GEORGIA SOUTHERN UNIVERSITY
STATESBORO, GEORGIA

MANAGEMENT REPORT
FOR FISCAL YEAR ENDED
JUNE 30, 2021

A Member Institution of the
University System of Georgia

GEORGIA SOUTHERN UNIVERSITY

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SECTION I

FINANCIAL

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

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

Ladies and Gentlemen:

This Management Report contains information pertinent to the Georgia Southern University's compliance with the requirements of the Southern Association of Colleges and Schools Commission on Colleges (COC) Standard 13.2 (Financial resources) as of and for the year ended June 30, 2021. Included in this report is a section on findings and other items for any matters that came to our attention during our engagement. The other information contained in this report is the representation of management. Accordingly, we do not express an opinion or any form of assurance on it.

Additionally, we have performed certain procedures at Georgia Southern University to support our audit of the basic financial statements of the State of Georgia presented in the *State of Georgia Annual Comprehensive Financial Report* and the issuance of a *State of Georgia Single Audit Report* pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2021.

This report is intended solely for the information and use of the management of Georgia Southern University, members of the Board of Regents of the University System of Georgia and the Southern Association of Colleges and Schools Commission on Colleges and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Greg S. Griffin
State Auditor

October 15, 2021

SELECTED FINANCIAL INFORMATION

GEORGIA SOUTHERN UNIVERSITY
STATEMENT OF NET POSITION - (GAAP BASIS)
JUNE 30, 2021

EXHIBIT "A"

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 59,815,387
Cash and Cash Equivalents (Externally Restricted)	1,494,002
Accounts Receivable, Net	
Federal Financial Assistance	29,523,064
Affiliated Organizations	4,736,187
Component Units	2,112,403
Other	2,214,082
Inventories	3,508,734
Prepaids	40,362
Total Current Assets	103,444,221
Noncurrent Assets	
Accounts Receivable, Net	
Due From USO - Capital Liability Reserve Fund	1,845,400
Investments	7,613,048
Notes Receivable, Net	777,395
Investments (Externally Restricted)	5,830,035
Capital Assets, Net	629,080,137
Total Noncurrent Assets	645,146,015
Total Assets	748,590,236
Deferred Outflows of Resources	102,578,754
LIABILITIES	
Current Liabilities	
Accounts Payable	9,928,915
Salaries Payable	2,208,718
Benefits Payable	694,284
Contracts Payable	648,992
Retainage Payable	63,574
Due to Affiliated Organizations	405,365
Advances (Including Tuition and Fees)	9,149,194
Deposits	393,157
Deposits Held for Other Organizations	104,808
Other Liabilities	6,511
Notes and Loans Payable	294,832
Lease Purchase Obligations - External	919,184
Lease Purchase Obligations - Component Units	9,688,242
Compensated Absences	7,091,527
Total Current Liabilities	41,597,303
Noncurrent Liabilities	
Notes and Loans Payable	657,561
Lease Purchase Obligations - External	19,031,255
Lease Purchase Obligations - Component Units	173,986,879
Compensated Absences	2,580,250
Net Other Post Employment Benefits Liability	324,239,728
Net Pension Liability	179,408,177
Total Noncurrent Liabilities	699,903,850
Total Liabilities	741,501,153
Deferred Inflows of Resources	50,053,547
NET POSITION	
Net Investment in Capital Assets	418,460,084
Restricted for:	
Nonexpendable	6,222,432
Expendable	6,366,055
Unrestricted (Deficit)	(371,434,281)
Total Net Position	$ 59,614,290

GEORGIA SOUTHERN UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2021

EXHIBIT "B"

OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowance)	$	138,939,021
Grants and Contracts		
Federal		6,185,796
State		957,033
Other		9,050,908
Sales and Services		2,818,713
Rents and Royalties		477,168
Auxiliary Enterprises (Net of Scholarship Allowance)		
Residence Halls		26,373,229
Bookstore		8,110,046
Food Services		16,074,734
Parking /Transportation		4,039,787
Health Services		3,434,881
Intercollegiate Athletics		13,086,297
Other Operating Revenues		3,718,885
Total Operating Revenues		233,266,498
OPERATING EXPENSES		
Faculty Salaries		88,801,822
Staff Salaries		110,699,631
Employee Benefits		90,840,673
Other Personal Services		1,024,137
Travel		388,136
Scholarships and Fellowships		38,742,081
Utilities		12,856,020
Supplies and Other Services		79,128,340
Depreciation		28,230,464
Total Operating Expenses		450,711,304
Operating Loss		(217,444,806)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations		116,477,050
Grants and Contracts		
Federal		84,859,698
Gifts		7,150,566
Investment Income (Endowments, Auxiliary and Other)		3,099,918
Interest Expense (Capital Assets)		(9,521,987)
Other Nonoperating Revenues		3,827,306
Net Nonoperating Revenues		205,892,551
Loss Before Other Revenues, Expenses, Gains, or Losses		(11,552,255)
Capital Grants and Gifts		
Federal		54,367
State		3,106,473
Other		596,388
Total Other Revenues, Expenses, Gains, or Losses		3,757,228
Change in Net Position		(7,795,027)
Net Position - Beginning of Year (Restated)		67,409,317
Net Position - End of Year	$	59,614,290

