



UNIVERSITY OF GEORGIA

Annual Financial Report (Including Independent Auditor's Report)

**Fiscal Year Ended
June 30, 2019**

UNIVERSITY OF GEORGIA
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Introductory Section



UNIVERSITY OF GEORGIA

Message from the President
Fiscal Year 2019 Report to the Board of Regents

Fiscal Year 2019 marked another year of historic achievements for the University of Georgia, the birthplace of public higher education in America. We are reaching new heights of excellence across all facets of our mission.

With generous support from our alumni and friends in FY19, the University of Georgia exceeded its *Commit to Georgia* capital campaign goals of raising \$1.2 billion and creating at least 400 endowed, need-based Georgia Commitment Scholarship-more than a year ahead of schedule. Donors contributed \$224 million in new gifts and pledges to increase scholarship support for students, enhance the learning environment, and solve grand challenges through research and service. FY19 marks the third consecutive year in which fundraising has surpassed \$200 million. Our five-year rolling fundraising average has risen every year of the campaign, and in FY19, it reached \$204 million-an increase of more than 77 percent from five years ago.

UGA made progress on many capital projects in FY19, thanks to support from donors and state leaders. The renovated dormitory Russell Hall opened in time for students to move in prior to the start of fall 2018 classes, and renovations to Brumby Hall are underway. The University broke ground on an interdisciplinary STEM research building in November, and a second building is now in the design phase. The new Children's Garden at the State Botanical Garden of Georgia opened in March, as did the renovated building now known as Studio 225, which houses our student entrepreneurship program. The restoration of Lake Herrick was completed, and the lake was reopened to the community. A renovated WPA-era house was reopened as the Charles Schwab Financial Planning Center, and improvements to the west end zone in Sanford Stadium were completed as well. Renovations to the Driftmier Engineering Center continued, and the final phase of the Business Learning Community was completed in time for fall 2019 classes.

UGA faculty received a record amount of sponsored research awards in FY19, increasing by more than 8% over the previous year. Sponsored research expenditures also rose to record levels in FY19, growing by more than 5% over last year. These numbers continue a strong upward trend in research activity for UGA faculty. In the past five years, research expenditures have risen more than 37%, and awards have risen nearly 44%.

The University once again admitted a stellar class of first-year students after receiving a record 29,300 applications. We continue our strong commitment to students in Georgia, with programs such as Road Dawgs and ALL Georgia that aim to increase recruitment and retention of students from diverse backgrounds and locations across the state. Thanks to many recent initiatives to promote learning and success, our students are excelling at UGA and beyond. Eighty-six percent of UGA students complete their degrees in six years or less. In addition, 96% of our students secure employment or enroll in graduate school within six months of graduation.

We remain grateful for the support of the University System of Georgia in helping UGA continue to set new standards in teaching, research, and service.

Jere W. Morehead
President

Letter of Transmittal

September 3, 2019

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

The University of Georgia Annual Financial Report (AFR) includes the financial statements for the year ended June 30, 2019, as well as other useful information to help ensure the University's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the University's financial position as a result of operations for the fiscal year ended June 30, 2019.

