



# UNIVERSITY OF GEORGIA



## **Annual Financial Report**

**(Including Independent Auditor's Report)**

**Fiscal Year Ended  
June 30, 2021**

**UNIVERSITY OF GEORGIA**  
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# UNIVERSITY OF GEORGIA



## Introductory Section

Message from the President  
Fiscal Year 2021 Report to the Board of Regents

In the face of unprecedented obstacles stemming from the COVID-19 pandemic during FY21, UGA faculty, staff, and students exhibited remarkable determination, fulfilling the University's vital mission while working together to build a better, stronger institution for the future.

Several metrics confirmed the growing strength of our faculty and research enterprise. Research expenditures reached an all-time high, and UGA was once again recognized as the top university in the nation for introducing discoveries into the market through industry partners. We received the second largest research award in UGA history: a contract worth up to \$92M from the National Institutes of Health to create a Center for Influenza Disease and Emergence Research. Three faculty members were elected to the National Academy of Sciences, one of whom was elected to the American Academy of Arts and Sciences and the National Academy of Engineering as well.

UGA made progress on new and renovated facilities to accelerate our capacity to expand knowledge and economic opportunity. The Innovation Hub opened in January as the University's home for faculty entrepreneurship and industry engagement. Construction on the first phase of the Interdisciplinary STEM Research Complex progressed toward a fall completion date, and construction continued on the second phase. Renovations continued on the Driftmier Engineering Center to increase accessibility and add instructional space, among other improvements. Planning and design began on a new Poultry Science Building, which will support a vital Georgia industry and solidify UGA as a global leader in poultry research.

Working together, we also strengthened our commitment to diversity and inclusion. The Presidential Task Force on Race, Ethnicity, and Community developed recommendations to enhance the University's campus culture and learning environment, and most of its proposals are already benefiting our community. In addition, the Planning Committee on Diversity and Inclusive Excellence identified goals and measures of success that will help UGA further elevate diversity and inclusion over the next five years.

Further achievements related to the learning environment included our highest-ever four-year completion rate at 71% and an 87% rate for six-year completion, which tied the previous high. Our students were selected for the prestigious Rhodes Scholarship and other major awards. UGA ranked #15 among the best public colleges and universities in the nation in *U.S. News & World Report*, marking our fifth consecutive year in the top 20, and we received more than 39,000 applications for admission to the incoming first-year class—a record number.

Despite the lingering effects of the pandemic, friends of UGA came together during FY21 to support the University and our students, resulting in a total of \$205.2M in pledges and gifts, including over \$10M given to the campaign that created the Jere W. Morehead Honors College following Board of Regents approval. The alumni participation rate—the percentage of alumni who made a gift in the past year—increased to a record 15.2%, up from 12.8% in FY20.

We appreciate the support of the University System of Georgia in helping UGA reach new heights of excellence as the state's flagship institution of public higher education.

Jere W. Morehead  
President



## Letter of Transmittal

September 3, 2021

To: Jere W. Morehead, President, University of Georgia

The University of Georgia Annual Financial Report (AFR) includes the financial statements for the year ended June 30, 2021, 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, 2021.

The University of Georgia's 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 system of internal controls is sound and sufficient to disclose material deficiencies in controls to management and to auditors. Additionally, the system of internal controls provides management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

The University's financial records are audited by the State of Georgia Department of Audits and Accounts (DOAA) on an annual basis. The University of Georgia's internal auditors also perform fiscal compliance and performance reviews, sharing the results with the University's management. The audit of the University's schedule of expenditures of federal awards and supplemental schedule of governmental, restricted accounts by agency is performed by Cherry Bekaert and submitted to the Georgia Department of Audits and Accounts in conjunction with the statewide Single Audit.

Respectfully submitted,

Ryan A. Nesbit  
Vice President for Finance and Administration

Chad Cleveland  
Associate Vice President for Finance

Allison Davis  
Interim Controller



# UNIVERSITY OF GEORGIA



## Financial Section



## 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  
Mr. Jere W. Morehead, President  
University of Georgia

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

We have audited the accompanying financial statements of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the University of Georgia (University), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

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

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

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

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 fiduciary activities of the University as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, aggregate discretely presented component units, and fiduciary activities 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, 2021, 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.

#### ***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, as listed in the table of contents, is presented for the 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, the 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 November 22, 2021 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 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".

Greg S. Griffin  
State Auditor

November 22, 2021

# UNIVERSITY OF GEORGIA

## Management's Discussion and Analysis

### Introduction

The University of Georgia (University) is one of the 26 institutions of higher education of the University System of Georgia. The University of Georgia is incorporated by an act of the General Assembly on January 27, 1785, and Georgia thus became the first state to charter a state-supported institution.

The University of Georgia, a land-grant and sea-grant University with state-wide commitments and responsibilities is the state's flagship institution of higher education. It is also the state's oldest, most comprehensive, and most diversified institution of higher education. Its motto, "to teach, to serve, and to inquire into the nature of things," reflects the University's integral and unique role in the conservation and enhancement of the state's and nation's intellectual, cultural, and environmental heritage. As a comprehensive land-grant and sea-grant institution, the University of Georgia offers baccalaureate, masters, doctoral and professional degrees in the arts, humanities, social sciences, biological sciences, physical sciences, agricultural and environmental sciences, business, engineering, environment and design, family and consumer sciences, forest resources, journalism and mass communication, education, law, pharmacy, social work, and veterinary medicine. A comparison of faculty and student numbers follow:

	<b><u>Faculty</u></b>	<b><u>Students (Headcount)</u></b>	<b><u>Students (FTE)</u></b>
FY 2021	2,088	39,147	37,565
FY 2020	2,106	38,920	37,465
FY 2019	2,083	38,652	37,190

### Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2021. The emphasis of discussions about these statements will be on the year presented. 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 ending June 30, 2021. Comparative data is provided for fiscal year 2021 and fiscal year 2020 for business-type activities only.

### Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2021 and includes all assets and liabilities, both current and noncurrent. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

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

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

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

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

A summary comparison of the University's financial position as of June 30, 2021 and June 30, 2020 is as follows:

Statement of Net Position, Condensed

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Assets</b>		
Current Assets	\$ 521,981,313	\$ 469,882,454
Capital Assets, Net	1,954,009,801	1,969,874,940
Other Assets	<u>234,138,575</u>	<u>204,810,324</u>
<b>Total Assets</b>	<u>2,710,129,689</u>	<u>2,644,567,718</u>
Deferred Outflows of Resources	<u>463,502,727</u>	<u>318,828,990</u>
<b>Liabilities</b>		
Current Liabilities	141,949,435	141,595,476
Non-Current Liabilities	<u>2,370,339,949</u>	<u>2,110,058,351</u>
<b>Total Liabilities</b>	<u>2,512,289,384</u>	<u>2,251,653,827</u>
Deferred Inflows of Resources	<u>121,971,112</u>	<u>162,145,015</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,752,819,916	1,734,837,014
Restricted, Non-expendable	86,075,505	66,551,346
Restricted, Expendable	158,813,773	147,865,445
Unrestricted (Deficit)	<u>(1,458,337,274)</u>	<u>(1,399,655,939)</u>
<b>Total Net Position</b>	<u>\$ 539,371,920</u>	<u>\$ 549,597,866</u>

Total assets and deferred outflows of resources increased by \$210,235,708 which was primarily due to an increase in accounts receivable from federal financial assistance of \$17,274,438, amounts due from component units of \$18,592,826, an increase in prepaid expenditures related to capital project matching funding on GSFIC projects of \$18,271,751 and an increase of \$144,673,737 in deferred outflows of resources related to the defined benefit pension and OPEB plans.

Total liabilities and deferred inflows of resources increased for the year by \$220,461,654, primarily due to a decrease in lease obligations of \$31,908,062 which includes the early payoff of the Complex Carbohydrate Research Center (CCRC) in the amount of \$24,056,960; an increase in net other postemployment benefits liability (OPEB) of \$215,275,269 and an increase in net pension liability of \$80,781,341. Deferred inflows of resources decreased by \$40,173,903 related to the defined benefit pension and OPEB plans. The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded a decrease in net position of \$10,225,946. This change in net position is primarily in the categories of receivables, prepaid expenditures, lease obligations, net pension liability and net other postemployment benefits liability noted above, and impacts net investment in capital assets and unrestricted net position.

## 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 nonoperating, and the expenses paid by the University, operating and nonoperating, 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. Nonoperating 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.

A summary comparison of the University's activities as of June 30, 2021 and June 30, 2020 is as follows:

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

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Operating Revenue	\$ 1,045,267,565	\$ 1,067,415,993
Operating Expense	1,701,426,286	1,761,880,754
Operating Loss	(656,158,721)	(694,464,761)
Nonoperating Revenue and Expense	635,509,089	651,202,418
Income before Other Revenues, Expenses, Gains, or Losses	(20,649,632)	(43,262,343)
Other Revenues, Expenses, Gains, Losses	10,423,686	20,437,778
Change in Net Position	(10,225,946)	(22,824,565)
Net position at Beginning of Year, as Originally Reported	549,597,866	572,371,933
Prior Year Adjustments	—	50,498
Net Position at Beginning of Year	549,597,866	572,422,431
Net Position at End of Year	<u>\$ 539,371,920</u>	<u>\$ 549,597,866</u>

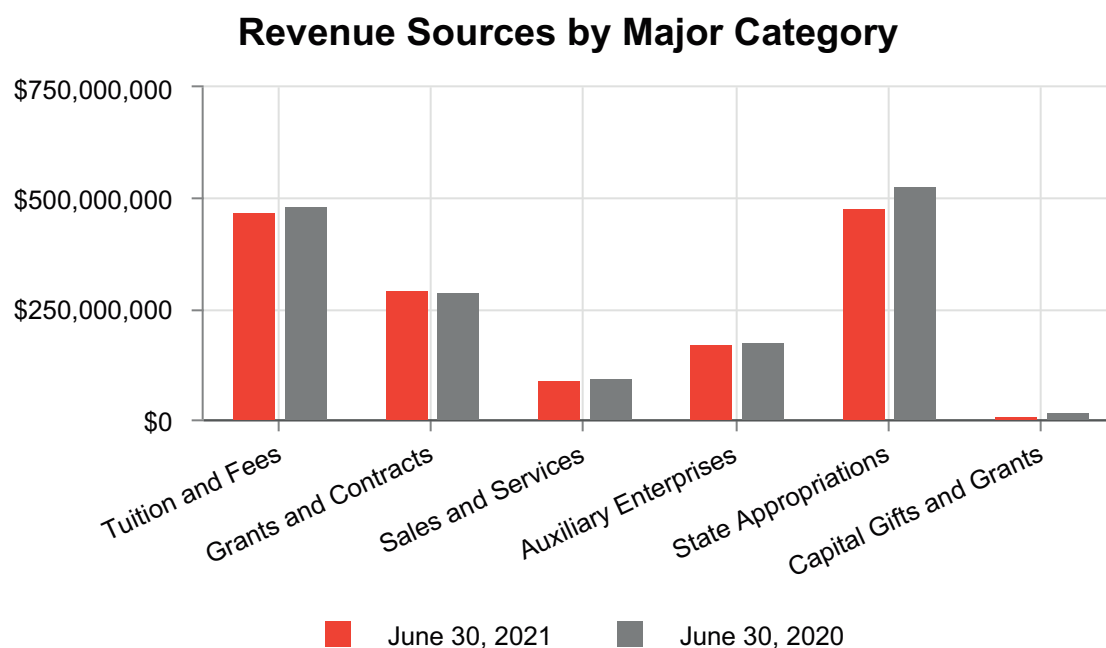


The Statement of Revenues, Expenses and Changes in Net Position reflects a challenging year in operations. Some highlights of the information presented on this statement are as follows:

Revenue by Source  
For the Years Ended June 30, 2021 and June 30, 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating Revenue		
Tuition and Fees	\$ 468,200,236	\$ 484,075,097
Federal Appropriations	11,337,852	\$ 15,327,644
Grants and Contracts	295,138,600	\$ 288,465,178
Sales and Services	89,835,193	\$ 92,838,975
Auxiliary Enterprises	171,597,496	\$ 175,208,094
Other Operating Revenues	9,158,188	\$ 11,501,005
Total Operating Revenues	<u>1,045,267,565</u>	<u>\$ 1,067,415,993</u>
Nonoperating Revenue		
State Appropriations	478,666,458	\$ 528,907,494
Grants and Contracts	111,759,079	\$ 107,518,921
Gifts	29,713,646	\$ 22,518,101
Investment Income	26,543,208	\$ 10,584,914
Other Nonoperating Revenues	(605,635)	\$ (6,783,980)
Total Nonoperating Revenues	<u>646,076,756</u>	<u>\$ 662,745,450</u>
Capital Gifts and Grants		
State Capital Gifts and Grants	9,631,191	\$ 19,425,624
Other Capital Gifts and Grants	736,369	\$ 841,095
Total Capital Gifts and Grants	<u>10,367,560</u>	<u>\$ 20,266,719</u>
Additions to Permanent and Term Endowments	56,126	\$ 171,059
Total Revenues	<u><u>\$ 1,701,768,007</u></u>	<u><u>\$ 1,750,599,221</u></u>

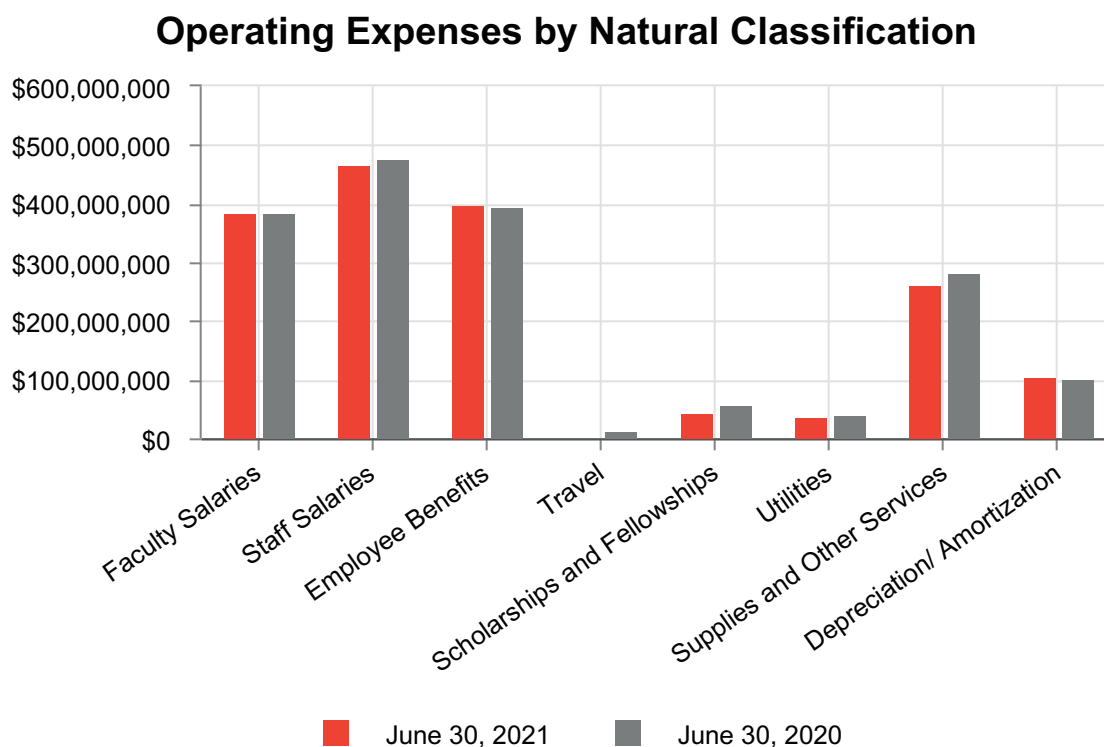
The illustration below is a comparison of the University's revenue sources by major category for the years ended June 30, 2021 and June 30, 2020.



Expenses (By Functional Classification)  
For the Years Ended June 30, 2021 and June 30, 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating Expenses		
Instruction	\$ 360,398,396	\$ 380,385,085
Research	449,310,015	441,384,272
Public Service	193,646,165	202,355,179
Academic Support	164,570,255	160,686,684
Student Services	43,962,432	45,839,370
Institutional Support	152,840,846	147,721,215
Plant Operations and Maintenance	145,134,543	166,195,254
Scholarships and Fellowships	42,957,844	58,111,391
Auxiliary Enterprises	<u>148,605,790</u>	<u>159,202,304</u>
Total Operating Expenses	1,701,426,286	1,761,880,754
Nonoperating Expenses		
Interest Expense	<u>10,567,667</u>	<u>11,543,032</u>
 Total Expenses	 <u><u>\$1,711,993,953</u></u>	 <u><u>\$1,773,423,786</u></u>

Expenses are described above by functional classification. The illustration below is a comparison of the University's operating expenses by natural classification for the years ended June 30, 2021 and June 30, 2020 is depicted by the following chart:



Operating Revenues decreased by \$22,148,428 in fiscal year 2021, which includes a \$15,874,861 decrease in tuition and fees that is the result of scholarship allowance activity. Additionally, federal appropriations decreased by \$3,989,792, departmental sales and services decreased by \$3,003,782, auxiliary units decreased by \$3,610,598 and other operating revenues decreased by \$2,342,817. The decreases in auxiliary units, departmental sales and other operating revenues are directly related to reduced campus activities due to the on-going COVID-19 pandemic in fiscal year 2021. Certain on-campus classes were moved to on-line instruction, other activities related to conferences and workshops were canceled and other departmental sales and services were canceled or put on hold due to the continued reduction in campus operations. The limited student presence on campus resulted in decreased revenues for meal plans. Other auxiliary services related to stores and shops and other services were also reduced due to the reduction in campus operations.

Nonoperating revenue decreased by \$16,668,694 for the year primarily due to a \$50,241,036 decrease in state appropriations funding netted with a \$4,240,158 increase in nonoperating grants and contracts, a \$7,195,545 increase in gifts and a \$15,958,294 increase in investment income.

Total operating expenses were \$1,701,426,286 in fiscal 2021, a decrease of \$60,454,468 when compared with fiscal 2020. These decreases are primarily attributable to a decrease of \$10,286,367 in staff related employee compensation reflecting the retirement of 289 employees who retired under the UGA Voluntary Retirement Incentive Program. Travel decreased \$13,310,486 which was primarily associated with the continued travel ban on international travel and state travel restrictions due to the COVID-19 pandemic. Supplies and Other Services decreased by \$23,594,279 during the past year, which was primarily associated with a decrease of \$6,113,790 in non-employee travel due to the travel restrictions; a decrease of \$6,130,341 in conference and workshop expenses due to canceled events, a decrease of \$5,490,836 in other operating expenses for other service related expenses and a decrease of \$3,866,336 in repair and maintenance expenditures all primarily due to the continuation of reduced campus operations and a reduction in spending due to anticipated COVID-19 pandemic revenue losses.

## Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2021 and 2020, Condensed

	June 30, 2021	June 30, 2020
Cash Provided (Used) by:		
Operating Activities	\$ (479,426,428)	\$ (492,662,847)
Non-Capital Financing Activities	613,475,184	657,496,144
Capital and Related Financing Activities	(138,597,521)	(145,692,140)
Investing Activities	(7,594,099)	24,023,430
Net Change in Cash	(12,142,864)	43,164,587
Cash and Cash Equivalents, Beginning of Year (Restated)	345,619,162	302,454,575
Cash and Cash Equivalents, End of Year	\$ 333,476,298	\$ 345,619,162

## Capital Assets

The University had capital asset additions for facilities in fiscal year 2021. The \$5.9 million private funded Center for Art and Nature opened in October 2020. This 8600 square foot building is located at the State Botanical Garden of Georgia and includes a classroom, exhibit hall, two exhibit galleries, office and collection storage space, and an entry foyer for hosting programs and hospitality functions. Located adjacent to a planned event lawn, the new facility will extend outdoor space to accommodate larger education, social and cultural events.

The \$4.9 million state funded second phase of the Driftmier Engineering Center was completed in Fall 2020. This 18,500 square foot renovation provides state-of-the-art instructional space and collaborative areas, a 125 seat auditorium, five new classrooms and common areas.

The Georgia State Financing and Investment Commission (GSFIC) provided \$4.4 million in fiscal year 2021 for various facility renovations and equipment.

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

## Long Term Liabilities

The University of Georgia had Long-Term Liabilities of \$250,283,303 of which \$48,842,042 was reflected as current liability at June 30, 2021.

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

The Notes to the Financial Statements are an integral part of the basic financial statements and communicate information essential for fair presentation. For example, the notes convey information concerning significant



accounting policies used to prepare the financial statements, detailed information on cash and investments, receivables, capital leases, compensated absences, retirement and other postemployment benefits, capital assets and a report of operating expenses by function.

## **Economic Outlook**

The University of Georgia continued to manage and use its resources wisely and in a strategic manner in fiscal year 2021 through the challenges of the ongoing worldwide pandemic. On June 15, 2020, the University started a gradual reopening of campus operations over three phases. Phase I saw essential staff and supervisors returning to campus to oversee and manage compliance with health and safety guidelines in preparation for the return of additional staff in Phase II. Phase II began on July 20, 2020, and saw additional supervisors, personnel performing mission critical/time sensitive functions and support staff returning to campus to ready for Phase III. Phase III began on August 10, 2020, and resulted in faculty, staff and students returning to campus for the Fall 2020 Semester. Considerable planning and training occurred at each phase to ensure that everyone had a safe return to campus. Social distancing, use of face coverings and self-monitoring for signs or symptoms of COVID-19 were all communicated and implemented as safety measures campus-wide. Classroom instruction was changed to a hybrid of in-class, alternating days and online instruction to assist with smaller class sizes that allowed for social distancing. Additionally, staggered work days and teleworking for some staff continued where social distancing guidelines could not be met and Auxiliary Food Service operations also opened at limited locations on campus providing carry-out and delivery options.

The ongoing COVID-19 pandemic has continued to significantly impact operations of the University of Georgia. During fiscal year 2021, the University was awarded funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amount of \$11.8 million for direct grants to students and \$23.8 million for institutional purposes to offset loss of revenue. Additional funding was also awarded to the University from the American Rescue Plan (ARP) in the amount of \$31.7 million for direct grants to students and \$31.7 million for institutional purposes to defray expenses associated with coronavirus. This federal assistance has enabled the University to support the ongoing education of thousands of UGA students and preserve the jobs of hundreds of UGA staff members who directly serve those students.

The impact of COVID-19 has affected the State of Georgia's economy as well. The Georgia General Assembly passed the Fiscal Year 2022 budget that called for a .15% increase in state appropriations funding. Effective July 1, 2021, the State of Georgia ended its public health emergency and the University of Georgia resumed in-person classes and other events and activities for the Fall 2021 Semester. Auxiliary food services were expanded to pre-COVID locations and conferences and workshops, as well as other campus activities, have resumed. In line with expectations of the higher education community, the University remains fully committed to being prudent with its resources by spending wisely and allocating strategically to ensure the health and safety of students, faculty, and staff while continuing to support its core academic and student life missions. As fiscal year 2022 progresses, the University will build on its efforts to plan and manage its precious resources to ensure that the core missions of instruction, research and outreach are preserved in order to have a positive impact on individuals, families and communities in Georgia and the world beyond.