GEORGIA SOUTHERN UNIVERSITY
STATEMENT OF CASH FLOWS - (GAAP BASIS)
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	$ 216,762,051
Grants and Contracts (Exchange)	1,939,161
Payments to Suppliers	(159,418,737)
Payments to Employees	(199,850,937)
Payments for Scholarships and Fellowships	(38,742,081)
Loans Issued to Students	(4,939)
Collection of Loans from Students	218,426
Other Receipts	49,428
Net Cash Used by Operating Activities	(179,047,628)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	116,477,050
Gifts and Grants Received for Other than Capital Purposes	89,040,391
Other Non-Capital Financing Receipts	86,592
Other Non-Capital Financing Payments	(17,954)
Net Cash Flows Provided by Non-Capital Financing Activities	205,586,079
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants and Gifts Received	3,289,437
Purchases of Capital Assets	(9,518,982)
Principal Paid on Capital Debt and Leases	(17,582,804)
Interest Paid on Capital Debt and Leases	(9,995,283)
Net Cash Used by Capital and Related Financing Activities	(33,807,632)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	107,534
Net Decrease in Cash and Cash Equivalents	(7,161,647)
Cash and Cash Equivalents - Beginning of Year	68,471,036
Cash and Cash Equivalents - End of Year	$ 61,309,389
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	$ (217,444,806)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	28,230,464
Operating Expenses Related to Noncash Gifts	2,969,898
Change in Assets and Liabilities:	
Receivables, Net	(15,569,176)
Inventories	455,150
Prepaid Items	19,838
Notes Receivable, Net	213,487
Accounts Payable	747,077
Salaries Payable	265,059
Benefits Payable	(63,316)
Contracts Payable	231,580
Retainage Payable	(94,350)
Deposits	(6,771)
Advances (Including Tuition and Fees)	1,039,548
Other Liabilities	1,854
Funds Held for Others	49,428
Compensated Absences	(230,207)
Due to Affiliated Organizations	(471,534)
Pollution Remediation	(388,689)
Net Pension Liability	15,710,614
Net Other Post-Employment Benefit Liability	44,084,546
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	(4,518,679)
Deferred Outflows of Resources	(34,278,643)
Net Cash Used by Operating Activities	$ (179,047,628)
NONCASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Noncapital Gifts	$ 2,969,898
Gift of Capital Assets	$ 596,388
Loss on Disposal of Capital Assets	$ (105,764)
Accrual of Capital Asset Related Payables	$ 599,127
Capital Assets Acquired through Prepaid Capital	$ 442,621
Capital Assets Acquired by Incurring Capital Lease Obligations	$ 784,118
Early Extinguishment of Capital Debt	$ 3,699,287
Amortization of Deferred Gain of Capital Debt Refunded	$ 473,297
Unrealized Gain on Investments	$ 2,992,384

GEORGIA SOUTHERN UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION - (GAAP BASIS)
JUNE 30, 2021

EXHIBIT "D"

	CUSTODIAL FUNDS
ASSETS	
Accounts Receivable, Net	
Other	$ 5,523,279
LIABILITIES	
Cash Overdraft	4,317,123
Accounts Payable	104,264
Deposits Held for Other Organizations	6,134
Total Liabilities	4,427,521
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	$ 1,095,758

EXHIBIT "E"

GEORGIA SOUTHERN UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2021

		CUSTODIAL FUNDS
ADDITIONS		
Federal Financial Aid	$	109,069,817
State Financial Aid		54,045,828
Other Financial Aid		12,984,822
Clubs and Other Organizations Fund Raising		1,918,043
Miscellaneous		5,849,424
Total Additions		183,867,934
DEDUCTIONS		
Scholarships and Other Student Support		176,186,629
Student Organizations Support		2,603,845
Public-Private Partnership Passthrough		5,790,786
Total Deductions		184,581,260
Change in Net Position		(713,326)
Net Position - Beginning (Restated)		1,809,084
Net Position - Ending	$	1,095,758

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Georgia Southern University (Institution) 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 Institution 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 Institution does not have the right to sue/be sued without recourse to the State. The Institution'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 Institution is not legally separate from the State. Accordingly, the Institution 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 Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities and fiduciary fund of the State that is attributable to the transactions of the Institution. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2021, 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 ACFR. The most recent State of Georgia ACFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/statewide-reporting/acfr.