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

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

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

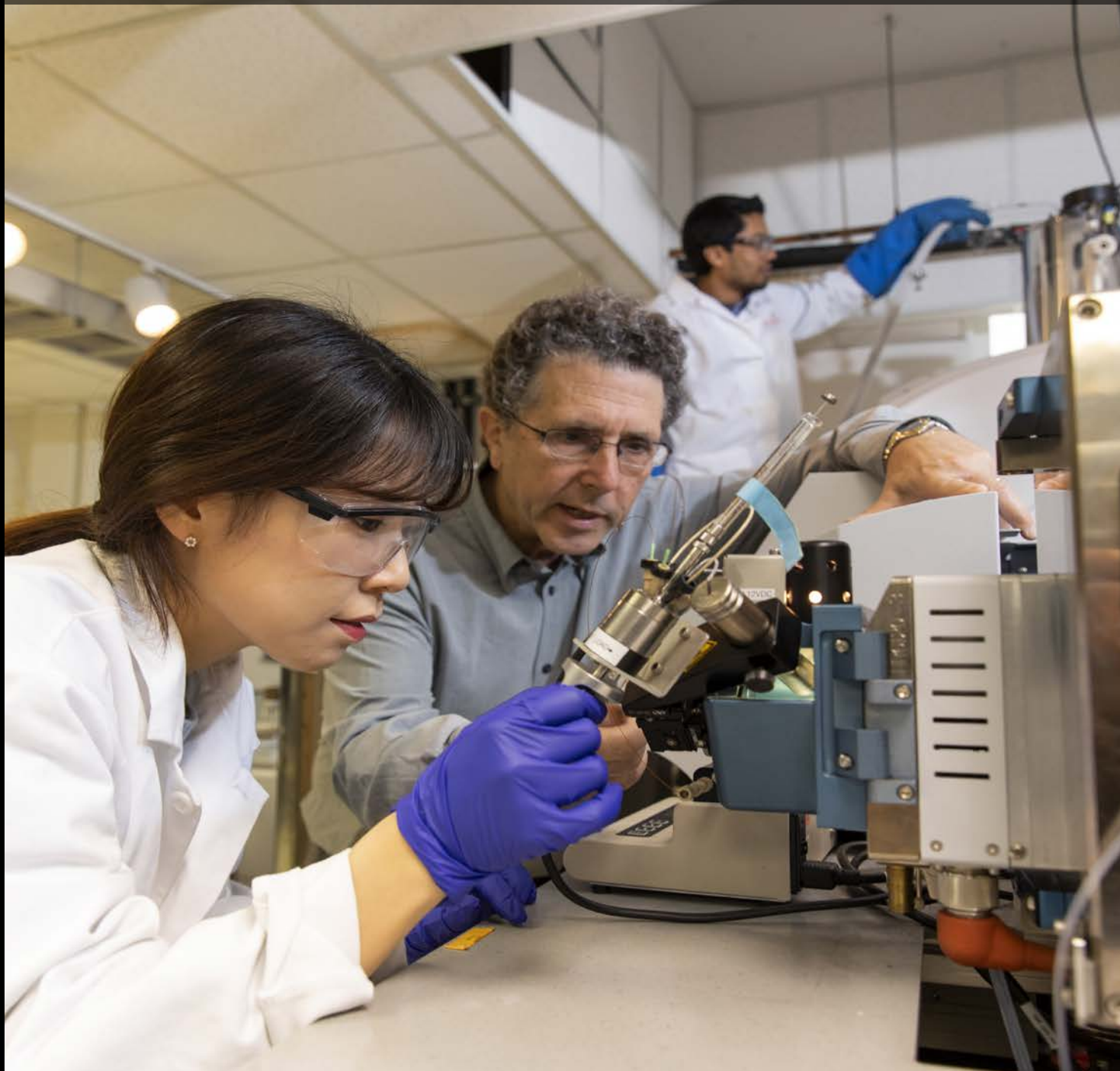
Respectfully submitted,

Ryan A. Nesbit
Vice President for Finance and Administration

Holley W. Schramski
Associate Vice President for University Business and Accounting Services

Chad Cleveland
Controller

Financial Section



UNIVERSITY OF GEORGIA



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

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

Independent Auditor's Report

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Regents of the University System of Georgia
and
Mr. Jere W. Morehead, President
University of Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the University of Georgia (University) as of and for the year ended June 30, 2019, 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 financial statements of University of Georgia Foundation and University of Georgia Athletic Association, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2019, 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, major fund and aggregate discretely presented component units 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, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory section and accompanying supplementary information listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record in the office of the State Auditor and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

December 10, 2019

UNIVERSITY OF GEORGIA

Management's Discussion and Analysis

Introduction

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

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

	<u>Faculty</u>	<u>Students (Headcount)</u>	<u>Students (FTE)</u>
FY 2019	2,083	38,652	37,190
FY 2018	2,039	37,606	36,169
FY 2017	2,027	36,574	35,164

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2019. The emphasis of discussions about these statements will be on the year presented. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year ending June 30, 2019. Comparative data is provided for fiscal year 2019 and fiscal year 2018.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2019 and includes all assets and liabilities, both current and noncurrent. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

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

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

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

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

A summary comparison of the University's financial position as of June 30, 2019 and June 30, 2018 is as follows:

Statement of Net Position, Condensed

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Current Assets	\$ 449,120,250	\$ 411,714,329
Capital Assets, Net	1,924,322,522	1,864,340,933
Other Assets	216,010,104	220,988,185
Total Assets	<u>2,589,452,876</u>	<u>2,497,043,447</u>
Deferred Outflows of Resources	<u>277,119,185</u>	<u>197,297,459</u>
Liabilities		
Current Liabilities	155,359,892	149,450,876
Non-Current Liabilities	1,987,629,861	1,966,795,998
Total Liabilities	<u>2,142,989,753</u>	<u>2,116,246,874</u>
Deferred Inflows of Resources	<u>151,210,375</u>	<u>78,649,841</u>
Net Position		
Net Investment in Capital Assets	1,681,666,344	1,614,484,996
Restricted, Non-expendable	64,898,053	91,810,334
Restricted, Expendable	138,002,868	91,368,953
Unrestricted (Deficit)	(1,312,195,332)	(1,298,220,092)
Total Net Position	<u>\$ 572,371,933</u>	<u>\$ 499,444,191</u>

Total assets and deferred outflows of resources increased by \$172,231,155 which was primarily due to an increase in capital assets of \$59,981,589 which includes the additions of the Business Learning Community (Phase III) and an increase of \$79,821,726 in deferred outflows of resources related to the defined benefit pension and OPEB plans. The balance of the increase is mainly in receivable categories.

Total liabilities and deferred inflows of resources increased for the year by \$99,303,413, primarily due to an increase in net other postemployment benefits liability (OPEB) of \$44,614,717 and a decrease of \$12,717,829 in net pension liability. Deferred inflows of resources also increased by \$72,560,534 of which \$50,481,221 is related to OPEB and \$22,079,313 is related to net pension liability. 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 \$72,927,742. This change in net position is primarily in the categories of capital assets, net pension liability and net other postemployment benefits liability noted above, and impacts net investment in capital assets and unrestricted net position.

Statement of Revenues, Expenses and Changes in Net Position

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

A summary comparison of the University's activities as of June 30, 2019 and June 30, 2018 is as follows:

