

AUGUSTA UNIVERSITY



Annual Financial Report Fiscal Year 2021

Including Independent Auditor's Report

AUGUSTA UNIVERSITY
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Financial Section



DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the Augusta University (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 Augusta University Foundation, Inc., Augusta University Research Institute, Inc., and AU Health Systems, 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.

As discussed in Note 20 to the financial statements, in 2021, the University restated the prior period financial statements to correct a misstatement. 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 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.

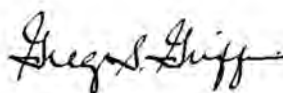
The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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

December 21, 2021

AUGUSTA UNIVERSITY

Management's Discussion and Analysis

Introduction

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

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

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

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

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

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

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

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

	STUDENT HEADCOUNT	STUDENT FTE
FY 2021	9,565	8,848
FY 2020	9,274	8,575
FY 2019	9,072	8,419

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2021. The emphasis of discussion about these statements will be on current year data. There are five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 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, deferred outflows of resources, liabilities, and deferred inflows of resources, both current and noncurrent. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

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

The first category, net investment in capital assets, provides the University's equity in property, plant, and equipment owned by the University.

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

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

Statement of Net Position for the Years Ended June 30, 2021 and June 30, 2020, Condensed

CONDENSED STATEMENT OF NET POSITION	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	\$ 201,590,061	\$ 196,853,349	\$ 4,736,712	2.41 %
Capital Assets, Net	726,281,298	673,925,919	52,355,379	7.77 %
Other Assets	79,818,651	46,809,857	33,008,794	70.52 %
TOTAL ASSETS	1,007,690,010	917,589,125	90,100,885	9.82 %
DEFERRED OUTFLOWS	225,622,139	153,990,747	71,631,392	46.52 %
LIABILITIES				
Current Liabilities	92,615,228	88,332,043	4,283,185	4.85 %
Non-Current Liabilities	1,133,103,746	1,001,443,601	131,660,145	13.15 %
TOTAL LIABILITIES	1,225,718,974	1,089,775,644	135,943,330	12.47 %
DEFERRED INFLOWS	72,030,680	84,049,297	(12,018,617)	(14.30)%
NET POSITION				
Net Investment in Capital Assets	684,548,429	628,740,197	55,808,232	8.88 %
Restricted, Non-Expendable	3,329,041	2,628,560	700,481	26.65 %
Restricted, Expendable	41,931,410	32,527,141	9,404,269	28.91 %
Unrestricted (Deficit)	(794,246,385)	(766,140,967)	(28,105,418)	(3.67)%
TOTAL NET POSITION	\$ (64,437,505)	\$ (102,245,069)	\$ 37,807,564	36.98 %

Total assets increased \$90,100,885 which was due to an increase in current assets of \$4,736,712, an increase in net capital assets of \$52,355,379, and an increase in other assets of \$33,008,794. Cash and cash equivalents increased by \$13,246,372 as a result of an effort to build cash reserves by controlled spending and increased payment by component units during the fiscal year. Investments increased by \$33,209,730 as a result of increases in market value of the various investments during the fiscal year. However, this also included a transfer of \$25 million from cash to investments to replace the funds obtained from the sale of investments throughout the prior fiscal year when additional funds were needed to supplement cash due to slow payment by component units. Accounts receivable had an overall decrease of (\$8,107,484) which was a mainly due to a decrease in amounts due from component units, and to a lesser degree a decrease in federal financial assistance and auxiliary enterprises receivables. These decreases were offset somewhat by an increase in other receivables. The increase in other receivables was due to an increase in research projects resulting from new faculty added in fiscal year 2021 bringing several research projects with them, a Georgia War Veterans receivable related to COVID funding, and an other state agency receivable. Under the Master Lease Agreement, the Health System is required to pay an annual performance-based service fee to support the delivery of services described in the Master Affiliation Agreement and provide the many resources needed to continue operation. The performance-based service fee is based on the percentage of Augusta University Health System's net income to operating revenue and for fiscal year 2021, there is no payment expected.

The Georgia State Financing and Investment Commission (GSFIC) managed project for the design and building of a College of Science and Math Building on the Augusta University campus was substantially completed and transferred to the University in fiscal year 2021. This was chiefly responsible for the current year increase in capital assets as compared to the prior year when no GSFIC projects were completed and transferred to the University. In fiscal year 2021, there were fewer capital projects than in the prior year due to continued project delays or projects placed on hold due to the coronavirus (COVID 19) situation.

Total deferred outflows of resources increased by \$71,631,392 which was primarily due to the University's change in proportionate share of the actuarially determined deferred loss on defined benefit pension plans administered by Teachers Retirement System of Georgia and the largest increase in outflows of resources for Other Post Employment Benefits. These increases were offset to a much lesser degree by reductions in outflows of resources for the Early Retirement Pension Plan and the Employees' Retirement System of Georgia.

Total liabilities increased \$135,943,330 which was due to an increase in current liabilities of \$4,283,185 and an increase in non-current liabilities of \$131,660,145. Advances increased \$6,797,612 primarily due to an increase in federal, state, and non-governmental grants and contracts unearned research revenue of \$6,125,026. There was also an increase in prepaid tuition and fees and in other auxiliary advances. Non-current compensated absences increased by \$1,418,153 which represents a 5.73% change. This increase was related to a larger leave balance which carried over from the prior year when the COVID 19 pandemic necessitated shelter-in-place restrictions and closing of public locations during the months when normal vacation leave would be used at a higher rate. This higher beginning balance caused the ending balance to remain higher than in past years despite more leave being used during this fiscal year than last. The largest increase in non-current liabilities was a change in net other post employment benefits liability of \$104,462,294 or 20.03% and was attributable to the change in liability related to fiscal year 2020. The second largest increase in non-current liabilities was in the net pension liability of \$29,013,052 or 7.04% and was related to an increase in the defined benefit pension plan administered by the Teachers Retirement System of Georgia. This increase was offset by a decrease in the liability for the Early Retirement Pension Plan and to a much lesser degree a decrease in the liability for the Employees' Retirement System of Georgia.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$37,807,564. This change in net position was primarily in the category of Net Investment in Capital Assets primarily due to the addition of the substantially-completed College of Science and Math building which was added in FY 2021. The other significant change was in the category of Unrestricted and was largely the result of significant increases discussed previously related to compensated absences and net pension liability.

Total deferred inflows of resources decreased by \$(12,018,617) which was primarily due to the University's change in proportionate share of the actuarially determined deferred gain on defined benefit pension plans administered by Teachers Retirement System of Georgia, Employees' Retirement System of Georgia, and Other Postemployment Benefits in fiscal year 2021 with the most significant decrease being the latter. These decreases were offset to some degree by an increase in deferred inflows of resources for the Early Retirement Pension Plan.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and non-operating, and the expenses paid by the University, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. For example state appropriations are non-operating because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services for those revenues.

Statement of Revenue, Expenses, and Changes in Net position for the Years Ended June 30, 2021 and June 30, 2020, Condensed

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Operating Revenue	\$ 722,914,885	\$ 738,425,435	\$ (15,510,550)	(2.10)%
Operating Expense	1,022,221,675	1,043,626,219	(21,404,544)	(2.05)%
Operating Income/Loss	(299,306,790)	(305,200,784)	5,893,994	1.93 %
Non-Operating Revenue and Expense	264,620,659	277,581,853	(12,961,194)	(4.67)%
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(34,686,131)	(27,618,931)	(7,067,200)	(25.59)%
Other Revenues, Expenses, Gains, Losses, and Special Item	72,493,695	12,036,454	60,457,241	502.28 %
Change in Net Position	37,807,564	(15,582,477)	53,390,041	342.63 %
Net Position at Beginning of Year	(102,245,069)	(86,662,592)	(15,582,477)	(17.98)%
Net Position at End of Year	\$ (64,437,505)	\$(102,245,069)	\$ 37,807,564	36.98 %

The Statement of Revenues, Expenses, and Changes in Net Position reflects the increase in net position, which is largely due to net Capital Assets as noted previously. The total increase in net position was \$37,807,564 which represents a 36.98% change. Operating Revenue decreased \$(15,510,550) or (2.10)% in fiscal year 2021 and was mainly the result of decreases in sales and services of \$(10,955,305) or (48.08%), grants and contracts of \$(5,539,416) or (.94%), and auxiliary services of \$(1,599,614) or (6.82%). These decreases were offset to some degree by increases in tuition and fees of \$1,079,515 or 1.07% and other operating revenues of \$1,504,270 or 71.42%. The other operating revenues increase was largely due to an increase in rents and royalties of \$1,051,146 or 50.27% which was mainly attributable to rents from the Georgia Cyber Innovation and Training Center.

Non-operating revenue decreased by \$(13,078,538) or (4.68)% in fiscal year 2021 and was mainly the result of a state appropriations decrease of \$(11,602,344) or (4.72)%. Non-operating revenue decreased from all sources in FY 2021 with the exception of investment income which increased \$2,539,832 or 131.28% due to better market performance of investments, especially the longer term investments.

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

Revenues

As noted previously, state appropriations decreased by a total of \$(11,602,344) or (4.72)% which was the result of decreases in regular appropriations, Special Funding Initiative, and Georgia Cyber Innovation and Training Center with total appropriations of \$216,741,410, \$14,327,546, and \$5,543,572 respectively. State appropriation revenue was further decreased by a transfer of \$8,071,616 to the University of Georgia (UGA) to support the Medical School Expansion and enrollment growth at the AU/UGA Medical Partnership. Net tuition and fee revenues increased \$1,079,515 or 1.07%, which was a direct result of an overall enrollment increase of 3.1% from Fall 2019 to Fall 2020.

Sales and Services revenue decreased \$(10,955,305) which was partly the result of the decrease of revenue in the Division of Continuing Education due to the termination of income from medical and dental in-person programming with only very limited revenue generated through online or community programs via the website. Another reason for the decrease was an error in the way revenue and expense was recorded following the change in reporting as a result of the implementation of GASB Statement 84, *Fiduciary Activities*, adopted in fiscal year 2020. Under the new GASB, certain activity was reclassified to sales and services and was recorded as revenue when received and expense when remitted to the Dental College of Georgia. While this caused an overstatement of the University's revenues and expenses in the prior fiscal year, the amounts netted to zero on the Statement of Revenues, Expenses, and Changes in Net Position and had no impact on net position. This error was realized and corrected so that sales and services revenue is accurately stated for fiscal year 2021.

Grants and contracts revenue decreased \$(5,539,416) or (.94)% overall and was a combination of an increase in federal grants and contracts of \$6,031,048 or 8.96%, a decrease in state grants and contracts of \$(12,115,014) or (4.45%), and an increase of other grants and contracts of \$544,550 or .22%. This also included the State of Georgia Department of Behavioral Health and Developmental Disabilities contract revenue and Department of Juvenile Justice and Georgia Department of Corrections contract revenue. These decreases were a result of pharmacy closings and closure of Eastman Regional Youth Detention Center during the fiscal year. There was a decrease in auxiliary enterprises of \$(1,599,614) or (6.82)% which included revenue decreases from bookstore (.20%), parking (35.22%), and intercollegiate athletics (1.63%). These were offset by increases in residence halls, food services, health services, and other organizations of 1.29%, 18.50%, 2.77%, and .77% respectively.

State Capital Gifts and Grants included a Georgia State Financing and Investment Commission (GSFIC) managed project which was substantially completed and transferred to the University during fiscal year 2021, a project funded by GSFIC managed by the Georgia Technology Authority for the Georgia Cyber Innovation and Training Center, and an additional prepaid by the University for the Cancer Research Center which was substantially completed and transferred to the University in fiscal year 2019.

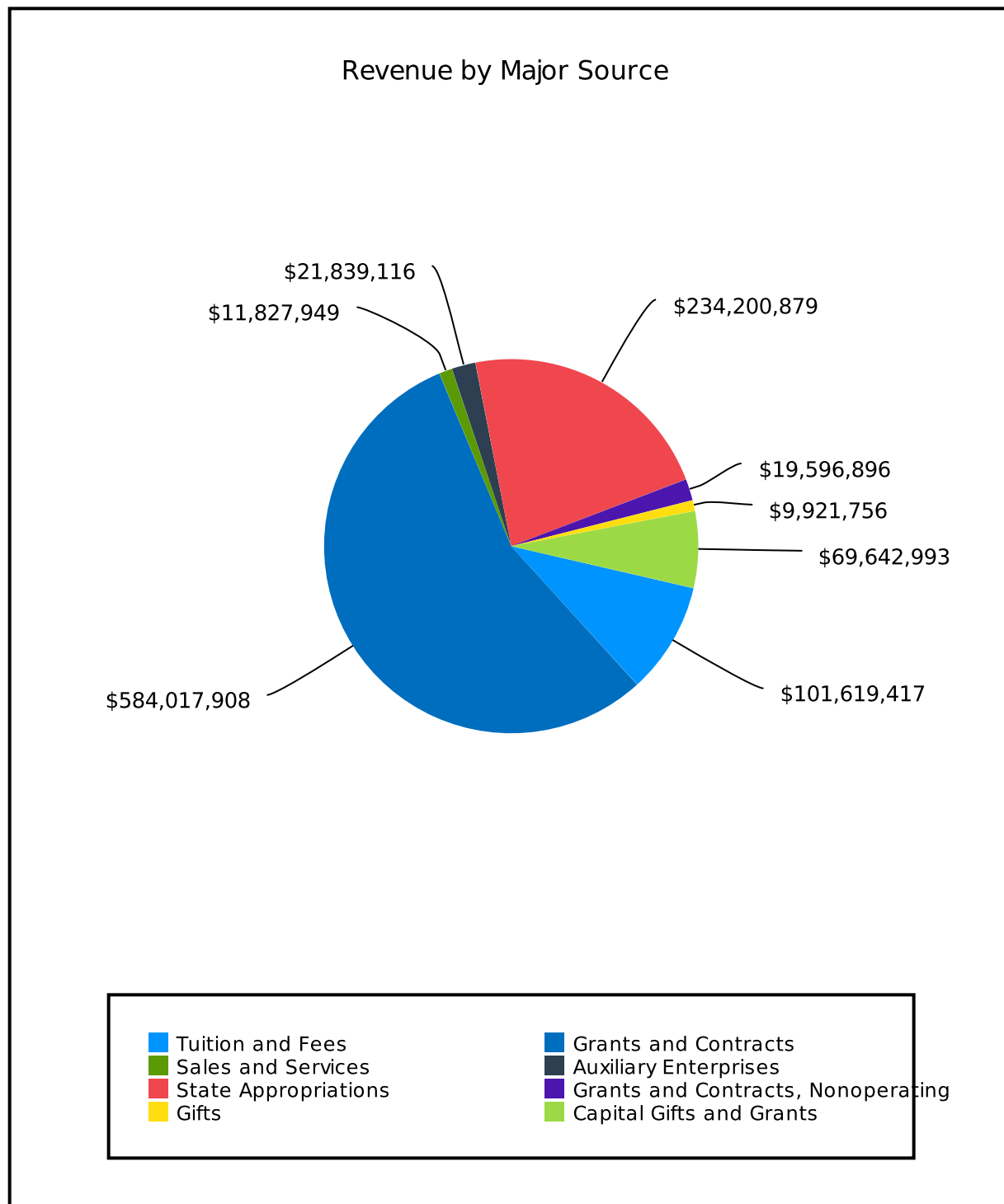
Other Capital Gifts and Grants included Georgia Cyber Innovation and Training Center tenant-paid building improvements of \$6,233,932. In addition, the University received two private donations of equipment.

