

GEORGIA STATE UNIVERSITY

Annual Financial Report



2020

GEORGIA STATE UNIVERSITY
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2020

Introductory Section	
Letter of Transmittal	2
Financial Section	
Independent Auditor's Report	4
Management's Discussion and Analysis	7
Financial Statements (GAAP Basis)	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	18
Statement of Cash Flows	20
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Component Units	
Combining Statement of Net Position	24
Combining Statement of Revenues, Expenses, and Changes in Net Position	26
Notes to the Financial Statements	29
Required Supplementary Information	
Schedule of Contributions for Defined Benefit Pension Plan	59
Schedule of Proportionate Share of Net Pension Liability	60
Notes to the Required Supplemental Information for Pension Plans	61
Schedule of Contributions for OPEB Plan	62
Schedule of Proportionate Share of the Net OPEB Liability	63
Notes to the Required Supplemental Information for OPEB Plan	64
Supplementary Information	
Balance Sheet (Non-GAAP Basis)	66
Statement of Funds Available and Expenditures Compared to Budget (Non-GAAP Basis)	67
Statement of Changes to Fund Balance by Program and Funding Source (Non-GAAP Basis)	69

Introductory Section



2020



OFFICE OF THE SENIOR VICE PRESIDENT FOR FINANCE & ADMINISTRATION

P.O. Box 3999
Atlanta, GA 30302-3999
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August 14, 2020

To: President Mark P. Becker
Georgia State University

The Annual Financial Report (AFR) for Georgia State University includes the financial statements for the year ended June 30, 2020, as well as other useful information to help ensure the University's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the University's financial position as a result of operations for the fiscal year ended June 30, 2020.

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

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

Sincerely,

Jerry J. Rackliffe
Senior Vice President
Finance and Administration

Financial Section

2020



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
Atlanta, Georgia 30334-8400

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, aggregate discretely presented component units, and aggregate remaining fund information of the Georgia State 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 report 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 aggregate discretely presented component units' financial statements, except for the Georgia State Research Foundation, 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 reports 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory section and accompanying supplementary information listed in the table of contents 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.

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

Other Reporting Required by *Government Auditing Standards*

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

GEORGIA STATE UNIVERSITY

Management's Discussion and Analysis

Introduction

Georgia State University (University) is one of the 26 institutions of higher education of the University System of Georgia. The University was founded in 1913 and is one of the Southeast's most enterprising public research universities. The University is a national leader in graduating students from diverse backgrounds. The University provides its world-class faculty and more than 53,000 students with unsurpassed connections to the opportunities available in one of the 21st century's great global cities. The University offers a challenging academic environment that emphasizes research and practical experience across the curriculum with 100 fields of study and more than 250 degree programs.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2020	53,619	46,015
FY 2019	52,814	44,819
FY 2018	51,562	43,502

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2020. The emphasis of discussions 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 except for the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position which were added in fiscal year 2020 as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement 84.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2020 and includes all assets and liabilities, both current and noncurrent, deferred outflows of resources and deferred inflows of resources. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

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

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

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

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

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

CONDENSED STATEMENT OF NET POSITION		June 30, 2020	June 30, 2019 (1)	Increase/ (Decrease)	% Change
ASSETS					
Current Assets	\$	353,939,156	\$ 316,908,195	\$ 37,030,961	11.69 %
Capital Assets, Net		968,211,970	977,227,958	(9,015,988)	(0.92)%
Other Assets		4,591,190	5,956,723	(1,365,533)	(22.92)%
TOTAL ASSETS		1,326,742,316	1,300,092,876	26,649,440	2.05 %
DEFERRED OUTFLOWS					
		139,949,570	120,246,742	19,702,828	16.39 %
LIABILITIES					
Current Liabilities		108,183,915	95,573,218	12,610,697	13.19 %
Non-Current Liabilities		1,028,221,107	979,196,167	49,024,940	5.01 %
TOTAL LIABILITIES		1,136,405,022	1,074,769,385	61,635,637	5.73 %
DEFERRED INFLOWS					
		86,196,207	101,875,539	(15,679,332)	(15.39)%
NET POSITION					
Net Investment in Capital Assets		739,804,761	738,371,635	1,433,126	0.19 %
Restricted, Non-Expendable		116,742	115,461	1,281	1.11 %
Restricted, Expendable		22,337,971	25,026,661	(2,688,690)	(10.74)%
Unrestricted (Deficit)		(518,168,817)	(519,819,063)	1,650,246	0.32 %
TOTAL NET POSITION	\$	244,090,657	\$ 243,694,694	\$ 395,963	0.16 %

(1) The amounts listed for fiscal year 2019 were not adjusted for the restatement of beginning net position.

Total assets increased \$26,649,440 which was due to an increase in current assets of \$37,030,961, a decrease in net capital assets of \$9,015,988, and a decrease in other assets of \$1,365,533. The overall increase in assets was due to an increase in cash related to increases in sponsored revenue.

Total deferred outflows of resources increased by \$19,702,828 which was primarily due to the University's proportionate share of the actuarially determined deferred outflows on defined benefit pension plans administered by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia and the proportionate share of the deferred outflows on Other Post-Employment Benefits.

Total liabilities increased \$61,635,637 which was due to an increase in current liabilities of \$12,610,697 and an increase in non-current liabilities of \$49,024,940 mostly due to an increase in Other Post Employment Benefit Liability and TRS changes in assumptions.

Total deferred inflows of resources decreased by \$15,679,332 which was primarily due to the University's proportionate share of the actuarially determined deferred gain on post-employment benefits.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$395,963. This change in net position is primarily due to the increases in current assets and deferred outflows, in the amounts of \$37,030,961 and \$19,702,828 respectively.

Statement of Revenues, Expenses and Changes in Net Position

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

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

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2020	June 30, 2019 (1)	Increase/ (Decrease)	% Change
Operating Revenue	\$ 581,744,397	\$ 580,999,970	\$ 744,427	0.13 %
Operating Expense	1,016,044,099	943,089,909	72,954,190	7.74 %
Operating Income (Loss)	(434,299,702)	(362,089,939)	(72,209,763)	(19.94)%
Non-Operating Revenue and Expense	422,284,718	395,292,850	26,991,868	6.83 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(12,014,984)	33,202,911	(45,217,895)	(136.19)%
Other Revenues, Expenses, Gains, or Losses	11,865,437	13,369,510	(1,504,073)	(11.25)%
Change in Net Position	(149,547)	46,572,421	(46,721,968)	(100.32)%
Net Position at beginning of year, restated	244,240,204	197,122,273	47,117,931	23.90 %
Net Position at End of Year	\$ 244,090,657	\$ 243,694,694	\$ 395,963	0.16 %

(1) The amounts listed for fiscal year 2019 were not adjusted for the restatement of beginning net position.