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

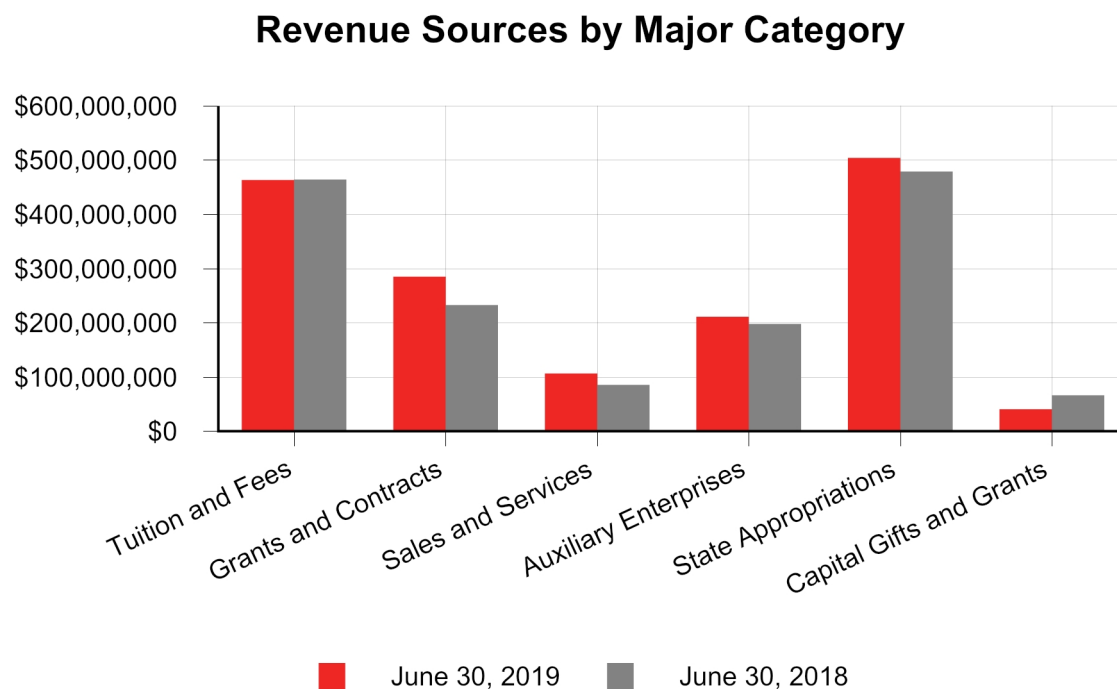
	June 30, 2019	June 30, 2018
Operating Revenue	\$ 1,094,096,763	\$ 997,867,060
Operating Expense	1,667,204,629	1,562,709,765
Operating Loss	(573,107,866)	(564,842,705)
Nonoperating Revenue and Expense	604,550,383	610,278,269
Income before Other Revenues, Expenses, Gains, or Losses	31,442,517	45,435,564
Other Revenues, Expenses, Gains, Losses	41,485,225	66,224,163
Change in Net Position	72,927,742	111,659,727
Net position at Beginning of Year, as Originally Reported	499,444,191	1,603,440,004
Prior Year Adjustments	0	(1,215,655,540)
Net Position at Beginning of Year	499,444,191	387,784,464
Net Position at End of Year	<u>\$ 572,371,933</u>	<u>\$ 499,444,191</u>

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

Revenue by Source
For the Years Ended June 30, 2019 and June 30, 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Operating Revenue		
Tuition and Fees	\$ 463,556,210	\$ 464,530,471
Federal Appropriations	14,298,645	14,921,506
Grants and Contracts	285,079,869	232,718,986
Sales and Services	106,682,801	85,654,546
Auxiliary Enterprises	211,347,294	197,995,706
Other Operating Revenues	13,131,944	2,045,845
Total Operating Revenues	<u>1,094,096,763</u>	<u>997,867,060</u>
Nonoperating Revenue		
State Appropriations	504,630,780	479,489,175
Grants and Contracts	82,726,914	88,351,758
Gifts	14,880,323	33,007,317
Investment Income	14,241,746	9,850,979
Other Nonoperating Revenues	690,331	12,792,764
Total Nonoperating Revenues	<u>617,170,094</u>	<u>623,491,993</u>
Capital Gifts and Grants		
State Capital Gifts and Grants	36,755,274	63,762,860
Other Capital Gifts and Grants	3,876,193	2,461,303
Total Capital Gifts and Grants	<u>40,631,467</u>	<u>66,224,163</u>
Additions to Permanent and Term Endowments	853,758	0
Total Revenues	<u><u>\$ 1,752,752,082</u></u>	<u><u>\$ 1,687,583,216</u></u>

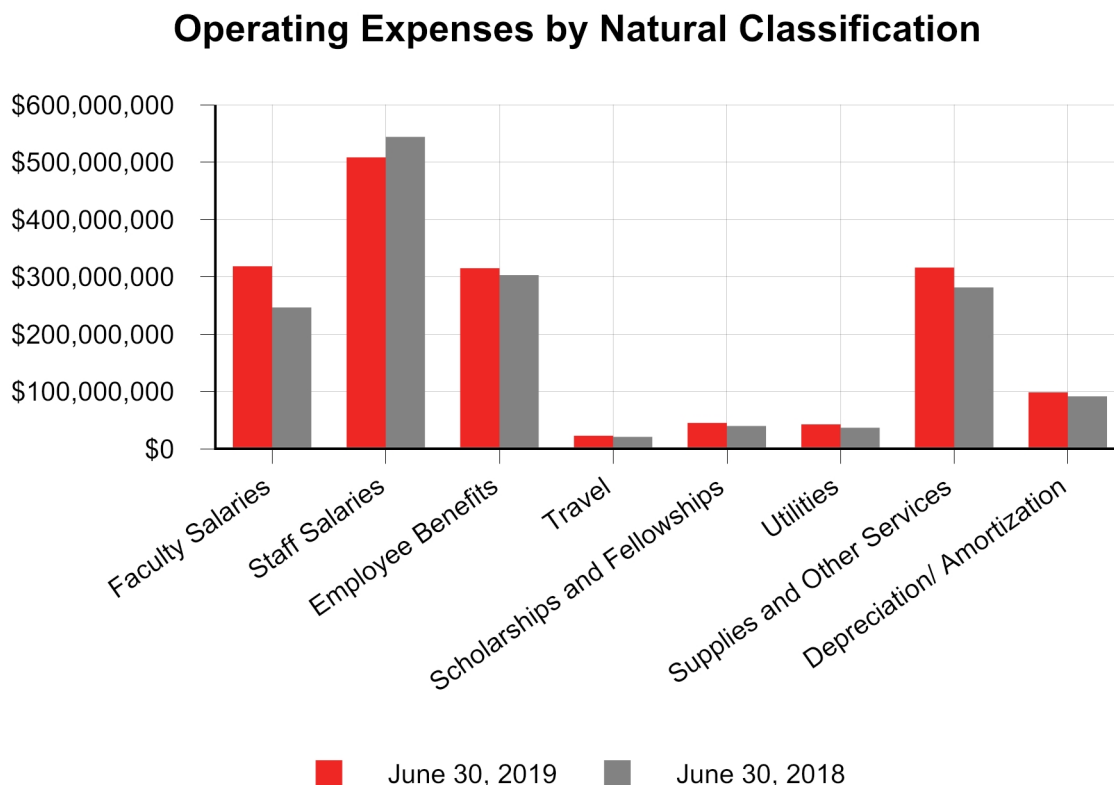
The illustration below is a comparison of the University's revenue sources by major category for the years ended June 30, 2019 and June 30, 2018.