Special Items represents the transfer from Georgia Technology Authority (GTA) of an ongoing project for renovation and equipment for the Hull McKnight and Shaffer MacCartney Buildings which were erected on the site of the Cyber Complex in fiscal year 2019. This project continued in fiscal year 2021 when additional special item transfers were recorded from GTA to the University.

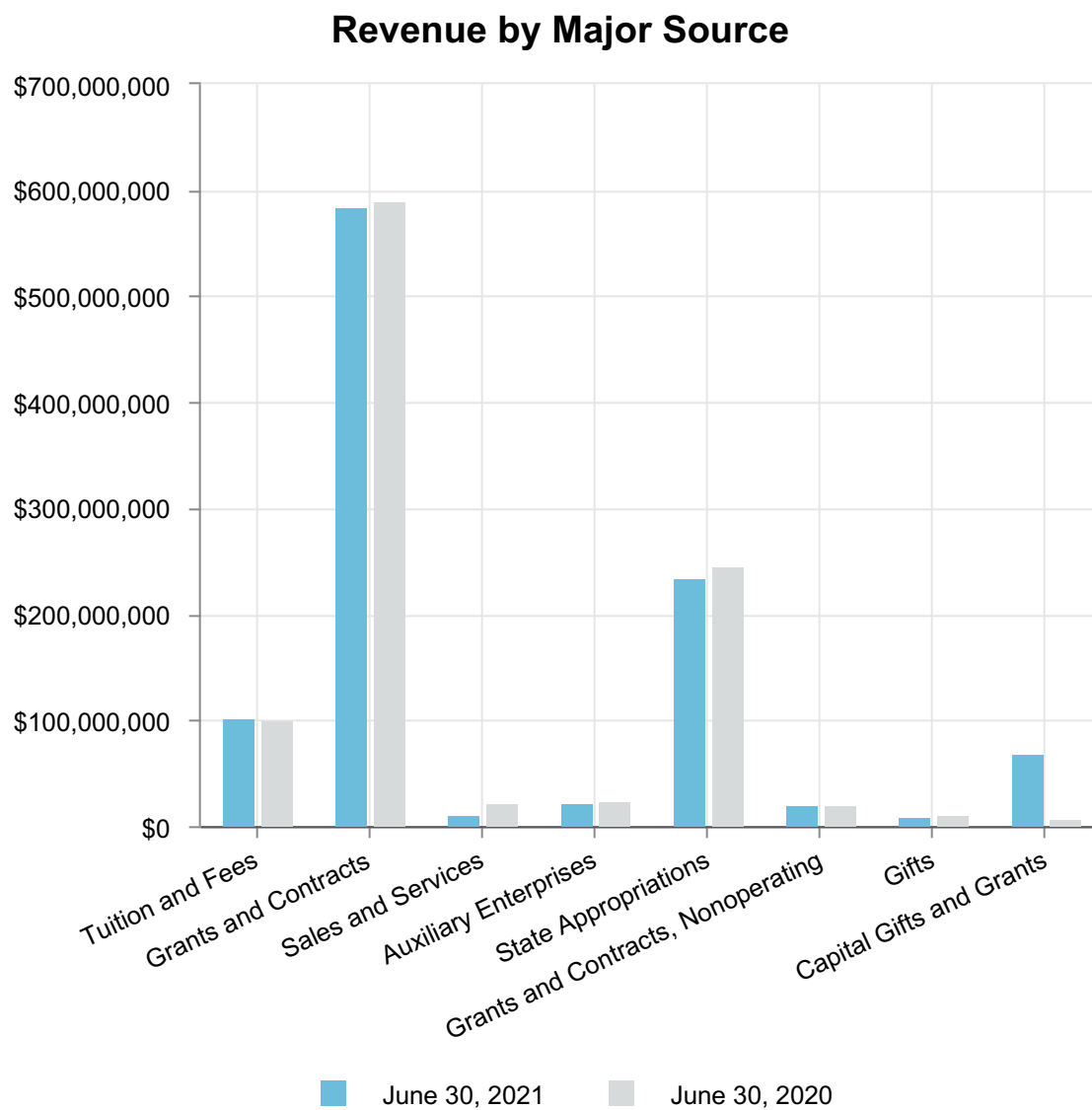
For the years ended June 30, 2021 and June 30, 2020, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 101,619,417	\$ 100,539,902	\$ 1,079,515	1.07 %
Grants and Contracts	584,017,908	589,557,324	(5,539,416)	(0.94)%
Sales and Services	11,827,949	22,783,254	(10,955,305)	(48.08)%
Auxiliary Enterprises	21,839,116	23,438,730	(1,599,614)	(6.82)%
Other Operating Revenues	3,610,495	2,106,225	1,504,270	71.42 %
Total Operating Revenues	722,914,885	738,425,435	(15,510,550)	(2.10)%
State Appropriations	234,200,879	245,803,223	(11,602,344)	(4.72)%
Grants and Contracts	19,596,896	20,995,479	(1,398,583)	(6.66)%
Gifts	9,921,756	11,592,485	(1,670,729)	(14.41)%
Investment Income	4,474,479	1,934,647	2,539,832	131.28 %
Other Nonoperating Revenues	(1,859,735)	(913,021)	(946,714)	(103.69)%
Total Nonoperating Revenues	266,334,275	279,412,813	(13,078,538)	(4.68)%
State Capital Gifts and Grants	63,375,926	8,162,271	55,213,655	676.45 %
Other Capital Gifts and Grants	6,267,067	—	6,267,067	100.00 %
Total Capital Gifts and Grants	69,642,993	8,162,271	61,480,722	753.23 %
Special Items	2,850,702	3,874,183	(1,023,481)	(26.42)%
Total Revenues	\$1,061,742,855	\$1,029,874,702	\$ 31,868,153	3.09 %

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



Revenue by major source for the years ended June 30, 2021 and June 30, 2020 is depicted by the following chart:



Expenses

For the years ended June 30, 2021 and June 30, 2020, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Instruction	\$ 219,039,773	\$ 207,803,152	\$ 11,236,621	5.41 %
Research	84,293,575	77,552,885	6,740,690	8.69 %
Public Service	46,782,609	43,504,200	3,278,409	7.54 %
Academic Support	51,947,357	62,579,544	(10,632,187)	(16.99)%
Student Services	9,560,692	8,181,190	1,379,502	16.86 %
Institutional Support	89,140,675	108,209,071	(19,068,396)	(17.62)%
Plant Operations and Maintenance	45,051,021	48,946,582	(3,895,561)	(7.96)%
Scholarships and Fellowships	12,027,460	11,551,385	476,075	4.12 %
Auxiliary Enterprises	18,734,163	19,307,533	(573,370)	(2.97)%
Patient Care	445,644,350	455,990,677	(10,346,327)	(2.27)%
Total Operating Expenses	1,022,221,675	1,043,626,219	(21,404,544)	(2.05)%
Interest Expense	1,713,616	1,830,960	(117,344)	(6.41)%
Total Nonoperating Expenses	1,713,616	1,830,960	(117,344)	(6.41)%
Total Expenses	\$1,023,935,291	\$1,045,457,179	\$ (21,521,888)	(2.06)%

Total operating expenses were \$1,022,221,675 in fiscal year 2021, a decrease of \$(21,404,544) or (2.05%) when compared with fiscal year 2020. These decreases are primarily attributable to the following functional classifications: Academic Support (\$10.6 million); Institutional Support (\$19.1 million); and Patient Care (\$10.3 million). The functional classifications with the highest percentage of decrease include Academic Support (16.99%), Institutional Support (17.62%), and Plant Operations and Maintenance (7.96%).

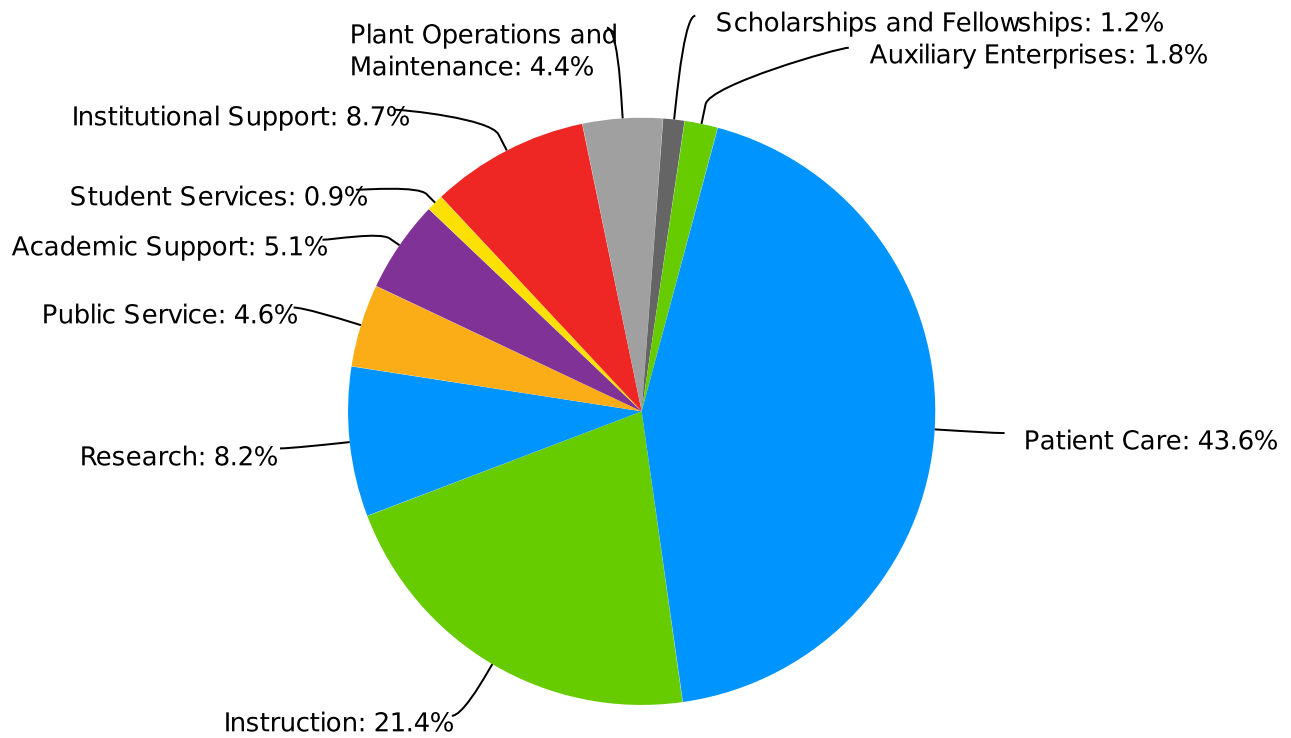
As seen in the chart above, total expenses decreased \$(21,521,888) or (2.06%) in fiscal year 2021 when compared with fiscal year 2020. The decreases were substantially attributable to decreases in staff salaries (\$16.9 million or 6.54%), other personal services (\$3.2 million or 70.53%), travel (\$3.0 million or 88.93%), and supplies and other services (\$16.4 million or 6.03%).

The decrease in staff salaries was the result of the campus being under COVID restrictions throughout the year. Some staff members could not work from home and did not qualify to be paid during the pandemic. In addition, the University did not have as many employees doing extra duty during this time. The salary decreases were more significant in the categories of academic support, institutional support, and patient care; however, these decreases were offset to some extent by increases in staff salaries in the categories of instruction and research.

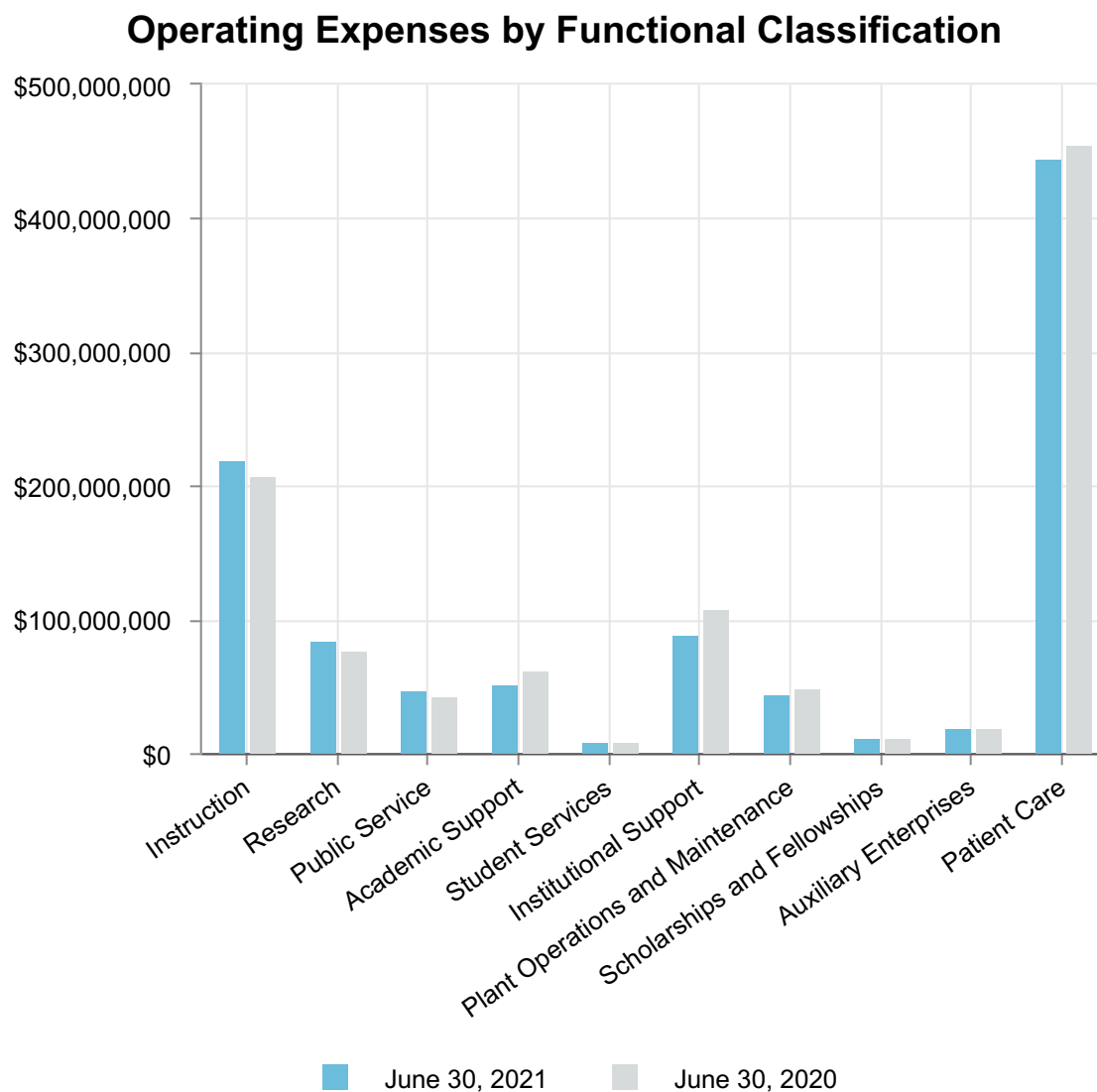
There was a decrease overall in utilities in fiscal year 2021 (1.91%) related to reduced usage of electricity and water (4.19)% and (16.99)% respectively. These decreases were offset to some extent by increases in natural gas, fuel oil, and telephone usage increases. Natural gas costs increased by 20.46% and appeared to be related to an increase in the price per dekatherm from prior year to current year. Telephone usage increased by 3.27% which was the result of increased use of virtual meetings which were necessary due to social distancing restrictions during the pandemic.

