 2035	11-15	69,425,000	15,709,531	85,134,531
2036 through 2040	16-20	63,295,000	5,431,669	68,726,669
		224,600,000	77,434,029	302,034,029
Bond Premium		6,255,137	—	6,255,137
Unamortized Issuance and Other Bond Related Costs		(1,194,219)	—	(1,194,219)
Total		\$ 229,660,918	\$ 77,434,029	\$ 307,094,947



# *Required Supplementary Information*



**AUGUSTA 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) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Early Retirement Plan	6/30/2020	\$ 11,474,114	\$ 11,474,114	\$ —	N/A	N/A
	6/30/2019	\$ 11,521,141	\$ 13,084,672	\$ (1,563,531)	N/A	N/A
	6/30/2018	\$ 11,767,714	\$ 13,084,672	\$ (1,316,958)	N/A	N/A
	6/30/2017	\$ 12,107,903	\$ 13,084,672	\$ (976,769)	N/A	N/A
	6/30/2016	\$ 12,760,669	\$ 13,084,672	\$ (324,003)	N/A	N/A
	6/30/2015	\$ 12,996,582	\$ 13,084,672	\$ (88,090)	N/A	N/A
	6/30/2014	\$ 13,045,051	\$ 13,084,672	\$ (39,621)	N/A	N/A
	6/30/2013	\$ 13,055,907	\$ 13,225,850	\$ (169,943)	N/A	N/A
	6/30/2012	\$ 12,861,601	\$ 13,225,850	\$ (364,249)	N/A	N/A
	6/30/2011	\$ 12,973,559	\$ 13,225,850	\$ (252,291)	N/A	N/A
Employees' Retirement System	6/30/2020	\$ 738,277	\$ 738,277	\$ —	\$ 3,003,087	24.58%
	6/30/2019	\$ 781,583	\$ 781,583	\$ —	\$ 3,160,791	24.73%
	6/30/2018	\$ 816,038	\$ 816,038	\$ —	\$ 3,296,810	24.75%
	6/30/2017	\$ 457,473	\$ 457,473	\$ —	\$ 1,845,641	24.79%
	6/30/2016	\$ 178,786	\$ 178,786	\$ —	\$ 723,246	24.72%
	6/30/2015	\$ 143,532	\$ 143,532	\$ —	\$ 653,608	21.96%
	6/30/2014	\$ 104,806	\$ 104,806	\$ —	\$ 567,746	18.46%
	6/30/2013	\$ 89,395	\$ 89,395	\$ —	\$ 599,617	14.91%
	6/30/2012	\$ 65,638	\$ 65,638	\$ —	\$ 564,385	11.63%
	6/30/2011	\$ 87,040	\$ 87,040	\$ —	\$ 836,119	10.41%
Teachers Retirement System	6/30/2020	\$ 47,068,026	\$ 47,068,026	\$ —	\$ 222,651,221	21.14%
	6/30/2019	\$ 43,584,273	\$ 43,584,273	\$ —	\$ 208,586,496	20.90%
	6/30/2018	\$ 34,287,410	\$ 34,287,410	\$ —	\$ 203,978,259	16.81%
	6/30/2017	\$ 27,473,760	\$ 27,473,760	\$ —	\$ 192,528,053	14.27%
	6/30/2016	\$ 26,234,649	\$ 26,234,649	\$ —	\$ 183,847,072	14.27%
	6/30/2015	\$ 23,837,005	\$ 23,837,005	\$ —	\$ 181,274,041	13.15%
	6/30/2014	\$ 21,780,531	\$ 21,780,531	\$ —	\$ 177,368,194	12.28%
	6/30/2013	\$ 19,623,178	\$ 19,623,178	\$ —	\$ 171,985,813	11.41%
	6/30/2012	\$ 18,166,483	\$ 18,166,483	\$ —	\$ 176,716,761	10.28%
	6/30/2011	\$ 17,965,990	\$ 17,965,990	\$ —	\$ 174,766,440	10.28%