Jere W. Morehead, President  
University of Georgia



# UNIVERSITY OF GEORGIA



## Financial Statements

**UNIVERSITY OF GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	University of Georgia	Component Units
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 212,021,658	\$ 94,783,651
Cash and Cash Equivalents (Externally Restricted)	121,454,640	23,256,454
Short-term Investments	14,281,406	22,080,416
Short-term Investments (Externally Restricted)	171,410	142,699,684
Accounts Receivable, net		
Federal Financial Assistance	24,717,475	—
Component Units	90,607,787	41,207
Primary Government	—	1,756,519
Pledges and Contributions	—	39,338,068
Other	32,752,876	78,588,943
Investment in Capital Leases - Primary Government	—	12,673,029
Inventories	4,926,670	—
Prepaid Items	21,047,391	901,695
Total Current Assets	521,981,313	416,119,666
<b>Non-Current Assets</b>		
Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund	1,769,246	—
Pledges and Contributions	—	58,107,266
Investments	109,106,101	287,137,920
Notes Receivable, net	4,891,245	—
Investment in Capital Leases - Primary Government	—	183,159,261
Other Assets	—	4,037,846
Non-current Cash (Externally Restricted)	—	35,323,832
Investments (Externally Restricted)	118,371,983	1,339,335,895
Capital Assets, net	1,954,009,801	443,849,076
Total Non-Current Assets	2,188,148,376	2,350,951,096
<b>TOTAL ASSETS</b>	<b>2,710,129,689</b>	<b>2,767,070,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	\$ 463,502,727	\$ 24,911,875

**UNIVERSITY OF GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	University of Georgia	Component Units
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 20,356,132	\$ 11,608,066
Salaries Payable	9,870,375	2,844,366
Benefits Payable	1,614,639	—
Contracts Payable	4,117,450	—
Retainage Payable	1,225,257	—
Due to Affiliated Organizations	—	5,339
Due to Component Units	1,756,519	41,207
Due to Primary Government	—	90,607,787
Advances (Including Tuition and Fees)	47,322,447	37,791,565
Deposits	1,637,177	—
Deposits Held for Other Organizations	495,267	—
Other Liabilities	4,712,130	—
Notes and Loans Payable	—	561,250
Lease Purchase Obligations - External	10,698	—
Lease Purchase Obligations - Component Units	12,673,028	—
Revenue Bonds and Notes Payable	—	15,345,000
Liabilities Under Split Interest Agreements	—	866,877
Pollution Remediation	90,725	—
Compensated Absences	36,067,591	—
Total Current Liabilities	141,949,435	159,671,457
<b>Non-Current Liabilities</b>		
Due to Other Funds	—	801,841
Advances (Including Tuition and Fees)	—	1,459,426
Other Liabilities	—	190,743
Notes and Loans Payable	—	32,439,793
Lease Purchase Obligations - External	4,189	—
Lease Purchase Obligations - Component Units	183,159,263	—
Revenue Bonds and Notes Payable	—	312,489,851
Liabilities Under Split Interest Agreements	—	7,852,132
Interest Rate Swap	—	6,432,292
Compensated Absences	18,277,809	—
Net Other Post-employment Benefits Liability	1,282,583,952	—
Net Pension Liability	886,314,736	—
Total Non-Current Liabilities	2,370,339,949	361,666,078
<b>TOTAL LIABILITIES</b>	2,512,289,384	521,337,535
<b>DEFERRED INFLOWS OF RESOURCES</b>	121,971,112	
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,752,819,916	321,798,070
Restricted for:		
Nonexpendable	86,075,505	723,304,295
Expendable	158,813,773	855,825,711
Unrestricted (Deficit)	(1,458,337,274)	369,717,026
<b>TOTAL NET POSITION</b>	\$ 539,371,920	\$ 2,270,645,102

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



**UNIVERSITY OF GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2021**

	University of Georgia	Component Units
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net)	\$ 468,200,236	\$ —
Federal Appropriations	11,337,852	—
Grants and Contracts		
Federal	219,974,753	184,210,365
State	18,889,353	14,185,822
Other	56,274,494	27,214,899
Sales and Services	89,835,193	145,024,173
Rents and Royalties	915,967	27,475,821
Auxiliary Enterprises		
Residence Halls	54,827,485	—
Bookstore	3,990,032	—
Food Services	28,044,775	—
Parking/Transportation	17,275,703	—
Health Services	21,438,812	—
Intercollegiate Athletics	40,726,409	—
Other Organizations	5,294,280	—
Gifts and Contributions	—	62,847,180
Endowment Income	—	42,100,330
Other Operating Revenues	8,242,221	14,378
Total Operating Revenues	1,045,267,565	503,072,968
<b>OPERATING EXPENSES</b>		
Faculty Salaries	386,088,941	—
Staff Salaries	466,236,554	18,507,662
Employee Benefits	399,794,934	391,971
Other Personal Services	2,031,302	—
Travel	1,598,528	5,074,870
Scholarships and Fellowships	42,957,844	93,625
Utilities	36,501,252	—
Supplies and Other Services	261,024,129	411,803,101
Depreciation	105,192,802	11,795,349
Total Operating Expenses	1,701,426,286	447,666,578
Operating Income (Loss)	\$ (656,158,721)	\$ 55,406,390

**UNIVERSITY OF GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2021**

	University of Georgia	Component Units
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	\$ 478,666,458	\$ —
Grants and Contracts		
Federal	69,318,713	—
State	240,379	—
Other	42,199,987	—
Gifts	29,713,646	16,966,074
Investment Income	26,543,208	394,021,771
Interest Expense	(10,567,667)	(12,870,618)
Other Nonoperating Revenues (Expenses)	(605,635)	(10,362,759)
Net Nonoperating Revenues	635,509,089	387,754,468
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(20,649,632)	443,160,858
Capital Grants and Gifts		
State	9,631,191	—
Other	736,369	—
Additions to Permanent and Term Endowments	56,126	56,468,320
Total Other Revenues, Expenses, Gains or Losses	10,423,686	56,468,320
Change in Net Position	(10,225,946)	499,629,178
Net Position, Beginning of Year	549,597,866	1,771,015,924
Net Position, End of Year	\$ 539,371,920	\$ 2,270,645,102

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

**UNIVERSITY OF GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2021**

	University of Georgia
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 724,347,041
Federal Appropriations	11,337,852
Grants and Contracts (Exchange)	269,047,956
Payments to Suppliers	(587,110,564)
Payments to Employees	(855,517,888)
Payments for Scholarships and Fellowships	(42,957,845)
Collection of Loans from Students	1,231,911
Other Receipts	195,109
Net Cash Used by Operating Activities	<u>(479,426,428)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	478,666,458
Gifts and Grants Received for Other Than Capital Purposes	141,528,851
Other Non-Capital Financing Payments	(6,720,125)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>613,475,184</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	101,151
Purchases of Capital Assets	(96,222,943)
Principal Paid on Capital Debt and Leases	(31,908,061)
Interest Paid on Capital Debt and Leases	(10,567,668)
Net Cash Used by Capital and Related Financing Activities	<u>(138,597,521)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,780,702,420
Investment Income	14,951,504
Purchase of Investments	(1,803,248,023)
Net Cash Used by Investing Activities	<u>(7,594,099)</u>
Net Decrease in Cash and Cash Equivalents	(12,142,864)
Cash and Cash Equivalents, Beginning of Year	<u>345,619,162</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 333,476,298</u></u>

# UNIVERSITY OF GEORGIA

## STATEMENT OF CASH FLOWS

### FOR FISCAL YEAR ENDED JUNE 30, 2021

University of Georgia

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

Operating Loss	\$ (656,158,721)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	105,192,802
Change in Assets and Liabilities:	
Receivables, net	(41,894,662)
Inventories	980,695
Prepaid Items	(3,587,494)
Notes Receivable, Net	1,231,911
Accounts Payable	(723,716)
Salaries Payable	210,647
Benefits Payable	(16,778)
Deposits	55,146
Advances (Including Tuition and Fees)	380,536
Other Liabilities	3,947,900
Funds Held for Others	195,113
Compensated Absences	(880,251)
Due to Affiliated Organizations	627,132
Pollution Remediation	(195,659)
Net Pension Liability	80,781,341
Net Other Post-Employment Benefit Liability	215,275,269
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	(40,173,902)
Deferred Outflows of Resources	(144,673,737)
Net Cash Used by Operating Activities	<u><u>\$ (479,426,428)</u></u>

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

Noncapital Financing Activities Noncash Items:

Gift of Capital Assets	<u>\$ 10,367,560</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (638,603.02)</u>
Accrual of Capital Asset Related Payables	<u>\$ 5,342,707</u>
Unrealized Gain (Loss) on Investments	<u>\$ 11,591,705</u>

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

**UNIVERSITY OF GEORGIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2021**

	<u>Custodial Funds</u>
ASSETS	
Receivables	
Other	<u>\$ 13,309,183</u>
Total Assets	<u>13,309,183</u>
LIABILITIES	
Cash Overdraft	11,058,221
Deposits held for other organizations	<u>3,571</u>
Total Liabilities	<u>11,061,792</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u><u>\$ 2,247,391</u></u>

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



**UNIVERSITY OF GEORGIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 157,717,252
State Financial Aid	204,825,426
Other Financial Aid	20,197,843
Clubs and Other Organizations Fund Raising	<u>1,084,743</u>
Total Additions	<u>383,825,264</u>
DEDUCTIONS	
Scholarships and Other Student Support	382,773,749
Student Organizations Support	<u>497,088</u>
Total Deductions	<u>383,270,837</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>554,427</u>
Net Position, Beginning of Year	<u>1,692,964</u>
Net Position, End of Year	<u><u>\$ 2,247,391</u></u>

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

**UNIVERSITY OF GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**JUNE 30, 2021**

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 57,337,249	\$ 3,598,552	\$ 33,847,850	\$ —	\$ 94,783,651
Cash and Cash Equivalents (Externally Restricted)	—	23,256,454	—	—	23,256,454
Short-term Investments	—	22,080,416	—	—	22,080,416
Short-term Investments (Externally Restricted)	—	142,699,684	—	—	142,699,684
Accounts Receivable, net				—	
Component Units	41,207	—	—	—	41,207
Primary Government	116,148	—	1,640,371	—	1,756,519
Pledges and Contributions	—	39,338,068	—	—	39,338,068
Other	5,145,263	3,191,594	70,252,086	—	78,588,943
Investment in Capital Leases - Primary Government	—	—	12,673,029	—	12,673,029
Prepaid Items	115,175	533,743	252,777	—	901,695
Total Current Assets	62,755,042	234,698,511	118,666,113	—	416,119,666
<b>Non-Current Assets</b>					
Accounts Receivable, net					
Pledges and Contributions	—	58,107,266	—	—	58,107,266
Investments	60,680,990	240,816,104	52,866,495	(67,225,669)	287,137,920
Investment in Capital Leases - Primary Government	—	—	183,159,261	—	183,159,261
Other Assets	190,743	3,002,210	844,893	—	4,037,846
Non-current Cash (Externally Restricted)	—	—	35,323,832	—	35,323,832
Investments (Externally Restricted)	—	1,333,570,870	5,765,025	—	1,339,335,895
Capital Assets, net	366,273,883	32,521,830	45,053,363	—	443,849,076
Total Non-Current Assets	427,145,616	1,668,018,280	323,012,869	(67,225,669)	2,350,951,096
<b>TOTAL ASSETS</b>	<b>489,900,658</b>	<b>1,902,716,791</b>	<b>441,678,982</b>	<b>(67,225,669)</b>	<b>2,767,070,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	\$ 11,312,872	\$ —	\$ 13,599,003	\$ —	\$ 24,911,875

**UNIVERSITY OF GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**JUNE 30, 2021**

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 6,239,632	\$ 875,143	\$ 6,296,197	\$ (1,802,906)	\$ 11,608,066
Salaries Payable	2,844,366	—	—	—	2,844,366
Due to Affiliated Organizations	—	—	5,339	—	5,339
Due to Component Units	—	41,207	—	—	41,207
Due to Primary Government	13,075,143	5,983,143	71,549,501	—	90,607,787
Advances (Including Tuition and Fees)	31,293,061	562,516	5,935,988	—	37,791,565
Deposits Held for Other Organizations	—	67,225,669	—	(67,225,669)	—
Notes and Loans Payable	—	561,250	—	—	561,250
Revenue Bonds and Notes Payable	5,955,000	—	9,390,000	—	15,345,000
Liabilities Under Split Interest Agreements	—	866,877	—	—	866,877
Total Current Liabilities	59,407,202	76,115,805	93,177,025	(69,028,575)	159,671,457
<b>Non-Current Liabilities</b>					
Due to Other Funds	—	801,841	—	—	801,841
Advances (Including Tuition and Fees)	—	—	1,459,426	—	1,459,426
Other Liabilities	190,743	—	—	—	190,743
Notes and Loans Payable	5,001,000	13,397,571	14,041,222	—	32,439,793
Revenue Bonds and Notes Payable	75,733,773	—	236,756,078	—	312,489,851
Liabilities Under Split Interest Agreements	—	7,852,132	—	—	7,852,132
Interest Rate Swap	3,715,221	2,717,071	—	—	6,432,292
Total Non-Current Liabilities	84,640,737	24,768,615	252,256,726	—	361,666,078
<b>TOTAL LIABILITIES</b>	<b>144,047,939</b>	<b>100,884,420</b>	<b>345,433,751</b>	<b>(69,028,575)</b>	<b>521,337,535</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	—	—	—	—	—
<b>NET POSITION</b>					
Net Investment in Capital Assets	287,181,761	18,563,009	16,053,300	—	321,798,070
Restricted for:					
Nonexpendable	—	723,304,295	—	—	723,304,295
Expendable	—	855,825,711	—	—	855,825,711
Unrestricted	69,983,830	204,139,356	93,790,934	1,802,906	369,717,026
<b>TOTAL NET POSITION</b>	<b>\$ 357,165,591</b>	<b>\$ 1,801,832,371</b>	<b>\$ 109,844,234</b>	<b>\$ 1,802,906</b>	<b>\$ 2,270,645,102</b>