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

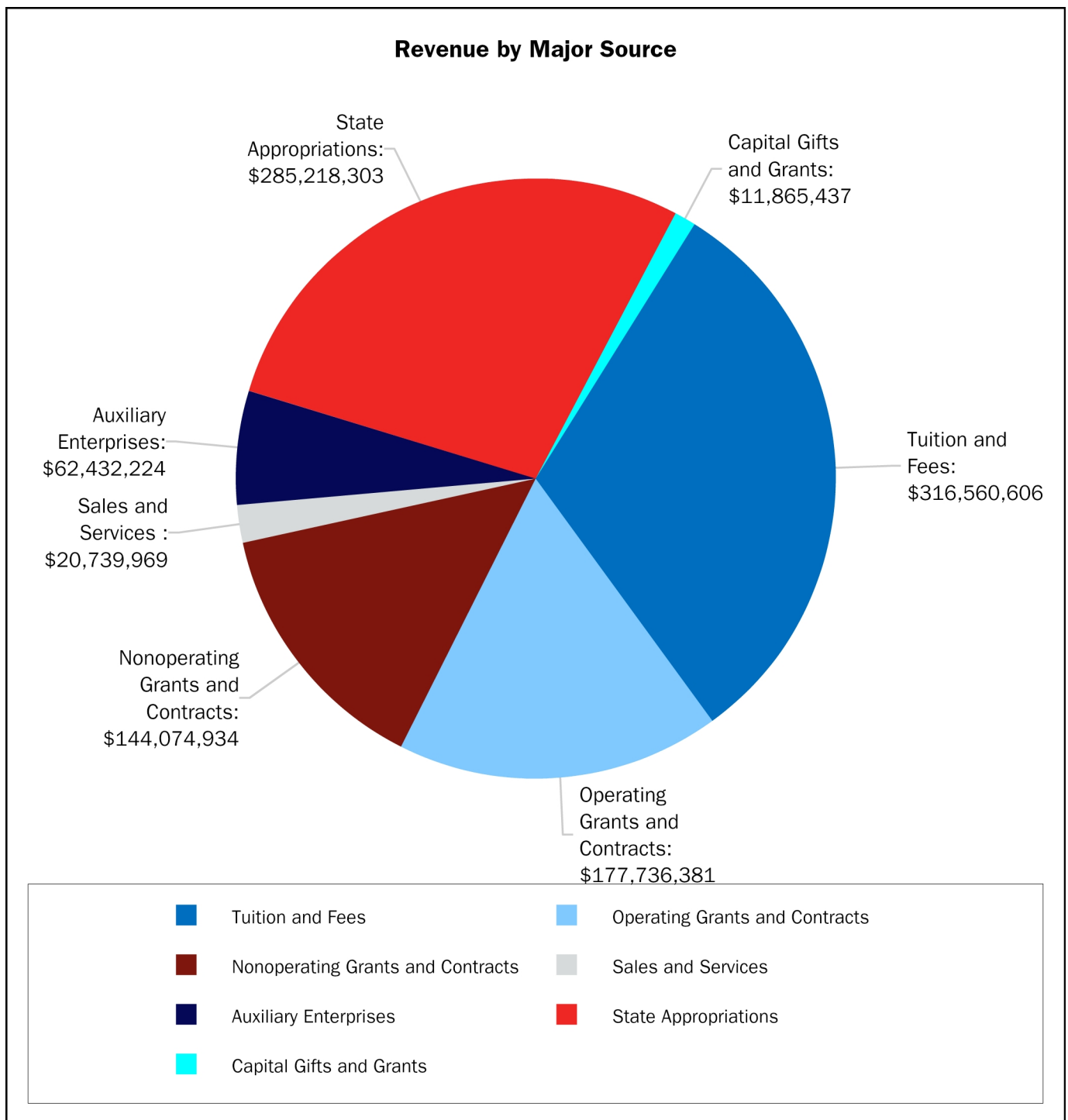
Revenues

In fiscal year 2020, state appropriations increased \$7.7 million (2.77%) and operating grants and contracts revenue increased \$18.3 million (11.49%). Auxiliary revenue and sales and services decreased approximately 20% due to the cessation of on-campus operations in mid-March due to the COVID-19 pandemic. The 99.8% decrease in gift activity is the result of the large Georgia State University Foundation gift received in fiscal year 2019.

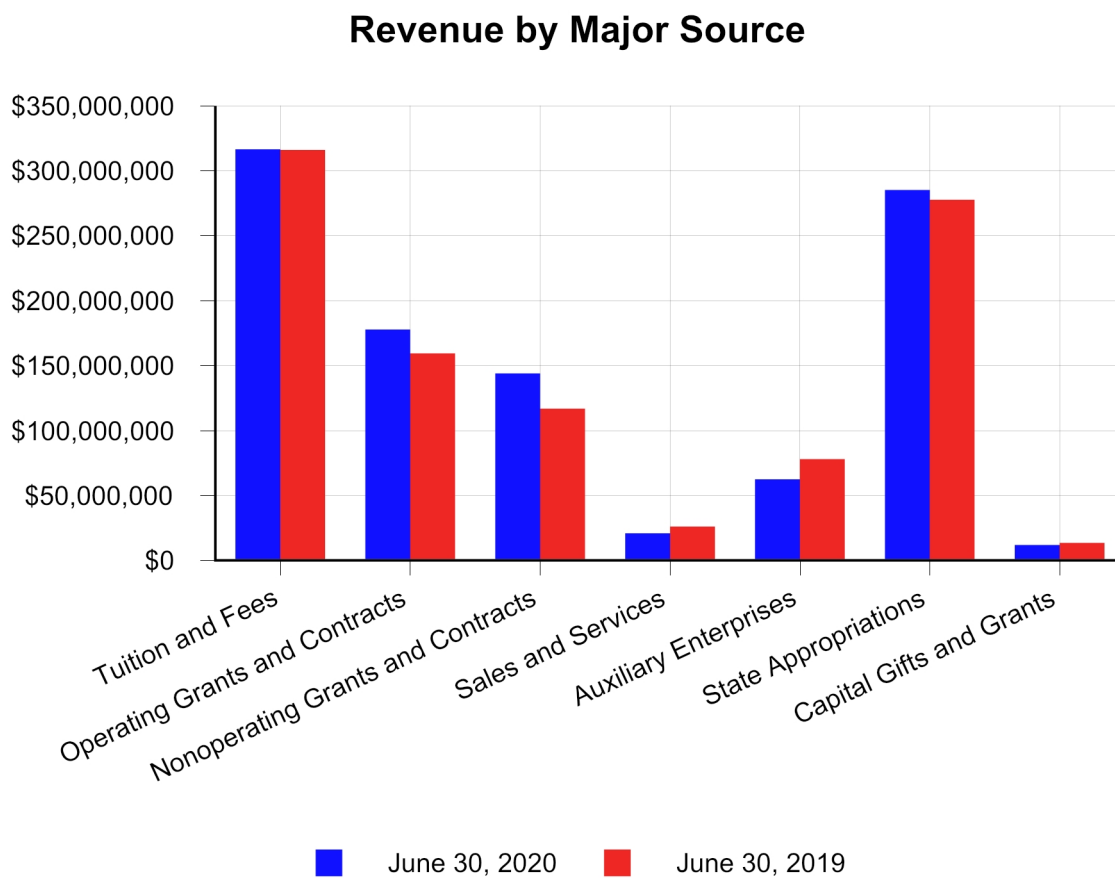
For the years ended June 30, 2020 and June 30, 2019, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2020	June 30, 2019	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 316,560,606	\$ 316,096,804	\$ 463,802	0.15 %
Grants and Contracts	177,736,381	159,421,281	18,315,100	11.49 %
Sales and Services	20,739,969	25,884,828	(5,144,859)	(19.88)%
Auxiliary Enterprises	62,432,224	78,054,547	(15,622,323)	(20.01)%
Other Operating Revenues	4,275,217	1,542,510	2,732,707	177.16 %
Total Operating Revenues	581,744,397	580,999,970	744,427	0.13 %
State Appropriations	285,218,303	277,537,291	7,681,012	2.77 %
Grants and Contracts	144,074,934	116,835,444	27,239,490	23.31 %
Gifts	20,032	11,409,950	(11,389,918)	(99.82)%
Investment Income	5,151,913	6,073,995	(922,082)	(15.18)%
Other Nonoperating Revenues	(658,457)	(4,136,258)	3,477,801	(84.08)%
Total Nonoperating Revenues	433,806,725	407,720,422	26,086,303	6.40 %
State Capital Gifts and Grants	10,976,355	9,420,498	1,555,857	16.52 %
Other Capital Gifts and Grants	889,082	3,949,012	(3,059,930)	(77.49)%
Total Capital Gifts and Grants	11,865,437	13,369,510	(1,504,073)	(11.25)%
Special Items	—	—	—	— %
Total Revenues	\$1,027,416,559	\$1,002,089,902	\$ 25,326,657	2.53 %

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	\$ 330,913,136	\$ 288,991,936	\$ 41,921,200	14.51 %
Research	175,258,613	174,018,016	1,240,597	0.71 %
Public Service	25,957,806	23,394,643	2,563,163	10.96 %
Academic Support	109,371,999	105,188,718	4,183,281	3.98 %
Student Services	59,309,688	59,356,906	(47,218)	(0.08)%
Institutional Support	53,256,433	49,725,448	3,530,985	7.10 %
Plant Operations and Maintenance	89,906,051	89,358,391	547,660	0.61 %
Scholarships and Fellowships	82,723,465	60,921,928	21,801,537	35.79 %
Auxiliary Enterprises	89,346,908	92,133,923	(2,787,015)	(3.02)%
Total Operating Expenses	1,016,044,099	943,089,909	72,954,190	7.74 %
Interest Expense	11,522,007	12,427,572	(905,565)	(7.29)%
Total Nonoperating Expenses	11,522,007	12,427,572	(905,565)	(7.29)%
Total Expenses	\$ 1,027,566,106	\$ 955,517,481	\$ 72,048,625	7.54 %

Total expenses were \$1.028 billion in fiscal year 2020, an increase of \$72.1 million (7.54%) when compared with fiscal year 2019. These increases are primarily attributable to the following functional classifications: Instruction (\$42 million) and Scholarships and Fellowships (\$21.8 million).

As noted above, total expenses increased \$72.1 million (7.54%) in fiscal year 2020 when compared with fiscal year 2019. The increases were substantially attributable to increases in enrollment, the response to the COVID-19 pandemic, federal Coronavirus Aid, Relief, and Economic Security (CARES) Act support for student grants and the transition to on-line learning.

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. The adoption of GASB Statement 84 resulted in fiscal year 2020 beginning cash being restated to remove cash activity associated with fiduciary funds.

Cash Flows for the Years Ended June 30, 2020 and 2019, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS		
	June 30, 2020	June 30, 2019 (1)
Cash Provided (Used) by:		
Operating Activities	\$ (343,105,258)	\$ (291,843,398)
Non-Capital Financing Activities	429,852,271	405,105,154
Capital and Related Financing Activities	(59,385,389)	(63,821,196)
Investing Activities	5,150,465	6,069,945
NET CHANGE IN CASH and CASH EQUIVALENTS	32,512,089	55,510,505
Cash and cash equivalents, beginning of year	257,001,615	195,795,135
CASH and cash equivalents, end of year	\$ 289,513,704	\$ 251,305,640

(1) The amounts listed for fiscal year 2019 were not adjusted for the restatement of ending capital asset balances

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 (1)	Increase (Decrease)	% Change
Land	\$ 112,081,332	\$ 112,081,332	\$ —	0.00 %
Capitalized Collections	1,193,045	1,193,045	—	0.00 %
Construction Work-in-Progress	16,301,495	26,582,280	(10,280,785)	(38.68)%
Infrastructure	17,218,697	19,626,687	(2,407,990)	(12.27)%
Building and Building Improvements	723,492,154	729,688,599	(6,196,445)	(0.85)%
Facilities and Other Improvements	23,120,152	13,530,381	9,589,771	70.88 %
Equipment	39,883,647	40,069,408	(185,761)	(0.46)%
Library Collections	34,921,448	34,456,226	465,222	1.35 %
Capital Assets, net of accumulated depreciation	\$ 968,211,970	\$ 977,227,958	\$ (9,015,988)	(0.92)%

(1) The amounts listed for fiscal year 2019 were not adjusted for the restatement of ending capital asset balances

The overall decrease in capital assets was driven by the retirement of assets associated with the Kell Hall demolition.