Expenses (By Functional Classification) For the Years Ended June 30, 2019 and June 30, 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Operating Expenses		
Instruction	\$ 365,712,799	\$ 358,616,655
Research	422,184,313	413,492,522
Public Service	192,690,591	187,227,635
Academic Support	146,895,337	118,422,727
Student Services	42,384,171	58,178,284
Institutional Support	124,868,588	105,211,152
Plant Operations and Maintenance	149,886,371	116,016,509
Scholarships and Fellowships	44,951,050	32,703,882
Auxiliary Enterprises	177,631,409	172,840,399
Total Operating Expenses	<u>1,667,204,629</u>	<u>1,562,709,765</u>
Nonoperating Expenses		
Interest Expense	<u>12,619,711</u>	<u>13,213,724</u>
 Total Expenses	 <u><u>\$1,679,824,340</u></u>	 <u><u>\$1,575,923,489</u></u>

Expenses are described above by functional classification. The illustration below is a comparison of the University's operating expenses by natural classification for the years ended June 30, 2019 and June 30, 2018 is depicted by the following chart:



Operating Revenues increased by \$96,229,703 in fiscal year 2019, which included a \$52,360,883 net increase in operating grants and contracts, which are grants that exchange payment for products or services, a \$21,028,255 increase in sales and services revenues and an \$11,086,099 increase in other operating revenues.

As a result of additional participation in services provided by auxiliary units, the auxiliary revenue increased overall by \$13,351,588 with \$1,609,420 of the increase in resident halls and \$3,298,121 in intercollegiate athletics revenue.

Nonoperating revenue decreased by \$6,321,899 for the year primarily due to a \$25,141,605 increase in state appropriations, a \$5,624,844 decrease in nonoperating grants and contracts and an \$18,126,994 decrease in gifts.

Total operating expenses were \$1,667,204,629 in fiscal 2019, an increase of \$104,494,864 when compared with fiscal 2018. These increases are primarily attributable to an increase of \$49,625,957 in employee compensation and benefits reflecting the hiring of new faculty, merit increases, an increased cost of health insurance and increases in pension expense and OPEB expenses.

Supplies and Other Services increased by \$34,475,476 during the past year, which was primarily associated with an increase of \$4,306,607 in software, an increase of \$3,684,444 in non-inventoriable equipment and an increase of \$4,980,646 in contracts for goods and services.

Statement of Cash Flows

The final statement presented by the University of Georgia is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. Cash flow information can be used to evaluate the financial viability of the University's ability to meet financial obligations as they mature. The statement is divided into five sections. The first section is concerned with operating cash flows and reflects the net cash used by the various operating activities of the University. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from capital and related financing activities and contains cash used for the

acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash Flows for the Years Ended June 30, 2019 and 2018, Condensed

	June 30, 2019	June 30, 2018
Cash Provided (Used) by:		
Operating Activities	\$ (478,810,286)	\$ (414,161,069)
Non-Capital Financing Activities	584,221,444	610,371,987
Capital and Related Financing Activities	(137,475,842)	(171,927,405)
Investing Activities	11,029,148	1,162,587
Net Change in Cash	(21,035,536)	25,446,100
Cash and Cash Equivalents, Beginning of Year	311,840,906	286,394,806
Cash and Cash Equivalents, End of Year	\$ 290,805,370	\$ 311,840,906

Capital Assets

The University had one significant capital asset addition for facilities in fiscal year 2019.

The \$37.6 million private/state funded Business Learning Community Phase III was completed in late February 2019. This 75,000 square-foot addition completes the nearly 300,000 square-foot home of the Terry College of Business that was 50% funded by private fund raising and 50% funded by state funds. This four-story building includes two auditoriums, undergraduate classrooms, a behavioral lab, a computer lab and office space.

The Georgia State Financing and Investment Commission (GSFIC) also provided \$9.2 million in fiscal year 2019 for various facility renovations and equipment.

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

Long Term Liabilities

The University of Georgia had Long-Term Liabilities of \$283,488,584 of which \$43,862,860 was reflected as current liability at June 30, 2019.