BASIS OF PREPARATION

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 Institution's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

The Institution'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 Institution reports the following fiduciary fund:

Custodial funds – Accounts for activities resulting from the Institution acting as an agent or fiduciary for various governments, companies, clubs or individuals.

NEW ACCOUNTING PRONOUNCEMENTS

For fiscal year 2021, the Institution adopted GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, it defines a majority equity interest and specifies that majority equity interest in a legal separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The adoption of this statement does not have an impact on the Institution's financial statements.

NET POSITION

The Institution's net position is classified as follows:

Net investment in capital assets represents the Institution'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.

Restricted - nonexpendable 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. Each institution 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 Institution 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 Institution, and may be used at the discretion of the governing board or management to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

RESTATEMENT NOTE DISCLOSURE

The Institution made the following restatements related to business-type activities and fiduciary fund:

	Business-Type Activities	Fiduciary Fund
Net Position, Beginning of Year, As Originally Reported	$ 68,757,625	$ 1,795,118
Correction of Prior Year Errors	(1,348,308)	13,966
Net Position, Beginning of Year, Restated	$ 67,409,317	$ 1,809,084

Correction of Prior Year Errors

It was determined that the capitalized cost basis for the Armstrong Center and Armstrong Student Union was overstated by $1,348,308. To correct this, a restatement was made which reduced the capitalized lease cost basis along with a corresponding reduction in Net Investment in Capital Assets. In addition, the Institution made prior period adjustments to the fiduciary fund to correct account balances at June 30, 2020. The result is an increase in fiduciary net position of $13,966. These changes are in accordance with generally accepted accounting principles.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash and cash equivalents and investments as of June 30, 2021 are classified in the accompanying statement of net position as follows:

Statement of Net Position	
Current	
Cash and Cash Equivalents	$ 55,498,264
Cash and Cash Equivalents (Externally Restricted)	1,494,002
Noncurrent	
Noncurrent Investments	7,613,048
Noncurrent Investments (Externally Restricted)	5,830,035
	$ 70,435,349

Cash on hand, deposits and investments as of June 30, 2021 consist of the following:

Cash on Hand	$ 192,375
Deposits with Financial Institutions	24,946,140
Investments	45,296,834
	$ 70,435,349

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 Institution's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the Institution) 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 Institution 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, 2021, the bank balances of the Institution's deposits totaled $24,555,357. This balance includes deposits in fiduciary funds as these balances are not separable from the holdings of the USG. None of these deposits were exposed to custodial credit risk.

INVESTMENTS

The Institution 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 Institution's investments measured at fair value on a recurring basis as of June 30, 2021.

		Fair Value
Investment Pools		
Board of Regents		
Short-Term Fund	$	11,159,788
Diversified Fund		13,443,083
Office of the State Treasurer		
Georgia Fund 1		20,693,963
Total Investments	$	45,296,834

The Institution 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 Institution 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 the 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 Institution'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 the 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 ¾ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Institution's position in the Short-Term Fund at June 30, 2021 was $11,159,788, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.89 years.

2. 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 Institution's position in the Diversified Fund at June 30, 2021 was $ 13,443,083, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.88 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 U.S. 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 Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 36 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 Institution's policy for managing interest rate risk is contained in the investment policy guidelines for the various pooled funds, and attempts to match investments with expected cash requirements.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2021:

	Business-Type Activities	Fiduciary Fund
Student Tuition and Fees	$ 1,293,519	$ 52,447
Auxiliary Enterprises and Other Operating Activities	1,420,126	-
Federal Financial Assistance	29,523,064	1,034,923
Georgia Student Financing Commission	-	4,436,598
Georgia State Financing and Investment Commission	769,161	-
Due from Affiliated Organizations	4,736,187	-
Due from Component Units	2,112,403	-
Due from USO-Capital Liability Reserve Fund	1,845,400	-
Other	542,570	-
	42,242,430	5,523,968
Less Allowance for Doubtful Accounts	1,811,294	689
Net Accounts Receivable	$ 40,431,136	$ 5,523,279