**AUGUSTA UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS**  
**FOR THE LAST SIX 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	6/30/2020	0.123308%	\$ 5,088,343	\$ 3,160,791	160.98%	76.74%
	6/30/2019	0.129632%	\$ 5,329,214	\$ 3,296,810	161.65%	76.68%
	6/30/2018	0.074670%	\$ 3,032,599	\$ 1,845,641	164.31%	76.33%
	6/30/2017	0.031106%	\$ 1,471,444	\$ 723,246	203.45%	72.34%
	6/30/2016	0.025072%	\$ 1,102,710	\$ 653,608	168.71%	76.20%
	6/30/2015	0.025214 %	\$ 945,681	\$ 567,746	166.57 %	77.99 %
Teachers Retirement System	6/30/2020	1.708647%	\$ 367,405,307	\$ 208,586,496	176.14%	78.56%
	6/30/2019	1.712017%	\$ 317,787,027	\$ 203,978,259	155.79%	80.27%
	6/30/2018	1.676517%	\$ 311,585,848	\$ 192,528,053	161.84%	79.33%
	6/30/2017	1.675586%	\$ 345,692,075	\$ 183,847,072	188.03%	76.06%
	6/30/2016	1.716662%	\$ 261,344,743	\$ 181,274,041	144.17%	81.44%
	6/30/2015	1.738329 %	\$ 219,614,941	\$ 177,368,194	123.82 %	84.03 %

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

**AUGUSTA UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYERS' AND NONEMPLOYERS' NET PENSION LIABILITY**  
**EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY**  
**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**FOR THE LAST SEVEN FISCAL YEARS\***

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability	\$ 144,974,323	\$ 146,605,709	\$148,863,688	\$149,152,995	\$151,817,059	\$143,780,226	\$145,384,819
Plan Fiduciary Net Position	(105,142,271)	(105,375,867)	(99,022,119)	(90,408,065)	(80,322,348)	(79,125,737)	(76,193,610)
Net Pension Liability	\$ 39,832,052	\$ 41,229,842	\$ 49,841,569	\$ 58,744,930	\$ 71,494,711	\$ 64,654,489	\$ 69,191,209
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.52%	71.88%	66.52%	60.61%	52.91%	55.03%	52.41%
Covered Payroll	—%	—%	—%	—%	—%	—%	—%
Employers' and Nonemployers' Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**AUGUSTA UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY  
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN  
FOR THE LAST SEVEN FISCAL YEARS\***

	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>							
Interest	\$ 10,461,152	\$ 10,636,036	\$ 10,669,543	\$ 10,875,630	\$ 10,278,138	\$ 10,405,981	\$ 10,607,438
Differences Between Expected and Actual Experience	393,469	1,581,985	664,493	77,619	1,349,554	1,266,248	(127,876)
Changes of Assumptions	1,761,370	(376,246)	2,161,493	—	9,885,919	—	—
Benefit Payments/Refunds	(14,247,377)	(14,099,754)	(13,784,836)	(13,617,313)	(13,476,778)	(13,276,822)	(13,054,512)
Net Change in Total Pension Liability	(1,631,386)	(2,257,979)	(289,307)	(2,664,064)	8,036,833	(1,604,593)	(2,574,950)
Total Pension Liability - Beginning	146,605,709	148,863,688	149,152,995	151,817,059	143,780,226	145,384,819	147,959,769
Total Pension Liability - Ending (a)	<u>\$144,974,323</u>	<u>\$146,605,709</u>	<u>\$148,863,688</u>	<u>\$149,152,995</u>	<u>\$151,817,059</u>	<u>\$143,780,226</u>	<u>\$145,384,819</u>
<u>Plan Fiduciary Net Position</u>							
Contributions - Employer	\$ 11,474,114	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672
Net Investment Income	2,539,667	7,368,830	9,314,218	10,618,358	1,588,717	3,124,277	11,727,751
Benefit Payments/Refunds	(14,247,377)	(14,099,754)	(13,784,836)	(13,617,313)	(13,476,778)	(13,276,822)	(13,054,512)
Net Change in Plan Fiduciary Net Position	(233,596)	6,353,748	8,614,054	10,085,717	1,196,611	2,932,127	11,757,911
Plan Fiduciary Net Position - Beginning	105,375,867	99,022,119	90,408,065	80,322,348	79,125,737	76,193,610	64,435,699
Plan Fiduciary Net Position - Ending (b)	<u>\$105,142,271</u>	<u>\$105,375,867</u>	<u>\$ 99,022,119</u>	<u>\$ 90,408,065</u>	<u>\$ 80,322,348</u>	<u>\$ 79,125,737</u>	<u>\$ 76,193,610</u>
Net Pension Liability Ending (a - b)	<u>\$ 39,832,052</u>	<u>\$ 41,229,842</u>	<u>\$ 49,841,569</u>	<u>\$ 58,744,930</u>	<u>\$ 71,494,711</u>	<u>\$ 64,654,489</u>	<u>\$ 69,191,209</u>