Supplies and other services decreased by \$(16.4 million) or (6.03%) in fiscal year 2021. The largest decrease was in the category of instruction (\$19.7 million) and was the result of decreased general academic and community education instruction. Decreases were also seen in the categories of plant operations and maintenance (\$2.6 million) and to a much lesser degree auxiliary enterprises. These decreases were offset to some extent by increases in other areas with the most significant increase being in research and public service, \$1.0 million and \$2.1 million respectively. Another reason for the decrease was related to the way revenue and expense was recorded following the change in reporting as a result of the implementation of GASB Statement 84, *Fiduciary Activities*, adopted in fiscal year 2020 as discussed previously. These decreases were also felt to be a result of the pandemic and the resultant changes that were made to cope with the continuing challenges presented by this unprecedented situation.

Operating Expenses by Functional Classification

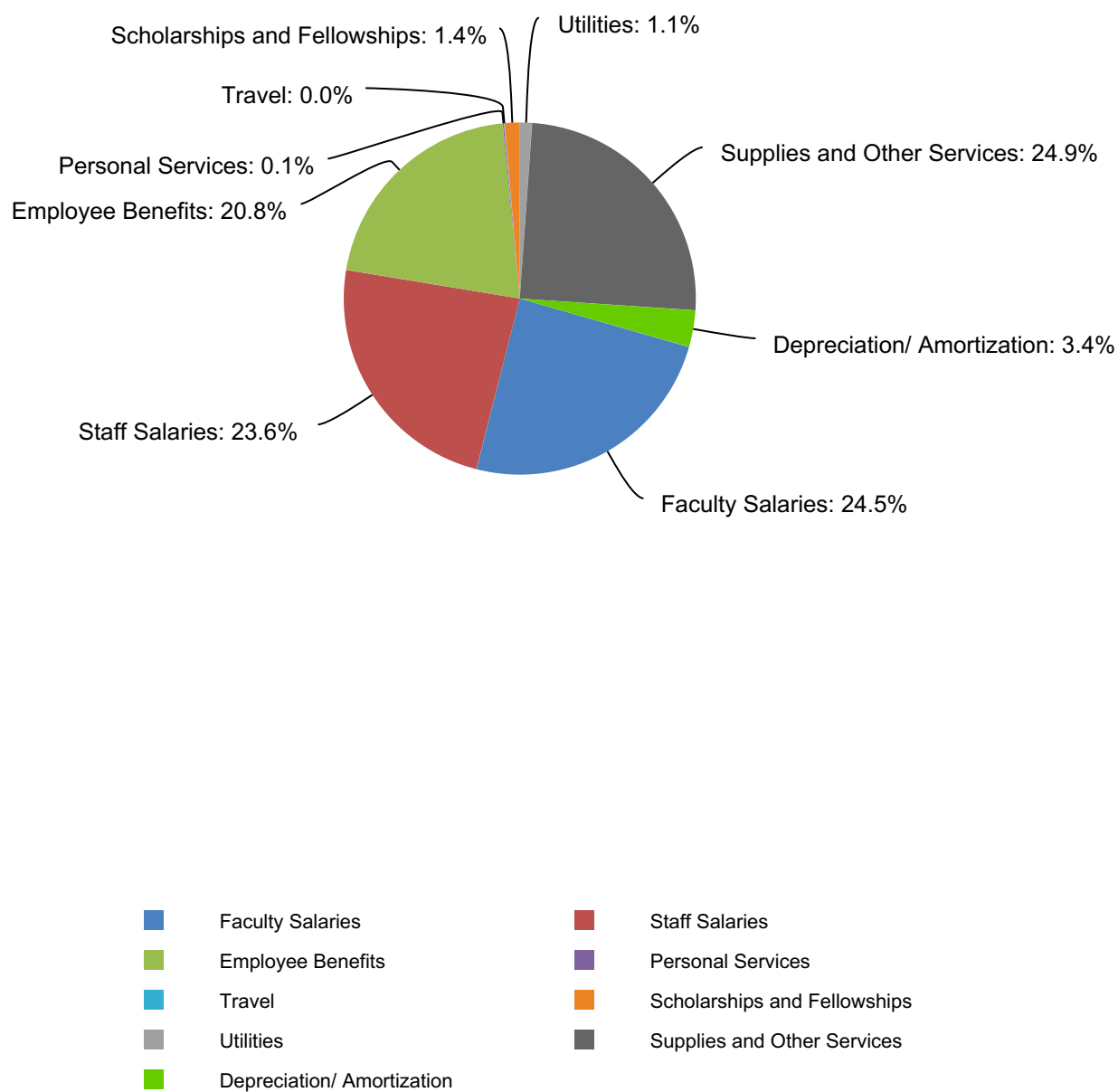


Operating expenses by functional classification for the years ended June 30, 2021 and June 30, 2020 is depicted by the following chart:

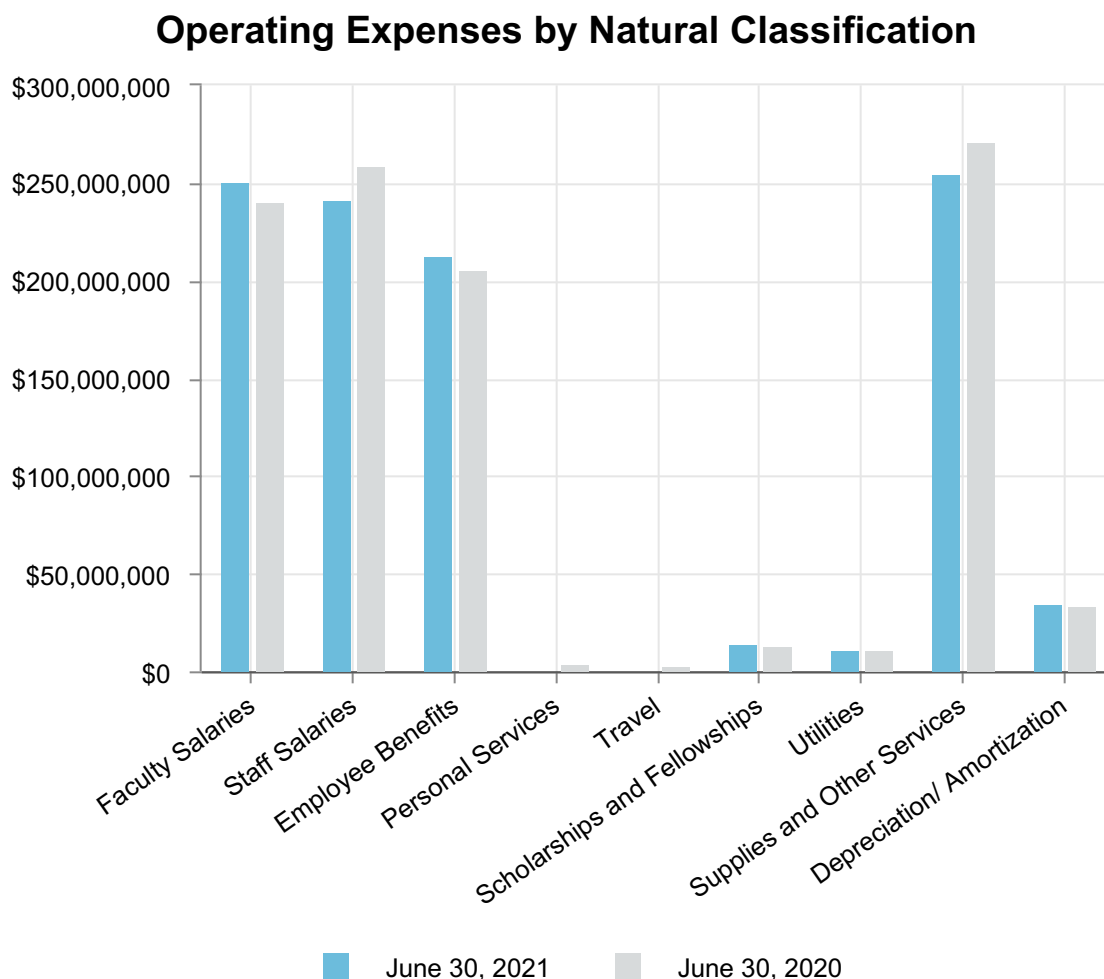


The following chart depicts the fiscal year 2021 operating expenses by natural classification.

Operating Expenses by Natural Classification



Operating expenses by natural classification for the years ended June 30, 2021 and June 30, 2020 is depicted by the following chart:



Statement of Cash Flows

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

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

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2021	June 30, 2020
Cash Provided (Used) by:		
Operating Activities	\$ (201,246,370)	\$ (237,291,852)
Non-Capital Financing Activities	264,185,025	278,659,587
Capital and Related Financing Activities	(20,957,032)	(28,333,609)
Investing Activities	(28,735,251)	42,222,326
Net Change in Cash	13,246,372	55,256,452
Cash and Cash Equivalents, Beginning of Year	85,512,958	30,256,506
Cash and Cash Equivalents, End of Year	\$ 98,759,330	\$ 85,512,958

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2021 and June 30, 2020 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2021	June 30, 2020	Increase (Decrease)	% Change
Land	\$ 28,515,529	28,515,529	\$ —	— %
Capitalized Collections	87,006	87,006	—	— %
Construction Work-in-Progress	6,906,495	3,610,007	3,296,488	91.32 %
Infrastructure	9,249,438	9,851,417	(601,979)	(6.11)%
Building and Building Improvements	625,783,391	578,597,143	47,186,248	8.16 %
Facilities and Other Improvements	14,345,901	15,850,219	(1,504,318)	(9.49)%
Equipment	36,672,224	32,355,107	4,317,117	13.34 %
Library Collections	4,721,314	5,059,491	(338,177)	(6.68)%
Capital Assets, net of accumulated depreciation	\$ 726,281,298	\$ 673,925,919	\$52,355,379	7.77%

University managed capital projects for building and building improvements in fiscal year 2021 totaled \$1,632,665, including projects for the Hamilton Wing third floor renovation and the athletic master plan Forest Hills renovation phase 1. In addition, building and building improvements and equipment totaling \$58,918,643 were funded by the Georgia State Financing and Investment Commission (GSFIC). Included in this total was \$56,305,624 for the College of Science and Math building, a GSFIC managed project, which was substantially completed and transferred to the University in fiscal year 2021, as well as \$30,218 prepaid by the University for the Cancer Research Center building which was substantially completed and transferred to the University in fiscal year 2019.

Also included In the Georgia State Financing and Investment Commission funded total was \$612,749 for renovating and equipping the Cyber Center Complex, a project which is being managed by the Georgia Technology Authority (GTA) and transferred to the University as it is completed. The Cyber Center Complex project began in fiscal year 2019 and was still in process in fiscal year 2021.

Other on-going projects funded by GSFIC included capital expenditures of \$2,923,978 in fiscal year 2021. Projected funding by GSFIC for fiscal year 2022 will be approximately the same as in previous years.

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

Long-Term Liabilities

Augusta University had Long-Term Liabilities of \$91,190,783 of which \$25,319,239 was reflected as current liability at June 30, 2021. Long-Term Liabilities included capital leases and compensated absences.

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

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

Economic Outlook

Augusta University continued to manage resources prudently in fiscal year 2021 and remains committed to student affordability and strategic allocation of resources to our core mission of teaching, discovery, clinical care, and service. For the fifth consecutive fiscal year, the University saw a modest increase in enrollment of 3.1% from Fall 2019 to Fall 2020. Enrollment trends continue to suggest that a modest increase will be recognized during fiscal year 2022, which will result in additional tuition revenue.

The University's financial position and internal conservative approach to fiscal management allows the University some protection against funding reductions and adverse economic conditions. During fiscal year 2021, the University was able to mitigate unforeseen budget reductions by engaging in an in-depth, holistic review of all funds to identify areas where funds could be redirected to continue the University's mission during an unprecedented time of state appropriation reductions and other revenue losses largely due to the Coronavirus (COVID-19) pandemic. COVID-19 was an unexpected global situation that impacted fiscal years 2020 and 2021, causing significant changes in operation; however, the University was able to ensure a positive educational experience for our students.

While management remains optimistic both operating and non-operating revenues and expenses will remain relatively consistent as compared to previous years, the University will continue to manage its resources to best position itself to maximize the impact of available funds. By leveraging our strong financial management strategy, the University is well poised to mitigate unforeseen economic changes while not compromising its commitment to invest in academic programs, research, technology, and capital improvements that provide a high level of excellence in service to students, sponsors, the State of Georgia, and other constituents.