NOTE 4: CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2021:

	(Restated) Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	$ 37,508,264	$ -	$ -	$ 37,508,264
Capitalized Collections	1,101,748	570,638	-	1,672,386
Construction Work-In-Progress	1,120,322	6,637,857	5,600,943	2,157,236
Total Capital Assets, Not Being Depreciated	39,730,334	7,208,495	5,600,943	41,337,886
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	29,808,899	-	111,098	29,697,801
Building and Building Improvements	907,158,507	2,473,779	111,098	909,521,188
Facilities and Other Improvements	32,040,169	2,683,722	-	34,723,891
Equipment	79,456,996	4,201,011	1,566,729	82,091,278
Library Collections	65,929,027	369,971	172,352	66,126,646
Capitalized Collections	31,075	-	-	31,075
Total Capital Assets Being Depreciated/Amortized	1,114,424,673	9,728,483	1,961,277	1,122,191,879
Less: Accumulated Depreciation:				
Infrastructure	19,685,755	393,067	53,264	20,025,558
Building and Building Improvements	356,596,060	19,719,622	59,314	376,256,368
Facilities and Other Improvements	9,736,155	1,193,409	-	10,929,564
Equipment	62,541,374	5,275,175	1,570,587	66,245,962
Library Collections	59,504,879	1,648,414	172,352	60,980,941
Capitalized Collections	10,458	777	-	11,235
Total Accumulated Depreciation	508,074,681	28,230,464	1,855,517	534,449,628
Total Capital Assets, Being Depreciated, Net	606,349,992	(18,501,981)	105,760	587,742,251
Capital Assets, Net	$ 646,080,326	$ (11,293,486)	$ 5,706,703	$ 629,080,137

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

Fiscal Year	Depreciation Expense
2021	$ 28,230,464
2020	$ 32,818,504
2019	$ 36,579,928

NOTE 5: ADVANCES (INCLUDING TUITION AND FEES)

Advances, including tuitions and fees, consisted of the following at June 30, 2021:

	Current Liabilities
Prepaid Tuition and Fees	$ 7,890,591
Research	25
Other Advances	1,258,578
Total Advances	$ 9,149,194

NOTE 6: LONG-TERM LIABILITIES

Changes in long-term liability for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Leases					
Lease Obligations	$ 224,267,203	$ 416,052	$ 21,057,695	$ 203,625,560	$ 10,607,426
Other Liabilities					
Compensated Absences	9,901,984	6,903,047	7,133,254	9,671,777	7,091,527
Notes and Loans Payable	808,723	368,066	224,396	952,393	294,832
Pollution Remediation	388,689	-	388,689	-	-
	11,099,396	7,271,113	7,746,339	10,624,170	7,386,359
Total Long-Term Liabilities	$ 235,366,599	$ 7,687,165	$ 28,804,034	$ 214,249,730	$ 17,993,785

NOTES AND LOANS PAYABLE

Included in Long-Term Liabilities is a $3,000,000 note payable that was originally payable to Georgia Education Authority (University), (GEA(U)). In July 2007, GEA(U) met and resolved to no longer conduct business as a state authority and disposed of all its assets and liabilities. As a result of that decision, a Note Receivable that was payable from Georgia Southern University was transferred by Resolution from GEA(U) to the University System Office (USO) of the University System of Georgia. Georgia Southern University continues to render payments according to the original amortization schedule to USO. The interest rate for the note is 5.50% and matures during fiscal year 2025. Below is the annual debt service related to the outstanding note payable at June 30, 2021.

Also included in Long-Term Liabilities is a $368,065 note payable to CIT bank for a 3-year telephone software lease. The telephone software lease funded the upgrade of the telephone system infrastructure across all of Georgia Southern University campuses and updated all equipment involved to be the most current technology. The note payable matures during fiscal year 2024.