Long Term Liabilities

Georgia State University had Long-Term Liabilities of \$237,442,540 of which \$24,016,541 was reflected as current liability at June 30, 2020.

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, investments, receivables, capital leases, compensated absences, retirement and other postemployment benefits, capital assets and a report of operating expenses by function.

Fiduciary Statements

The adoption of Governmental Accounting Standards Board (GASB) Statement 84 in fiscal year 2020 resulted in the removal of certain fiduciary activities from the University's Business-Type Activity and the addition of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Since these statements were added in fiscal year 2020 there is no comparative data.

Economic Outlook

Georgia State University is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations, including the COVID-19 pandemic. The University's overall financial position is strong. The University anticipates the current fiscal year will be impacted by the COVID-19 pandemic and will maintain a close watch over resources to maintain the University's ability to react to unknown internal and external issues.

Mark P. Becker, President
Georgia State University

Jerry J. Rackliffe, Senior Vice President
Georgia State University

Financial Statements



GEORGIA STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2020

	Georgia State University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 271,029,401	\$ 15,335,378
Cash and Cash Equivalents (Externally Restricted)	18,473,824	13,881,227
Accounts Receivable, net		
Federal Financial Assistance	532,103	13,679,224
Component Units	20,134,209	—
Primary Government	—	3,346,457
Pledges and Contributions	—	3,841,340
Other	20,526,082	4,833,979
Investment in Capital Leases - Primary Government	—	6,376,544
Inventories	160,996	—
Prepaid Items	23,082,541	17,357,943
Total Current Assets	353,939,156	78,652,092
Non-Current Assets		
Accounts Receivable, net		
Due from USO - Capital Liability Reserve Fund	1,414,211	—
Pledges and Contributions	—	6,552,191
Other	—	72,000
Investments	—	42,038,894
Notes Receivable, net	3,036,504	—
Investment in Capital Leases - Primary Government	—	175,157,643
Other Assets	—	6,287,895
Non-current Cash (Externally Restricted)	10,479	—
Investments (Externally Restricted)	129,996	213,200,240
Capital Assets, net	968,211,970	22,642,346
Total Non-Current Assets	972,803,160	465,951,209
TOTAL ASSETS	1,326,742,316	544,603,301
DEFERRED OUTFLOWS OF RESOURCES		
	\$ 139,949,570	\$ 7,518,505

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

GEORGIA STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2020

	Georgia State University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 13,628,907	\$ 5,827,680
Salaries Payable	3,324,761	18,206
Benefits Payable	7,872,380	7,108
Contracts Payable	1,672,838	—
Retainage Payable	517,135	—
Due to Affiliated Organizations	292,251	—
Due to Component Units	3,346,457	—
Due to Primary Government	—	20,134,209
Advances (Including Tuition and Fees)	52,111,857	1,421,369
Deposits	261,050	—
Deposits Held for Other Organizations	—	2,373,921
Other Liabilities	1,139,738	1,140,403
Lease Purchase Obligations - External	2,350,025	16,511
Lease Purchase Obligations - Component Units	6,376,543	—
Revenue Bonds and Notes Payable	—	6,865,000
Compensated Absences	15,289,973	271,550
Total Current Liabilities	108,183,915	38,075,957
Non-Current Liabilities		
Other Liabilities	—	3,269,896
Lease Purchase Obligations - External	28,926,522	6,184
Lease Purchase Obligations - Component Units	175,157,644	—
Revenue Bonds and Notes Payable	—	194,689,173
Liabilities Under Split Interest Agreements	—	1,153,932
Compensated Absences	9,341,833	165,911
Net Other Post-employment Benefits Liability	456,442,592	—
Net Pension Liability	358,352,516	—
Total Non-Current Liabilities	1,028,221,107	199,285,096
TOTAL LIABILITIES	1,136,405,022	237,361,053
DEFERRED INFLOWS OF RESOURCES	86,196,207	17,231,388
NET POSITION		
Net Investment in Capital Assets	739,804,761	22,619,651
Restricted for:		
Nonexpendable	116,742	135,251,642
Expendable	22,337,971	104,420,632
Unrestricted (Deficit)	(518,168,817)	35,237,440
TOTAL NET POSITION	\$ 244,090,657	\$ 297,529,365

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

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

	Georgia State University	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 316,560,606	\$ —
Grants and Contracts		
Federal	105,056,889	79,272,112
State	12,374,227	1,790,899
Other	60,305,265	22,181,873
Sales and Services	20,739,969	20,375,077
Rents and Royalties	275,780	20,478,086
Auxiliary Enterprises		
Residence Halls	15,807,798	—
Bookstore	1,041,623	—
Food Services	14,450,808	—
Parking/Transportation	7,082,861	—
Health Services	3,363,064	—
Intercollegiate Athletics	15,403,381	—
Other Organizations	5,282,689	—
Gifts and Contributions	—	24,584,635
Endowment Income	—	7,239,715
Other Operating Revenues	3,999,437	2,337,616
	<hr/>	<hr/>
Total Operating Revenues	581,744,397	178,260,013
	<hr/>	<hr/>
OPERATING EXPENSES		
Faculty Salaries	216,667,087	—
Staff Salaries	264,119,588	11,893,898
Employee Benefits	184,454,268	2,907,497
Other Personal Services	3,248,932	—
Travel	5,403,295	1,824,063
Scholarships and Fellowships	92,566,204	15,533,832
Utilities	19,303,536	296,955
Supplies and Other Services	174,772,850	134,158,513
Depreciation	55,508,339	1,508,552
	<hr/>	<hr/>
Total Operating Expenses	1,016,044,099	168,123,310
	<hr/>	<hr/>
Operating Income (Loss)	\$ (434,299,702)	\$ 10,136,703
	<hr/>	<hr/>

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

	Georgia State University	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 285,218,303	\$ —
Grants and Contracts		
Federal	139,627,132	—
Other	4,447,802	—
Gifts	20,032	—
Investment Income	5,151,913	(7,034,889)
Interest Expense	(11,522,007)	(6,135,970)
Other Nonoperating Revenues (Expenses)	(658,457)	413,315
Net Nonoperating Revenues	422,284,718	(12,757,544)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(12,014,984)	(2,620,841)
Capital Grants and Gifts		
State	10,976,355	—
Other	889,082	—
Total Other Revenues, Expenses, Gains or Losses	11,865,437	—
Change in Net Position	(149,547)	(2,620,841)
Net Position, Beginning of Year, As Originally Reported	243,694,694	300,150,206
Prior Year Adjustments	545,510	—
Net Position, Beginning of Year, Restated	244,240,204	300,150,206
Net Position, End of Year	\$ 244,090,657	\$ 297,529,365

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

GEORGIA STATE UNIVERSITY **STATEMENT OF CASH FLOWS** **FOR FISCAL YEAR ENDED JUNE 30, 2020**

	Georgia State University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 412,626,287
Grants and Contracts (Exchange)	181,998,774
Payments to Suppliers	(369,070,509)
Payments to Employees	(480,538,586)
Payments for Scholarships and Fellowships	(92,566,204)
Loans Issued to Students	(8,699,541)
Collection of Loans from Students	9,282,488
Other Receipts	3,862,033
Net Cash Used by Operating Activities	<u>(343,105,258)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	285,218,303
Gifts and Grants Received for Other Than Capital Purposes	144,094,966
Other Non-Capital Financing Receipts	1,270,179
Other Non-Capital Financing Payments	(731,177)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>429,852,271</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	9,936,778
Gain from Sale of Capital Assets	228,456
Purchases of Capital Assets	(48,399,356)
Principal Paid on Capital Debt and Leases	(8,768,947)
Interest Paid on Capital Debt and Leases	(12,382,320)
Net Cash Used by Capital and Related Financing Activities	<u>(59,385,389)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Loss from Sales and Maturities of Investments	(1,448)
Investment Income	5,151,913
Net Cash Provided by Investing Activities	<u>5,150,465</u>
Net Increase in Cash and Cash Equivalents	32,512,089
Cash and Cash Equivalents, Beginning of Year (Restated)	<u>257,001,615</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 289,513,704</u></u>

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

GEORGIA STATE UNIVERSITY **STATEMENT OF CASH FLOWS** **FOR FISCAL YEAR ENDED JUNE 30, 2020**

Georgia State University

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:

Operating Loss	\$ (434,299,702)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	55,508,339
Change in Assets and Liabilities:	
Receivables, net	11,627,031
Inventories	(4,070)
Prepaid Items	(17,166,237)
Notes Receivable, Net	582,946
Accounts Payable	(6,020,050)
Salaries Payable	(90,987)
Benefits Payable	40,016
Retainage Payable	517,135
Deposits	78,000
Advances (Including Tuition and Fees)	4,940,069
Other Liabilities	530,256
Compensated Absences	3,431,738
Due to Affiliated Organizations	(1,041,968)
Net Pension Liability	50,183,635
Other Post-Employment Benefit Liability	5,443,072
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	2,338,347
Deferred Outflows of Resources	(19,702,828)
Net Cash Used by Operating Activities	\$ (343,105,258)

NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS

Noncapital Financing Activities Noncash Items:

Current Year Accruals Related to Capital Financing Activities	\$ 3,152,879
Gain (Loss) on Disposal of Capital Assets	\$ (505,410)
Accrual of Capital Asset Related Payables	\$ 382,235
Capital Assets Acquired by Incurring Capital Lease Obligations	\$ 399,126
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	\$ 860,313

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

GEORGIA STATE UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Georgia State University Custodial Funds
ASSETS	
Receivables	
Due From Affiliated Organizations	\$ 2,880
Due From Other State Agency	9,765,633
Other	632,122
	<hr/>
Total Assets	10,400,635
	<hr/>
LIABILITIES	
Cash Overdraft	9,831,715
Accounts Payable	824
	<hr/>
Total Liabilities	9,832,539
	<hr/>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	\$ 568,096
	<hr/> <hr/>

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

	Georgia State University Custodial Funds
ADDITIONS	
Federal Financial Aid	\$ 224,644,943
State Financial Aid	129,047,847
Other Financial Aid	17,679,562
Clubs and Other Organizations Fund Raising	2,317,546
Public-Private Partnership Passthrough	34,881,312
	<hr/>
Total Additions	408,571,210
	<hr/>
DEDUCTIONS	
Scholarships and Other Student Support	372,024,726
Student Organizations Support	2,315,071
Public-Private Partnership Passthrough	36,204,571
	<hr/>
Total Deductions	410,544,368
	<hr/>
Net Increase (Decrease) in Fiduciary Net Position	(1,973,158)
	<hr/>
Net Position, Beginning of Year	
Net Position, Beginning of Year, As Originally Reported	—
Prior Year Adjustments	2,541,254
	<hr/>
Net Position, Beginning of Year	2,541,254
	<hr/>
Net Position, End of Year	\$ 568,096
	<hr/> <hr/>

GEORGIA STATE UNIVERSITY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2020

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 2,283,318	\$ 5,944,158	\$ 7,107,902	\$ —	\$ 15,335,378
Cash and Cash Equivalents (Externally Restricted)	—	8,023,859	5,857,368	—	13,881,227
Accounts Receivable, net					
Federal Financial Assistance	—	—	13,679,224	—	13,679,224
Primary Government	894,975	—	2,451,482	—	3,346,457
Pledges and Contributions	71,917	3,841,340	—	(71,917)	3,841,340
Other	474,554	790,995	3,568,430	—	4,833,979
Investment in Capital Leases - Primary Government	—	3,831,718	2,544,826	—	6,376,544
Prepaid Items	218,475	—	17,139,468	—	17,357,943
Total Current Assets	3,943,239	22,432,070	52,348,700	(71,917)	78,652,092
Non-Current Assets					
Accounts Receivable, net					
Pledges and Contributions	4,663,143	6,552,191	—	(4,663,143)	6,552,191
Other	—	—	72,000	—	72,000
Investments	3,614,850	27,899,786	14,139,108	(3,614,850)	42,038,894
Investment in Capital Leases - Primary Government	—	110,083,369	65,074,274	—	175,157,643
Other Assets	—	6,287,895	—	—	6,287,895
Investments (Externally Restricted)	—	213,200,240	—	—	213,200,240
Capital Assets, net	474,725	14,606,183	7,561,438	—	22,642,346
Total Non-Current Assets	8,752,718	378,629,664	86,846,820	(8,277,993)	465,951,209
TOTAL ASSETS	12,695,957	401,061,734	139,195,520	(8,349,910)	544,603,301
DEFERRED OUTFLOWS OF RESOURCES					
	\$ —	\$ —	\$ 7,518,505	\$ —	\$ 7,518,505

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

GEORGIA STATE UNIVERSITY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2020

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 55,753	\$ 3,778,333	\$ 1,993,594	\$ —	\$ 5,827,680
Salaries Payable	18,206	—	—	—	18,206
Benefits Payable	7,108	—	—	—	7,108
Due to Primary Government	1,235,563	—	18,898,646	—	20,134,209
Advances (Including Tuition and Fees)	155,612	1,265,757	—	—	1,421,369
Deposits Held for Other Organizations	—	2,373,921	—	—	2,373,921
Other Liabilities	—	1,140,403	—	—	1,140,403
Lease Purchase Obligations - External	16,511	—	—	—	16,511
Revenue Bonds and Notes Payable	—	4,440,000	2,425,000	—	6,865,000
Compensated Absences	271,550	—	—	—	271,550
Total Current Liabilities	1,760,303	12,998,414	23,317,240	—	38,075,957
Non-Current Liabilities					
Other Liabilities	—	3,269,896	—	—	3,269,896
Lease Purchase Obligations - External	6,184	—	—	—	6,184
Revenue Bonds and Notes Payable	—	119,180,582	75,508,591	—	194,689,173
Liabilities Under Split Interest Agreements	—	1,153,932	—	—	1,153,932
Compensated Absences	165,911	—	—	—	165,911
Total Non-Current Liabilities	172,095	123,604,410	75,508,591	—	199,285,096
TOTAL LIABILITIES	1,932,398	136,602,824	98,825,831	—	237,361,053
DEFERRED INFLOWS OF RESOURCES					
	—	—	17,231,388	—	17,231,388
NET POSITION					
Net Investment in Capital Assets	452,030	14,606,183	7,561,438	—	22,619,651
Restricted for:					
Nonexpendable	—	133,701,642	1,550,000	—	135,251,642
Expendable	7,265,713	89,892,109	7,262,810	—	104,420,632
Unrestricted (Deficit)	3,045,816	26,258,976	14,282,558	(8,349,910)	35,237,440
TOTAL NET POSITION	\$ 10,763,559	\$ 264,458,910	\$ 30,656,806	\$ (8,349,910)	\$ 297,529,365

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

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

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
OPERATING REVENUES					
Grants and Contracts					
Federal	\$ —	\$ —	\$ 79,272,112	\$ —	\$ 79,272,112
State	—	—	1,790,899	—	1,790,899
Other	—	—	22,181,873	—	22,181,873
Sales and Services	20,375,077	—	—	—	20,375,077
Rents and Royalties	364,230	17,038,547	3,075,309	—	20,478,086
Gifts and Contributions	10,472,603	15,202,614	—	(1,090,582)	24,584,635
Endowment Income	—	7,239,715	—	—	7,239,715
Other Operating Revenues	1,235,174	1,102,442	—	—	2,337,616
Total Operating Revenues	32,447,084	40,583,318	106,320,193	(1,090,582)	178,260,013
OPERATING EXPENSES					
Staff Salaries	9,161,661	2,732,237	—	—	11,893,898
Employee Benefits	2,907,497	—	—	—	2,907,497
Travel	1,084,712	717,542	21,809	—	1,824,063
Scholarships and Fellowships	7,815,632	7,718,200	—	—	15,533,832
Utilities	292,131	—	4,824	—	296,955
Supplies and Other Services	12,668,229	21,471,835	101,637,977	(1,619,528)	134,158,513
Depreciation	129,584	665,798	713,170	—	1,508,552
Total Operating Expenses	34,059,446	33,305,612	102,377,780	(1,619,528)	168,123,310
Operating Income (Loss)	\$ (1,612,362)	\$ 7,277,706	\$ 3,942,413	\$ 528,946	\$ 10,136,703

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

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
NONOPERATING REVENUES (EXPENSES)					
Investment Income	\$ 56,514	\$ (7,641,636)	\$ 550,233	\$ —	\$ (7,034,889)
Interest Expense	—	(3,580,884)	(2,555,086)	—	(6,135,970)
Other Nonoperating Revenues (Expenses)	—	—	413,315	—	413,315
Net Nonoperating Revenues	56,514	(11,222,520)	(1,591,538)	—	(12,757,544)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(1,555,848)	(3,944,814)	2,350,875	528,946	(2,620,841)
Change in Net Position	(1,555,848)	(3,944,814)	2,350,875	528,946	(2,620,841)
Net Position, Beginning of Year, As Originally Reported	12,319,407	268,403,724	28,305,931	(8,878,856)	300,150,206
Net Position, End of Year	\$ 10,763,559	\$ 264,458,910	\$ 30,656,806	\$ (8,349,910)	\$ 297,529,365

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

Notes to the Financial Statements



2020

GEORGIA STATE UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

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

Discretely Presented Component Units

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

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

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

Basis of Accounting and Financial Statement Presentation

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

The University's business-type activities 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 fund:

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 a portion of the University's July 1, 2019 net position as 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. This includes the State Investment Pool (Georgia Fund 1) and the Board of Regents Short-Term Investment Pool. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

Short-Term Investments

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

Investments

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

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

Accounts Receivable

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

Inventories

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

Non-current Cash and Investments

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

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 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 balance included on the University's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the University's contribution to the Fund.

Deferred Outflows of Resources

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

Deposits

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

Advances

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB)

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$95,230,684.