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

**UNIVERSITY OF GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**COMPONENT UNITS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2021**

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
<b>OPERATING REVENUES</b>					
Grants and Contracts					
Federal	\$ —	\$ —	\$ 184,210,365	\$ —	\$ 184,210,365
State	—	—	14,185,822	—	14,185,822
Other	—	—	27,214,899	—	27,214,899
Sales and Services	136,186,545	8,837,628	—	—	145,024,173
Rents and Royalties	—	1,066,306	26,409,515	—	27,475,821
Gifts and Contributions	—	62,847,180	—	—	62,847,180
Endowment Income	—	42,100,330	—	—	42,100,330
Other Operating Revenues	—	—	14,378	—	14,378
Total Operating Revenues	136,186,545	114,851,444	252,034,979	—	503,072,968
<b>OPERATING EXPENSES</b>					
Staff Salaries	16,015,834	4,294,734	—	(1,802,906)	18,507,662
Employee Benefits	391,971	—	—	—	391,971
Travel	4,992,641	82,229	—	—	5,074,870
Scholarships and Fellowships	—	93,625	—	—	93,625
Supplies and Other Services	91,808,478	81,131,304	238,863,319	—	411,803,101
Depreciation	11,049,956	631,070	114,323	—	11,795,349
Total Operating Expenses	124,258,880	86,232,962	238,977,642	(1,802,906)	447,666,578
Operating Income (Loss)	\$ 11,927,665	\$ 28,618,482	\$ 13,057,337	\$ 1,802,906	\$ 55,406,390

**UNIVERSITY OF GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**COMPONENT UNITS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2021**

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gifts	\$ 16,966,074	\$ —	\$ —	\$ —	\$ 16,966,074
Investment Income	15,951,978	368,047,637	10,022,156	—	394,021,771
Interest Expense	(3,697,092)	676,853	(9,850,379)	—	(12,870,618)
Other Nonoperating Revenues (Expenses)	(4,639,940)	514,587	(6,237,406)	—	(10,362,759)
Net Nonoperating Revenues	24,581,020	369,239,077	(6,065,629)	—	387,754,468
Income Before Other Revenues, Expenses, Gains, or Losses	36,508,685	397,857,559	6,991,708	1,802,906	443,160,858
Additions to Permanent and Term Endowments	—	56,468,320	—	—	56,468,320
Total Other Revenues, Expenses, Gains or Losses	—	56,468,320	—	—	56,468,320
Change in Net Position	36,508,685	454,325,879	6,991,708	1,802,906	499,629,178
Net Position, Beginning of Year	320,656,906	1,347,506,492	102,852,526	—	1,771,015,924
Net Position, End of Year	<u>\$ 357,165,591</u>	<u>\$ 1,801,832,371</u>	<u>\$ 109,844,234</u>	<u>\$ 1,802,906</u>	<u>\$ 2,270,645,102</u>

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





# UNIVERSITY OF GEORGIA



## Notes to the Financial Statements

**UNIVERSITY OF GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 Summary of Significant Accounting Policies**

**Nature of Operations**

The University of Georgia (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 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 of the State that are 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, 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](http://sao.georgia.gov/statewide-reporting/acfr).

**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.

- University of Georgia Athletic Association, Inc., 456 E. Broad Street, Athens, GA 30602
- University of Georgia Foundation, One Press Place, Suite 101, Athens, GA 30602
- University of Georgia Research Foundation, Inc., 324 Business Services Building, 456 E. Broad Street, Athens, GA 30602

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**

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2018. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which postponed the effective date of Statement No. 90 to fiscal year 2021. This statement addresses owning or acquiring a majority of the equity interest in a legally separate organization. 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). 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 the fair 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 Legal Fund and the Board of Regents Diversified Fund 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. Investments 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 the average-cost basis.



**Prepaid Items**

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value 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 30 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 USG. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

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

**Capital Liability Reserve Fund**

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

**Deferred Outflows of Resources**

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

**Deposits**

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

**Advances**

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

**Deposits Held for Other Organizations**

Deposits held for others result primarily from escheated funds that are the result of unclaimed property.

**Pollution Remediation Obligations**

Pollution remediation obligations are recorded when the University knows that a site is polluted and one or more obligating events have occurred. The amount recorded is an estimate of the current value of potential outlays for cleanup, calculated using the "expected cash flows" measurement technique.

**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) and Net OPEB Liability**

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) in the amount of \$701,567.93. Unexpended state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

### **Income Taxes**

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

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

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

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

### **Scholarship Allowances**

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Student tuition and fees reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$166,516,475.

## 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 and statement of fiduciary net position as follows:

### Statement of Net Position

#### Current

Cash and Cash Equivalents	\$	212,021,658
Cash and Cash Equivalents (Externally Restricted)		121,454,640
Short-term Investments		14,281,406
Short-term Investments (Externally Restricted)		171,410

#### Noncurrent

Non Current - Investments		109,106,101
Noncurrent Investments (Externally Restricted)		118,371,983

### Statement of Fiduciary Net Position

Cash and Cash Equivalents		(11,058,221)
	\$	<u>564,348,977</u>

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

Cash on Hand	\$	138,988
Deposits with Financial Institutions		162,730,914
Investments		401,479,075
	\$	<u>564,348,977</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, 2021, the bank balances of the University's deposits totaled \$174,655,592. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the University. Of these deposits, \$94,719 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	94,719
Uninsured and collateralized with securities held by the pledging financial institution		—
Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the Institution's name		—
		<hr/>
Total deposits exposed to custodial credit risk	\$	<u>94,719</u>

#### 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 foreign account of \$100,000 U.S. currency. The University's exposure to foreign currency risk derives from deposits in foreign banks for operations of studies abroad programs. The deposits are uninsured and uncollateralized in the amount of \$94,644 as follows:

<u>Program</u>	<u>Institution</u>	<u>Currency</u>	<u>U.S. Value</u>
UGA - Oxford Program	Barclay's	British Pound	\$ 57,083
UGA Cortona Art Program	Banca CR Firenze	European Euro	37,561
			<hr/>
			<u>\$ 94,644</u>

## **B. Investments**

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

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

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

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

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

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2021.

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 8,849,864	\$ 8,849,864	\$ —	\$ —
U.S. Agencies				
Explicitly Guaranteed	34,179,699	—	34,179,699	—
Implicitly Guaranteed	51,490,752	—	51,490,752	—
Corporate Debt	37,644,986	—	37,644,986	—
Mutual Bond Funds	268,143	268,143	—	—
Other Investments				
Equity Mutual Funds - Domestic	874,992	874,992	—	—
Equity Mutual Funds - International	124,841	124,841	—	—
Equity Securities - Domestic	955,014	955,008	—	6
Equity Securities - International	189,073	—	189,073	—
Real Estate Held for Investment Purposes	5,983,254	—	—	5,983,254
Real Estate Investment Trusts	130,312	130,312	—	—
	140,690,930	<u>\$ 11,203,160</u>	<u>\$ 123,504,510</u>	<u>\$ 5,983,260</u>
Investment Pools				
Board of Regents				
Legal Fund	8,071,567			
Diversified Fund	101,362,334			
Office of the State Treasurer				
Georgia Fund 1	151,354,244			
Total Investments	<u>\$ 401,479,075</u>			

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

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

Investments classified in Level 3 includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this category have been estimated using the net asset value of the University's ownership interest in partners' capital. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

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. Legal Fund

The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides an opportunity for greater return and modest principal growth to the extent possible with the 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 five and ten years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Legal Fund at June 30, 2021 was \$8,071,567, of which 100% is invested in debt securities. The Effective Duration of the Fund is 3.26 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 University's position in the Diversified Fund at June 30, 2021 was \$101,362,334, 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, \$1.00 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 University's policy for managing interest rate risk attempts to match investments with expected cash requirements by dividing between short-term and long-term investments.

	Fair Value	Investment Maturity				
		Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
U.S. Treasuries	\$ 8,849,864	\$ 5,635,666	\$ 3,023,442	\$ 114,329	\$ 76,427	\$ —
U.S. Agencies						
Explicitly Guaranteed	34,179,699	—	—	—	—	34,179,699
Implicitly Guaranteed	51,490,752	16,859	28,012	6,522,549	8,898,917	36,024,415
Corporate Debt	37,644,986	2,541,481	11,229,952	23,713,883	159,670	—
Mutual Bond Funds	268,143	171,410	—	—	96,733	—
	<u>132,433,444</u>	<u>\$ 8,365,416</u>	<u>\$ 14,281,406</u>	<u>\$ 30,350,761</u>	<u>\$ 9,231,747</u>	<u>\$ 70,204,114</u>
Other Investments						
Equity Mutual Funds - Domestic	874,992					
Equity Mutual Funds - International	124,841					
Equity Securities - Domestic	955,014					
Equity Securities - International	189,073					
Real Estate Held for Investment Purposes	5,983,254					
Real Estate Investment Trusts	130,312					
Investment Pools						
Board of Regents						
Legal Fund	8,071,567					
Diversified Fund	101,362,334					
Office of the State Treasurer						
Georgia Fund 1	151,354,244					
Total Investments	<u>\$ 401,479,075</u>					

### Custodial Credit Risk

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

At June 30, 2021, \$3,126,157 was uninsured and held by the investment's counterparty's trust department or agent, but not in the University's name.

### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University manages credit quality risk by establishing minimal quality ratings. Investments should have no lower than a BBB credit rating. The University also invests in investment pools managed by the University System of Georgia (USG). USG'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 Legal 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 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+.
3. The Georgia Fund 1 Investment Pool is managed by the Office of the State Treasurer (OST). OST utilizes a counterparty risk assessment model to assess credit risk of financial institutions that have been approved to serve as counterparties and major depositories. OST has assigned credit limits to each financial institution based upon counterparty risk assessment model which incorporates market indicators, default probabilities, issuer research and issuer ratings to determine maximum credit exposure per institution, term of investment for respective counterparties and collateralization requirements in accordance with the OST Investment Policy.

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	\$ 51,490,752	\$ 51,455,132	\$ 35,620	\$ —	\$ —	\$ —
Corporate Debt	37,644,986	—	4,676,162	30,223,356	2,745,468	—
Mutual Bond Funds	268,143	171,410	—	—	—	96,733
	<u>\$ 89,403,881</u>	<u>\$ 51,626,542</u>	<u>\$ 4,711,782</u>	<u>\$ 30,223,356</u>	<u>\$ 2,745,468</u>	<u>\$ 96,733</u>

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy requires diversification of investments to reduce overall portfolio risk while maintaining market rates of return. Investments are divided between short-term and long-term investments. For short-term investments, certificates of deposit and repurchase agreements should comprise 25-50%, investment in the Office of Treasury and Fiscal Services, Georgia Fund I should not exceed 50% and investment in U.S. Treasury obligations or U.S. Government agency securities can be 100%. For long-term investments, equities comprise 50-75%, fixed income can range between 25-50%, and cash and cash equivalents will range between 10-25%.