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

Yvonne Turner, Executive Vice President
Augusta University



Financial Statements (GAAP Basis)

AUGUSTA UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Augusta University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 70,193,882	\$ 77,820,146
Cash and Cash Equivalents (Externally Restricted)	28,565,448	5,186,421
Short-term Investments	—	62,692,723
Short-term Investments (Externally Restricted)	—	5,281,746
Accounts Receivable, net		
Federal Financial Assistance	4,272,868	5,530,604
Affiliated Organizations	615,794	—
Component Units	62,819,435	102,745
Primary Government	—	769,853
Pledges and Contributions	—	2,032,627
Other	22,064,018	201,203,926
Investment in Capital Leases - Primary Government	—	2,583,633
Inventories	533,655	22,887,766
Prepaid Items	12,524,961	17,413,951
Other Assets	—	3,154,116
Total Current Assets	201,590,061	406,660,257
Non-Current Assets		
Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund	197,730	—
Pledges and Contributions	—	1,680,419
Other	—	20,636,402
Investments	61,652,329	180,288,313
Notes Receivable, net	1,491,944	—
Investment in Capital Leases - Primary Government	—	38,993,125
Other Assets	—	7,203,342
Non-current Cash (Externally Restricted)	—	69,973
Investments (Externally Restricted)	16,476,648	341,723,901
Capital Assets, net	726,281,298	284,178,031
Total Non-Current Assets	806,099,949	874,773,506
TOTAL ASSETS	1,007,690,010	1,281,433,763
DEFERRED OUTFLOWS OF RESOURCES		
	\$ 225,622,139	\$ 3,849,810

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

AUGUSTA UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Augusta University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 20,936,416	\$ 87,714,579
Salaries Payable	3,300,623	20,538,437
Benefits Payable	127,533	—
Contracts Payable	324,164	—
Retainage Payable	66,791	—
Due to Affiliated Organizations	14,000	—
Due to Component Units	769,853	61,752
Due to Primary Government	—	62,819,435
Advances (Including Tuition and Fees)	41,619,629	59,279,073
Deposits	415	—
Deposits Held for Other Organizations	136,565	—
Other Liabilities	—	6,984,472
Notes and Loans Payable	—	12,000,000
Lease Purchase Obligations - External	903,414	6,044,435
Lease Purchase Obligations - Component Units	2,583,633	—
Revenue Bonds and Notes Payable	—	2,140,000
Liabilities Under Split Interest Agreements	—	1,625
Compensated Absences	21,832,192	26,588,266
Total Current Liabilities	92,615,228	284,172,074
Non-Current Liabilities		
Other Liabilities	—	23,206,222
Lease Purchase Obligations - External	693,271	30,185,897
Lease Purchase Obligations - Component Units	38,993,125	—
Revenue Bonds and Notes Payable	—	220,963,519
Liabilities Under Split Interest Agreements	—	867,371
Interest Rate Swap	—	20,604,321
Compensated Absences	26,185,148	—
Net Other Post-employment Benefits Liability	625,893,448	6,321,518
Net Pension Liability	441,338,754	—
Total Non-Current Liabilities	1,133,103,746	302,148,848
TOTAL LIABILITIES	1,225,718,974	586,320,922
DEFERRED INFLOWS OF RESOURCES	72,030,680	1,513,867
NET POSITION		
Net Investment in Capital Assets	684,548,429	51,465,056
Restricted for:		
Nonexpendable	3,329,041	168,623,420
Expendable	41,931,410	196,485,057
Unrestricted (Deficit)	(794,246,385)	280,875,251
TOTAL NET POSITION	\$ (64,437,505)	\$ 697,448,784

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

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

	Augusta University	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 101,619,417	\$ —
Grants and Contracts		
Federal	73,327,604	64,232,018
State	260,333,276	—
Other	250,357,028	13,176,534
Sales and Services	11,827,949	101,824,251
Rents and Royalties	3,141,958	1,300,055
Patient Services	—	945,617,327
Auxiliary Enterprises		
Residence Halls	4,735,205	—
Bookstore	1,407,377	—
Food Services	2,309,288	—
Parking/Transportation	3,809,693	—
Health Services	2,746,019	—
Intercollegiate Athletics	2,977,137	—
Other Organizations	3,854,397	—
Gifts and Contributions	—	24,161,789
Endowment Income	—	16,747,138
Other Operating Revenues	468,537	615,866
Total Operating Revenues	722,914,885	1,167,674,978
OPERATING EXPENSES		
Faculty Salaries	250,726,584	3,225,401
Staff Salaries	241,727,200	374,380,356
Employee Benefits	212,951,644	92,191,830
Other Personal Services	1,347,491	192,524,263
Travel	377,933	289,911
Scholarships and Fellowships	14,296,255	5,120,450
Utilities	11,356,856	4,431,214
Supplies and Other Services	255,013,589	521,982,496
Depreciation	34,424,123	37,292,901
Total Operating Expenses	1,022,221,675	1,231,438,822
Operating Income (Loss)	\$ (299,306,790)	\$ (63,763,844)

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

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

	Augusta University	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 234,200,879	\$ 30,602,507
Grants and Contracts		
Federal	15,596,896	5,294,516
State	—	3,231,414
Other	4,000,000	—
Gifts	9,921,756	—
Investment Income	4,474,479	85,443,056
Interest Expense	(1,713,616)	(10,349,682)
Other Nonoperating Revenues (Expenses)	(1,859,735)	7,474,816
Net Nonoperating Revenues	264,620,659	121,696,627
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(34,686,131)	57,932,783
Capital Grants and Gifts		
State	63,375,926	—
Other	6,267,067	4,501,337
Additions to Permanent and Term Endowments	—	4,603,217
Special Item	2,850,702	—
Total Other Revenues, Expenses, Gains, Losses, and Special Item	72,493,695	9,104,554
Change in Net Position	37,807,564	67,037,337
Net Position, Beginning of Year	(102,245,069)	630,411,447 *
Net Position, End of Year	\$ (64,437,505)	\$ 697,448,784

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

*See Note 20.

AUGUSTA UNIVERSITY

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2021

	Augusta University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 139,962,379
Grants and Contracts (Exchange)	597,539,355
Payments to Suppliers	(432,528,381)
Payments to Employees	(491,673,316)
Payments for Scholarships and Fellowships	(14,296,255)
Loans Issued to Students	(258,256)
Collection of Loans from Students	459,192
Other Payments	(451,088)
Net Cash Used by Operating Activities	(201,246,370)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	234,200,879
Gifts and Grants Received for Other Than Capital Purposes	29,984,146
Net Cash Flows Provided by Non-Capital Financing Activities	264,185,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	6,807,365
Proceeds from Sale of Capital Assets	280,747
Purchases of Capital Assets	(22,833,399)
Principal Paid on Capital Debt and Leases	(3,616,238)
Interest Paid on Capital Debt and Leases	(1,595,507)
Net Cash Used by Capital and Related Financing Activities	(20,957,032)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	462,014
Investment Income	2,952,269
Purchase of Investments	(32,149,534)
Net Cash Used by Investing Activities	(28,735,251)
Net Increase in Cash and Cash Equivalents	13,246,372
Cash and Cash Equivalents, Beginning of Year	85,512,958
Cash and Cash Equivalents, End of Year	\$ 98,759,330

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

AUGUSTA UNIVERSITY

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2021

	<u>Augusta University</u>
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (299,306,790)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation	34,424,123
Change in Assets and Liabilities:	
Receivables, net	7,789,238
Inventories	31,761
Prepaid Items	287,881
Notes Receivable, Net	200,936
Accounts Payable	(1,741,659)
Salaries Payable	(326,175)
Benefits Payable	10,954
Contracts Payable	187,589
Retainage Payable	35,635
Advances (Including Tuition and Fees)	6,797,612
Other Liabilities	(257)
Funds Held for Others	(451,088)
Compensated Absences	1,106,643
Due to Affiliated Organizations	
Net Pension Liability	29,013,052
Other Post-Employment Benefit Liability	104,462,294
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	(11,971,536)
Deferred Outflows of Resources	(71,796,583)
Net Cash Used by Operating Activities	<u>\$ (201,246,370)</u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND	
RELATED FINANCING TRANSACTIONS	
Gift of Capital Assets	<u>\$ 62,835,627</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ 2,534,376</u>
Accrual of Capital Asset Related Payables	<u>\$ 47,767</u>
Capital Assets Acquired Through Prepaid Capital	<u>\$ 30,218</u>
Capital Assets Acquired by Incurring Capital Lease Obligations	<u>\$ 289,351</u>
Early Extinguishment of Capital Debt	<u>\$ 10,514</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 118,109</u>
Special Item - Capital Asset Transfer	<u>\$ 2,850,702</u>
Unrealized Gain (Loss) on Investments	<u>\$ 1,522,210</u>

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

AUGUSTA UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Early Retirement		
	Plan - Augusta	Custodial	
	University	Funds	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,788,778	\$ —	\$ 5,788,778
Investments			
Mutual Bond Funds	29,347,092	—	29,347,092
Equity Mutual Funds - Domestic	52,646,131	—	52,646,131
Equity Securities - Domestic	43,826,570	—	43,826,570
Receivables			
Other	—	1,022,114	1,022,114
Total Assets	131,608,571	1,022,114	132,630,685
LIABILITIES			
Cash Overdraft	—	104,424	104,424
Accounts Payable	—	18,448	18,448
Deposits Held for Organization	—	53,123	53,123
Total Liabilities	—	175,995	175,995
NET POSITION			
Held in Trust for:			
Pension Benefits	131,608,571	—	131,608,571
Individuals, Organizations, and Other Governments	—	846,119	846,119
Total Net Position	\$ 131,608,571	\$ 846,119	\$ 132,454,690

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

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

	Early Retirement Plan - Augusta University	Custodial Funds	Total
ADDITIONS			
Contributions			
Employer	\$ 10,838,070	\$ —	\$ 10,838,070
Investment Income			
Dividends and Interest	1,834,786	—	1,834,786
Net Appreciation in Investments Reported at Fair Value	28,208,522	—	28,208,522
Less: Investment Expense	(137,953)	—	(137,953)
Net Investment Income	29,905,355	—	29,905,355
Federal Financial Aid	—	93,789,202	93,789,202
State Financial Aid	—	16,924,932	16,924,932
Other Financial Aid	—	2,838,543	2,838,543
Clubs and Other Organizations Fund Raising	—	2,913,044	2,913,044
Public-Private Partnership Passthrough	—	4,775,960	4,775,960
Total Additions	40,743,425	121,241,681	161,985,106
DEDUCTIONS			
Benefits	14,277,125		14,277,125
Scholarships and Other Student Support	—	113,397,831	113,397,831
Student Organizations Support	—	2,915,006	2,915,006
Public-Private Partnership Passthrough	—	4,608,728	4,608,728
Total Deductions	14,277,125	120,921,565	135,198,690
Change in Fiduciary Net Position	26,466,300	320,116	26,786,416
Fiduciary Net Position, Beginning of Year			
Fiduciary Net Position, Beginning of Year, As Originally Reported	105,142,271	526,003	105,668,274
Prior Year Adjustments	—	—	—
Fiduciary Net Position, Beginning of Year, Restated	105,142,271	526,003	105,668,274
Fiduciary Net Position, End of Year	\$ 131,608,571	\$ 846,119	\$ 132,454,690

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

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

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 60,527,404	\$ 5,849,373	\$ 8,673,488	\$ 514,723	\$ 2,255,158	\$ —	\$ 77,820,146
Cash and Cash Equivalents (Externally Restricted)	1,436,800	3,749,621	—	—	—	—	5,186,421
Short-term Investments	54,923,730	1,239,856	—	6,529,137	—	—	62,692,723
Short-term Investments (Externally Restricted)	4,627,746	654,000	—	—	—	—	5,281,746
Accounts Receivable, net							
Federal Financial Assistance	—	—	5,530,604	—	—	—	5,530,604
Component Units	60,752	—	—	41,993	—	—	102,745
Primary Government	769,853	—	—	—	—	—	769,853
Pledges and Contributions	—	265,196	—	1,027,759	739,672	—	2,032,627
Other	201,190,301	13,625	—	—	—	—	201,203,926
Investment in Capital Leases - Primary Government	1,289,348	2,085,405	—	—	—	(791,120)	2,583,633
Inventories	22,887,766	—	—	—	—	—	22,887,766
Prepaid Items	17,219,129	3,236	—	191,586	—	—	17,413,951
Other Assets	3,154,116	—	—	—	—	—	3,154,116
Total Current Assets	368,086,945	13,860,312	14,204,092	8,305,198	2,994,830	(791,120)	406,660,257
Non-Current Assets							
Accounts Receivable, net							
Pledges and Contributions	—	242,593	—	339,861	1,097,965	—	1,680,419
Other	20,636,402	—	—	—	—	—	20,636,402
Investments	128,625,096	1,974,924	5,654,952	1,921,015	42,112,326	—	180,288,313
Investment in Capital Leases - Primary Government	18,747,553	25,343,743	—	—	—	(5,098,171)	38,993,125
Other Assets	6,788,420	212,340	—	—	202,582	—	7,203,342
Non-current Cash (Externally Restricted)	—	—	69,973	—	—	—	69,973
Investments (Externally Restricted)	3,716,603	35,028,255	—	14,633,238	288,345,805	—	341,723,901
Capital Assets, net	264,555,511	—	—	2,295,000	17,327,520	—	284,178,031
Total Non-Current Assets	443,069,585	62,801,855	5,724,925	19,189,114	349,086,198	(5,098,171)	874,773,506
TOTAL ASSETS	811,156,530	76,662,167	19,929,017	27,494,312	352,081,028	(5,889,291)	1,281,433,763
DEFERRED OUTFLOWS OF RESOURCES							
	\$ 3,849,810	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,849,810