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

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

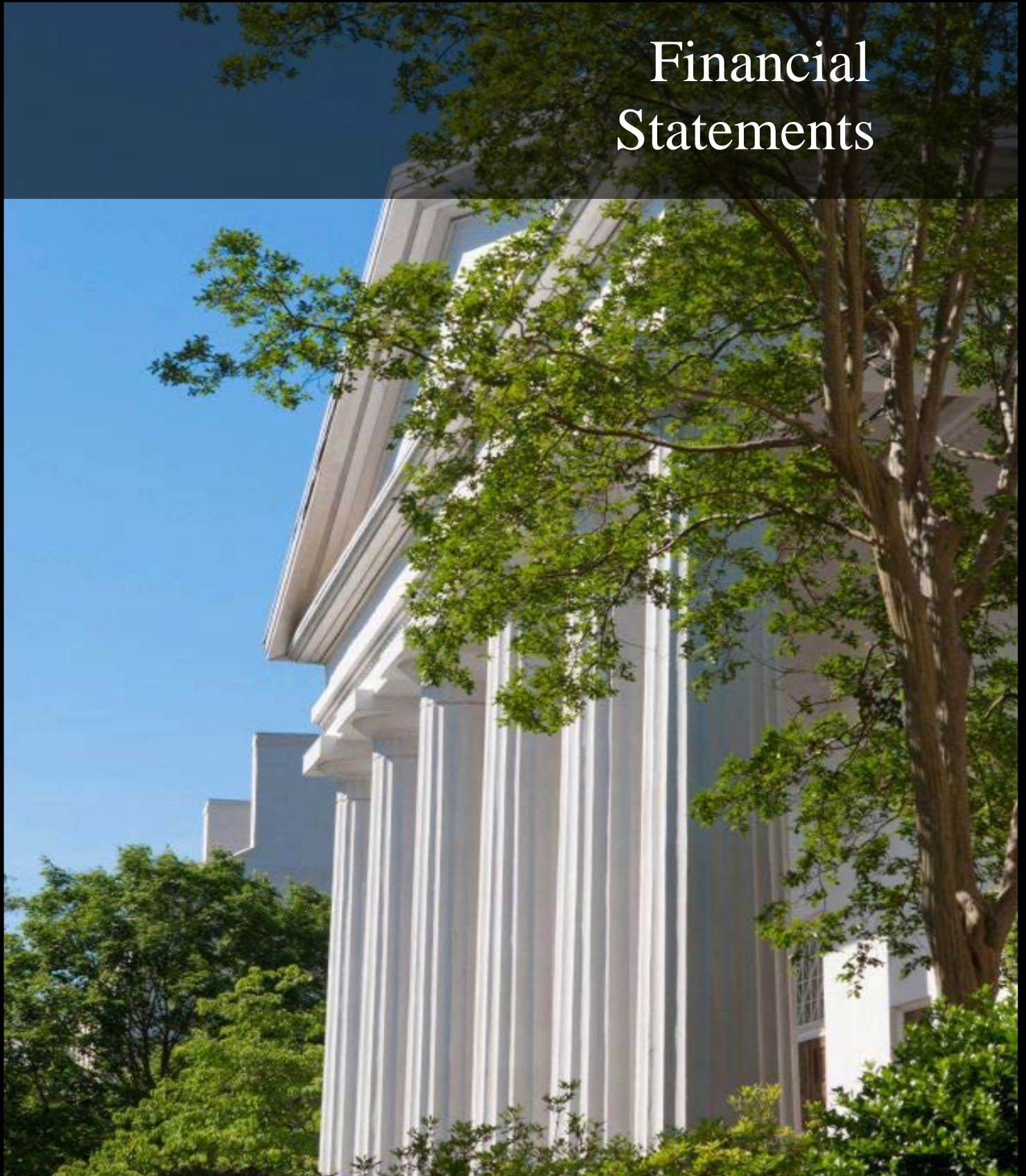
Economic Outlook

The University of Georgia continued to manage and use its resources wisely in fiscal year 2019. The financial position remained solid as evidenced by an increase in net position. As a result of modest increases in operating revenues and state appropriations, the University was able to provide increased support to its instruction, research, and public service missions. This increase in support was characterized by completing academic initiatives, hiring additional faculty to reduce class size, and enhancing research and economic development through significant growth in funding from external grants and contracts.

In line with expectations of the higher education community, the University remains fully committed to being prudent with its resources by spending wisely and allocating strategically to support its core academic and student life missions. As fiscal year 2020 progresses, the University will build on its efforts to plan and manage its precious resources to increase scholarship support for students, to further enhance the learning environment, and to expand the impact on individuals, families, and communities in Georgia and the world beyond.

Jere W. Morehead, President
University of Georgia

Financial Statements



UNIVERSITY OF GEORGIA

UNIVERSITY OF GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	University of Georgia	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 194,687,412	\$ 89,074,126
Cash and Cash Equivalents (Externally Restricted)	96,117,958	13,512,095
Short-term Investments	14,208,086	24,908,997
Short-term Investments (Externally Restricted)	8,342	129,344,169
Accounts Receivable, net		
Federal Financial Assistance	15,622,161	—
Component Units	70,027,639	1,378,230
Primary Government	—	909,129
Pledges and Contributions	—	31,069,338
Other	45,927,898	60,733,867
Investment in Capital Leases - Primary Government	—	8,533,296
Inventories	5,996,659	—
Prepaid Items	6,524,095	1,392,319
Other Assets	—	28,325,675
Total Current Assets	449,120,250	389,181,241
Non-Current Assets		
Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund	1,552,532	—
Pledges and Contributions	—	48,261,818
Investments	107,682,951	230,065,275
Notes Receivable, net	7,441,891	—
Investment in Capital Leases - Primary Government	—	223,082,949
Other Assets	—	3,948,073
Non-current Cash (Externally Restricted)	—	2,821,316
Investments (Externally Restricted)	99,332,730	957,796,712
Capital Assets, net	1,924,322,522	379,504,916
Total Non-Current Assets	2,140,332,626	1,845,481,059
TOTAL ASSETS	2,589,452,876	2,234,662,300
DEFERRED OUTFLOWS OF RESOURCES		
	\$ 277,119,185	\$ 27,473,231