At June 30, 2021, approximately 9%, 7% and 6% of the University's business-type activity and fiduciary fund investments were investments in Government National Mortgage Assn notes and pools, Federal National Mortgage Assoc. notes and pools, and Federal Home Loan Mortgage Corp. notes and pools, respectively.

## **Note 3 Accounts Receivable**

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 3,485,104	\$ —
Auxiliary Enterprises and Other Operating Activities	3,377,131	—
Federal Financial Assistance	24,717,475	98,398
Georgia Student Finance Commission	—	13,177,994
Georgia State Financing and Investment Commission	4,555,401	—
Due from Component Units	90,607,787	—
Due From Other USG Institutions	1,769,246	—
Other	22,883,633	32,791
	<u>151,395,777</u>	<u>13,309,183</u>
Less: Allowance for Doubtful Accounts	<u>1,548,393</u>	<u>—</u>
Net Accounts Receivable	<u>\$ 149,847,384</u>	<u>\$ 13,309,183</u>

## Note 4 Inventories

Inventories consisted of the following at June 30, 2021:

Consumable Supplies	\$	3,722,893
Merchandise for Resale		<u>1,203,777</u>
Total	\$	<u><u>4,926,670</u></u>

## Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2021. 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, 2021, the allowance for uncollectible loans was \$1,279,694.

## Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2021 are shown below:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 61,616,767		\$ 401	\$ 61,616,366
Capitalized Collections	28,136,793	\$ 922,500	18,000	29,041,293
Construction Work-in-Progress	90,631,689	45,418,578	98,266,892	37,783,375
Total Capital Assets Not Being Depreciated	<u>180,385,249</u>	<u>46,341,078</u>	<u>98,285,293</u>	<u>128,441,034</u>
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	103,922,304	3,852,393		107,774,697
Building and Building Improvements	2,326,504,647	77,959,788	127,138	2,404,337,297
Facilities and Other Improvements	56,577,176	10,700,248		67,277,424
Equipment	469,463,843	34,667,072	14,043,725	490,087,190
Library Collections	376,989,234	15,071,731	4,728	392,056,237
Software	53,092,431			53,092,431
Total Capital Assets Being Depreciated/Amortized	<u>3,386,549,635</u>	<u>142,251,232</u>	<u>14,175,591</u>	<u>3,514,625,276</u>
Less: Accumulated Depreciation/Amortization				
Infrastructure	43,586,355	3,200,039		46,786,394
Building and Building Improvements	823,465,447	55,272,012	114,424	878,623,035
Facilities and Other Improvements	35,532,610	2,726,147		38,258,757
Equipment	368,887,170	25,614,105	13,077,085	381,424,190
Library Collections	307,472,852	13,497,398	4,728	320,965,522
Software	18,115,510	4,883,101		22,998,611
Total Accumulated Depreciation/Amortization	<u>1,597,059,944</u>	<u>105,192,802</u>	<u>13,196,237</u>	<u>1,689,056,509</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>1,789,489,691</u>	<u>37,058,430</u>	<u>979,354</u>	<u>1,825,568,767</u>
Capital Assets, net	<u>\$ 1,969,874,940</u>	<u>\$ 83,399,508</u>	<u>\$ 99,264,647</u>	<u>\$ 1,954,009,801</u>

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2021, there were no GSFIC transferred capital additions from GSFIC managed projects. In addition, at June 30, 2021, GSFIC had construction in progress of approximately \$68,020,883 for incomplete GSFIC managed projects for the University.

The University of Georgia Athletic Association, Inc. (the Athletic Association) has an agreement with the USG whereby expenses for additions and improvements to University of Georgia owned buildings, stadium, and athletic fields used by the Athletic Association become the property of the University of Georgia upon installation or acquisition. The Athletic Association leases these athletic facilities from the USG for \$1 million per year under the current operating lease agreement, which expires June 30, 2022. The Athletic Association capitalizes expenses for additions and improvements to the buildings, stadium, and athletic fields owned by the University of Georgia and used by the Athletic Association. Therefore, these improvements to University of Georgia owned property are not reported as capital assets within the University of Georgia's financial statements. The cost associated with these assets is \$446,764,571 and associated accumulated depreciation is \$141,997,199.

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

Fiscal Year	Depreciation Expense
2021	\$ 105,192,802
2020	\$ 102,623,470
2019	\$ 98,212,547

## Note 7 Advances (Including Tuition and Fees)

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

	Current Liabilities
Prepaid Tuition and Fees	\$ 25,980,790
Research	9,380,732
Other - Advances	11,960,925
Totals	<u>\$ 47,322,447</u>

## Note 8 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 Purchase Obligations	\$ 227,755,240	\$ —	\$ 31,908,062	\$ 195,847,178	\$ 12,683,726
Other Liabilities					
Compensated Absences	55,225,650	35,407,503	36,287,753	54,345,400	36,067,591
Pollution Remediation	286,384	220	195,879	90,725	90,725
Total	<u>55,512,034</u>	<u>35,407,723</u>	<u>36,483,632</u>	<u>54,436,125</u>	<u>36,158,316</u>
Total Long-Term Liabilities	<u>\$ 283,267,274</u>	<u>\$ 35,407,723</u>	<u>\$ 68,391,694</u>	<u>\$ 250,283,303</u>	<u>\$ 48,842,042</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.

### **Pollution Remediation**

Pollution remediation obligations reflect estimates that have the potential to change due to such items as price increases or reductions, new technology, or changes in applicable laws or regulations.

The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. USG has recorded a liability related to this pollution remediation in the amount of \$90,725. The liability is based on a contractual agreement with Resolute Environmental & Water Resources Consulting. The University of Georgia does not anticipate any changes to the expected remediation outlay. There are no expected recoveries that have reduced this 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, 2021, consisted of the following:

### **Deferred Outflows of Resources**

Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	\$ 245,040,194
Deferred Outflow on OPEB Plan (See Note 17)	218,462,533
<b>Total Deferred Outflows of Resources</b>	<b>\$ 463,502,727</b>

### **Deferred Inflows of Resources**

Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	\$ 17,681,091
Deferred Inflow on OPEB Plan (See Note 17)	104,290,022
<b>Total Deferred Inflows of Resources</b>	<b>\$ 121,971,113</b>

## Note 10 Net Position

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

### NET POSITION

Net Investment in Capital Assets	\$ 1,752,819,916
Restricted for	
Nonexpendable	
Permanent Endowment	86,075,505
Expendable	
Sponsored and Other Organized Activities	101,800,798
Federal Loans	2,064,074
Institutional Loans	12,252,897
Quasi-Endowments	33,505,617
Capital Projects	9,190,387
Sub-Total	158,813,773
Unrestricted	
Auxiliary Enterprises Operations	103,005,141
Reserve for Encumbrances	68,268,450
Reserve for Inventory	1,487,000
Capital Liability Reserve Fund	1,769,246
Other Unrestricted (Deficit)	(1,632,867,111)
Sub-Total	(1,458,337,274)
Total Net Position	\$ 539,371,920

Other unrestricted net position is reduced by \$1,168,411,441 related to the recording of net OPEB liability, deferred inflow of resources, and deferred outflow of resources related to OPEB plan. Other unrestricted net position is also reduced by \$658,955,633 related to the recording of net pension liability, deferred inflow of resources, and deferred outflow of resources on 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, 2021 are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Net Investments in Capital Assets	\$ 1,734,837,014	\$ 122,215,079	\$ 104,232,177	\$ 1,752,819,916
Restricted Net Position	214,416,791	417,321,365	386,848,878	244,889,278
Unrestricted Net Position	(1,399,655,939)	1,285,052,277	1,343,733,612	(1,458,337,274)
Total Net Position	\$ 549,597,866	\$ 1,824,588,721	\$ 1,834,814,667	\$ 539,371,920



## 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 determine 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 \$22,014,143 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, 2021. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of \$74,600 executed as of June 30, 2021. This amount is not reflected in the accompanying basic financial statements.

## Note 13 Leases

### Lease Obligations

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

#### Capital Leases

The University acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to capital leases for fiscal year 2021 were \$31,908,062 and \$10,567,667, respectively. The \$31,908,063 in principal payments includes the early payoff of the Complex Carbohydrate Research Ctr (CCRC) in the amount of \$24,056,960. Interest rates range from 3.71% - 7.56%.

The University has \$195,832,291 in outstanding lease obligations due to component units. Component units have \$195,832,290 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, 2021:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2021	Outstanding Balance per Lease Schedules at June 30, 2021
	( + )	( - )	( = )	
Leased Equipment	\$ 70,103	\$ 40,233	\$ 29,870	\$ 14,887
Leased Buildings and Building Improvements	260,286,012	62,801,096	197,484,916	195,832,291
Total Assets Held Under Capital Lease	<u>\$ 260,356,115</u>	<u>\$ 62,841,329</u>	<u>\$ 197,514,786</u>	<u>\$ 195,847,178</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	
East Campus Village Residence Halls	UGA Real Estate Foundation	\$ 65,631,566	30 years	Jul 2004	Jun 2034	\$ 45,128,300	(1)
East Village Dining Commons	UGA Real Estate Foundation	16,371,385	30 years	Jul 2004	Jun 2034	11,312,673	(1)
Tate Student Center Parking Deck	UGA Real Estate Foundation	13,400,000	29 years	Aug 2008	Jun 2037	10,612,593	(1)
Tate Student Center Expansion	UGA Real Estate Foundation	40,868,389	29 years	May 2009	Jun 2038	35,099,578	(1)
Intramural Parking Deck	UGA Real Estate Foundation	7,795,000	30 years	Aug 2009	Jun 2039	6,165,254	(1)
Performing Arts Center Parking Deck	UGA Real Estate Foundation	9,468,747	30 years	Nov 2009	Jun 2039	7,463,486	(1)
Greek Park House #1 - Pi Kappa Alpha	UGA Real Estate Foundation	3,287,613	30 years	Aug 2009	Jun 2039	2,786,112	(1)
Greek Park House #2 - Tau Epsilon Phi	UGA Real Estate Foundation	3,287,613	30 years	Aug 2009	Jun 2039	2,786,112	(1)
Greek Park House #3 - Sigma Nu	UGA Real Estate Foundation	3,287,613	30 years	Aug 2009	Jun 2039	2,786,112	(1)
Greek Park House #7 - Phi Delta Theta	UGA Real Estate Foundation	2,246,232	30 years	Aug 2009	Jun 2039	1,902,814	(1)
East Campus Housing Phase II	UGA Real Estate Foundation	48,741,608	30 years	Jul 2010	Jun 2040	40,155,762	(1)
Rutherford Hall	UGA Real Estate Foundation	21,700,179	20 years	Aug 2013	Jun 2033	11,307,184	(1)
Bolton Dining Commons	UGA Real Estate Foundation	24,200,067	30 years	Aug 2014	Jun 2044	18,326,311	(1)
Centrifuge	Beckman Coulter	46,940	5 years	Jan 2017	Dec 2021	4,796	
Cargo Van	Enterprise	23,163	4 years	Mar 2019	Feb 2023	10,091	
Total Leases		<u>\$ 260,356,115</u>				<u>\$ 195,847,178</u>	

(1) These capital leases are related party transactions.

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

### Operating Leases

The University 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 2021 was \$11,687,205, which includes payments to related parties of \$5,578,561. The University is obligated to pay these related parties a total of \$4,878,830 in the next fiscal year.