	Principal	Interest
Year Ending June 30:		
2022	$ 294,832	$ 33,177
2023	304,430	23,579
2024	253,219	13,446
2025	99,912	2,747
	$ 952,393	$ 72,949

NOTE 7: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2021 and June 30, 2020 consisted of the following:

	Fiscal Year 2021	Fiscal Year 2020
Deferred Outflows of Resources		
Deferred Loss on Debt Refunding	$ 520,582	$ 551,204
Deferred Loss on Defined Benefit Pension Plans (See Note 11)	48,766,510	45,992,282
Deferred Loss on OPEB Plan (See Note 14)	53,291,662	21,787,247
Total Deferred Outflows of Resources	$ 102,578,754	$ 68,330,733
Deferred Inflows of Resources		
Deferred Gain on Debt Refunding	$ 6,270,275	$ 7,064,242
Deferred Gain on Defined Benefit Pension Plans (See Note 11)	5,385,475	7,324,816
Deferred Gain on OPEB Plan (See Note 14)	38,397,797	40,977,135
Total Deferred Inflows of Resources	$ 50,053,547	$ 55,366,193

NOTE 8: NET POSITION

The breakdown of business-type activity net position for the Institution at June 30, 2021 is as follows:

Net Investment in Capital Assets	$	418,460,084
Restricted for		
Nonexpendable		
Permanent Endowment		6,222,432
Expendable		
Sponsored and Other Organized Activities		4,630,367
Federal Loans		1,666,682
Institutional Loans		69,006
Sub-Total		6,366,055
Unrestricted		
Auxiliary Operations		33,746,237
Reserve for Encumbrances		23,708,224
Reserve for Inventory		76,000
Capital Liability Reserve Fund		1,845,400
Other Unrestricted (Deficit)		(430,810,142)
Sub-Total		(371,434,281)
Total Net Position	$	59,614,290

Changes in Net Position for the year ended June 30, 2021 are as follows:

	(Restated) Balances July 1, 2020	Additions	Reductions	Balances June 30, 2021
Net Investments in Capital Assets	$ 413,886,160	$ 32,556,782	$ 27,982,858	$ 418,460,084
Restricted Net Position	10,741,365	104,810,663	102,963,541	12,588,487
Unrestricted Net Position	(357,218,208)	343,800,295	358,016,368	(371,434,281)
Total Net Position	$ 67,409,317	$ 481,167,740	$ 488,962,767	$ 59,614,290

NOTE 9: ENDOWMENTS

DONOR RESTRICTED ENDOWMENTS

Investments of the Institution’s endowment funds are pooled, unless required to be separately invested by the donor. For Institution 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 on endowment investments available for authorization for expenditure was $2,484,581 and is reflected as part of expendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the Institution's endowment funds is predicated on the total return concept. Annual payouts from the Institution's endowment funds are based on a spending policy which limits spending between 3.0% and 6.0% of endowment principal market value. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the Institution uses accumulated income and appreciation from restricted expendable net asset endowment balances to make up the difference.

For endowment funds where the donor has not provided specific instructions and the USG member institution has determined not to utilize the total return concept, investment return of the Institution'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 Institution did not incur investment losses that exceeded the related endowment's available accumulated income and net appreciation.

NOTE 10: LEASES

The Institution is obligated under various capital and operating leases for the use of real property and equipment.

CAPITAL LEASES

The Institution 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 Institution. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The Institution's principal and interest payments related to capital leases for fiscal year 2021 were $17,582,804 and $9,995,283, respectively.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2021:

Description	Gross Amount	Accumulated Depreciation	Net Assets Held Under Capital Lease at June 30, 2021	Outstanding Balances per Lease Schedules at June 30, 2021
	(+)	(-)	(=)	
Equipment	$ 1,839,857	$ 989,803	$ 850,054	$ 920,940
Buildings and Building Improvements	297,586,614	134,648,838	162,937,776	202,704,620
Total Assets Held Under Capital Lease	$ 299,426,471	$ 135,638,641	$ 163,787,830	$ 203,625,560