UNIVERSITY OF GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	University of Georgia	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 29,048,706	\$ 2,725,168
Salaries Payable	9,585,778	5,783,920
Benefits Payable	2,935,170	—
Contracts Payable	7,795,923	—
Retainage Payable	2,906,871	—
Due to Affiliated Organizations	—	9,750
Due to Component Units	909,129	1,378,230
Due to Primary Government	—	70,027,639
Advances (Including Tuition and Fees)	53,227,300	40,700,548
Deposits	1,437,683	28,325,675
Deposits Held for Other Organizations	2,701,589	—
Other Liabilities	948,883	—
Notes and Loans Payable	—	514,880
Lease Purchase Obligations - External	301,054	—
Lease Purchase Obligations - Component Units	8,533,296	—
Revenue Bonds and Notes Payable	—	12,370,000
Liabilities Under Split Interest Agreements	—	801,285
Pollution Remediation	438,000	—
Compensated Absences	34,590,510	—
Total Current Liabilities	155,359,892	162,637,095
Non-Current Liabilities		
Due to Other Funds	—	1,666,423
Advances (Including Tuition and Fees)	—	1,824,121
Other Liabilities	—	305,118
Notes and Loans Payable	1,077,201	38,849,456
Lease Purchase Obligations - External	36,084	—
Lease Purchase Obligations - Component Units	223,082,950	—
Revenue Bonds and Notes Payable	—	323,306,718
Liabilities Under Split Interest Agreements	—	8,008,355
Interest Rate Swap	—	6,063,523
Compensated Absences	15,429,489	—
Net Other Post-employment Benefits Liability	1,060,918,096	—
Net Pension Liability	687,086,041	—
Total Non-Current Liabilities	1,987,629,861	380,023,714
TOTAL LIABILITIES	2,142,989,753	542,660,809
DEFERRED INFLOWS OF RESOURCES	151,210,375	
NET POSITION		
Net Investment in Capital Assets	1,681,666,344	257,958,033
Restricted for:		
Nonexpendable	64,898,053	643,785,937
Expendable	138,002,868	545,085,253
Unrestricted (Deficit)	(1,312,195,332)	272,645,499
TOTAL NET POSITION	\$ 572,371,933	\$ 1,719,474,722

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

UNIVERSITY OF GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2019

	University of Georgia	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 463,556,210	\$ —
Federal Appropriations	14,298,645	—
Grants and Contracts		
Federal	147,116,848	124,848,247
State	49,680,647	6,169,886
Other	88,282,374	52,399,556
Sales and Services	106,682,801	165,291,107
Rents and Royalties	1,205,715	28,903,115
Auxiliary Enterprises		
Residence Halls	57,951,336	—
Bookstore	4,577,553	—
Food Services	49,898,682	—
Parking/Transportation	22,167,432	—
Health Services	24,538,684	—
Intercollegiate Athletics	38,768,609	—
Other Organizations	13,444,998	—
Gifts and Contributions	—	72,700,642
Endowment Income	—	33,155,856
Other Operating Revenues	11,926,229	—
Total Operating Revenues	1,094,096,763	483,468,409
OPERATING EXPENSES		
Faculty Salaries	318,363,494	—
Staff Salaries	508,200,251	20,432,913
Employee Benefits	315,074,666	495,616
Other Personal Services	2,126,329	—
Travel	22,267,521	10,805,307
Scholarships and Fellowships	44,951,050	77,000
Utilities	42,213,543	—
Supplies and Other Services	315,795,228	390,966,081
Depreciation	98,212,547	12,643,825
Total Operating Expenses	1,667,204,629	435,420,742
Operating Income (Loss)	\$ (573,107,866)	\$ 48,047,667

UNIVERSITY OF GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2019

	University of Georgia	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 504,630,780	\$ —
Grants and Contracts		
Federal	33,158,283	—
State	8,990,264	—
Other	40,578,367	—
Gifts	14,880,323	16,010,600
Investment Income	14,241,746	22,542,495
Interest Expense	(12,619,711)	(14,337,590)
Other Nonoperating Revenues (Expenses)	690,331	1,824,534
Net Nonoperating Revenues	604,550,383	26,040,039
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	31,442,517	74,087,706
Capital Grants and Gifts		
State	36,755,274	—
Other	3,876,193	—
Additions to Permanent and Term Endowments	853,758	46,346,128
Total Other Revenues, Expenses, Gains or Losses	41,485,225	46,346,128
Change in Net Position	72,927,742	120,433,834
Net Position, Beginning of Year	499,444,191	1,599,040,888
Net Position, End of Year	\$ 572,371,933	\$ 1,719,474,722

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

UNIVERSITY OF GEORGIA
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2019

	University of Georgia
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 725,227,432
Federal Appropriations	14,298,645
Grants and Contracts (Exchange)	321,008,604
Payments to Suppliers	(643,414,064)
Payments to Employees	(852,459,358)
Payments for Scholarships and Fellowships	(44,951,050)
Loans Issued to Students	(236,098)
Collection of Loans from Students	1,628,279
Other Receipts	87,324
Other Payments	—
Net Cash Used by Operating Activities	(478,810,286)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	504,630,780
Agency Funds Transactions - Receipts	1,598,185,860
Agency Funds Transactions - Disbursements	(1,608,906,693)
Gifts and Grants Received for Other Than Capital Purposes	89,616,794
Transfer of Endowments to Affiliated Organization	—
Other Non-Capital Financing Receipts	791,458
Other Non-Capital Financing Payments	(96,755)
Net Cash Flows Provided by Non-Capital Financing Activities	584,221,444
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	—
Proceeds from Sale of Capital Assets	851,070
Purchases of Capital Assets	(117,096,317)
Principal Paid on Capital Debt and Leases	(8,675,216)
Interest Paid on Capital Debt and Leases	(12,555,379)
Net Cash Used by Capital and Related Financing Activities	(137,475,842)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,314,693,307
Investment Income	13,409,683
Purchase of Investments	(1,317,073,842)
Net Cash Provided by Investing Activities	11,029,148
Net Decrease in Cash and Cash Equivalents	(21,035,536)
Cash and Cash Equivalents, Beginning of Year	311,840,906
Cash and Cash Equivalents, End of Year	\$ 290,805,370