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:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2022	\$ 23,758,310	\$ 6,736,461
2023	18,873,009	5,399,016
2024	18,865,549	4,653,831
2025	18,872,247	3,882,315
2026	18,868,863	3,031,286
2027 through 2031	94,257,637	4,662,609
2032 through 2036	77,334,521	—
2037 through 2041	35,419,246	—
2042 through 2045	4,869,186	—
Total Minimum Lease Payments	311,118,568	\$ 28,365,518
Less: Interest	89,928,681	
Less: Executory Costs	25,342,709	
Principal Outstanding	\$ 195,847,178	

## 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 University also provides the Regents Retirement Plan.

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

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

#### General Information about the Teachers Retirement System

##### Plan description

All teachers of the University as defined in O.C.G.A. § 47-3-60 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at [trsga.com/publications](https://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 University's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of the University annual payroll. The University's contributions to TRS totaled \$86,865,189 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](https://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 19.91% of annual covered payroll for old plan members, 24.66% for new plan members and 21.57% for GSEPS members. The University's contributions to ERS totaled \$546,902 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 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, 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 University'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 University's TRS proportion was 3.642312%, which was a decrease of 0.085510% from its proportion measured as of June 30, 2019. At June 30, 2020, the University's ERS proportion was 0.095000%, which was a decrease of 0.000743% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of \$147,971,041 for TRS and \$792,615 for ERS. At June 30, 2021, 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	\$ 38,424,898	\$ —	\$ 48,776	\$ —
Changes of assumptions	90,878,999	—	—	—
Net difference between projected and actual earnings on pension plan investments	21,250,596	—	56,560	—
Changes in proportion and differences between contributions and proportionate share of contributions	6,925,957	17,663,059	42,317	18,032
Contributions subsequent to the measurement date	86,865,189	—	546,902	—
Total	<u>\$ 244,345,639</u>	<u>\$ 17,663,059</u>	<u>\$ 694,555</u>	<u>\$ 18,032</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 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 Ending June 30:	TRS	ERS
2022	\$ 28,930,091	\$ (9,792)
2023	\$ 45,050,137	\$ 24,306
2024	\$ 47,942,385	\$ 65,641
2025	\$ 17,894,778	\$ 49,466
2026	\$ —	\$ —
Thereafter	\$ —	\$ —

### 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 for service retirements and beneficiaries 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 improved 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 and the assumed annual rate of inflation.

#### 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 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 above discount rates, 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	1,399,133,875	\$ 882,310,527	458,663,566

#### Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	5,633,219	4,004,209	2,614,040

### 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 publically available at [trsga.com/publications](https://trsga.com/publications) and [ers.ga.gov/financials](https://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 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 University and the covered employees made the required contributions of \$23,191,109 (9.24%) and \$15,058,306 (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 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 University's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

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

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

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

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

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

## **Note 16 Contingencies**

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

## **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 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 University's membership in the Plan consisted of the following at June 30, 2021:

Active Employees	10,015
Retirees or Beneficiaries Receiving Benefits	5,431
Retirees Receiving Life Insurance Only	<u>746</u>
Total	<u><u>16,192</u></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 2021 plan year, the employer rate was approximately 85% of the total health insurance cost for eligible retirees and the retiree rate was approximately 15%. 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 University contributed \$28,246,688 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 University 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 University'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 University's proportion was 24.046709%, which was a increase of 0.177932% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized OPEB expense of \$78,104,084. At June 30, 2021, 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	\$ 65,131,486	\$ 5,138,476
Changes of assumptions	117,745,170	91,462,530
Net difference between projected and actual earnings on OPEB plan investments	—	399,201
Changes in proportion and differences between contributions and proportionate share of contributions	7,339,189	7,289,815
Contributions subsequent to the measurement date	28,246,688	—
Total	<u>\$ 218,462,533</u>	<u>\$ 104,290,022</u>

The University's contributions subsequent to the measurement date of \$28,246,688 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, 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 Ending June 30:

2022	\$	4,352,212
2023	\$	4,807,871
2024	\$	13,566,966
2025	\$	14,022,784
2026	\$	15,528,842
Thereafter	\$	33,647,148

### 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 Buyers GO 20-Bond Municipal Bond Index Interest Rate as of 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal Bond Index Long-term Rate of Return 3.75% General Inflation 2.10% Salary Increase 4.00%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a 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 update 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 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-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) 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	\$ 1,563,585,333	\$ 1,282,583,952	\$ 1,057,693,896

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-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 1,063,461,816	\$ 1,282,583,952	\$ 1,560,429,983
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 Annual Consolidated Financial Report which is publicly available at [usg.edu/fiscal\\_affairs/financial\\_reporting/](https://usg.edu/fiscal_affairs/financial_reporting/).



## Note 18 Operating Expenses with Functional Classifications

Business-type activity expenses by functional classification for fiscal year 2021 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 146,299,342	\$ 78,773,664	\$ 92,469,974	\$ 409,499	\$ 180,412
Research	150,451,817	95,323,179	86,498,224	169,611	809,556
Public Service	50,653,386	47,861,487	50,397,430	67,540	411,681
Academic Support	24,050,082	56,199,876	41,696,952	445,926	24,273
Student Services	3,015,396	19,997,673	12,279,046	24,975	12,142
Institutional Support	5,531,240	48,275,104	48,948,780	771,399	124,750
Plant Operations and Maintenance	787,922	46,176,358	31,276,532	3,559	33,457
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	5,299,756	73,629,213	36,227,996	138,793	2,257
Total Operating Expenses	<u>\$ 386,088,941</u>	<u>\$ 466,236,554</u>	<u>\$ 399,794,934</u>	<u>\$ 2,031,302</u>	<u>\$ 1,598,528</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ —	\$ 1,619,322	\$ 21,947,830	\$ 18,698,353	\$ 360,398,396
Research	—	1,589,440	88,619,403	25,848,785	449,310,015
Public Service	—	1,218,684	35,339,655	7,696,302	193,646,165
Academic Support	—	1,785,482	19,203,356	21,164,308	164,570,255
Student Services	—	270,537	5,857,419	2,505,244	43,962,432
Institutional Support	—	489,374	44,470,278	4,229,921	152,840,846
Plant Operations and Maintenance	—	21,474,016	38,967,465	6,415,234	145,134,543
Scholarships and Fellowships	42,957,844	—	—	—	42,957,844
Auxiliary Enterprises	—	8,054,397	6,618,723	18,634,655	148,605,790
Total Operating Expenses	<u>\$ 42,957,844</u>	<u>\$ 36,501,252</u>	<u>\$ 261,024,129</u>	<u>\$ 105,192,802</u>	<u>\$ 1,701,426,286</u>

## Note 19 Component Units

### University of Georgia Athletic Association, Inc.

The University of Georgia Athletic Association, Inc. (the Athletic Association) is a legally separate, tax-exempt component unit of the University of Georgia (University). The Athletic Association was organized in 1928 as a not-for-profit corporation to promote intercollegiate athletic sports representing the University. Although the University is not fiscally accountable for the Athletic Association, the nature and significance of the relationship between the University and the Athletic Association is such that exclusion from these departmental financial statements would render them misleading. The Athletic Association reports under GASB Standards.

During the year ended June 30, 2021, the Athletic Association made payments to the University for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. These payments totaled \$49.9 million.

**University of Georgia Foundation**

The University of Georgia Foundation (the UGA Foundation) is a not for profit foundation that was chartered in 1937 to receive and administer contributions for the support of the academic programs of the University of Georgia (University). The Foundation 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.

During the year ended June 30, 2021, the UGA Foundation distributed \$52.3 million to the University in support of program services including capital projects, scholarships, and other supporting activities, and \$6.3 million for unrestricted support including fundraising and general and administrative purposes.

**University of Georgia Research Foundation, Inc.**

The University of Georgia Research Foundation (the Research Foundation) is a legally separate, tax-exempt affiliated organization of the University of Georgia (University). The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs is managed by the Research Foundation. The seventeen-member board of the Research Foundation consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. All sponsored research awards are subcontracted to the University and other resources and related income are used to benefit the teaching, research, and outreach missions of the University. During the year ended June 30, 2021, the Research Foundation distributed \$220 million to the University for research contracts, \$4 million for restricted license and royalties, and \$3.9 million for both restricted and unrestricted support.

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.

The Research Foundation includes one component unit; the UGA Real Estate Foundation, Inc. (the Real Estate Foundation). The Research Foundation is the sole corporate member of the Real Estate Foundation and its activities are included in the financial statements using a blended presentation. The Real Estate Foundation manages and improves various real estate assets for the benefit of the University. The Real Estate Foundation may also provide support to the Board of Regents of the University System of Georgia and its affiliated institutions.

Complete financial statements for the Research Foundation can be obtained from the University of Georgia, Finance Division, 324 Business Services Building, 456 East Broad Street, Athens, GA 30602.

**Consolidation and Elimination Adjustments**

The University of Georgia Foundation maintains pooled investment funds for the University of Georgia Athletic Association and the University of Georgia Research Foundation for investment purposes. An elimination entry of \$67,225,669 was made to reduce the duplication of investment activity reflected on each component unit's individual financial statements.

An elimination entry of \$1,802,906 was made to reduce the duplication of deferred compensation payable reflected on The University of Georgia Athletic Association's individual financial statements. Deferred compensation is also reported by the University for athletic department employees.

Combined component unit's investments are comprised of the following amounts at June 30, 2021:

	Fair Value
Investment type	
Debt Securities	
U.S. Treasuries	\$ 23,527,755
Bond Securities	21,163,545
Corporate Debt	6,604,095
Money Market Mutual Funds	196,271,910
Municipal Obligations	100,929
Mutual Bond Funds	79,896,968
Repurchase Agreements	79,455,700
Other Investments	
Equity Mutual Funds - Domestic	494,038,414
Equity Mutual Funds - International	193,746,319
Equity Securities - Domestic	47,541,386
Real Estate Investment Trusts	52,264,341
Other	670,333,228
	<u>1,864,944,590</u>
Investment Pools	
Board of Regents	
Short-Term Fund	7,913,112
Total Investments	<u><u>\$ 1,872,857,702</u></u>

Component unit investments of \$81,603,787 are reported as cash and cash equivalents on the Statement of Net Position.

Combined component unit's endowments are comprised of the following amounts at June 30, 2021:

	Unrestricted	Restricted	Total
Beginning	\$ 138,391,165	\$ 1,021,542,578	\$ 1,159,933,743
Contributions	1,091,997	48,913,214	50,005,211
Net realized and unrealized gains	54,724,890	351,941,693	406,666,583
Appropriation of endowment assets for expenditure	(1,622,228)	(40,478,102)	(42,100,330)
Ending	<u>\$ 192,585,824</u>	<u>\$ 1,381,919,383</u>	<u>\$ 1,574,505,207</u>

Combined amounts due to component units related to direct financing lease activity as of June 30, 2021 is as follows:

Year Ending June 30:	Year:	Total
2022	1	\$ 21,980,665
2023	2	17,492,032
2024	3	17,469,432
2025	4	17,455,940
2026	5	17,431,600
2027 through 2031	6-10	86,727,892
2032 through 2036	11-15	70,945,190
2037 through 2041	16-20	32,108,593
2042 through 2045	21-24	4,149,129
Total Minimum Lease Payments to be Received		<u>285,760,473</u>
Less: Unearned Income		<u>(89,928,183)</u>
Net Investment in Direct Financing Lease Receivable		<u><u>\$ 195,832,290</u></u>

Combined component unit's capital assets are comprised of the following amounts at June 30, 2021:

Capital Assets not being Depreciated:

Land	\$	46,241,989
Capitalized Collections		2,322,808
Construction Work-in-Progress		68,257,293
Total Capital Assets not being Depreciated		116,822,090

Capital Assets being Depreciated:

Building and Building Improvements	436,026,391
Facilities and Other Improvements	42,156,117
Equipment	11,482,716
Software	3,274,754
Total Capital Assets being Depreciated/Amortized	492,939,978

Less Total Accumulated Depreciation/Amortization	165,912,992
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Total Capital Assets being Depreciated/Amortized, Net	327,026,986
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Capital Assets, Net	\$ 443,849,076
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Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Liabilities under Split Interest Agreement	\$ 8,656,016	\$ 62,993	\$ —	\$ 8,719,009	\$ 866,877
Notes and Loans Payable	28,538,864	5,000,000	537,821	33,001,043	561,250
Interest Rate Swap	9,049,044	—	2,616,752	6,432,292	—
Revenue/Mortgage Bonds Payable	306,325,000	38,970,000	37,975,000	307,320,000	15,345,000
Bond - Premium	18,027,520	4,486,458	1,999,127	20,514,851	—
Total Long Term Liabilities	\$ 370,596,444	\$ 48,519,451	\$ 43,128,700	\$ 375,987,195	\$ 16,773,127

Combined component unit's notes and loans are comprised of the following amounts at June 30, 2021:

		Principal	Interest	Total
Year ending June 30:				
2022	1	\$ 561,250	\$ 566,915	\$ 1,128,165
2023	2	580,193	543,666	1,123,859
2024	3	14,645,904	520,240	15,166,144
2025	4	5,635,754	494,041	6,129,795
2026	5	660,439	467,509	1,127,948
2027 through 2031	6-10	3,736,806	1,895,981	5,632,787
2032 through 2036	11-15	4,615,930	1,024,752	5,640,682
2037 through 2041	16-20	2,564,767	138,988	2,703,755
Total		\$ 33,001,043	\$ 5,652,092	\$ 38,653,135

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2021:

		Principal	Interest	Total
Year ending June 30:				
2022	1	\$ 15,345,000	\$ 11,614,626	\$ 26,959,626
2023	2	15,335,000	11,060,962	26,395,962
2024	3	15,890,000	10,473,804	26,363,804
2025	4	16,440,000	9,854,591	26,294,591
2026	5	17,010,000	9,227,612	26,237,612
2027 through 2031	6-10	95,350,000	35,159,496	130,509,496
2032 through 2036	11-15	76,090,000	16,849,959	92,939,959
2037 through 2041	16-20	33,370,000	6,807,755	40,177,755
2042 through 2046	21-24	11,375,000	2,724,750	14,099,750
2047 through 2051	26-30	9,125,000	1,237,250	10,362,250
2052	31	1,990,000	79,600	2,069,600
		307,320,000	115,090,405	422,410,405
Bond Premium		20,514,851	—	20,514,851
Total		<u>\$ 327,834,851</u>	<u>\$ 115,090,405</u>	<u>\$ 442,925,256</u>





# UNIVERSITY OF GEORGIA



## Required Supplementary Information



**UNIVERSITY OF GEORGIA  
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	June 30, 2021	\$ 546,902	\$ 546,902	\$ —	\$ 2,217,760	24.66%
	June 30, 2020	\$ 590,091	\$ 590,091	\$ —	\$ 2,389,403	24.70%
	June 30, 2019	\$ 597,920	\$ 597,920	\$ —	\$ 2,406,752	24.84%
	June 30, 2018	\$ 588,349	\$ 588,349	\$ —	\$ 2,272,341	25.89%
	June 30, 2017	\$ 508,186	\$ 508,186	\$ —	\$ 1,979,582	25.67%
	June 30, 2016	\$ 519,785	\$ 519,785	\$ —	\$ 2,061,311	25.22%
	June 30, 2015	\$ 385,819	\$ 385,819	\$ —	\$ 1,733,437	22.26%
	June 30, 2014	\$ 370,020	\$ 370,020	\$ —	\$ 2,058,830	17.97%
	June 30, 2013	\$ 230,629	\$ 230,629	\$ —	\$ 1,433,329	16.09%
	June 30, 2012	\$ 155,689	\$ 155,689	\$ —	\$ 1,338,684	11.63%
Teachers Retirement System	June 30, 2021	\$ 86,865,189	\$ 86,865,189	\$ —	\$ 456,497,341	19.03%
	June 30, 2020	\$ 98,517,318	\$ 98,517,318	\$ —	\$ 464,009,556	21.23%
	June 30, 2019	\$ 95,082,088	\$ 95,082,088	\$ —	\$ 448,603,779	21.20%
	June 30, 2018	\$ 72,820,704	\$ 72,820,704	\$ —	\$ 432,012,936	16.86%
	June 30, 2017	\$ 60,690,947	\$ 60,690,947	\$ —	\$ 426,989,538	14.21%
	June 30, 2016	\$ 57,583,354	\$ 57,583,354	\$ —	\$ 404,092,295	14.25%
	June 30, 2015	\$ 49,534,749	\$ 49,534,749	\$ —	\$ 378,176,373	13.10%
	June 30, 2014	\$ 44,786,220	\$ 44,786,220	\$ —	\$ 359,137,320	12.47%
	June 30, 2013	\$ 39,890,243	\$ 39,890,243	\$ —	\$ 351,639,966	11.34%
	June 30, 2012	\$ 35,415,805	\$ 35,415,805	\$ —	\$ 344,511,722	10.28%

**UNIVERSITY OF GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS**  
**FOR THE LAST SEVEN 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	June 30, 2021	0.095000%	\$ 4,004,209	\$ 2,389,403	167.58%	76.21%
	June 30, 2020	0.095743%	\$ 3,950,865	\$ 2,406,752	164.16%	76.74%
	June 30, 2019	0.091022%	\$ 3,741,944	\$ 2,272,341	164.67%	76.68%
	June 30, 2018	0.081550%	\$ 3,312,019	\$ 1,979,582	167.31%	76.33%
	June 30, 2017	0.090000%	4,214,520	2,061,311	204.46%	72.34%
	June 30, 2016	0.076807%	\$ 3,111,757	\$ 1,733,437	179.51%	76.20%
	June 30, 2015	0.089019%	\$ 3,338,763	\$ 2,058,830	162.17%	77.99%
Teachers Retirement System	June 30, 2021	3.642312%	\$ 882,310,527	\$ 464,009,556	190.15%	77.01%
	June 30, 2020	3.727000%	\$ 801,582,530	\$ 448,603,779	178.68%	78.56%
	June 30, 2019	3.680000%	\$ 683,344,097	\$ 432,012,936	158.18%	80.27%
	June 30, 2018	3.750000%	\$ 696,491,851	\$ 426,989,538	163.12%	79.33%
	June 30, 2017	3.720000%	\$ 766,801,603	\$ 404,092,295	189.76%	76.06%
	June 30, 2016	3.620000%	\$ 550,468,579	\$ 378,176,373	145.56%	81.44%
	June 30, 2015	3.570000%	\$ 451,638,809	\$ 359,137,320	125.76%	84.03%

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

**UNIVERSITY OF GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLANS  
METHODS AND ASSUMPTIONS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

*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. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

Changes of benefit terms: A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

**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%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, the rates of withdrawal, retirement, and disability and mortality were adjusted to more closely reflect actual experience.

**UNIVERSITY OF GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
FOR THE LAST FIVE 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)
June 30, 2021	\$ 28,246,688	\$ 28,246,688	\$ —	\$ 728,014,959	3.88%
June 30, 2020	\$ 24,718,097	\$ 24,718,097	\$ —	\$ 735,283,862	3.36%
June 30, 2019	\$ 38,281,461	\$ 38,281,461	\$ —	\$ 670,452,954	5.71%
June 30, 2018	\$ 38,104,754	\$ 38,104,754	\$ —	\$ 647,913,211	5.88%
June 30, 2017	\$ 23,984,368	\$ 23,984,368	\$ —	\$ 668,496,675	3.59%

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

**UNIVERSITY OF GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE OPEB LIABILITY  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
FOR THE LAST FOUR 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
June 30, 2021	24.046709%	\$ 1,282,583,952	\$ 735,283,862	174.43%	2.91%
June 30, 2020	23.868779%	\$ 1,067,308,683	\$ 670,452,954	159.19%	3.13%
June 30, 2019	24.053003%	\$ 1,060,918,096	\$ 647,913,211	163.74%	1.69%
June 30, 2018	24.084583%	\$ 1,016,303,379	\$ 668,496,675	152.03%	0.19%

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

**UNIVERSITY OF GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR OPEB PLAN  
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN  
METHODS AND ASSUMPTIONS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

*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 update 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.





# UNIVERSITY OF GEORGIA



## Supplementary Information

**UNIVERSITY OF GEORGIA**  
**BALANCE SHEET (NON-GAAP BASIS)**  
**BUDGET FUNDS**  
**JUNE 30, 2021**  
**(UNAUDITED)**

ASSETS

Cash and Cash Equivalents	\$	262,178,882.72
Accounts Receivable		
Federal Financial Assistance		54,204,018.59
Other		75,314,306.05
Prepaid Expenditures		1,293,324.26
Inventories		3,494,790.07
Other Assets		215,424.00
		<hr/>
Total Assets		<hr/> <hr/> 396,700,745.69

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll		7,977,055.59
Encumbrance Payable		68,268,449.66
Accounts Payable		4,138,996.94
Unearned Revenue		59,600,246.38
Funds Held for Others		405,117.38
Other Liabilities		446,243.82
		<hr/>
Total Liabilities		<hr/> 140,836,109.77

Fund Balances

Reserved		
Capital Outlay		6,559,004.57
Department Sales and Services		59,633,674.31
Indirect Cost Recoveries		50,066,092.35
Technology Fees		15,299,194.98
Restricted/Sponsored Funds		108,142,370.65
Uncollectible Accounts Receivable		1,260,038.15
Inventories		1,487,000.00
Tuition Carry - Forward		12,715,692.98
Unreserved		
Surplus		701,567.93
		<hr/>
Total Fund Balances		<hr/> 255,864,635.92
		<hr/>
Total Liabilities and Fund Balances	\$	<hr/> <hr/> 396,700,745.69

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.

**UNIVERSITY OF GEORGIA**  
**STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Agricultural Experiment Station				
State Appropriation				
State General Funds	\$ 42,409,663.00	\$ 45,142,840.00	\$ 45,142,840.00	\$ —
Other Funds	44,552,919.00	72,733,013.00	62,854,845.58	27,912,702.71
Total Agricultural Experiment Station	86,962,582.00	117,875,853.00	107,997,685.58	27,912,702.71
Athens and Tifton Veterinary Laboratories				
Other Funds	6,714,879.00	11,280,099.00	9,925,988.62	1,589,250.70
Cooperative Extension Service				
State Appropriation				
State General Funds	39,361,391.00	41,953,059.00	41,953,059.00	—
Other Funds	34,333,929.00	36,912,542.00	21,343,880.33	6,876,249.04
Total Cooperative Extension Service	73,695,320.00	78,865,601.00	63,296,939.33	6,876,249.04
Forestry Cooperative Extension				
State Appropriation				
State General Funds	912,598.00	964,818.00	964,818.00	—
Other Funds	606,988.00	1,379,186.00	869,692.74	371,864.59
Total Forestry Cooperative Extension	1,519,586.00	2,344,004.00	1,834,510.74	371,864.59
Forestry Research				
State Appropriation				
State General Funds	2,666,683.00	2,856,166.00	2,856,166.00	—
Other Funds	11,485,243.00	13,281,261.00	11,685,377.96	2,779,383.67
Total Forestry Research	14,151,926.00	16,137,427.00	14,541,543.96	2,779,383.67
Marine Institute				
State Appropriation				
State General Funds	900,618.00	972,325.00	972,325.00	—
Other Funds	486,281.00	601,184.00	322,907.66	620,787.61
Total Marine Institute	1,386,899.00	1,573,509.00	1,295,232.66	620,787.61
Marine Resources Extension Center				
State Appropriation				
State General Funds	1,434,270.00	1,510,947.00	1,510,947.00	—
Other Funds	1,345,529.00	1,555,658.00	920,405.67	235,483.49
Total Marine Resources Extension Center	2,779,799.00	3,066,605.00	2,431,352.67	235,483.49
Skidaway Institute of Oceanography				
State Appropriation				
State General Funds	2,953,952.00	2,953,952.00	2,953,952.00	—
Other Funds	3,700,620.00	5,866,692.00	3,834,443.47	2,271,323.12
Total Skidaway Institute of Oceanography	6,654,572.00	8,820,644.00	6,788,395.47	2,271,323.12

Teaching				
State Appropriation				
State General Funds	376,894,508.00	392,763,630.00	392,763,630.00	—
Federal Funds-COVID19				
Federal Funds Not Itemized-Covid		41,214,629.00	41,106,756.35	—
Other Funds	950,261,765.00	1,123,338,938.00	970,502,622.11	183,948,964.80
Total Teaching	<u>1,327,156,273.00</u>	<u>1,557,317,197.00</u>	<u>1,404,373,008.46</u>	<u>183,948,964.80</u>
Veterinary Medicine Experiment Station				
State Appropriation				
State General Funds	4,065,841.00	4,226,424.00	4,226,424.00	—
Other Funds	\$ —	\$ —	228,946.29	—
Total Veterinary Medicine Experiment Station	<u>4,065,841.00</u>	<u>4,226,424.00</u>	<u>4,455,370.29</u>	<u>—</u>
Veterinary Medicine Teaching Hospital				
State Appropriation				
State General Funds	481,991.00	481,991.00	481,991.00	—
Other Funds	22,000,000.00	30,710,946.00	26,098,079.95	4,914,322.29
Total Veterinary Medicine Teaching Hospital	<u>22,481,991.00</u>	<u>31,192,937.00</u>	<u>26,580,070.95</u>	<u>4,914,322.29</u>
Total Operating Activity	<u>\$ 1,547,569,668.00</u>	<u>\$ 1,832,700,300.00</u>	<u>\$ 1,643,520,098.73</u>	<u>\$ 231,520,332.02</u>