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal	
PPV3901001 - Southern Courtyard	Georgia Southern University Housing Foundation, Inc.	$ 18,296,060	27 years	September 2003	September 2030	$ 8,975,508	(1)
PPV3901002 - Southern Pines	Georgia Southern University Housing Foundation, Inc.	24,371,991	27 years	September 2003	September 2030	11,956,181	(1)
PPV3902000 - Eagle Village	Georgia Southern University Housing Foundation, Inc.	30,179,998	25 years	August 2005	July 2030	15,019,688	(1)
PPV3903001 - J.I. Clements Baseball Stadium	Georgia Southern University Housing Foundation, Inc.	2,230,350	24 years	August 2005	July 2029	1,058,125	(1)
PPV3903002 - Athletic Training Center (Ironworks)	Georgia Southern University Housing Foundation, Inc.	694,056	24 years	August 2005	July 2029	328,900	(1)
PPV3903003 - Soccer & Track Stadium	Georgia Southern University Housing Foundation, Inc.	1,677,441	24 years	August 2005	July 2029	795,336	(1)
PPV3904001 - Recreation Activity Center (RAC)	Georgia Southern University Housing Foundation, Inc.	28,884,853	15 years	November 2015	June 2030	19,103,469	(1)
PPV3905000 - Centennial Place	Georgia Southern University Housing Foundation, Inc.	47,614,865	21 years	August 2017	July 2038	41,298,796	(1)
PPV3907000 - Freedom's Landing	Georgia Southern University Housing Foundation, Inc.	34,599,940	29 years	July 2012	June 2041	31,376,833	(1)
PPV3908000 - Dining Commons Lakeside	Georgia Southern University Housing Foundation, Inc.	7,851,917	29 years	July 2013	June 2042	7,007,885	(1)
PPV3909000 - Dining Commons (Landrum)	Georgia Southern University Housing Foundation, Inc.	18,321,141	29 years	July 2013	June 2042	16,119,835	(1)
PPV3910000 - Football Stadium Expansion	Georgia Southern University Athletic Foundation, Inc.	10,168,728	29 years	August 2014	June 2043	9,308,738	(2)
PPV3911000 - Football Operations Center	Georgia Southern University Athletic Foundation, Inc.	10,830,102	29 years	October 2014	June 2043	9,720,760	(2)
Armstrong Center	Georgia Southern University Housing Foundation, Inc.	12,531,528	19 years	November 2016	May 2035	10,083,287	(1)
Student Center	Georgia Southern University Housing Foundation, Inc.	23,517,138	23 years	December 2016	June 2039	20,551,279	(1)
Equipment	Various	1,839,857	36 - 60 months	November 2014	June 2025	920,940	(2)
Total Leases		$ 273,609,965				$ 203,625,560	

(1) These capital leases are related party transactions.

(2) These capital leases are external.

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

OPERATING LEASES

The Institution 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 appropriations 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 Institution 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 Institution's operating lease expense for fiscal year 2021 was $1,371,128, which includes payments to related parties of $38,000. The Institution is obligated to pay these related parties a total of $38,000 in the next fiscal year.

FUTURE COMMITMENTS

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2021, are as follows:

	Capital Leases	Operating Leases
Year Ending June 30:		
2022	$ 21,583,697	$ 110,630
2023	21,400,270	67,652
2024	21,335,545	61,926
2025	21,399,485	6,559
2026	21,359,590	5,800
2027 - 2031	99,790,255	5,000
2032 - 2036	66,659,755	5,000
2037 - 2041	49,516,316	3,000
2042 - 2046	5,170,127	-
Total Minimum Lease Payments	328,215,040	$ 265,567
Less: Interest	93,344,743	
Less: Executory Costs	31,244,737	
Principal Outstanding	$ 203,625,560	

NOTE 11: RETIREMENT PLANS

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

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 2021. The Institution's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of the Institution's annual payroll. The Institution's contributions to TRS totaled $17,757,569 for the year ended June 30, 2021.

General Information about the Employees' Retirement System

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

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, 2021 was 24.66% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. The Institution's contributions to ERS totaled $83,008 for the year ended June 30, 2021. 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, 2021, the Institution 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, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The Institution's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2020. At June 30, 2020, the Institution's TRS proportion was 0.738159%, which was a decrease of 0.020029% from its proportion measured as of June 30, 2019. At June 30, 2020, the Institution's ERS proportion was 0.014168%, which was a decrease of 0.001987% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Institution recognized pension expense of $28,766,811 for TRS and $70,811 for ERS. At June 30, 2021, the Institution 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	$ 7,787,275	$ -	$ 7,274	$ -
Changes of assumptions	18,417,739	-	-	-
Net difference between projected and actual earnings on pension plan investments	4,306,693	-	8,435	-
Changes in proportion and differences between contributions and proportionate share of contributions	387,681	5,337,252	10,836	48,223
Contributions subsequent to the measurement date	17,757,569	-	83,008	-
Total	$ 48,656,957	$ 5,337,252	$ 109,553	$ 48,223

The Institution's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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 Ended June 30:	TRS	ERS
2022	$ 4,931,377	$ (27,291)
2023	$ 8,199,871	$ (11,553)
2024	$ 8,879,653	$ 9,790
2025	$ 3,551,235	$ 7,376

Actuarial assumptions: The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 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 Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 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, 2019 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 Institution's proportionate share of the net pension liability to changes in the discount rate: The following presents the Institution's proportionate share of the net pension liability calculated using the discount rate, as well as what the Institution'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	$ 283,551,563	$ 178,811,001	$ 92,953,772

Employees' Retirement System:	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Proportionate share of the net pension liability	$ 840,120	$ 597,175	$ 389,850

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.