UNIVERSITY OF GEORGIA

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2019

University of Georgia

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

Operating Loss	\$ (573,107,866)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	98,212,547
Operating Expenses Related to Noncash Gifts	—
Change in Assets and Liabilities:	
Receivables, net	(36,191,886)
Inventories	(464,263)
Prepaid Items	1,885,298
Notes Receivable, Net	1,392,181
Accounts Payable	10,607,108
Salaries Payable	(4,119,323)
Deposits	1,437,566
Advances (Including Tuition and Fees)	1,192,237
Other Liabilities	(4,699,798)
Funds Held for Others	87,324
Compensated Absences	491,227
Due to Affiliated Organizations	216,464
Pollution Remediation	(384,799)
Net Pension Liability	(12,717,829)
Other Post-Employment Benefit Liability	44,614,716
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	72,560,535
Deferred Outflows of Resources	(79,821,725)

Net Cash Used by Operating Activities	<u>\$ (478,810,286)</u>
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NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND
RELATED FINANCING TRANSACTIONS

Noncapital Financing Activities Noncash Items:

Noncapital Gifts	<u>\$ 8,844,201</u>
Gift of Capital Assets	<u>\$ 40,631,467</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (1,009,105)</u>
Accrual of Capital Asset Related Payables	<u>\$ 10,702,794</u>
Capital Assets Acquired by Incurring Capital Lease Obligations	<u>\$ 810,007</u>
Unrealized Gain (Loss) on Investments	<u>\$ 832,062</u>

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

UNIVERSITY OF GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2019

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 57,831,568	\$ 2,602,149	\$ 28,640,409	\$ —	\$ 89,074,126
Cash and Cash Equivalents (Externally Restricted)	—	13,512,095	—	—	13,512,095
Short-term Investments	—	24,908,997	—	—	24,908,997
Short-term Investments (Externally Restricted)	—	129,344,169	—	—	129,344,169
Accounts Receivable, net				—	
Component Units	1,375,675	2,555	—	—	1,378,230
Primary Government	—	152,891	756,238	—	909,129
Pledges and Contributions	—	31,069,338	—	—	31,069,338
Other	2,101,222	2,903,823	55,728,822	—	60,733,867
Investment in Capital Leases - Primary Government	—	—	8,533,296	—	8,533,296
Prepaid Items	872,644	288,790	230,885	—	1,392,319
Other Assets	—	—	28,325,675	—	28,325,675
Total Current Assets	62,181,109	204,784,807	122,215,325	—	389,181,241
Non-Current Assets					
Accounts Receivable, net					
Pledges and Contributions	—	48,261,818	—	—	48,261,818
Investments	51,808,178	187,306,840	55,015,982	(64,065,725)	230,065,275
Investment in Capital Leases - Primary Government	—	—	223,082,949	—	223,082,949
Other Assets	305,118	2,680,881	962,074	—	3,948,073
Non-current Cash (Externally Restricted)	—	—	2,821,316	—	2,821,316
Investments (Externally Restricted)	—	952,031,687	5,765,025	—	957,796,712
Capital Assets, net	323,545,121	35,913,480	20,046,315	—	379,504,916
Total Non-Current Assets	375,658,417	1,226,194,706	307,693,661	(64,065,725)	1,845,481,059
TOTAL ASSETS	437,839,526	1,430,979,513	429,908,986	(64,065,725)	2,234,662,300
DEFERRED OUTFLOWS OF RESOURCES					
	\$ 13,316,338	\$ —	\$ 14,156,893	\$ —	\$ 27,473,231

UNIVERSITY OF GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2019

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 328,078	\$ 383,591	\$ 2,013,499	\$ —	\$ 2,725,168
Salaries Payable	5,783,920	—	—	—	5,783,920
Due to Affiliated Organizations	—	—	9,750	—	9,750
Due to Component Units	2,555	1,375,675	—	—	1,378,230
Due to Primary Government	5,995,374	5,852,558	58,179,707	—	70,027,639
Advances (Including Tuition and Fees)	37,373,561	1,242,449	2,084,538	—	40,700,548
Deposits	—	—	28,325,675	—	28,325,675
Deposits Held for Other Organizations	—	64,065,725	—	(64,065,725)	—
Notes and Loans Payable	—	514,880	—	—	514,880
Revenue Bonds and Notes Payable	2,885,000	—	9,485,000	—	12,370,000
Liabilities Under Split Interest Agreements	—	801,285	—	—	801,285
Total Current Liabilities	52,368,488	74,236,163	100,098,169	(64,065,725)	162,637,095
Non-Current Liabilities					
Due to Other Funds	—	1,666,423	—	—	1,666,423
Advances (Including Tuition and Fees)	—	—	1,824,121	—	1,824,121
Other Liabilities	305,118	—	—	—	305,118
Notes and Loans Payable	15,836,592	14,496,642	8,516,222	—	38,849,456
Revenue Bonds and Notes Payable	88,876,151	—	234,430,567	—	323,306,718
Liabilities Under Split Interest Agreements	—	8,008,355	—	—	8,008,355
Interest Rate Swap	3,737,734	2,325,789	—	—	6,063,523
Total Non-Current Liabilities	108,755,595	26,497,209	244,770,910	—	380,023,714
TOTAL LIABILITIES	161,124,083	100,733,372	344,869,079	(64,065,725)	542,660,809
DEFERRED INFLOWS OF RESOURCES					
	—	—	—	—	—
NET POSITION					
Net Investment in Capital Assets	225,525,982	20,901,958	11,530,093	—	257,958,033
Restricted for:					
Nonexpendable	—	643,785,937	—	—	643,785,937
Expendable	—	542,264,019	2,821,234	—	545,085,253
Unrestricted	64,505,799	123,294,227	84,845,473	—	272,645,499
TOTAL NET POSITION	\$ 290,031,781	\$ 1,330,246,141	\$ 99,196,800	\$ —	\$ 1,719,474,722