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

**AUGUSTA UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS  
EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY  
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN  
FOR THE LAST SEVEN FISCAL YEARS\***

	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.43%	7.53%	10.42%	13.39%	2.02%	4.13%	18.35%

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

**AUGUSTA UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLANS  
METHODS AND ASSUMPTIONS  
FOR FISCAL YEAR ENDED JUNE 30, 2020**

*Changes of assumptions*

**Early Retirement Plan:**

The expectation of retired life mortality was updated to the most recent scale published by the Society of Actuaries to better recognize current and future mortality improvements. The discount rate was lowered from 7.50% to 7.25% to better reflect current capital market expectations.

**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).

On May 15, 2019, the Board adopted and recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

**AUGUSTA UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
FOR THE LAST FOUR 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)
6/30/2020	\$ 12,062,285	\$ 12,062,285	\$ —	\$ 473,972,170	2.54%
6/30/2019	\$ 18,702,320	\$ 18,702,320	\$ —	\$ 415,848,815	4.50%
6/30/2018	\$ 18,710,488	\$ 18,710,488	\$ —	\$ 400,360,594	4.67%
6/30/2017	\$ 11,802,809	\$ 11,802,809	\$ —	\$ 378,955,612	3.11%

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



**AUGUSTA UNIVERSITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN**  
**FOR THE LAST THREE 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
6/30/2020	11.661036%	\$ 521,431,154	\$ 415,848,815	125.39%	3.13%
6/30/2019	11.810690%	\$ 520,940,139	\$ 400,360,594	130.12%	1.69%
6/30/2018	11.852125%	\$ 500,127,185	\$ 378,955,612	131.98%	0.19%

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

**AUGUSTA UNIVERSITY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR OPEB PLAN  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
METHODS AND ASSUMPTIONS  
FOR FISCAL YEAR ENDED JUNE 30, 2020**

*Changes in Assumptions Since Prior Valuation*

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption. Mortality rates were changed from the RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for General Employees and Teachers (as appropriate) headcount weighted projected with MP-2018. Retirement rates were updated from the rates developed for the Teacher's Retirement System to rates based on actual experience. The discount rate was updated from 3.87% to 3.50% as of June 30, 2019.



# *Supplementary Information*

**AUGUSTA UNIVERSITY**  
**BALANCE SHEET (NON-GAAP BASIS)**  
**BUDGET FUNDS**  
**JUNE 30, 2020**  
**(UNAUDITED)**

ASSETS

Cash and Cash Equivalents	\$	51,360,210.28
Investments		46,060,431.75
Accounts Receivable		
Federal Financial Assistance		6,043,217.32
Other		86,439,775.49
Prepaid Expenditures		2,812,842.04
Inventories		1,246.10
Other Assets		11,000.00
		<hr/>
Total Assets	\$	192,728,722.98
		<hr/>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	3,548,780.91
Encumbrance Payable		27,055,711.48
Accounts Payable		327,692.03
Unearned Revenue		34,822,017.30
Funds Held for Others		109,729.51
Other Liabilities		5,459,896.99
		<hr/>
Total Liabilities		71,323,828.22
		<hr/>