Restatement of Prior Year Net Position

The University had a net position restatement in fiscal year 2020, see below:

	Business-type Activities	Fiduciary Fund
Net position, beginning of year, as originally reported	\$ 243,694,694	\$ —
Changes in accounting principles	—	2,541,254
Correction of prior year errors	545,510	—
Net position, beginning of year, restated	<u>\$ 244,240,204</u>	<u>\$ 2,541,254</u>

Changes in accounting principles

The University made prior period adjustments due to the adoption of GASB 84, which required the restatement of the June 30, 2019 fiduciary fund net position. The result is an increase in fiduciary net position at July 1, 2019 of \$2,541,254 reported on the Statement of Changes in Fiduciary Net Position and an increase in University cash and cash equivalents at July 1, 2019 of \$5,695,975 reported on the Statement of Cash Flows. This change is in accordance with generally accepted accounting principles.

Correction of prior year errors

Corrections to prior year Library Collections Accumulated Depreciation resulted in a decrease in beginning net position in the amount of \$545,510.

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	\$ 261,197,686
Cash and Cash Equivalents (Externally Restricted)	18,473,824
Noncurrent Cash (Externally Restricted)	10,479
Noncurrent Investments (Externally Restricted)	129,996
	<u>\$ 279,811,985</u>

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

Cash on Hand	\$ 47,168
Deposits with Financial Institutions	60,007,755
Investments	219,757,062
	<u>\$ 279,811,985</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 \$61,209,767. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the University. None of these deposits were exposed to custodial credit risk.

B. Investments

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

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2020.

	Fair Value
Investment Pools	
Board of Regents	
Short-Term Fund	\$ 97,332,164
Balanced Income Fund	49,904
Diversified Fund	80,092
Office of the State Treasurer	
Georgia Fund 1	122,294,902
	<hr/>
Total Investments	<u>\$ 219,757,062</u>

The University holds positions in the Georgia Fund 1 investment pool managed by the Georgia Office of the State Treasurer. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The University does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Board of Regents Pooled Investment Program

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

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

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

1. Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and three years, and the fund will typically have an overall average duration of $\frac{3}{4}$ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-Term Fund at June 30, 2020 was \$97,332,164, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.98 years.

2. Balanced Income Fund

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

The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Balanced Income Fund at June 30, 2020 was \$49,904, of which 71% is invested in debt securities. The Effective Duration of the Fund is 5.78 years.

3. Diversified Fund

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

The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Diversified Fund at June 30, 2020 was \$80,092, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.73 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1 per share. The value of the University's share of the Georgia Fund 1 Investment Pool at June 30, 2020 was \$122,294,902. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 38 days.

Interest Rate Risk

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

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 contained in the investment policy guidelines for the various pooled investment funds, colleges, universities, and foundations:

1. In the Short-Term Fund, all debt issues must be eligible investments under O.C.G.A § 50-17-59 and 50-17-63. Other investment portfolios of debt securities funds also must meet the eligible investment criteria under the same code section.
2. In the Balanced Income Fund, and Diversified Fund, total fixed income portfolios should have an average credit quality rating of at least A. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University has a formal policy for managing exposure to foreign currency credit risk by requiring a maximum balance in a single foreign account of \$100,000 U.S. currency. The University does not have deposits in foreign banks.

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 18,503,916	\$ —
Auxiliary Enterprises and Other Operating Activities	2,474,365	—
Federal Financial Assistance	532,103	477,390
Georgia State Financing and Investment Commission	3,152,879	—
Due from Affiliated Organizations	—	2,880
Due from Component Units	20,134,209	—
Due from Other USO-Capital Liability Reserve Fund	1,414,211	—
Georgia State Finance Commission		9,765,633
Other	11,273,751	154,732
	57,485,434	10,400,635
Less: Allowance for Doubtful Accounts	14,878,829	—
Net Accounts Receivable	\$ 42,606,605	\$ 10,400,635

Note 4 Inventories

Inventories consisted of the following at June 30, 2020:

Consumable Supplies	\$	116,598
Merchandise for Resale		44,398
		<hr/>
Total	\$	<u>160,996</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 \$134,166.

Note 6 Capital Assets

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

	(Restated) Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Capital Assets, Not Being Depreciated:				
Land	\$ 112,081,332	\$ —	\$ —	\$ 112,081,332
Capitalized Collections	1,193,045	—	—	1,193,045
Construction Work-in-Progress	26,582,280	10,124,845	20,405,630	16,301,495
Total Capital Assets Not Being Depreciated	139,856,657	10,124,845	20,405,630	129,575,872
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	38,789,189	128,056	—	38,917,245
Building and Building Improvements	1,172,902,562	26,669,188	—	1,199,571,750
Facilities and Other Improvements	25,513,042	10,830,223	—	36,343,265
Equipment	147,514,448	12,743,837	5,430,431	154,827,854
Library Collections	173,740,372	6,590,188	679,336	179,651,224
Total Capital Assets Being Depreciated/Amortized	1,558,459,613	56,961,492	6,109,767	1,609,311,338
Less: Accumulated Depreciation/Amortization				
Infrastructure	19,162,502	2,536,046	—	21,698,548
Building and Building Improvements	443,213,963	32,865,633	—	476,079,596
Facilities and Other Improvements	11,982,661	1,240,452	—	13,223,113
Equipment	107,445,040	12,195,732	4,696,565	114,944,207
Library Collections	138,738,636	6,670,476	679,336	144,729,776
Total Accumulated Depreciation/Amortization	720,542,802	55,508,339	5,375,901	770,675,240
Total Capital Assets, Being Depreciated/Amortized, Net	837,916,811	1,453,153	733,866	838,636,098
Capital Assets, net (1)	<u>\$ 977,773,468</u>	<u>\$ 11,577,998</u>	<u>\$ 21,139,496</u>	<u>\$ 968,211,970</u>

(1) Correction of prior year Library Collections accumulated depreciation caused a increase of \$545,510 in beginning balance

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. GSFIC had construction in

progress valued at \$1,762,521 for incomplete GSFIC managed projects for the University. For the year ended June 30, 2020, GSFIC did not transfer any capital additions to the University related to GSFIC managed projects.

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

Fiscal Year	Depreciation Expense
2020	\$ 55,508,339
2019	\$ 57,427,954
2018	\$ 54,179,977

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	\$ 24,475,616
Research	18,601,595
Other - Advances	9,034,646
Totals	<u>\$ 52,111,857</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	\$ 221,083,235	\$ 399,126	\$ 8,671,627	\$ 212,810,734	\$ 8,726,568
Other Liabilities					
Compensated Absences	21,200,069	17,858,399	14,426,662	24,631,806	15,289,973
Total Long-Term Obligations	<u>\$ 242,283,304</u>	<u>\$ 18,257,525</u>	<u>\$ 23,098,289</u>	<u>\$ 237,442,540</u>	<u>\$ 24,016,541</u>

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

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2020, consisted of the following:

Deferred Outflows of Resources

Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	\$	104,058,029
Deferred Outflows on OPEB Plan (See Note 17)		35,891,541
Total Deferred Outflows of Resources	\$	139,949,570

Deferred Inflows of Resources

Deferred Inflows on Debt Refunding	\$	14,489,767
Unavailable Revenues		5,158,096
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)		9,002,498
Deferred Inflows on OPEB Plan (See Note 17)		57,545,846
Total Deferred Inflows of Resources	\$	86,196,207

Deferred Loss/Gain on Debt Refunding

In June 2016, the Georgia State University Research Foundation refunded the bonds associated with the Petit Science Center and passed the perceived economic advantages of this refund to the University by reducing the future minimum lease payments and the effective interest rate. As a result of this refund, the University recognized a Deferred Inflow on Debt Refunding in the amount of \$6,502,797. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$5,282,815.

In August 2017, the Georgia State University Foundation refunded the bonds associated with the Suntrust Tower and Parking Decks and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$5,953,575. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$5,035,623.

In August 2017, the Georgia State University Foundation refunded the bonds associated with the Newton Academic Building and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$2,188,383. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$1,832,135.

In May 2018, the Georgia State University Foundation refunded the bonds associated with the Georgia Perimeter Student Support Projects and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$2,609,934. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$2,339,194.

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	\$ 739,804,761
Restricted for	
Nonexpendable	
Permanent Endowment	116,742
Expendable	
Sponsored and Other Organized Activities	18,501,703
Federal Loans	3,822,915
Quasi-Endowments	13,353
Sub-Total	22,337,971
Unrestricted	
Auxiliary Enterprises Operations	47,127,280
Reserve for Encumbrances	33,306,793
Reserve for Inventory	121,174
Capital Liability Reserve Fund	1,414,211
Other Unrestricted	(600,138,275)
Sub-Total	(518,168,817)
Total Net Position	\$ 244,090,657

Other unrestricted net position is reduced by \$478,096,897 related to the recording of net OPEB liability, deferred inflows, and deferred outflows of resources related to OPEB plan. Other unrestricted net position is also reduced by \$263,296,985 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources related to defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2020 are as follows:

	(Restated) Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Net Investments in Capital Assets ⁽¹⁾	\$ 739,689,653	\$ 55,352,334	\$ 55,237,226	\$ 739,804,761
Restricted Net Position	25,133,997	333,676,752	336,356,036	22,454,713
Unrestricted Net Position	(520,583,446)	694,398,264	691,983,635	(518,168,817)
Total Net Position	\$ 244,240,204	\$ 1,083,427,350	\$ 1,083,576,897	\$ 244,090,657

(1) Correction of prior year Library Collections accumulated depreciation resulted in a decrease of \$545,510 in beginning NICA

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was \$1,281 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. The University had no other significant unearned outstanding construction or renovation contracts.