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 2021, 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 Institution and the covered employees made the required contributions of $7,641,245 (9.24%) and $4,961,845 (6.00%), respectively.

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

NOTE 12: 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 2021, 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 Institution'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 Institution 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 13: 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 Institution, 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

NOTE 14: 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 O.C.G.A. § 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 O.C.G.A. § 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 2021, 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 Institution's membership in the Plan consisted of the following at June 30, 2021:

Active Employees	2,885
Retirees or Beneficiaries Receiving Benefits	1,055
Retirees Receiving Life Insurance Only	227
Total	4,167

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 Institution 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 2021 plan year, the employer rate was approximately 90% of the total health insurance cost for eligible retirees and the retiree rate was approximately 10%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2021, the Institution contributed $7,060,086 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, 2021, the Institution reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2020. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. The Institution's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the Institution's proportion was 6.079055%, which was a decrease of 0.186201% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Institution recognized OPEB expense of $17,060,880. At June 30, 2021 the Institution 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	$ 16,465,367	$ 1,299,016
Changes of assumptions	29,766,209	23,121,906
Net difference between projected and actual earnings on OPEB plan investments	-	100,919
Changes in proportion and differences between contributions and proportionate share of contributions	-	13,875,956
Contributions subsequent to the measurement date	7,060,086	-
Total	$ 53,291,662	$ 38,397,797

The Institution's contributions subsequent to the measurement date of $7,060,086 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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 Ended June 30:		
2022	$	(1,583,739)
2023	$	(1,454,607)
2024	$	1,024,477
2025	$	1,296,135
2026	$	2,343,735
Thereafter	$	6,207,778

Actuarial assumptions

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of May 1, 2020 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 6/30/2020 2.21% from Bond Buyer GO 20 - Bond Municipal Bond Index Interest Rate as of 6/30/2019 3.50% from Bond Buyer GO 20 - Bond Municipal Bond Index Long-term Rate of Return 3.75% General Inflation 2.10% Salary Growth 4.00%
Mortality Rates	Pub-2010 for Teachers (headcount weighted) projected with Scale MP-2019
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.7%
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 remove excise tax adjustments. Mortality improvement scale was updated from MP-2018 to MP-2019. The discount rate was updated from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes

HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 1, 2018 is based on a policy that ties years of service to the amount the USG contributes based on 22-tiers ranging from 100% for employees retiring with 30 years of service to 21% for employees retiring with 10 years of service.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	- %	70%
Equity Allocation	4.51%	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, 2020. 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 3.75% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020. 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 2.21% from the Bond Buyers GO 20-Bond Municipal Bond Index.

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

The following presents the Institution's proportionate share of the net OPEB liability, as well as what the Institution's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% (3.21%) higher than the current discount rate (2.21%):

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Proportionate Share of the Net OPEB Liability	$ 395,277,427	$ 324,239,728	$ 267,387,083

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

The following presents the Institution's proportionate share of the net OPEB liability, as well as what the Institution's proportionate shares 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	$ 268,845,224	$ 324,239,728	$ 394,479,748
Pre-Medicare Eligible	5.7% decreasing to 3.5%	6.7% decreasing to 4.5%	7.7% 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.

SUPPLEMENTARY INFORMATION

GEORGIA SOUTHERN UNIVERSITY
BALANCE SHEET (STATUTORY BASIS)
BUDGET FUND
JUNE 30, 2021

SCHEDULE "1"

ASSETS		
Cash and Cash Equivalents	$	16,168,910.86
Investments		6,002,042.95
Accounts Receivable		
Federal Financial Assistance		32,107,343.01
Other		7,437,387.91
Prepaid Expenditures		18,503.87
Inventories		112,206.46
Other Assets		1,175,938.99
Total Assets	$	63,022,334.05
LIABILITIES AND FUND EQUITY		
Liabilities		
Accrued Payroll	$	1,745,359.72
Encumbrances Payable		21,259,890.28
Accounts Payable		2,461,900.16
Unearned Revenue		7,854,447.17
Funds Held for Others		59,440.13
Total Liabilities		33,381,037.46
Fund Balances		
Reserved		
Department Sales and Services		8,187,575.51
Indirect Cost Recoveries		3,590,965.13
Technology Fees		580,701.09
Restricted/Sponsored Funds		11,805,576.82
Uncollectible Accounts Receivable		1,378,037.31
Inventories		76,000.00
Tuition Carry-Over		3,966,878.35
Unreserved		
Surplus		55,562.38
Total Fund Balances		29,641,296.59
Total Liabilities and Fund Balances	$	63,022,334.05