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

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

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 87,145,228	\$ 408,350	\$ 61,710	\$ 64,739	\$ 34,552	\$ —	\$ 87,714,579
Salaries Payable	20,538,437	—	—	—	—	—	20,538,437
Due to Component Units	—	—	—	61,752	—	—	61,752
Due to Primary Government	55,637,025	173,151	5,911,045	424,831	673,383	—	62,819,435
Advances (Including Tuition and Fees)	58,341,715	912,068	—	816,410	—	(791,120)	59,279,073
Other Liabilities	6,688,898	—	20,824	—	274,750	—	6,984,472
Notes and Loans Payable	—	—	—	—	12,000,000	—	12,000,000
Lease Purchase Obligations - External	6,044,435	—	—	—	—	—	6,044,435
Revenue Bonds and Notes Payable	1,010,000	1,130,000	—	—	—	—	2,140,000
Liabilities Under Split Interest Agreements	—	—	—	1,625	—	—	1,625
Compensated Absences	26,588,266	—	—	—	—	—	26,588,266
Total Current Liabilities	261,994,004	2,623,569	5,993,579	1,369,357	12,982,685	(791,120)	284,172,074
Non-Current Liabilities							
Advances (Including Tuition and Fees)	—	5,098,171	—	—	—	(5,098,171)	—
Other Liabilities	23,206,222	—	—	—	—	—	23,206,222
Lease Purchase Obligations - External	30,185,897	—	—	—	—	—	30,185,897
Revenue Bonds and Notes Payable	201,302,509	19,661,010	—	—	—	—	220,963,519
Liabilities Under Split Interest Agreements	—	—	—	8,247	859,124	—	867,371
Interest Rate Swap	20,604,321	—	—	—	—	—	20,604,321
Net Other Post Employment Benefits Liability	6,321,518	—	—	—	—	—	6,321,518
Total Non-Current Liabilities	281,620,467	24,759,181	—	8,247	859,124	(5,098,171)	302,148,848
TOTAL LIABILITIES	543,614,471	27,382,750	5,993,579	1,377,604	13,841,809	(5,889,291)	586,320,922
DEFERRED INFLOWS OF RESOURCES							
	1,513,867	—	—	—	—	—	1,513,867
NET POSITION							
Net Investment in Capital Assets	43,842,536	—	—	2,295,000	5,327,520	—	51,465,056
Restricted for:							
Nonexpendable	—	20,303,366	—	3,579,975	144,740,079	—	168,623,420
Expendable	9,781,149	24,319,517	69,973	16,182,055	146,132,363	—	196,485,057
Unrestricted	216,254,317	4,656,534	13,865,465	4,059,678	42,039,257	—	280,875,251
TOTAL NET POSITION	\$269,878,002	\$ 49,279,417	\$ 13,935,438	\$ 26,116,708	\$338,239,219	\$ —	\$ 697,448,784

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

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

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
OPERATING REVENUES							
Grants and Contracts							
Federal	\$ —	\$ —	\$ 64,232,018	\$ —	\$ —	\$ —	\$ 64,232,018
Other	—	16,068	12,814,609	345,857	—	—	13,176,534
Sales and Services	101,511,446	263,069	—	49,736	—	—	101,824,251
Rents and Royalties	280,981	212,008	757,596	12,300	37,170	—	1,300,055
Patient Services	945,617,327	—	—	—	—	—	945,617,327
Gifts and Contributions	4,698,063	5,207,462	—	6,605,579	7,650,685	—	24,161,789
Endowment Income	—	8,254,288	—	1,144,924	7,347,926	—	16,747,138
Other Operating Revenues	—	—	—	—	615,866	—	615,866
Total Operating Revenues	1,052,107,817	13,952,895	77,804,223	8,158,396	15,651,647	—	1,167,674,978
OPERATING EXPENSES							
Faculty Salaries	—	205,936	—	334,961	2,684,504	—	3,225,401
Staff Salaries	368,478,923	2,937,113	—	1,452,473	1,511,847	—	374,380,356
Employee Benefits	91,280,739	414,819	—	496,272	—	—	92,191,830
Other Personal Services	191,679,492	45,052	—	58,696	741,023	—	192,524,263
Travel	236,297	19,526	—	9,569	24,519	—	289,911
Scholarships and Fellowships	—	550,569	—	1,226,471	3,343,410	—	5,120,450
Utilities	4,401,412	—	—	—	29,802	—	4,431,214
Supplies and Other Services	437,382,117	3,537,271	75,886,398	2,495,662	2,681,048	—	521,982,496
Depreciation	37,060,253	—	—	—	232,648	—	37,292,901
Total Operating Expenses	1,130,519,233	7,710,286	75,886,398	6,074,104	11,248,801	—	1,231,438,822
Operating Income (Loss)	<u>\$ (78,411,416)</u>	<u>\$ 6,242,609</u>	<u>\$ 1,917,825</u>	<u>\$ 2,084,292</u>	<u>\$ 4,402,846</u>	<u>\$ —</u>	<u>\$ (63,763,844)</u>

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

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

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
NONOPERATING REVENUES (EXPENSES)							
State Appropriations	\$ 30,602,507	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 30,602,507
Grants and Contracts							
Federal	5,294,516	—	—	—	—		5,294,516
State	3,231,414	—	—	—	—		3,231,414
Investment Income	13,387,746	1,098,152	667,544	990,747	69,298,867		85,443,056
Interest Expense	(9,533,472)	(771,486)	—	—	(44,724)		(10,349,682)
Other Nonoperating Revenues (Expenses)	7,474,816	—	—	—	—		7,474,816
Net Nonoperating Revenues	50,457,527	326,666	667,544	990,747	69,254,143	—	121,696,627
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(27,953,889)	6,569,275	2,585,369	3,075,039	73,656,989	—	57,932,783
Capital Grants and Gifts							
Other	4,501,337	—	—	—	—		4,501,337
Additions to Permanent and Term Endowments	—	448,136	—	385,806	3,769,275		4,603,217
Total Other Revenues, Expenses, Gains or Losses	4,501,337	448,136	—	385,806	3,769,275	—	9,104,554
Change in Net Position	(23,452,552)	7,017,411	2,585,369	3,460,845	77,426,264		67,037,337
Net Position, Beginning of Year	293,330,554	42,262,006	11,350,069 *	22,655,863	260,812,955		630,411,447
Net Position, End of Year	<u>\$269,878,002</u>	<u>\$ 49,279,417</u>	<u>\$ 13,935,438</u>	<u>\$ 26,116,708</u>	<u>\$338,239,219</u>	<u>\$ —</u>	<u>\$ 697,448,784</u>

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

*See Note 20.



Notes to the Financial Statements

AUGUSTA UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's 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 is attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 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/comprehensive-annual-financial-reports.

Discretely Presented Component Units

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

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

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

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

Fiduciary Component Units

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

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

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary funds:

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

New Accounting Pronouncements

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*. The objective of this Statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of that Statement 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. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

Investments

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

Investments 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

Resale inventories are valued at cost using the first-in, first-out basis.

Prepaid Items

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

Capital Assets

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

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

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

Capital Liability Reserve Fund

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The \$197,730 balance included on the University's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the University's contribution to the Fund.

Deferred Outflows of Resources

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

Deposits

Deposits represent the amount provided for students by the Department of Military and Veterans Services which have been determined to be overpayments by the Veterans Administration School Certifying official that should be returned to the Department of Veterans Affairs Debt Management Center.

Advances

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

Deposits Held for Other Organizations

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefits (OPEB)

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state, or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees, and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees, and other student charges reported on the Statement of Revenues, Expenses, and Changes in Net Position are net of discounts and allowances of \$19,019,922.

Special Item Transfer

The Georgia Technology Authority transferred additional building improvements and equipment for the two buildings known as the Hull McKnight and Schaffer MacCartney Buildings which were erected in fiscal year 2019 on the Cyber Complex site located at 1 Eleventh Street, Augusta, Richmond County, Georgia. The building improvements and equipment transferred as part of an ongoing project in fiscal year 2021, had a reported net book value of \$2,850,702. The effect of the transfer of assets of \$2,850,702 is noted as a Special Item transfer on the Statement of Revenues, Expenses, and Changes in Net Position.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 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	\$ 70,193,882
Cash and Cash Equivalents (Externally Restricted)	28,565,448
Noncurrent	
Investments	61,652,329
Investments (Externally Restricted)	16,476,648

Statement of Fiduciary Net Position

Cash and Cash Equivalents	5,684,354
Investments	125,819,793
	<u>\$ 308,392,454</u>

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

Cash on Hand	\$ 74,002
Deposits with Financial Institutions	89,160,358
Investments	219,158,094
	<u>\$ 308,392,454</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 \$96,479,529. Of these deposits, none were exposed to custodial credit risk.

B. Investments

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

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

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

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

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

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

	Fair Value	Fair Value Hierarchy	
		Level 1	Level 2
Investment type:			
Debt Securities			
U.S. Treasuries	\$ 12,034,829	\$ 12,034,829	\$ —
U.S. Agencies			
Explicitly Guaranteed	16,846,514	—	16,846,514
Implicitly Guaranteed	26,279,107	—	26,279,107
Corporate Debt	20,060,959	—	20,060,959
Money Market Mutual Funds	3,174,495	3,174,495	—
Mutual Bond Funds	29,347,092	29,347,092	—
Other Investments			
Equity Mutual Funds - Domestic	52,646,131	52,646,131	—
Equity Securities - Domestic	43,826,570	43,826,570	—
	204,215,697	\$ 141,029,117	\$ 63,186,580
Investment Pools			
Board of Regents			
Diversified Fund	14,942,397		
Total Investments	\$ 219,158,094		

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

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

Board of Regents Pooled Investment Program

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

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

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

The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the

University's position in the Diversified Fund at June 30, 2021 was \$14,942,397, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.88 years.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The University's policy for managing interest rate risk attempts to match investments with expected cash requirements. The University recognizes that short-term loss of principal may be necessary in order to achieve long-term safety and growth of principal; and that in order to maximize income from debt instruments, market values may be exposed to short-term volatility.

The University's investments as of June 30, 2021 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
U.S. Treasuries	\$ 12,034,829	\$ 12,034,829	\$ —	\$ —	\$ —	\$ —
U.S. Agencies						
Explicitly Guaranteed	16,846,514	673,884	13,589,982	2,582,648	—	—
Implicitly Guaranteed	26,279,107	4,636,189	14,220,910	7,422,008	—	—
Corporate Debt	20,060,959	1,621,069	5,271,722	13,168,168	—	—
Money Market Mutual Funds	3,174,495	3,174,495	—	—	—	—
Mutual Bond Funds	29,347,092	—	—	1,334,945	13,318,528	14,693,619
	107,742,996	<u>\$ 22,140,466</u>	<u>\$ 33,082,614</u>	<u>\$ 24,507,769</u>	<u>\$ 13,318,528</u>	<u>\$ 14,693,619</u>
Other Investments						
Equity Mutual Funds - Domestic	52,646,131					
Equity Securities - Domestic	43,826,570					
Investment Pools						
Board of Regents						
Diversified Fund	<u>14,942,397</u>					
Total Investments	<u>\$ 219,158,094</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 all securities transactions are settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve. The University chooses to bank with one of the State's primary banks with operations in Augusta.

At June 30, 2021, \$107,742,996 of the University's applicable investments were uninsured and held by the investment's counterparty's trust department or agent, in the University's name.

Credit Quality Risk

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

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	\$ 26,279,107	\$ 26,279,107	\$ —	\$ —	\$ —	\$ —
Corporate Debt	20,060,959	—	2,076,097	17,419,427	565,435	—
Money Market Mutual Funds	3,174,495	1,843,476	—	—	—	1,331,019
Mutual Bond Funds	29,347,092	—	—	—	—	29,347,092
	<u>\$ 78,861,653</u>	<u>\$ 28,122,583</u>	<u>\$ 2,076,097</u>	<u>\$ 17,419,427</u>	<u>\$ 565,435</u>	<u>\$ 30,678,111</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.

At June 30, 2021, approximately 5.49%, 7.35%, 5.66%, 15.08%, and 14.91% of the University's investments were investments in United States Treasury Notes, Government National Mortgage Association, Federal National Mortgage Association Pool, Vanguard Institutional Index Fund, and Vanguard Total Stock Market ETF (Exchange-traded Fund) respectively.

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 563,822	\$ —
Auxiliary Enterprises and Other Operating Activities	655,609	—
Federal Financial Assistance	4,272,868	—
Georgia State Financing and Investment Commission	381,535	—
Due from Affiliated Organizations	615,794	—
Due from Component Units	62,819,435	—
Due From Other USG Institutions	203,330	—
Other	21,105,267	1,022,114
	<u>90,617,660</u>	<u>1,022,114</u>
Less: Allowance for Doubtful Accounts	<u>647,815</u>	<u>—</u>
Net Accounts Receivable	<u>\$ 89,969,845</u>	<u>\$ 1,022,114</u>

Other includes approximately \$16.01 million state grants and contracts, \$1.81 million other state agency, and \$3.29 million miscellaneous receivables.

Note 4 Inventories

Inventories consisted of the following at June 30, 2021:

Merchandise for Resale	\$ <u>533,655</u>
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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 \$407,430.

Note 6 Capital Assets

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

	Balance July 1, 2020	Special Item Transfer	Additions	Reductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:					
Land	\$ 28,515,529	\$ —	\$ —	\$ —	\$ 28,515,529
Capitalized Collections	87,006	—	—	—	87,006
Construction Work-in-Progress	3,610,007	—	4,777,861	1,481,373	6,906,495
Total Capital Assets Not Being Depreciated	<u>32,212,542</u>	<u>—</u>	<u>4,777,861</u>	<u>1,481,373</u>	<u>35,509,030</u>
Capital Assets, Being Depreciated/Amortized:					
Infrastructure	13,649,269	—	—	—	13,649,269
Building and Building Improvements	922,736,941	2,850,702	67,324,000	4,328,272	988,583,371
Facilities and Other Improvements	27,002,835	—	—	—	27,002,835
Equipment	131,132,283	—	15,152,162	10,675,892	135,608,553
Library Collections	30,427,433	—	690,526	8,890	31,109,069
Total Capital Assets Being Depreciated/Amortized	<u>1,124,948,761</u>	<u>2,850,702</u>	<u>83,166,688</u>	<u>15,013,054</u>	<u>1,195,953,097</u>
Less: Accumulated Depreciation/Amortization					
Infrastructure	3,797,852	—	601,979	—	4,399,831
Building and Building Improvements	344,139,798	—	21,752,350	3,092,168	362,799,980
Facilities and Other Improvements	11,152,616	—	1,504,318	—	12,656,934
Equipment	98,777,176	—	9,536,773	9,377,620	98,936,329
Library Collections	25,367,942	—	1,028,703	8,890	26,387,755
Total Accumulated Depreciation/Amortization	<u>483,235,384</u>	<u>—</u>	<u>34,424,123</u>	<u>12,478,678</u>	<u>505,180,829</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>641,713,377</u>	<u>2,850,702</u>	<u>48,742,565</u>	<u>2,534,376</u>	<u>690,772,268</u>
Capital Assets, net	<u>\$ 673,925,919</u>	<u>\$ 2,850,702</u>	<u>\$ 53,520,426</u>	<u>\$ 4,015,749</u>	<u>\$ 726,281,298</u>

For projects managed by Georgia State Financing and Investing Commission (GSFIC), GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when they deem it substantially 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, GSFIC transferred capital additions from GSFIC managed projects valued at \$56,305,624. At June 30, GSFIC did not have any construction in progress on their books for incomplete GSFIC managed projects for the University. In addition, building and building improvements, equipment, and research and development infrastructure totaling \$2,613,019 were funded by GSFIC and included \$30,218 prepaid by the University for the Cancer Research Center which was substantially completed and transferred to the University in

fiscal year 2019. Also included in the GSFIC funded amount was \$612,749 for renovating and equipping the Cyber Center Complex, a project which is being managed by the Georgia Technology Authority (GTA) and transferred to the University as it is completed. The Cyber Center Complex project began in fiscal year 2019 and continued in fiscal year 2021.