Note 13 Leases

Lease Obligations

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

Capital Leases

The University acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest expenditures related to capital leases for fiscal year 2020 were \$8,768,947 and \$11,522,007, respectively. Interest rates range up to 7.803%. The University has \$181,534,187 in outstanding lease obligations due to component units. Component units have \$181,534,187 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	\$ 3,179,954	\$ 680,373	\$ 2,499,581	\$ 1,294,200
Leased Buildings and Building Improvements	271,875,661	68,442,901	203,432,760	211,516,534
Total Assets Held Under Capital Lease	<u>\$ 275,055,615</u>	<u>\$ 69,123,274</u>	<u>\$ 205,932,341</u>	<u>\$ 212,810,734</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Lofts Housing	Georgia State University Foundation	\$ 39,965,234	27 years	Jan 2005	Aug 2032	\$ 29,050,317 (1)
Rialto Center	Georgia State University Foundation	1,041,646	35 years	Dec 2009	Nov 2044	932,030 (1)
Petit Science Center	GSU Research Foundation	85,853,469	29 years	May 2010	Jun 2039	67,619,099 (1)
Suntrust Tower	Georgia State University Foundation	52,689,804	29 years	Jun 2007	Jun 2036	42,669,545 (1)
Suntrust Parking Deck	Georgia State University Foundation	12,793,580	29 years	Jun 2007	Jun 2036	10,517,357 (1)
Newton Academic Building	Georgia State University Foundation	22,682,812	28 years	Jun 2007	May 2035	14,357,356 (1)
Newton Learning Center	Georgia State University Foundation	12,754,177	29 years	Aug 2009	Jun 2038	7,660,450 (1)
Clarkston International Center	Georgia State University Foundation	3,048,768	29 years	Sep 2009	Jun 2038	2,593,657 (1)
Clarkston Parking Deck	Georgia State University Foundation	8,281,580	30 years	Aug 2008	Jun 2038	7,417,871 (1)
Clarkston Student Success Center	Georgia State University Foundation	6,015,435	29 years	Mar 2009	Jun 2038	5,240,646 (1)
Decatur Student Success Center	Georgia State University Foundation	9,002,865	29 years	May 2009	Jun 2038	7,780,972 (1)
Dunwoody Parking Deck	Georgia State University Foundation	8,436,012	30 years	Aug 2008	Jun 2038	7,556,196 (1)
Dunwoody Student Success Center	Georgia State University Foundation	9,358,859	29 years	Apr 2009	Jun 2038	8,121,038 (1)
Various Copiers	Various vendors	3,179,954	3 to 5 years	Jul 2015	Jun 2024	1,294,200
Total Leases		<u>\$ 275,104,195</u>				<u>\$ 212,810,734</u>

(1) These capital leases are related party transactions.

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

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

Operating Leases

The University leases land, facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the University has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The University's operating lease expense for fiscal year 2020 was \$7,042,820.

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	\$ 21,830,975	\$ 6,322,716
2022	21,491,819	4,668,816
2023	21,392,313	4,763,332
2024	21,373,754	2,112,089
2025	21,398,610	135,343
2026 through 2030	108,050,651	676,715
2031 through 2035	99,420,076	676,715
2036 through 2040	37,499,720	676,715
2041 through 2045	350,260	676,715
2046 through 2050	—	767,399
Total Minimum Lease Payments	352,808,178	\$ 21,476,555
Less: Interest	114,767,533	
Less: Executory Costs	25,229,911	
Principal Outstanding	<u>\$ 212,810,734</u>	

Note 14. Retirement Plans

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

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

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

General Information about the Teachers Retirement System

Plan description

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

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 University's annual payroll. The University's contributions to TRS totaled \$45,348,975 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 www.ers.ga.gov/financials.

Benefits provided

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

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 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 \$272,453 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 1.658865%, which was an increase of 0.006833% from its proportion measured as of June 30, 2018. At June 30, 2019, the University's ERS proportion was 0.040026%, which was an increase of 0.003141% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized pension expense of \$62,864,372 for TRS and \$358,160 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	\$ 20,105,477	\$ 105,753	\$ 55,006	\$ —
Changes of assumptions	34,230,099	—	29,071	—
Net difference between projected and actual earnings on pension plan investments	—	8,494,135	—	51,413
Changes in proportion and differences between contributions and proportionate share of contributions	3,941,869	320,758	75,079	30,439
Contributions subsequent to the measurement date	45,348,975	—	272,453	—
Total	<u>\$ 103,626,420</u>	<u>\$ 8,920,646</u>	<u>\$ 431,609</u>	<u>\$ 81,852</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 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	\$ 20,615,754	\$ 94,312
2022	\$ 4,450,207	\$ (13,696)
2023	\$ 12,255,822	\$ (10,128)
2024	\$ 12,035,016	\$ 6,816

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 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 of 7.25% for TRS and 7.30%, 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 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	\$ 579,029,847	\$ 356,700,831	\$ 173,867,382

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	\$ 2,347,197	\$ 1,651,685	\$ 1,058,773

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 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 \$16,833,721 (9.24%) and \$10,930,987 (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 Institution expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 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	5,552
Retirees or Beneficiaries Receiving Benefits	1,601
Retirees Receiving Life Insurance Only	342
	<hr/>
Total	<u>7,495</u>

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

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 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%. The employer portion of health insurance ranges from 0% to 100%, based on years of service, for employees hired after January 1, 2013 and retiring after January 1, 2018. 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 \$10,575,510 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 10.207663%, which was a decrease of 0.017342% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized OPEB expense of \$31,272,473. 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	\$ 25,316,031	\$ 2,604,790
Changes of assumptions	—	51,276,048
Net difference between projected and actual earnings on OPEB plan investments	—	119,909
Changes in proportion and differences between contributions and proportionate share of contributions	—	3,545,099
Contributions subsequent to the measurement date	10,575,510	—
Total	<u>\$ 35,891,541</u>	<u>\$ 57,545,846</u>

The University's contributions subsequent to the measurement date of \$10,575,510 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	\$	(7,757,639)
2022	\$	(7,757,639)
2023	\$	(7,538,403)
2024	\$	(3,329,894)
2025	\$	(3,110,505)
Thereafter	\$	(2,735,735)

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 arithmetic 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 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	\$ 540,299,789	\$ 456,442,592	\$ 386,533,237

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	\$ 382,732,695	\$ 456,442,592	\$ 548,795,435
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 www.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	\$ 144,964,314	\$ 44,411,422	\$ 112,599,473	\$ 1,145,629	\$ 1,550,812
Research	51,100,929	50,037,585	17,222,330	—	1,895,782
Public Service	1,899,696	11,564,123	3,941,496	—	446,195
Academic Support	13,648,133	41,551,851	18,283,914	—	530,948
Student Services	841,200	33,476,992	10,761,537	7,991	498,848
Institutional Support	4,155,370	30,377,517	4,244,358	2,084,250	136,517
Plant Operations and Maintenance	—	28,700,451	9,952,426	—	41,071
Scholarships and Fellowships	—	108,231	919	11,062	5,718
Auxiliary Enterprises	57,445	23,891,416	7,447,815	—	297,404
Total Operating Expenses	\$ 216,667,087	\$ 264,119,588	\$ 184,454,268	\$ 3,248,932	\$ 5,403,295

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 2,153,491	\$ 46,332	\$ 14,595,445	\$ 9,446,218	\$ 330,913,136
Research	2,371,479	134,932	38,150,564	14,345,012	175,258,613
Public Service	149,002	33,198	7,706,176	217,920	25,957,806
Academic Support	114	1,090,325	23,914,678	10,352,036	109,371,999
Student Services	1,101,565	45,321	10,870,133	1,706,101	59,309,688
Institutional Support	1,599,895	16,366	8,944,419	1,697,741	53,256,433
Plant Operations and Maintenance	—	15,766,739	23,920,401	11,524,963	89,906,051
Scholarships and Fellowships	81,716,720	—	880,815	—	82,723,465
Auxiliary Enterprises	3,473,938	2,170,323	45,790,219	6,218,348	89,346,908
Total Operating Expenses	<u>\$ 92,566,204</u>	<u>\$ 19,303,536</u>	<u>\$ 174,772,850</u>	<u>\$ 55,508,339</u>	<u>\$ 1,016,044,099</u>

Note 19 Component Units

Georgia State University Athletic Association, Inc.

The Georgia State University Athletic Association, Inc. (GSUAA) administers Georgia State University's intercollegiate athletics program, including fund-raising to support scholarships. During the year ended June 30, 2020, the GSUAA distributed \$18,353,650 to Georgia State University for athletic scholarship support and other payments that were either expense reimbursements or support for Georgia State University's intercollegiate athletics program.

The GSUAA reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

Georgia State University Foundation, Inc.

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

The GSUF acts primarily as a fund-raising organization to supplement the resources that are available to the Georgia State University in support of its programs. During the year ended June 30, 2020, the GSUF distributed approximately \$18,820,376 to Georgia State University in support of capital outlay projects, scholarships and other supporting activities.