Fund Balances

Reserved		
Department Sales and Services		8,531,344.16
Indirect Cost Recoveries		48,275,690.44
Technology Fees		117,741.14
Restricted/Sponsored Funds		58,803,292.43
Uncollectible Accounts Receivable		482,262.71
Inventories		25,042.24
Tuition Carry - Forward		2,757,872.25
Unreserved		
Surplus		2,411,649.39
		<hr/>
Total Fund Balances		121,404,894.76
		<hr/>
Total Liabilities and Fund Balances	\$	192,728,722.98
		<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.

**AUGUSTA UNIVERSITY**  
**STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Funds Available Compared to Budget				Funds Available Compared to Budget
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over	Program Transfers or Adjustments
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	\$ 5,942,767.00	\$ 5,571,954.00	\$ 5,363,207.00	\$ —	\$ —
Other Funds	—	2,499,136.00	1,859,091.30	—	—
Total Cyber Innovation and Training Center	5,942,767.00	8,071,090.00	7,222,298.30	—	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	16,001,817.00	15,138,824.92	15,138,825.00	—	—
State Funds - Prior Year Carry-Over					
State General Funds - Prior Year	—	672,567.08	—	672,567.08	—
Total Public Service / Special Funding Initiatives	16,001,817.00	15,811,392.00	15,138,825.00	672,567.08	—
Teaching					
State Appropriation					
State General Funds	235,154,533.00	226,142,773.00	226,142,773.00	—	—
Federal Coronavirus Relief Funds	—	6,587,234.00	5,168,450.78	—	—
Other Funds	785,981,297.00	808,586,043.00	760,109,607.57	106,862,689.66	—
Total Teaching	1,021,135,830.00	1,041,316,050.00	991,420,831.35	106,862,689.66	—
Total Operating Activity	\$ 1,043,080,414.00	\$ 1,065,198,532.00	\$1,013,781,954.65	\$97,535,256.74	—

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.

**AUGUSTA UNIVERSITY**  
**STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Funds Available Compared to Budget		Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	\$ 5,363,207.00	\$ (208,747.00)	\$ 5,330,868.99	\$ 241,085.01	\$ 32,338.01
Other Funds	1,859,091.30	(640,044.70)	1,065,062.82	1,434,073.18	794,028.48
Total Cyber Innovation and Training Center	7,222,298.30	(848,791.70)	6,395,931.81	1,675,158.19	826,366.49
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	15,138,825.00	0.08	14,067,760.48	1,071,064.44	1,071,064.52
State Funds - Prior Year Carry-Over					
State General Funds - Prior Year	672,567.08	—	672,567.08	—	—
Total Public Service / Special Funding Initiatives	15,811,392.08	0.08	14,740,327.56	1,071,064.44	1,071,064.52
Teaching					
State Appropriation					
State General Funds	226,142,773.00	—	225,637,110.94	505,662.06	505,662.06
Federal Coronavirus Relief Funds	5,168,450.78	(1,418,783.22)	5,168,450.78	1,418,783.22	—
Other Funds	866,972,297.23	58,386,254.23	749,059,511.35	59,526,531.65	117,912,785.88
Total Teaching	1,098,283,521.01	56,967,471.01	979,865,073.07	61,450,976.93	118,418,447.94
Total Operating Activity	\$ 1,121,317,211.39	\$ 56,118,679.39	\$ 1,001,001,332.44	\$ 64,197,199.56	\$ 120,315,878.95

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.