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

Fiscal Year	Depreciation Expense
2021	\$ 34,424,123
2020	\$ 34,013,103
2019	\$ 31,300,256

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	\$ 4,827,812
Research	35,515,839
Other - Advances	1,275,978
Totals	<u>\$ 41,619,629</u>

The amount in Other - Advances above includes \$149,465 from related parties.

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	\$ 46,510,844	\$ 289,351	\$ 3,626,752	\$ 43,173,443	\$ 3,487,047
Other Liabilities					
Compensated Absences	46,910,697	30,362,411	29,255,768	48,017,340	21,832,192
Total Long-Term Obligations	<u>\$ 93,421,541</u>	<u>\$ 30,651,762</u>	<u>\$ 32,882,520</u>	<u>\$ 91,190,783</u>	<u>\$ 25,319,239</u>

Note 9 Deferred Outflows and Inflows of Resources

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

Deferred Outflows of Resources

Deferred Outflows on Debt Refunding	\$ 2,147,480
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	117,543,547
Deferred Outflows on OPEB Plan (See Note 17)	105,931,112
Total Deferred Outflows of Resources	\$ 225,622,139

Deferred Inflows of Resources

Deferred Inflows on Debt Refunding	\$ 659,139
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	16,019,857
Deferred Inflows on OPEB Plan (See Note 17)	55,351,684
Total Deferred Inflows of Resources	\$ 72,030,680

Deferred Outflows/Inflows on Debt Refunding

In October 2014, the MCG-PPG Cancer Research Center, LLC, refunded the bonds associated with this lease and passed the perceived economic advantages of this refunding to the University by reducing the interest rate to 4.15% and the lease term maturity to June, 2034. The future minimum lease payments did not change as a result of this refunding. The University recognized a Deferred Outflow on Debt Refunding in the amount of \$2,647,632. The unamortized Deferred Outflows on Debt Refunding at year end related to this transaction is \$1,912,179.

In October 2014, the Augusta University Foundation refunded the bonds associated with the student activities center and passed the perceived advantages of this refunding to the University by reducing the effective interest rate to 3.72% with a maturity date of December, 2033. The future minimum lease payments did not change as a result of the refunding. The University recognized a Deferred Outflows on Debt Refunding of \$325,802. The unamortized Deferred Outflows on Debt Refunding at year end related to this transaction is \$235,301.

In November 2012, the Augusta University Foundation refunded the bond associated with the student housing complex lease at 4.26% for the same term with the same maturity date of January, 2035. The University recognized a Deferred Gain on Debt Refunding of \$894,546. The unamortized Deferred Inflows on Debt Refunding at year end related to this transaction is \$659,139.

Note 10 Net Position

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

Net Investment in Capital Assets	\$ 684,548,429
Restricted for	
Nonexpendable	
Permanent Endowment	3,329,041
Expendable	
Sponsored and Other Organized Activities	24,503,727
Federal Loans	4,759,105
Institutional Loans	1,055,222
Quasi-Endowments	11,613,356
Sub-Total	41,931,410
Unrestricted	
Auxiliary Enterprises Operations	13,595,745
Reserve for Encumbrances	40,162,598
Capital Liability Reserve Fund	197,730
Other Unrestricted	(848,202,458)
Sub-Total	(794,246,385)
Total Net Position	\$ (64,437,505)

Other unrestricted net position is reduced by \$575,314,020 related to the recording of net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to OPEB plan. Other unrestricted net position is also reduced by \$339,815,064 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources related to benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Net Investments in Capital Assets	\$ 628,740,197	\$ 92,940,630	\$ 37,132,398	\$ 684,548,429
Restricted Net Position	35,155,701	673,257,797	663,153,047	45,260,451
Unrestricted Net Position	(766,140,967)	390,344,793	418,450,211	(794,246,385)
Total Net Position	\$ (102,245,069)	\$ 1,156,543,220	\$ 1,118,735,656	\$ (64,437,505)

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was \$700,429 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 \$2,163,883 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 cash payments related to capital leases for fiscal year 2021 were \$3,616,238 and \$1,595,507, respectively. In addition, a principal adjustment of \$10,514 was made for leases ending early, bringing the total principal reduction to \$3,626,752. Interest rates range from 0.5% - 10.10%.

The University has \$41,576,759 in outstanding lease obligations due to component units. Component units have \$41,576,759 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	\$ 3,926,763	\$ 2,407,478	\$ 1,519,285	\$ 1,596,684
Leased Buildings and Building Improvements	59,733,497	27,428,779	32,304,718	41,576,759
Total Assets Held Under Capital Lease	<u>\$ 63,660,260</u>	<u>\$ 29,836,257</u>	<u>\$ 33,824,003</u>	<u>\$ 43,173,443</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal	
Cancer Research Center (CRC)	MCG-PPG, CRC LLC	\$ 27,704,398	30 years	01/2006	06/2034	\$ 20,036,901	(1)
University Housing	ASU Foundation	20,246,137	30 years	09/2005	01/2035	14,163,892	(1)
Student Center	ASU Foundation	11,782,962	29 years	03/2006	12/2033	7,375,966	(1)
Telephone/Network Gear	Key Govt Finance, Inc.	760,292	3 years	07/2019	07/2021	256,664	
KXL System	Glaukos	25,165	3 years	02/2021	01/2023	19,592	
Unified Communications	Key Govt Finance, Inc.	1,195,266	5 years	07/2018	07/2022	490,583	
Multiple Individual Copier Leases	Pollock	1,946,040	5 years	05/2017	06/2026	829,845	
Total Leases		<u>\$ 63,660,260</u>				<u>\$ 43,173,443</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 is obligated under various operating leases for the use of equipment. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the University has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The University's operating lease expense for fiscal 2021 was \$5,908, none of which is due to related parties.

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

	Real Property and Equipment Capital Leases
Year Ending June 30:	
2022	\$ 4,949,150
2023	4,448,067
2024	4,097,647
2025	4,039,524
2026	3,990,509
2027 through 2031	19,750,650
2032 through 2036	<u>12,146,044</u>
Total Minimum Lease Payments	53,421,591
Less: Interest	7,950,141
Less: Executory Costs	<u>2,298,007</u>
Principal Outstanding	<u>\$ 43,173,443</u>

Operating Lease Revenue

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

Total revenues from rental of facilities were \$3,015,903 for the fiscal year ended June 30, 2021. Minimum future revenues and rentals to be received under operating leases as of June 30, 2021, are as follows:

	Real Property Operating Leases
Year Ending June 30:	
2022	\$ 3,584,569
2023	3,579,616
2024	3,274,105
2025	2,652,347
2026	1,434,852
2027 through 2031	2,252,915
Total Minimum Lease Revenues	<u>\$ 16,778,404</u>

Note 14. Retirement Plans

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

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

General Information about the Teachers Retirement System

Plan description

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

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 annual University payroll. The University's contributions to TRS totaled \$40,828,505 for the year ended June 30, 2021.

General Information about the Employees' Retirement System

Plan description

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

Benefits provided

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

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2021 was 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 \$696,020 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 1.722620% which was an increase of 0.013973% from its proportion measured as of June 30, 2019. At June 30, 2020, the University's ERS proportion was 0.120412%, which was a decrease of (0.002896)% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of \$70,477,671 for TRS and \$1,177,762 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	\$ 18,172,935	\$ —	\$ 61,823	\$ —
Changes of assumptions	42,980,937	—	—	—
Net difference between projected and actual earnings on pension plan investments	10,050,402	—	71,690	—
Changes in proportion and differences between contributions and proportionate share of contributions	4,681,235	618,769	—	126,970
Contributions subsequent to the measurement date	40,828,505	—	696,020	—
Total	<u>\$ 116,714,014</u>	<u>\$ 618,769</u>	<u>\$ 829,533</u>	<u>\$ 126,970</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	\$ 16,245,692	\$ (154,351)
2023	\$ 24,854,150	\$ 14,997
2024	\$ 24,184,408	\$ 83,200
2025	\$ 9,982,490	\$ 62,697
2026	\$ —	\$ —

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 discount rate, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	\$ 661,715,964	\$ 417,285,987	\$ 216,923,490

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	\$ 7,140,075	\$ 5,075,314	\$ 3,313,282

Pension plan fiduciary net position

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

B. Early Retirement Pension PlanPlan Description

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

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

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

The plan is closed to new entrants. There were no active plan participants. As of January 1, 2021, plan participants consisted of the following:

Inactive Plan Participants:

Retirees and Beneficiaries Currently Receiving Benefits	579
Terminated Employees Entitled to Deferred Benefits	0
Disabled Employees Entitled to Deferred Benefits	0
Total	<u>579</u>

Benefits Provided

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

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

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

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

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

The ERP does not issue a standalone report.

Funding Policy

The fund sources that provided for an employee's salary, as of December 31, 1999, would be responsible for funding the annuity to provide for retiree benefits. There is no additional cost to the employee/retiree, USG, or State of Georgia for this plan. Contributions are made by Augusta University based on the actuarial valuation of the plan. For fiscal year 2021, affiliated organizations contributed \$4,925,914 to the plan on-behalf of the University.

Since this plan was not pre-funded, Augusta University's approach is to collect and deposit as much into the ERP fund in the earlier years as is possible, thereby, realizing a greater return on investment. Effective January 1, 2021, the period to amortize the unfunded accrued liability was extended 1 year. With this change, the plan should be fully funded by June 30, 2026. The funding policy is reasonable and in compliance with minimum funding requirements set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law.

Investments

Augusta University maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility of the institution to the citizens of Georgia and which conforms to the USG investment policy. All investments are consistent with USG policy and applicable Federal and state laws.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. The Augusta University's Investment Policy and Guidelines for managing concentration of credit risk requires that stocks and debt issues be diversified. Augusta University also relies upon the concentration of credit risk policy of the individual investment vehicles related to plan assets. More than 5% of the Pension Plan's Investments are in iShares Core Total U.S. Aggregate Bond Exchange-traded Fund (ETF), Western Asset Core Plus Bond Fund, Vanguard Institutional Index Fund, and Vanguard Total Stock Market ETF. These investments are 7.47%, 8.03%, 25.62%, and 25.33% respectively of the Plan's total investments.

For the fiscal year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 29.04%.

Net Pension Liability (NPL)

The components of the net pension liability at June 30, 2021 were as follows:

Total Pension Liability	\$ 150,586,024
Plan Fiduciary Net Position	<u>(131,608,571)</u>
Net Pension Liability	<u><u>\$ 18,977,453</u></u>

Plan Fiduciary Net Position as a percentage of total pension liability is 87.40%.

Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of January 1, 2021 with the results rolled forward to the June 30, 2021 measurement date using the following actuarial assumptions, applied to all periods included in the measurement: (a) rate of return of 7.00% per annum, compounded annually (b) inflation of 2.50% per annum, compounded annually, and (c) cost of living adjustments of 3% per annum, compounded annually.

There were no changes in actuarial methods from the prior year report. The following changes from the prior year report were made to the actuarial assumptions: mortality base table Pub-2010 Teachers Above-Median Income, mortality improvement scale MP-2020, and discount rate of 7.00%. To better recognize current and future mortality, the most recent Mortality Base Table Pub-2010 Teachers Above-Median Income public plan table published by the Society of Actuaries was adopted rather than the previous RP-2014 White Collar table. The effect was an increase in liabilities and annual pension expense. To better recognize current and future mortality improvements, Mortality Improvement Scale MP-2020 published by the Society of Actuaries was adopted rather than the previous MP-2019 scale. The effect was a decrease in liabilities and annual pension expense. To better reflect current capital market expectations, assumptions were updated to 7.00% discount rate rather than the previously used 7.25%. The effect was an increase in liabilities and annual pension expense. There were no other changes in plan provisions or actuarial assumptions and methods since the prior report.

The projection of cash flows used to determine the discount rate of 7.00% per annum, compounded annually assumes that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was established with the January 1, 2021 valuation. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best-estimates of geometric real rates of return and the plan investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighted Real Return
Domestic Equity	80.00%	5.25%	4.20 %
Fixed income	20.00%	1.50%	0.30 %
Portfolio Real Return			4.50 %
Assumed Inflation			2.50 %
Long-Term Expected Rate of Return			7.00 %

*Rates shown are net of inflation.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 30,685,297	\$ 18,977,453	\$ 8,696,919

Schedule of Changes in Net Pension Liability

For the year ended June 30, 2021, the University recognized net pension liability of \$18,977,453 calculated as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2020	\$ 144,974,323	\$ 105,142,271	\$ 39,832,052
Interest	9,993,093	—	9,993,093
Experience losses (gains)	336,562	—	336,562
Changes of assumptions	9,559,171	—	9,559,171
Contributions - Employer	—	10,838,070	(10,838,070)
Net investment income	—	29,905,355	(29,905,355)
Benefit payments	(14,277,125)	(14,277,125)	—
Net Change	5,611,701	26,466,300	(20,854,599)
Balance, June 30, 2021	\$ 150,586,024	\$ 131,608,571	\$ 18,977,453

Affiliated organizations contributed \$4,925,914 to the plan on behalf of the University.