Georgia State University Research Foundation Inc. and Affiliates

The Georgia State University Research Foundation (Research Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University) and was established to contribute to the scientific, literary, educational, and charitable functions of the University in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments or other units of the University. Most of the research grants awarded to the Research Foundation are subcontracted to the University, which is responsible for the fiscal administration of the grants. During the year ended June 30, 2020, GSURF distributed approximately \$98,460,116 to Georgia State University for project costs. The ten member board of the Research Foundation is self-perpetuating and consists of faculty and administrators of the University. Because the resources held by the Research Foundation can only be used by or for the benefit of the University, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

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

Elimination and Consolidation Adjustments

The Georgia State University Athletic Association (GSUAA) holds an interest in the net assets of the Georgia State University Foundation (GSUF) related to GSUAA's fund raising efforts. An entry in the amount of \$8,349,910 to eliminate that interest was posted. Entries in the amounts of \$1,090,582 and \$1,619,528 respectively, were posted to eliminate the duplication of revenue and expense transactions posted by GSUF related to GSUAA activity.

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

	Fair Value
Investment type	
Debt Securities	
U.S. Treasuries	\$ 18,175,295
Bond Securities	79,937,060
Other Investments	
Equity Securities - Domestic	57,556,639
Equity Securities - International	57,290,751
Real Estate Investment Trusts	3,396,706
Other	24,880,949
	241,237,400
Investment Pools	
Short-Term Fund	4,116,747
Balanced Income Fund	4,177,925
Diversified Fund for Foundations	5,707,062
Total Investments	<u>\$ 255,239,134</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning	\$ 4,445,092	\$ 174,534,966	\$ 178,980,058
Contributions	—	2,962,091	2,962,091
Net realized and unrealized losses	3,481	(2,666,917)	(2,663,436)
Appropriation of endowment assets for expenditure	—	(7,239,715)	(7,239,715)
Transfers to comply with donor intent	(127,109)	(1,658,880)	(1,785,989)
Ending	<u>\$ 4,321,464</u>	<u>\$ 165,931,545</u>	<u>\$ 170,253,009</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	\$ 16,060,063
2022	2	16,312,776
2023	3	16,312,700
2024	4	16,343,535
2025	5	16,356,282
2026 through 2030	6-10	82,019,484
2031 through 2035	11-15	82,496,411
2036 through 2040	16-20	34,150,833
Total Minimum Lease Payments to be Received		280,052,084
Less: Unearned Income		(98,517,897)
Net Investment in Direct Financing Lease Receivable		<u>\$ 181,534,187</u>

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

Capital Assets not being Depreciated:

Land	\$	9,958,272
Construction Work-in-Progress		393,982
Total Capital Assets not being Depreciated		<u>10,352,254</u>

Capital Assets being Depreciated:

Building and Building Improvements	16,389,248
Facilities and Other Improvements	6,232,631
Equipment	3,232,944
Total Capital Assets being Depreciated/Amortized	<u>25,854,823</u>

Less Total Accumulated Depreciation/Amortization	<u>13,564,731</u>
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Total Capital Assets being Depreciated/Amortized, Net	<u>12,290,092</u>
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Capital Assets, Net	<u><u>\$ 22,642,346</u></u>
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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	\$ 375,255	\$ 62,206	\$ —	\$ 437,461	\$ 271,550
Lease Purchase Obligation (Capital Lease)	35,183	—	12,488	22,695	16,511
Liabilities under Split Interest Agreement	1,239,720	—	85,788	1,153,932	—
Revenue/Mortgage Bonds Payable	191,030,000	—	6,420,000	184,610,000	6,865,000
Bond - Premium	20,488,070	—	2,212,051	18,276,019	—
Bond - (Discount)	(1,477,619)	—	(145,773)	(1,331,846)	—
Total Long-Term Liabilities	<u>\$ 211,690,609</u>	<u>\$ 62,206</u>	<u>\$ 8,584,554</u>	<u>\$ 203,168,261</u>	<u>\$ 7,153,061</u>

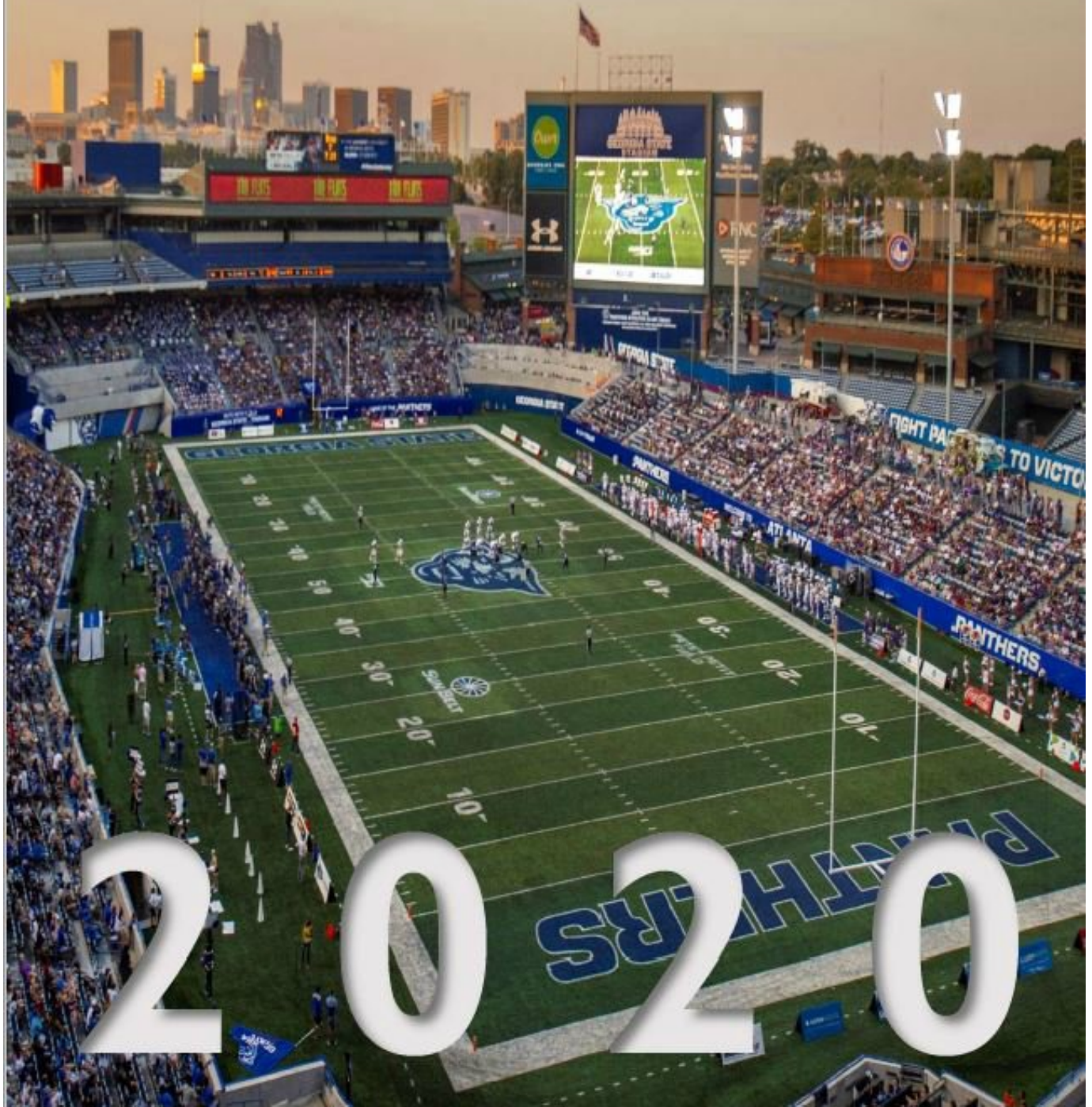
Combined component unit's capital lease obligations are comprised of the following amounts at June 30, 2020:

Year ending June 30:	Year:	
2021	1	\$ 16,511
2022	2	6,173
2023	3	181
Total minimum lease payments		<u>22,865</u>
Less: Interest		<u>170</u>
Principal Outstanding		<u><u>\$ 22,695</u></u>

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

		Principal	Interest	Total
Year ending June 30:	Year:			
2021	1	\$ 6,865,000	\$ 7,910,829	\$ 14,775,829
2022	2	7,170,000	7,624,177	14,794,177
2023	3	7,545,000	7,288,938	14,833,938
2024	4	7,910,000	6,905,813	14,815,813
2025	5	8,320,000	6,503,438	14,823,438
2026 through 2030	6-10	48,070,000	25,904,218	73,974,218
2031 through 2035	11-15	60,040,000	13,505,366	73,545,366
2036 through 2040	16-20	38,690,000	2,810,388	41,500,388
		<u>184,610,000</u>	<u>78,453,167</u>	<u>263,063,167</u>
Bond Premium		18,276,019	—	18,276,019
Bond (Discount)		(1,331,846)	—	(1,331,846)
Total		<u>\$ 201,554,173</u>	<u>\$ 78,453,167</u>	<u>\$ 280,007,340</u>