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

**UNIVERSITY OF GEORGIA**  
**STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	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)	
Agricultural Experiment Station						
State Appropriation						
State General Funds	\$ —	\$ 45,142,840.00	\$ —	\$ 45,142,840.00	\$ —	\$ —
Other Funds	—	90,767,548.29	18,034,535.29	59,660,151.97	13,072,861.03	31,107,396.32
Total Agricultural Experiment Station	—	135,910,388.29	18,034,535.29	104,802,991.97	13,072,861.03	31,107,396.32
Athens and Tifton Veterinary Laboratories						
Other Funds	—	11,515,239.32	235,140.32	8,703,424.11	2,576,674.89	2,811,815.21
Cooperative Extension Service						
State Appropriation						
State General Funds	—	41,953,059.00	—	41,953,059.00	—	—
Other Funds	—	28,220,129.37	(8,692,412.63)	19,877,089.39	17,035,452.61	8,343,039.98
Total Cooperative Extension Service	—	70,173,188.37	(8,692,412.63)	61,830,148.39	17,035,452.61	8,343,039.98
Forestry Cooperative Extension						
State Appropriation						
State General Funds	—	964,818.00	—	964,818.00	—	—
Other Funds	—	1,241,557.33	(137,628.67)	954,376.71	424,809.29	287,180.62
Total Forestry Cooperative Extension	—	2,206,375.33	(137,628.67)	1,919,194.71	424,809.29	287,180.62
Forestry Research						
State Appropriation						
State General Funds	—	2,856,166.00	—	2,856,166.00	—	—
Other Funds	—	14,464,761.63	1,183,500.63	11,538,878.43	1,742,382.57	2,925,883.20
Total Forestry Research	—	17,320,927.63	1,183,500.63	14,395,044.43	1,742,382.57	2,925,883.20
Marine Institute						
State Appropriation						
State General Funds	—	972,325.00	—	972,325.00	—	—
Other Funds	—	943,695.27	342,511.27	312,762.50	288,421.50	630,932.77
Total Marine Institute	—	1,916,020.27	342,511.27	1,285,087.50	288,421.50	630,932.77
Marine Resources Extension Center						
State Appropriation						
State General Funds	—	1,510,947.00	—	1,510,947.00	—	—
Other Funds	—	1,155,889.16	(399,768.84)	877,856.84	677,801.16	278,032.32
Total Marine Resources Extension Center	—	2,666,836.16	(399,768.84)	2,388,803.84	677,801.16	278,032.32
Skidaway Institute of Oceanography						
State Appropriation						
State General Funds	—	2,953,952.00	—	2,953,952.00	—	—
Other Funds	—	6,105,766.59	239,074.59	3,095,483.62	2,771,208.38	3,010,282.97
Total Skidaway Institute of Oceanography	—	9,059,718.59	239,074.59	6,049,435.62	2,771,208.38	3,010,282.97

Teaching						
State Appropriation						
State General Funds	—	392,763,630.00	—	392,763,630.00	—	—
Federal Funds-COVID19						
Federal Funds Not Itemized-Covid	—	41,106,756.35	(107,872.65)	41,106,756.35	107,872.65	—
Other Funds	—	1,154,451,586.91	31,112,648.91	959,777,590.34	163,561,347.66	194,673,996.57
Total Teaching	—	1,588,321,973.26	31,004,776.26	1,393,647,976.69	163,669,220.31	194,673,996.57
Veterinary Medicine Experiment Station						
State Appropriation						
State General Funds	—	4,226,424.00	—	4,226,424.00	—	—
Other Funds	—	228,946.29	228,946.29	—	—	228,946.29
Total Veterinary Medicine Experiment Station	—	4,455,370.29	228,946.29	4,226,424.00	0.00	228,946.29
Veterinary Medicine Teaching Hospital						
State Appropriation						
State General Funds	—	481,991.00	—	481,991.00	—	—
Other Funds	—	31,012,402.24	301,456.24	23,461,690.12	7,249,255.88	7,550,712.12
Total Veterinary Medicine Teaching Hospital	—	31,494,393.24	301,456.24	23,943,681.12	7,249,255.88	7,550,712.12
Total Operating Activity	\$ —	\$ 1,875,040,430.75	\$ 42,340,130.75	\$ 1,623,192,212.38	\$ 209,508,087.62	\$ 251,848,218.37

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.



**UNIVERSITY OF GEORGIA**  
**STATEMENT OF CHANGES TO FUND BALANCE**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2020 Surplus	Prior Year Adjustments	Other Adjustments
Agricultural Experiment Station					
State Appropriation					
State General Funds	\$ 51,671.50	\$ —	\$ (51,671.50)	\$ 1,846.39	\$ —
Other Funds	27,915,740.19	(27,912,702.71)	(3,037.48)	65,610.36	(1,500.00)
Total Agricultural Experiment Station	27,967,411.69	(27,912,702.71)	(54,708.98)	67,456.75	(1,500.00)
Athens and Tifton Veterinary Laboratories					
State Appropriation					
State General Funds	—	—	—	—	—
Other Funds	1,589,250.70	(1,589,250.70)	—	35,356.32	—
Cooperative Extension Service					
State Appropriation					
State General Funds	79,517.83	—	(79,517.83)	1,988.41	—
Other Funds	6,878,575.60	(6,876,249.04)	(2,326.56)	14,286.57	(750.00)
Total Cooperative Extension Service	6,958,093.43	(6,876,249.04)	(81,844.39)	16,274.98	(750.00)
Forestry Cooperative Extension					
State Appropriation					
State General Funds	471.75	—	(471.75)	3.47	—
Other Funds	371,864.59	(371,864.59)	—	546.48	—
Total Forestry Cooperative Extension	372,336.34	(371,864.59)	(471.75)	549.95	—
Forestry Research					
State Appropriation					
State General Funds	2,522.59	—	(2,522.59)	1.40	—
Other Funds	2,779,511.25	(2,779,383.67)	(127.58)	3,625.04	—
Total Forestry Research	2,782,033.84	(2,779,383.67)	(2,650.17)	3,626.44	—
Marine Institute					
State Appropriation					
State General Funds	—	—	—	422.72	—
Other Funds	620,787.61	(620,787.61)	—	—	—
Total Marine Institute	620,787.61	(620,787.61)	—	422.72	—
Marine Resources Extension Center					
State Appropriation					
State General Funds	14,311.36	—	(14,311.36)	6,704.40	—
Other Funds	235,483.70	(235,483.49)	(0.21)	0.18	—
Total Marine Resources Extension Center	249,795.06	(235,483.49)	(14,311.57)	6,704.58	—
Skidaway Institute of Oceanography					
State Appropriation					
State General Funds	546.82	—	(546.82)	10,809.12	—
Other Funds	2,271,323.12	(2,271,323.12)	—	16,833.00	—
Total Skidaway Institute of Oceanography	2,271,869.94	(2,271,323.12)	(546.82)	27,642.12	—

Teaching					
State Appropriation					
State General Funds	13,060,587.16	—	(13,060,587.16)	569,913.17	—
Federal Funds-COVID19	—	—	—	—	—
Federal Funds Not Itemized-Covid	—	—	—	—	—
Other Funds	<u>185,891,798.51</u>	<u>(183,948,964.80)</u>	<u>(1,942,833.71)</u>	<u>587,032.31</u>	<u>(80,117.21)</u>
Total Teaching	<u>198,952,385.67</u>	<u>(183,948,964.80)</u>	<u>(15,003,420.87)</u>	<u>1,156,945.48</u>	<u>(80,117.21)</u>
Veterinary Medicine Experiment Station					
State Appropriation					
State General Funds	1,739.20	—	(1,739.20)	10,845.83	—
Other Funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Veterinary Medicine Experiment Station	<u>1,739.20</u>	<u>—</u>	<u>(1,739.20)</u>	<u>10,845.83</u>	<u>—</u>
Veterinary Medicine Teaching Hospital					
State Appropriation					
State General Funds	—	—	—	—	—
Other Funds	<u>4,914,322.29</u>	<u>(4,914,322.29)</u>	<u>—</u>	<u>24,301.02</u>	<u>1,620.42</u>
Total Veterinary Medicine Teaching Hospital	<u>4,914,322.29</u>	<u>(4,914,322.29)</u>	<u>—</u>	<u>24,301.02</u>	<u>1,620.42</u>
Total Operating Activity	246,680,025.77	(231,520,332.02)	(15,159,693.75)	1,350,126.19	(80,746.79)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	1,487,000.00				—
Uncollectible Accounts Receivable	<u>1,179,291.36</u>				<u>80,746.79</u>
Budget Unit Totals	<u>\$ 249,346,317.13</u>	<u>\$ (231,520,332.02)</u>	<u>\$ (15,159,693.75)</u>	<u>\$ 1,350,126.19</u>	<u>\$ —</u>

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

**UNIVERSITY OF GEORGIA**  
**STATEMENT OF CHANGES TO FUND BALANCE**  
**BY PROGRAM AND FUNDING SOURCE**  
**BUDGET FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Early Return of Fiscal Year 2021 Surplus	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Agricultural Experiment Station						
State Appropriation						
State General Funds	\$ —	\$ —	\$ 1,846.39	\$ —	\$ 1,846.39	\$ 1,846.39
Other Funds	—	31,107,396.32	31,171,506.68	31,171,263.69	242.99	31,171,506.68
Total Agricultural Experiment Station	—	31,107,396.32	31,173,353.07	31,171,263.69	2,089.38	31,173,353.07
Athens and Tifton Veterinary Laboratories						
Other Funds	—	2,811,815.21	2,847,171.53	2,847,171.53	—	2,847,171.53
Cooperative Extension Service						
State Appropriation						
State General Funds	—	—	1,988.41	—	1,988.41	1,988.41
Other Funds	—	8,343,039.98	8,356,576.55	8,356,576.55	—	8,356,576.55
Total Cooperative Extension Service	—	8,343,039.98	8,358,564.96	8,356,576.55	1,988.41	8,358,564.96
Forestry Cooperative Extension						
State Appropriation						
State General Funds	—	—	3.47	—	3.47	3.47
Other Funds	—	287,180.62	287,727.10	287,727.10	—	287,727.10
Total Forestry Cooperative Extension	—	287,180.62	287,730.57	287,727.10	3.47	287,730.57
Forestry Research						
State Appropriation						
State General Funds	—	—	1.40	—	1.40	1.40
Other Funds	—	2,925,883.20	2,929,508.24	2,927,700.20	1,808.04	2,929,508.24
Total Forestry Research	—	2,925,883.20	2,929,509.64	2,927,700.20	1,809.44	2,929,509.64
Marine Institute						
State Appropriation						
State General Funds	—	—	422.72	—	422.72	422.72
Other Funds	—	630,932.77	630,932.77	630,932.77	—	630,932.77
Total Marine Institute	—	630,932.77	631,355.49	630,932.77	422.72	631,355.49
Marine Resources Extension Center						
State Appropriation						
State General Funds	—	—	6,704.40	—	6,704.40	6,704.40
Other Funds	—	278,032.32	278,032.50	278,032.35	0.15	278,032.50
Total Marine Resources Extension Center	—	278,032.32	284,736.90	278,032.35	6,704.55	284,736.90
Skidaway Institute of Oceanography						
State Appropriation						
State General Funds	—	—	10,809.12	—	10,809.12	10,809.12
Other Funds	—	3,010,282.97	3,027,115.97	3,027,115.97	—	3,027,115.97
Total Skidaway Institute of Oceanography	—	3,010,282.97	3,037,925.09	3,027,115.97	10,809.12	3,037,925.09

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.



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