Schedule of Changes in Pension Expense

For the year ended June 30, 2021, the University recognized pension expense of \$7,530,288 from the following sources:

	Pension Expense
Interest	\$ 9,993,093
Projected investment income	(7,498,149)
Recognition of experience (gain)/loss	336,562
Recognition of changes in assumptions	9,559,171
Investment losses (gains)	(4,860,389)
Pension Expense June 30, 2021	\$ 7,530,288

Deferred Outflows/Inflows of Resources

At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 15,274,118

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:

2022	\$	(3,937,556)
2023	\$	(3,425,585)
2024	\$	(3,429,535)
2025	\$	(4,481,442)

C. Defined Contribution Plan

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 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 \$16,210,057 (9.24%) and \$10,526,014 (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	4,959
Retirees or Beneficiaries Receiving Benefits	2,244
Retirees Receiving Life Insurance Only	<u>634</u>
Total	<u><u>7,837</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 \$13,651,850 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 11.734653%, which was a increase of 0.073617% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized OPEB expense of \$36,535,950. 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	\$ 31,783,784	\$ 2,507,545
Changes of assumptions	57,458,952	44,633,179
Net difference between projected and actual earnings on OPEB plan investments	—	194,809
Changes in proportion and differences between contributions and proportionate share of contributions	3,036,526	8,016,151
Contributions subsequent to the measurement date	<u>13,651,850</u>	<u>—</u>
Total	<u><u>\$ 105,931,112</u></u>	<u><u>\$ 55,351,684</u></u>

The University's contributions subsequent to the measurement date of \$13,651,850 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	\$	545,467
2023	\$	814,979
2024	\$	5,985,063
2025	\$	6,239,490
2026	\$	7,110,825
Thereafter	\$	16,231,754

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 4.50% 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 Buyer.

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

The following presents the the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% 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	\$ 763,020,476	\$ 625,893,448	\$ 516,148,420

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 518,963,130	\$ 625,893,448	\$ 761,480,684
Pre-Medicare Eligible	5.7% decreasing to 3.5%	6.7% decreasing to 4.5%	7.7% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

OPEB plan fiduciary net position:

Detailed information about the Plan's fiduciary net position is available in the USG Consolidated Annual Financial Report which is publicly available at usg.edu/fiscal_affairs/financial_reporting/.

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating 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	\$ 84,697,978	\$ 21,912,422	\$ 85,066,123	\$ 353,683	\$ 102,801
Research	28,642,111	17,183,872	12,044,604	26,357	14,075
Public Service	7,251,373	17,819,391	7,461,483	12,516	31,889
Academic Support	13,752,070	20,438,927	12,641,765	20,873	24,038
Student Services	902,582	4,312,535	1,785,182	32,095	14,384
Institutional Support	5,997,361	21,895,114	28,052,780	252,011	17,556
Plant Operations and Maintenance	321,880	11,782,934	4,955,732	1,048	9,273
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	156,519	4,447,924	1,875,134	15,226	18,402
Patient Care	109,004,710	121,934,081	59,068,841	633,682	145,515
Total Operating Expenses	<u>\$ 250,726,584</u>	<u>\$ 241,727,200</u>	<u>\$ 212,951,644</u>	<u>\$ 1,347,491</u>	<u>\$ 377,933</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 1,075,268	\$ 896,044	\$ 10,090,961	\$ 14,844,493	\$ 219,039,773
Research	256,399	66,758	24,340,366	1,719,033	84,293,575
Public Service	3,936	170,584	13,858,776	172,661	46,782,609
Academic Support	—	171,981	2,627,901	2,269,802	51,947,357
Student Services	3,401	53,137	2,446,487	10,889	9,560,692
Institutional Support	—	570,536	24,658,440	7,696,877	89,140,675
Plant Operations and Maintenance	—	8,819,423	12,695,417	6,465,314	45,051,021
Scholarships and Fellowships	12,027,460	—	—	—	12,027,460
Auxiliary Enterprises	929,791	371,644	9,690,618	1,228,905	18,734,163
Patient Care	—	236,749	154,604,623	16,149	445,644,350
Total Operating Expenses	<u>\$ 14,296,255</u>	<u>\$ 11,356,856</u>	<u>\$ 255,013,589</u>	<u>\$ 34,424,123</u>	<u>\$ 1,022,221,675</u>

Note 19 Subsequent Event

Augusta University has evaluated subsequent events through the date on which the financial statements were available to be issued. In May 2021, the Boards of Trustees of the Augusta University Foundation, Inc. and the Georgia Health Sciences Foundation, Inc. voted to merge. The merger will combine the assets of both Foundations into Augusta University Foundation, Inc. during fiscal year 2022.

Note 20 Component Units

Augusta University Foundation, Inc.

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

The AUF acts primarily as a fund-raising organization to supplement the resources that are available to Augusta University in support of its programs. During the year ended June 30, 2021, the AUF distributed approximately \$988,116 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

Augusta University Research Institute, Inc.

Augusta University Research Institute, Inc. (AURI) is a legally separate, tax-exempt component unit of the State of Georgia reporting entity. The AURI serves to enhance the research mission of Augusta University by securing sponsored research funding and by providing funding of special research initiatives. During the year ended June 30, 2021, the AURI distributed approximately \$75,487,160 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

*The Augusta University Research Institute's fiscal year 2020 audit report was reissued for an immaterial change in the prior year. This change was not reflected in the Augusta University's Annual Financial Report for fiscal year 2020. The prior year report had a total net position for AURI at June 30, 2020 of \$10,641,964. However, AURI beginning net position reported in the FY 2021 report is \$11,350,069. This results in a difference of \$708,105 between the Augusta University Research Institute FY 2020 ending net position and FY 2021 beginning net position in the current year Augusta University Annual Financial Report.

AU Health System, Inc.

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

Georgia Health Sciences Foundation, Inc.

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

The GHSF acts primarily as a fund-raising organization to supplement the resources that are available to Augusta University in support of its programs. During the year ended June 30, 2021, the GHSF distributed approximately \$2,664,180 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

Medical College of Georgia Foundation, Inc.

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

Medical College of Georgia Foundation, Inc. receives and administers funds for the support of the Medical College of Georgia, the Augusta University Health Sciences campus, and the Augusta University Health System, and manages investments and distributed funds in accordance with donor instructions and board of director's intentions for gifts. The Foundation provides support for faculty chairs, research, scholarships, and other institutional programs. During the year ended June 30, 2021, the Foundation paid approximately \$6,769,758 to Augusta University and its affiliates in support of students and University programs. The Foundation paid approximately \$642,807 to non-affiliated organizations on behalf of Augusta University.

Elimination and Consolidation Adjustments

Augusta University Foundation, Inc. grossed up Investment in Capital Leases for unearned interest to be received on capital leases. An elimination entry was necessary to remove this activity from Current Investments in Capital Leases and Current Advances in the amount of \$791,120 and Noncurrent Investment in Capital Leases and Noncurrent Advances in the amount of \$5,098,171 in order to be in accordance with generally accepted accounting principles.

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

	Fair Value
Investment type	
Debt Securities	
U.S. Treasuries	\$ 4,905,654
U.S. Agencies	
Implicitly Guaranteed	926,789
Bond Securities	2,673,437
Corporate Debt	655,429
General Obligation Bonds	6,763,886
Money Market Mutual Funds	54,221,541
Mutual Bond Funds	70,659,856
Repurchase Agreements	654,000
Other Investments	
Equity Mutual Funds - Domestic	75,521,756
Equity Mutual Funds - International	8,885,771
Equity Securities - Domestic	145,005
Equity Securities - International	8,537,320
Real Estate Held for Investment Purposes	1,594,059
Real Estate Investment Trusts	1,319,809
Other	323,238,176
	560,702,488
Investment Pools	
Board of Regents	
Short-Term Fund	9,386,761
Balanced Income Fund	10,033,967
Total Return Fund	5,075,796
Diversified Fund for Foundations	6,405,439
Total Investments	<u>\$ 591,604,451</u>

Of the investments disclosed above, \$1,617,768 of the Board of Regents Short-Term investment pool held by Augusta University Research Institute, Inc. is reported as cash and cash equivalents on the Statement of Net Position.

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning	\$ 30,411,248	\$ 239,510,762	\$ 269,922,010
Contributions	—	4,603,217	4,603,217
Net realized and unrealized gains	8,691,431	77,028,454	85,719,885
Appropriation of endowment assets for expenditure	(1,199,506)	(10,732,883)	(11,932,389)
Transfers to comply with donor intent	527,767	4,970,368	5,498,135
Other	129,406	76,328	205,734
Ending	<u>\$ 38,560,346</u>	<u>\$ 315,456,246</u>	<u>\$ 354,016,592</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	\$ 3,952,459
2023	2	3,954,083
2024	3	3,952,651
2025	4	3,953,562
2026	5	3,955,105
2027 through 2031	6-10	19,750,650
2032 through 2036	11-15	12,146,044
Total Minimum Lease Payments to be Received		51,664,554
Less: Unearned Income		(10,087,796)
Net Investment in Direct Financing Lease Receivable		<u>\$ 41,576,758</u>

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

Capital Assets not being Depreciated:	
Land and Land Improvements	\$ 36,888,758
Construction Work-in-Progress	21,933,750
Software Development-in-Progress	6,237,612
Total Capital Assets not being Depreciated	<u>65,060,120</u>
Capital Assets, Being Depreciated/Amortized:	
Buildings and Building Improvements	58,065,597
Facilities and Other Improvements	208,431,859
Equipment	312,674,063
Patents, Trademarks, and Copyrights	160,000
Software	35,283,937
Total Capital Assets being Depreciated/Amortized	<u>614,615,456</u>
Less Total Accumulated Depreciation/Amortization	<u>395,497,545</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>219,117,911</u>
Capital Assets, Net	<u>\$ 284,178,031</u>

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
Compensated Absences	\$ 23,599,910	\$ 8,750,479	\$ 5,762,123	\$ 26,588,266	\$ 26,588,266
Lease Purchase Obligation (Capital Lease)	30,585,871	17,963,649	12,319,188	36,230,332	6,044,435
Liabilities under Split Interest Agreement	823,866	45,130	—	868,996	1,625
Notes and Loans Payable	10,919,941	1,260,394	180,335	12,000,000	12,000,000
Interest Rate Swap	28,181,020	—	7,576,699	20,604,321	—
Other Post Employment Benefits Obligation	6,641,329	1,020,514	1,340,325	6,321,518	—
Revenue/Mortgage Bonds Payable	224,600,000	98,085,000	104,165,000	218,520,000	2,140,000
Bond - Premium	5,826,614	—	523,108	5,303,506	—
Unamortized Issuance and Other Bond Related Costs	(765,696)	—	(45,709)	(719,987)	—
Total Long Term Liabilities	<u>\$ 330,412,855</u>	<u>\$ 127,125,166</u>	<u>\$ 131,821,069</u>	<u>\$ 325,716,952</u>	<u>\$ 46,774,326</u>

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

Year ending June 30:

2022	1	\$ 7,618,620
2023	2	7,114,979
2024	3	6,412,507
2025	4	6,493,936
2026	5	4,222,974
2027 through 2031	6-10	10,422,151
2032 through 2036	11-15	238,051
Total minimum lease payments		42,523,218
Less: Interest		6,292,886
Principal Outstanding		<u>\$ 36,230,332</u>

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	\$ 12,000,000	\$ 420,000
		<u>\$ 12,420,000</u>	

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	\$ 2,140,000	\$ 9,562,170
2023	2	9,150,000	9,459,770
2024	3	10,135,000	9,038,059
2025	4	11,255,000	8,579,192
2026	5	12,375,000	8,045,832
2027 through 2031	6-10	63,205,000	31,664,035
2032 through 2036	11-15	62,055,000	17,754,560
2037 through 2041	16-20	48,205,000	4,113,387
		218,520,000	98,217,005
Bond Premium		5,700,589	—
Unamortized Issuance and Other Bond Related Costs		(1,117,070)	—
Total		<u>\$ 223,103,519</u>	<u>\$ 98,217,005</u>
			<u>\$ 321,320,524</u>



Required Supplementary Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Early Retirement Plan	June 30, 2021	\$ 10,838,070	\$ 10,838,070	\$ —	N/A	N/A
	June 30, 2020	\$ 11,474,114	\$ 11,474,114	\$ —	N/A	N/A
	June 30, 2019	\$ 11,521,141	\$ 13,084,672	\$ (1,563,531)	N/A	N/A
	June 30, 2018	\$ 11,767,714	\$ 13,084,672	\$ (1,316,958)	N/A	N/A
	June 30, 2017	\$ 12,107,903	\$ 13,084,672	\$ (976,769)	N/A	N/A
	June 30, 2016	\$ 12,760,669	\$ 13,084,672	\$ (324,003)	N/A	N/A
	June 30, 2015	\$ 12,996,582	\$ 13,084,672	\$ (88,090)	N/A	N/A
	June 30, 2014	\$ 13,045,051	\$ 13,084,672	\$ (39,621)	N/A	N/A
	June 30, 2013	\$ 13,055,907	\$ 13,225,850	\$ (169,943)	N/A	N/A
	June 30, 2012	\$ 12,861,601	\$ 13,225,850	\$ (364,249)	N/A	N/A
Employees' Retirement System	June 30, 2021	\$ 696,020	\$ 696,020	\$ —	\$ 2,900,019	24.00%
	June 30, 2020	\$ 738,277	\$ 738,277	\$ —	\$ 3,003,087	24.58%
	June 30, 2019	\$ 781,583	\$ 781,583	\$ —	\$ 3,160,791	24.73%
	June 30, 2018	\$ 816,038	\$ 816,038	\$ —	\$ 3,296,810	24.75%
	June 30, 2017	\$ 457,473	\$ 457,473	\$ —	\$ 1,845,641	24.79%
	June 30, 2016	\$ 178,786	\$ 178,786	\$ —	\$ 723,246	24.72%
	June 30, 2015	\$ 143,532	\$ 143,532	\$ —	\$ 653,608	21.96%
	June 30, 2014	\$ 104,806	\$ 104,806	\$ —	\$ 567,746	18.46%
	June 30, 2013	\$ 89,395	\$ 89,395	\$ —	\$ 599,617	14.91%
	June 30, 2012	\$ 65,638	\$ 65,638	\$ —	\$ 564,385	11.63%
Teachers Retirement System	June 30, 2021	\$ 40,828,505	\$ 40,828,505	\$ —	\$ 218,843,507	18.66%
	June 30, 2020	\$ 47,068,026	\$ 47,068,026	\$ —	\$ 222,651,221	21.14%
	June 30, 2019	\$ 43,584,273	\$ 43,584,273	\$ —	\$ 208,586,496	20.90%
	June 30, 2018	\$ 34,287,410	\$ 34,287,410	\$ —	\$ 203,978,259	16.81%
	June 30, 2017	\$ 27,473,760	\$ 27,473,760	\$ —	\$ 192,528,053	14.27%
	June 30, 2016	\$ 26,234,649	\$ 26,234,649	\$ —	\$ 183,847,072	14.27%
	June 30, 2015	\$ 23,837,005	\$ 23,837,005	\$ —	\$ 181,274,041	13.15%
	June 30, 2014	\$ 21,780,531	\$ 21,780,531	\$ —	\$ 177,368,194	12.28%
	June 30, 2013	\$ 19,623,178	\$ 19,623,178	\$ —	\$ 171,985,813	11.41%
	June 30, 2012	\$ 18,166,483	\$ 18,166,483	\$ —	\$ 176,716,761	10.28%