Required Supplementary Information



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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	6/30/2020	\$ 272,453	\$ 272,453	\$ —	\$ 1,104,838	24.66%
	6/30/2019	\$ 250,014	\$ 250,014	\$ —	\$ 998,558	25.04%
	6/30/2018	\$ 234,157	\$ 234,157	\$ —	\$ 931,300	25.14%
	6/30/2017	\$ 251,578	\$ 251,578	\$ —	\$ 1,018,945	24.69%
	6/30/2016	\$ 221,130	\$ 221,130	\$ —	\$ 894,538	24.72%
	6/30/2015	\$ 133,543	\$ 133,543	\$ —	\$ 608,119	21.96%
	6/30/2014	\$ 117,257	\$ 117,257	\$ —	\$ 634,086	18.49%
	6/30/2013	\$ 99,182	\$ 99,182	\$ —	\$ 681,077	14.56%
	6/30/2012	\$ 95,363	\$ 95,363	\$ —	\$ 819,975	11.63%
	6/30/2011	\$ 70,164	\$ 70,164	\$ —	\$ 674,005	10.41%
Teachers Retirement System	6/30/2020	\$ 45,348,975	\$ 45,348,975	\$ —	\$ 214,517,385	21.14%
	6/30/2019	\$ 42,276,362	\$ 42,276,362	\$ —	\$ 202,279,243	20.90%
	6/30/2018	\$ 33,099,169	\$ 33,099,169	\$ —	\$ 196,901,658	16.81%
	6/30/2017	\$ 26,762,188	\$ 26,762,188	\$ —	\$ 187,541,613	14.27%
	6/30/2016	\$ 25,340,624	\$ 25,340,624	\$ —	\$ 177,579,706	14.27%
	6/30/2015	\$ 22,546,428	\$ 22,546,428	\$ —	\$ 171,455,725	13.15%
	6/30/2014	\$ 20,332,145	\$ 20,332,145	\$ —	\$ 163,379,560	12.44%
	6/30/2013	\$ 18,613,705	\$ 18,613,705	\$ —	\$ 163,141,030	11.41%
	6/30/2012	\$ 17,869,959	\$ 17,869,959	\$ —	\$ 173,832,286	10.28%
	6/30/2011	\$ 17,023,882	\$ 17,023,882	\$ —	\$ 165,601,965	10.28%

**GEORGIA STATE 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	0.040026%	\$ 1,651,685	\$ 998,558	165.41%	76.74%
	6/30/2019	0.036885%	\$ 1,516,355	\$ 931,300	162.82%	76.68%
	6/30/2018	0.040168%	\$ 1,631,357	\$ 1,018,945	160.10%	76.33%
	6/30/2017	0.040000%	\$ 1,842,830	\$ 894,538	206.01%	72.34%
	6/30/2016	0.030000%	\$ 1,087,922	\$ 608,119	178.90%	76.20%
	6/30/2015	0.030000%	\$ 1,050,436	\$ 634,086	165.66%	77.99%
Teachers Retirement System	6/30/2020	1.658865%	\$ 356,700,831	\$ 202,279,243	176.34%	78.56%
	6/30/2019	1.652032%	\$ 306,652,526	\$ 196,901,658	155.74%	80.27%
	6/30/2018	1.632453%	\$ 303,396,418	\$ 187,541,613	161.78%	79.33%
	6/30/2017	1.622000%	\$ 334,683,518	\$ 177,579,706	188.47%	76.06%
	6/30/2016	1.630000%	\$ 248,239,461	\$ 171,455,725	144.78%	81.44%
	6/30/2015	1.610000%	\$ 203,148,832	\$ 163,379,560	124.34%	84.03%

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

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

Changes of assumptions

Employees' Retirement System:

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

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

Teachers Retirement System:

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

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

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%.

**GEORGIA STATE 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	\$ 10,575,510	\$ 10,575,510	\$ —	\$ 411,234,909	2.57%
6/30/2019	\$ 16,371,356	\$ 16,371,356	\$ —	\$ 391,254,629	4.18%
6/30/2018	\$ 16,198,447	\$ 16,198,447	\$ —	\$ 381,228,465	4.25%
6/30/2017	\$ 10,216,788	\$ 10,216,788	\$ —	\$ 355,368,885	2.87%

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

**GEORGIA STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST 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	10.21%	\$ 456,442,592	\$ 391,254,629	116.66%	3.13%
6/30/2019	10.23%	\$ 450,999,520	\$ 381,228,465	118.30%	1.69%
6/30/2018	10.26%	\$ 432,921,805	\$ 355,368,885	121.82%	0.19%

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

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



2020

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

ASSETS

Cash and Cash Equivalents	\$	168,436,804.93
Accounts Receivable		
Federal Financial Assistance		17,647,102.15
Other		41,638,891.58
Prepaid Expenditures		477,255.42
Inventories		116,597.52
Other Assets		1,810,346.57
		<hr/>
Total Assets	\$	230,126,998.17
		<hr/>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	2,918,533.82
Encumbrance Payable		24,196,944.86
Accounts Payable		10,286,275.44
Unearned Revenue		49,484,680.73
Other Liabilities		2,843,653.60
		<hr/>
Total Liabilities		89,730,088.45
		<hr/>

Fund Balances

Reserved		
Capital Outlay		3,309,000.00
Department Sales and Services		17,362,920.23
Indirect Cost Recoveries		80,368,314.48
Technology Fees		9,040,527.27
Restricted/Sponsored Funds		2,276,632.60
Uncollectible Accounts Receivable		13,420,970.50
Inventories		121,173.86
Tuition Carry - Forward		9,423,717.50
Unreserved		
Surplus		5,073,653.28
		<hr/>
Total Fund Balances		140,396,909.72
		<hr/>
Total Liabilities and Fund Balances	\$	230,126,998.17
		<hr/>

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

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

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Public Service / Special Funding Initiatives				
State Appropriation				
State General Funds	\$ —	\$ —	\$ —	\$ —
Total Public Service / Special Funding Initiatives	—	—	—	—
Teaching				
State Appropriation				
State General Funds	285,690,620.00	285,467,569.00	285,467,569.00	—
Federal Coronavirus Relief Funds		46,303,852.00	41,386,203.90	—
Other Funds	763,456,478.00	902,473,547.00	692,365,324.73	100,758,269.91
Total Teaching	1,049,147,098.00	1,234,244,968.00	1,019,219,097.63	100,758,269.91
Total Operating Activity	\$ 1,049,147,098.00	\$ 1,234,244,968.00	\$ 1,019,219,097.63	\$ 100,758,269.91

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

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

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Teaching						
State Appropriation						
State General Funds	—	285,467,569.00	—	285,467,569.00	—	—
Federal Coronavirus Relief Funds	—	41,386,203.90	(4,917,648.10)	41,386,203.90	4,917,648.10	—
Other Funds	—	793,123,594.64	(109,349,952.36)	663,984,752.49	238,488,794.51	129,138,842.15
Total Teaching	—	1,119,977,367.54	(114,267,600.46)	990,838,525.39	243,406,442.61	129,138,842.15
Total Operating Activity	\$ —	\$ 1,119,977,367.54	\$ (114,267,600.46)	\$ 990,838,525.39	\$ 243,406,442.61	\$ 129,138,842.15

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

GEORGIA STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 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
Teaching					
State Appropriation					
State General Funds	\$ 236,485.14	\$ —	\$ (236,485.14)	\$ 287,670.21	\$ —
Federal Coronavirus Relief Funds	—	—	—	—	—
Other Funds	100,771,050.95	(100,758,269.91)	(12,781.04)	2,524,159.05	(5,095,906.05)
Total Teaching	101,007,536.09	(100,758,269.91)	(249,266.18)	2,811,829.26	(5,095,906.05)
Total Operating Activity	101,007,536.09	(100,758,269.91)	(249,266.18)	2,811,829.26	(5,095,906.05)
Prior Year Reserves					
Inventories	127,285.14				(6,111.28)
Uncollectible Accounts Receivable	8,318,953.17				5,102,017.33
Budget Unit Totals	\$ 109,453,774.40	\$ (100,758,269.91)	\$ (249,266.18)	\$ 2,811,829.26	\$ —

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

GEORGIA STATE UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 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
Teaching						
State Appropriation						
State General Funds	\$ —	\$ —	\$ 287,670.21	\$ —	\$ 287,670.21	\$ 287,670.21
Federal Coronavirus Relief Funds	—	—	—	—	—	—
Other Funds	—	129,138,842.15	126,567,095.15	121,781,112.08	4,785,983.07	126,567,095.15
Total Teaching	—	129,138,842.15	126,854,765.36	121,781,112.08	5,073,653.28	126,854,765.36
Total Operating Activity	—	129,138,842.15	126,854,765.36	121,781,112.08	5,073,653.28	126,854,765.36
Prior Year Reserves						
Inventories			121,173.86	121,173.86		121,173.86
Uncollectible Accounts Receivable			13,420,970.50	13,420,970.50		13,420,970.50
Early Retirement Program (Georgia Health Sciences University)	—	—	—	—	—	—
Budget Unit Totals	\$ —	\$ 129,138,842.15	\$ 140,396,909.72	\$ 135,323,256.44	\$ 5,073,653.28	\$ 140,396,909.72
		Capital Outlay		\$ 3,309,000.00	\$ —	\$ 3,309,000.00
		Departmental Sales and Services		17,362,920.23	—	17,362,920.23
		Indirect Cost Recovery		80,368,314.48	—	80,368,314.48
		Technology Fees		9,040,527.27	—	9,040,527.27
		Restricted/Sponsored Funds		2,276,632.60	—	2,276,632.60
		Tuition Carry-Forward		9,423,717.50	—	9,423,717.50
		Uncollectible Accounts Receivable		13,420,970.50	—	13,420,970.50
		Inventories		121,173.86	—	121,173.86
		Surplus		—	5,073,653.28	5,073,653.28
				\$ 135,323,256.44	\$ 5,073,653.28	\$ 140,396,909.72

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