Statutory Basis financial information was 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 SOUTHERN UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2021

	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	$ 122,029,964.00	$ 122,255,679.00	$ 122,255,679.00	$ -
Federal Coronavirus Relief Funds	-	40,514,316.00	38,888,913.51	-
Other Funds	223,944,238.00	249,676,570.00	235,644,778.79	25,796,972.00
Total Operating Activity	$ 345,974,202.00	$ 412,446,565.00	$ 396,789,371.30	$ 25,796,972.00

Statutory Basis financial information was 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.

Funds Available Compared to Budget			Expenditures Compared to Budget		Excess of Funds Available Over Expenditures
Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive	
$ -	$ 122,255,679.00	$ -	$ 122,254,338.85	$ 1,340.15	$ 1,340.15
-	38,888,913.51	(1,625,402.49)	38,888,913.51	1,625,402.49	-
-	261,441,750.79	11,765,180.79	233,277,588.63	16,398,981.37	28,164,162.16
$ -	$ 422,586,343.30	$ 10,139,778.30	$ 394,420,840.99	$ 18,025,724.01	$ 28,165,502.31

GEORGIA SOUTHERN UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2021

	Beginning Fund Balance July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2020 Surplus	Prior Period Adjustments
Teaching				
State Appropriation				
State General Funds	$ 292,805.02	$ -	$ (292,805.02)	$ 38,385.96
Federal Coronavirus Relief Funds	-	-	-	-
Other Funds	31,282,795.80	(25,796,972.00)	(5,485,823.80)	(54,095.71)
Total Teaching	31,575,600.82	(25,796,972.00)	(5,778,628.82)	(15,709.75)
Prior Year Reserves				
Not Available for Expenditure				
Inventories	64,000.00	-	-	-
Uncollectible Accounts Receivable	1,427,504.03	-	-	-
Budget Unit Totals	$ 33,067,104.85	$ (25,796,972.00)	$ (5,778,628.82)	$ (15,709.75)

Statutory Basis financial information was 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.

Other Adjustments	Early Return Fiscal Year 2021 Surplus	Excess of Funds Available Over Expenditures	Ending Fund Balance June 30	Analysis of Ending Fund Balance Reserved	Surplus	Total
$ -	$ -	$ 1,340.15	$ 39,726.11	$ -	$ 39,726.11	$ 39,726.11
-	-	-	-	-	-	-
37,466.72	-	28,164,162.16	28,147,533.17	28,131,696.90	15,836.27	28,147,533.17
37,466.72	-	28,165,502.31	28,187,259.28	28,131,696.90	55,562.38	28,187,259.28
12,000.00	-	-	76,000.00	76,000.00	-	76,000.00
(49,466.72)	-	-	1,378,037.31	1,378,037.31	-	1,378,037.31
$ -	$ -	$ 28,165,502.31	$ 29,641,296.59	$ 29,585,734.21	$ 55,562.38	$ 29,641,296.59

	Reserved	Surplus	Total
Department Sales and Services	$ 8,187,575.51	$ -	$ 8,187,575.51
Indirect Cost Recoveries	3,590,965.13	-	3,590,965.13
Technology Fees	580,701.09	-	580,701.09
Restricted/Sponsored Funds	11,805,576.82	-	11,805,576.82
Tuition Carry-Over	3,966,878.35	-	3,966,878.35
Uncollectible Accounts Receivable	1,378,037.31	-	1,378,037.31
Inventories	76,000.00	-	76,000.00
Surplus	-	55,562.38	55,562.38
Total Ending Fund Balance - June 30	$ 29,585,734.21	$ 55,562.38	$ 29,641,296.59

SECTION II

ENTITY'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

GEORGIA SOUTHERN UNIVERSITY
ENTITY'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION III

FINDINGS, QUESTIONED COSTS AND OTHER ITEMS

GEORGIA SOUTHERN UNIVERSITY
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2021

COMMUNICATION OF INTERNAL CONTROL DEFICIENCIES

The auditor is required to communicate to management and those charged with governance control deficiencies identified during the course of the financial statement audit that, in the auditor's judgment, constitute significant deficiencies or material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal control deficiencies identified during the course of this engagement that were considered to be significant deficiencies and/or material weaknesses are presented below:

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were noted.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were noted.