AUGUSTA UNIVERSITY
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	0.120412%	\$ 5,075,314	\$ 3,003,087	169.00%	76.21%
	June 30, 2020	0.123308%	\$ 5,088,343	\$ 3,160,791	160.98%	76.74%
	June 30, 2019	0.129632%	\$ 5,329,214	\$ 3,296,810	161.65%	76.68%
	June 30, 2018	0.074670%	\$ 3,032,599	\$ 1,845,641	164.31%	76.33%
	June 30, 2017	0.031106%	\$ 1,471,444	\$ 723,246	203.45%	72.34%
	June 30, 2016	0.025072%	\$ 1,102,710	\$ 653,608	168.71%	76.20%
	June 30, 2015	0.025214 %	\$ 945,681	\$ 567,746	166.57 %	77.99 %
Teachers Retirement System	June 30, 2021	1.722620%	\$ 417,285,987	\$ 222,651,221	187.42%	77.01%
	June 30, 2020	1.708647%	\$ 367,405,307	\$ 208,586,496	176.14%	78.56%
	June 30, 2019	1.712017%	\$ 317,787,027	\$ 203,978,259	155.79%	80.27%
	June 30, 2018	1.676517%	\$ 311,585,848	\$ 192,528,053	161.84%	79.33%
	June 30, 2017	1.675586%	\$ 345,692,075	\$ 183,847,072	188.03%	76.06%
	June 30, 2016	1.716662%	\$ 261,344,743	\$ 181,274,041	144.17%	81.44%
	June 30, 2015	1.738329 %	\$ 219,614,941	\$ 177,368,194	123.82 %	84.03 %

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability	\$150,586,024	\$144,974,323	\$146,605,709	\$148,863,688	\$149,152,995	\$151,817,059	\$143,780,226	\$145,384,819
Plan Fiduciary Net Position	(131,608,571)	(105,142,271)	(105,375,867)	(99,022,119)	(90,408,065)	(80,322,348)	(79,125,737)	(76,193,610)
Net Pension Liability	<u>\$ 18,977,453</u>	<u>\$ 39,832,052</u>	<u>\$ 41,229,842</u>	<u>\$49,841,569</u>	<u>\$58,744,930</u>	<u>\$71,494,711</u>	<u>\$64,654,489</u>	<u>\$69,191,209</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.40 %	72.52 %	71.88 %	66.52 %	60.61 %	52.91 %	55.03 %	52.41 %
Covered Payroll	— %	— %	— %	— %	— %	— %	— %	— %
Employers' and Nonemployers' Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Interest	\$ 9,993,093	\$ 10,461,152	\$ 10,636,036	\$ 10,669,543	\$ 10,875,630	\$ 10,278,138	\$ 10,405,981	\$ 10,607,438
Differences Between Expected and Actual Experience	336,562	393,469	1,581,985	664,493	77,619	1,349,554	1,266,248	(127,876)
Changes of Assumptions	9,559,171	1,761,370	(376,246)	2,161,493	—	9,885,919	—	—
Benefit Payments/ Refunds	(14,277,125)	(14,247,377)	(14,099,754)	(13,784,836)	(13,617,313)	(13,476,778)	(13,276,822)	(13,054,512)
Net Change in Total Pension Liability	5,611,701	(1,631,386)	(2,257,979)	(289,307)	(2,664,064)	8,036,833	(1,604,593)	(2,574,950)
Total Pension Liability - Beginning	144,974,323	146,605,709	148,863,688	149,152,995	151,817,059	143,780,226	145,384,819	147,959,769
Total Pension Liability - Ending (a)	<u>\$ 150,586,024</u>	<u>\$144,974,323</u>	<u>\$146,605,709</u>	<u>\$148,863,688</u>	<u>\$ 149,152,995</u>	<u>\$151,817,059</u>	<u>\$143,780,226</u>	<u>\$145,384,819</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 10,838,070	\$ 11,474,114	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672
Net Investment Income	29,905,355	2,539,667	7,368,830	9,314,218	10,618,358	1,588,717	3,124,277	11,727,751
Benefit Payments/ Refunds	(14,277,125)	(14,247,377)	(14,099,754)	(13,784,836)	(13,617,313)	(13,476,778)	(13,276,822)	(13,054,512)
Net Change in Plan Fiduciary Net Position	26,466,300	(233,596)	6,353,748	8,614,054	10,085,717	1,196,611	2,932,127	11,757,911
Plan Fiduciary Net Position - Beginning	105,142,271	105,375,867	99,022,119	90,408,065	80,322,348	79,125,737	76,193,610	64,435,699
Plan Fiduciary Net Position - Ending (b)	<u>\$ 131,608,571</u>	<u>\$105,142,271</u>	<u>\$105,375,867</u>	<u>\$ 99,022,119</u>	<u>\$ 90,408,065</u>	<u>\$ 80,322,348</u>	<u>\$ 79,125,737</u>	<u>\$ 76,193,610</u>
Net Pension Liability Ending (a - b)	<u>\$ 18,977,453</u>	<u>\$ 39,832,052</u>	<u>\$ 41,229,842</u>	<u>\$ 49,841,569</u>	<u>\$ 58,744,930</u>	<u>\$ 71,494,711</u>	<u>\$ 64,654,489</u>	<u>\$ 69,191,209</u>

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	29.04 %	2.43 %	7.53 %	10.42 %	13.39 %	2.02 %	4.13 %	18.35 %

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

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

Early Retirement Plan:

Changes of assumptions: The expectation of retired life mortality was updated to the most recent mortality base table and mortality improvement scale published by the Society of Actuaries to better recognize current and future mortality. The discount rate was lowered from 7.25% to 7.00% to better reflect current capital market expectations.

Employees' Retirement System:

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

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

**AUGUSTA UNIVERSITY
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	\$ 13,651,850	\$ 13,651,850	\$ —	\$ 472,381,448	2.89%
June 30, 2020	\$ 12,062,285	\$ 12,062,285	\$ —	\$ 473,972,170	2.54%
June 30, 2019	\$ 18,702,320	\$ 18,702,320	\$ —	\$ 415,848,815	4.50%
June 30, 2018	\$ 18,710,488	\$ 18,710,488	\$ —	\$ 400,360,594	4.67%
June 30, 2017	\$ 11,802,809	\$ 11,802,809	\$ —	\$ 378,955,612	3.11%

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

AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST 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	11.734653%	\$ 625,893,448	\$ 473,972,170	132.05%	2.91%
June 30, 2020	11.661036%	\$ 521,431,154	\$ 415,848,815	125.39%	3.13%
June 30, 2019	11.810690%	\$ 520,940,139	\$ 400,360,594	130.12%	1.69%
June 30, 2018	11.852125%	\$ 500,127,185	\$ 378,955,612	131.98%	0.19%

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

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 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 updated from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes:

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



Supplementary Information

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

ASSETS

Cash and Cash Equivalents	\$	66,286,689.71
Investments		71,610,883.38
Accounts Receivable		
Federal Financial Assistance		1,515,365.23
Other		83,332,019.84
Prepaid Expenditures		2,478,174.08
Other Assets		5,600.00
Total Assets	\$	<u><u>225,228,732.24</u></u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	3,232,172.31
Encumbrance Payable		39,651,971.54
Accounts Payable		5,648,259.83
Unearned Revenue		41,106,139.74
Funds Held for Others		88,367.87
Total Liabilities		<u>89,726,911.29</u>

Fund Balances

Reserved		
Department Sales and Services		15,802,972.01
Indirect Cost Recoveries		51,667,677.73
Technology Fees		362,539.56
Restricted/Sponsored Funds		64,449,374.35
Uncollectible Accounts Receivable		476,410.78
Tuition Carry - Forward		2,498,790.73
Unreserved		
Surplus		244,055.79
Total Fund Balances		<u>135,501,820.95</u>

Total Liabilities and Fund Balances	\$	<u><u>225,228,732.24</u></u>
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Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

AUGUSTA UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Funds Available Compared to Budget				Funds Available Compared to Budget
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over	Program Transfers or Adjustments
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	\$ 5,346,572.00	\$ 5,543,572.00	\$ 5,543,572.00	\$ —	\$ —
Other Funds	772,982.00	3,671,109.00	3,105,785.91	794,028.48	—
Total Cyber Innovation and Training Center	6,119,554.00	9,214,681.00	8,649,357.91	794,028.48	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	14,327,546.00	14,327,546.00	14,327,546.00	—	—
Total Public Service / Special Funding Initiatives	14,327,546.00	14,327,546.00	14,327,546.00	—	—
Teaching					
State Appropriation					
State General Funds	213,895,198.00	216,741,410.00	216,741,410.00	—	—
Federal Funds-COVID19					
Federal Funds Not Itemized-Covid	—	26,961,379.00	4,615,602.19	—	—
Other Funds	800,617,250.00	970,214,577.00	735,950,681.20	117,691,911.94	—
Total Teaching	1,014,512,448.00	1,213,917,366.00	957,307,693.39	117,691,911.94	—
Total Operating Activity	\$ 1,034,959,548.00	\$ 1,237,459,593.00	\$ 980,284,597.30	\$118,485,940.42	\$ —

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

AUGUSTA UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
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
	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	\$ 5,543,572.00	\$ —	\$ 5,479,280.21	\$ 64,291.79	\$ 64,291.79
Other Funds	3,899,814.39	228,705.39	784,922.59	2,886,186.41	3,114,891.80
Total Cyber Innovation and Training Center	9,443,386.39	228,705.39	6,264,202.80	2,950,478.20	3,179,183.59
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	14,327,546.00	—	14,327,527.32	18.68	18.68
Total Public Service / Special Funding Initiatives	14,327,546.00	—	14,327,527.32	18.68	18.68
Teaching					
State Appropriation					
State General Funds	216,741,410.00	—	216,737,085.73	4,324.27	4,324.27
Federal Funds-COVID19					
Federal Funds Not Itemized-Covid	4,615,602.19	(22,345,776.81)	4,615,602.19	22,345,776.81	—
Other Funds	853,642,593.14	(116,571,983.86)	722,007,024.74	248,207,552.26	131,635,568.40
Total Teaching	1,074,999,605.33	(138,917,760.67)	943,359,712.66	270,557,653.34	131,639,892.67
Total Operating Activity	\$ 1,098,770,537.72	\$ (138,689,055.28)	\$ 963,951,442.78	\$ 273,508,150.22	\$ 134,819,094.94

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

AUGUSTA UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2020 Surplus	Prior Year Adjustments	Other Adjustments
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	\$ 33,078.23	\$ —	\$ (33,078.23)	\$ 7,443.89	\$ —
Other Funds	794,028.48	(794,028.48)	—	—	—
Total Georgia Cyber Innovation and Training Center	827,106.71	(794,028.48)	(33,078.23)	7,443.89	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	1,156,822.25	—	(1,156,822.25)	4,388.60	—
Total Public Service / Special Funding Initiatives	1,156,822.25	—	(1,156,822.25)	4,388.60	—
Teaching					
State Appropriation					
State General Funds	779,980.80	—	(779,980.80)	148,971.57	—
Federal Funds-COVID19					
Federal Funds Not Itemized-Covid	—	—	—	—	—
Other Funds	118,133,680.05	(117,691,911.94)	(441,768.11)	14,617.00	30,894.17
Total Teaching	118,913,660.85	(117,691,911.94)	(1,221,748.91)	163,588.57	30,894.17
Total Operating Activity	120,897,589.81	(118,485,940.42)	(2,411,649.39)	175,421.06	30,894.17
Prior Year Reserves					
Not Available for Expenditure					
Inventories	25,042.24	—	—	—	(25,042.24)
Uncollectible Accounts Receivable	482,262.71	—	—	—	(5,851.93)
Budget Unit Totals	<u>\$ 121,404,894.76</u>	<u>\$ (118,485,940.42)</u>	<u>\$ (2,411,649.39)</u>	<u>\$ 175,421.06</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.

AUGUSTA UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE (NON-GAAP BASIS)
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
Georgia Cyber Innovation and Training Center						
State Appropriation						
State General Funds	\$ —	\$ 64,291.79	\$ 71,735.68	\$ —	\$ 71,735.68	\$ 71,735.68
Other Funds	—	3,114,891.80	3,114,891.80	3,114,891.80	—	3,114,891.80
Total Georgia Cyber Innovation and Training Center	—	3,179,183.59	3,186,627.48	3,114,891.80	71,735.68	3,186,627.48
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	18.68	4,407.28	—	4,407.28	4,407.28
Total Public Service / Special Funding Initiatives	—	18.68	4,407.28	—	4,407.28	4,407.28
Teaching						
State Appropriation						
State General Funds	—	4,324.27	153,295.84	—	153,295.84	153,295.84
Federal Funds-COVID19	—	—	—	—	—	—
Federal Funds Not Itemized-Covid	—	—	—	—	—	—
Other Funds	—	131,635,568.40	131,681,079.57	131,666,462.58	14,616.99	131,681,079.57
Total Teaching	—	131,639,892.67	131,834,375.41	131,666,462.58	167,912.83	131,834,375.41
Total Operating Activity	—	134,819,094.94	135,025,410.17	134,781,354.38	244,055.79	135,025,410.17
Prior Year Reserves						
Not Available for Expenditure						
Uncollectible Accounts Receivable	—	—	476,410.78	476,410.78	—	476,410.78
Budget Unit Totals	\$ —	\$ 134,819,094.94	\$ 135,501,820.95	\$ 135,257,765.16	\$ 244,055.79	\$ 135,501,820.95
		Departmental Sales and Services		\$ 15,802,972.01	\$ —	\$ 15,802,972.01
		Indirect Cost Recovery		51,667,677.73	—	51,667,677.73
		Technology Fees		362,539.56	—	362,539.56
		Restricted/Sponsored Funds		64,449,374.35	—	64,449,374.35
		Tuition Carry-Forward		2,498,790.73	—	2,498,790.73
		Uncollectible Accounts Receivable		476,410.78	—	476,410.78
		Surplus		—	244,055.79	244,055.79
				\$ 135,257,765.16	\$ 244,055.79	\$ 135,501,820.95

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



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