**AUGUSTA UNIVERSITY**  
**STATEMENT OF CHANGES TO FUND BALANCE**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2019 Surplus	Prior Year Adjustments	Other Adjustments
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	\$ 535,040.59	\$ —	\$ (535,040.59)	\$ 740.22	\$ —
Other Funds	—	—	—	—	—
Total Georgia Cyber Innovation and Training Center	535,040.59	—	(535,040.59)	740.22	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	150,311.47	—	(150,311.47)	85,757.73	—
State Funds - Prior Year Carry-Over					
State General Funds - Prior Year	672,567.08	(672,567.08)	—	—	—
Total Public Service / Special Funding Initiatives	822,878.55	(672,567.08)	(150,311.47)	85,757.73	—
Teaching					
State Appropriation					
State General Funds	90,785.69	—	(90,785.69)	274,318.74	—
Federal Coronavirus Relief Funds	—	—	—	—	—
Other Funds	106,928,133.90	(106,862,689.66)	(65,444.24)	177,362.01	43,532.16
Total Teaching	107,018,919.59	(106,862,689.66)	(156,229.93)	451,680.75	43,532.16
Total Operating Activity	108,376,838.73	(107,535,256.74)	(841,581.99)	538,178.70	43,532.16
Prior Year Reserves					
Not Available for Expenditure					
Inventories	81,415.56	—	—	—	(56,373.32)
Uncollectible Accounts Receivable	469,421.55	—	—	—	12,841.16
Budget Unit Totals	\$ 108,927,675.84	\$ (107,535,256.74)	\$ (841,581.99)	\$ 538,178.70	\$ —

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.

**AUGUSTA UNIVERSITY**  
**STATEMENT OF CHANGES TO FUND BALANCE**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Early Return of Fiscal Year 2020 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Georgia Cyber Innovation and Training Center						
State Appropriation						
State General Funds	\$ —	\$ 32,338.01	\$ 33,078.23	\$ —	\$ 33,078.23	\$ 33,078.23
Other Funds	—	794,028.48	794,028.48	794,028.48	—	794,028.48
Total Georgia Cyber Innovation and Training Center	—	826,366.49	827,106.71	794,028.48	33,078.23	827,106.71
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	1,071,064.52	1,156,822.25	—	1,156,822.25	1,156,822.25
State Funds - Prior Year Carry-Over						
State General Funds - Prior Year	—	—	—	—	—	—
Total Public Service / Special Funding Initiatives	—	1,071,064.52	1,156,822.25	—	1,156,822.25	1,156,822.25
Teaching						
State Appropriation						
State General Funds	—	505,662.06	779,980.80	—	779,980.80	779,980.80
Federal Coronavirus Relief Funds	—	—	—	—	—	—
Other Funds	—	117,912,785.88	118,133,680.05	117,691,911.94	441,768.11	118,133,680.05
Total Teaching	—	118,418,447.94	118,913,660.85	117,691,911.94	1,221,748.91	118,913,660.85
Total Operating Activity	—	120,315,878.95	120,897,589.81	118,485,940.42	2,411,649.39	120,897,589.81
Prior Year Reserves						
Not Available for Expenditure						
Inventories	—	—	25,042.24	25,042.24	—	25,042.24
Uncollectible Accounts Receivable	—	—	482,262.71	482,262.71	—	482,262.71
Budget Unit Totals	\$ —	\$ 120,315,878.95	\$ 121,404,894.76	\$ 118,993,245.37	\$ 2,411,649.39	\$ 121,404,894.76
		Departmental Sales and Services	\$ 8,531,344.16	\$ —	\$ 8,531,344.16	
		Indirect Cost Recovery	48,275,690.44	—	48,275,690.44	
		Technology Fees	117,741.14	—	117,741.14	
		Restricted/Sponsored Funds	58,803,292.43	—	58,803,292.43	
		Tuition Carry-Forward	2,757,872.25	—	2,757,872.25	
		Uncollectible Accounts Receivable	482,262.71	—	482,262.71	
		Inventories	25,042.24	—	25,042.24	
		Surplus	—	2,411,649.39	2,411,649.39	
			\$ 118,993,245.37	\$ 2,411,649.39	\$ 121,404,894.76	

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.









# AUGUSTA UNIVERSITY

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