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

UNIVERSITY OF GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2019

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
OPERATING REVENUES					
Grants and Contracts					
Federal	\$ —	\$ —	\$ 124,848,247	\$ —	\$ 124,848,247
State	—	—	6,169,886	—	6,169,886
Other	—	—	52,399,556	—	52,399,556
Sales and Services	154,272,670	11,018,437	—	—	165,291,107
Rents and Royalties	—	1,117,504	27,785,611	—	28,903,115
Gifts and Contributions	—	72,700,642	—	—	72,700,642
Endowment Income	—	33,155,856	—	—	33,155,856
Total Operating Revenues	154,272,670	117,992,439	211,203,300	—	483,468,409
OPERATING EXPENSES					
Staff Salaries	16,408,414	4,024,499	—	—	20,432,913
Employee Benefits	495,616	—	—	—	495,616
Travel	10,524,203	281,104	—	—	10,805,307
Scholarships and Fellowships	—	77,000	—	—	77,000
Supplies and Other Services	110,784,142	82,321,284	197,860,655	—	390,966,081
Depreciation	11,294,829	1,234,672	114,324	—	12,643,825
Total Operating Expenses	149,507,204	87,938,559	197,974,979	—	435,420,742
Operating Income (Loss)	\$ 4,765,466	\$ 30,053,880	\$ 13,228,321	\$ —	\$ 48,047,667

UNIVERSITY OF GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2019

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
NONOPERATING REVENUES (EXPENSES)					
Gifts	\$ 16,010,600	\$ —	\$ —	\$ —	\$ 16,010,600
Investment Income	1,437,603	18,230,068	2,874,824	—	22,542,495
Interest Expense	(3,379,796)	(1,055,888)	(9,901,906)	—	(14,337,590)
Other Nonoperating Revenues (Expenses)	1,109,233	733,491	(18,190)	—	1,824,534
Net Nonoperating Revenues	15,177,640	17,907,671	(7,045,272)	—	26,040,039
Income Before Other Revenues, Expenses, Gains, or Losses	19,943,106	47,961,551	6,183,049	—	74,087,706
Additions to Permanent and Term Endowments	—	46,346,128	—	—	46,346,128
Total Other Revenues, Expenses, Gains or Losses	—	46,346,128	—	—	46,346,128
Change in Net Position	19,943,106	94,307,679	6,183,049	—	120,433,834
Net Position, Beginning of Year	270,088,675	1,235,938,462	93,013,751	—	1,599,040,888
Net Position, End of Year	<u>\$ 290,031,781</u>	<u>\$ 1,330,246,141</u>	<u>\$ 99,196,800</u>	<u>\$ —</u>	<u>\$ 1,719,474,722</u>

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

Notes to the Financial Statements



UNIVERSITY OF GEORGIA

UNIVERSITY OF GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that are attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2019, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's CAFR. The most recent State of Georgia CAFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/comprehensive-annual-financial-reports.

Discretely Presented Component Units

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

- University of Georgia Athletic Association, Inc., 456 E. Broad Street, Athens, GA 30602
- University of Georgia Foundation, 394 S. Milledge Ave, Suite 100, Athens, GA 30602
- University of Georgia Research Foundation, Inc., 324 Business Services Building, 456 E. Broad Street, Athens, GA 30602

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

Basis of Accounting and Financial Statement Presentation

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

The University's business-type activities 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.

New Accounting Pronouncements

For fiscal year 2019, the University adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The adoption of the Statement does not have a significant impact on the University's financial statements.

For fiscal year 2019, the University adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The adoption of this Statement does not have a significant impact on the University's financial statements.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Georgia Fund 1) and the Board of Regents Short-Term Investment Pool. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

Short-Term Investments

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

Investments

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

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

Accounts Receivable

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

Inventories

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

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 30 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

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

Capital Liability Reserve Fund

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

Deferred Outflows of Resources

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

Deposits

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

Advances

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

Deposits Held for Other Organizations

Deposits held for other organizations result primarily from the University acting as an agent or fiduciary, for another entity. Deposits held for others include scholarships, fellowships, study abroad deposits and other funds held for various governments, companies, clubs or individuals.

Claims and Judgments

An estimated loss from claims and judgments is recognized when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Pollution Remediation Obligations

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB)

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

Restricted - non-expendable net position includes endowments and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or

added to principal. For institution-controlled, donor-restricted endowments, the by-laws of the Board of Regents of the University System of Georgia permits each individual institution to use prudent judgment in the spending of current realized and unrealized endowment appreciation. Donor-restricted endowment appreciation is periodically transferred to restricted - expendable accounts for expenditure as specified by the purpose of the endowment. The University maintains pertinent information related to each endowment fund including donor; amount and date of donation; restrictions by the source of limitations; limitations on investments, etc.

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board or management to meet current expenses for those purposes, except for unexpended state appropriations (surplus) in the amount of \$1,005,503.65. Unexpended state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Student tuition and fees reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$148,692,303.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2019 are classified in the accompanying statement of net position as follows:

Cash and Cash Equivalents	\$	194,687,412
Cash and Cash Equivalents (Externally Restricted)		96,117,958
Short-term Investments		14,208,086
Short-term Investments (Externally Restricted)		8,342
Non Current - Investments		107,682,951
Noncurrent Investments (Externally Restricted)		99,332,730
	\$	<u>512,037,479</u>

Cash on hand, deposits and investments as of June 30, 2019 consist of the following:

Cash on Hand	\$	306,586
Deposits with Financial Institutions		131,226,967
Investments		380,503,926
	\$	<u>512,037,479</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, 2019, the bank balances of the University's deposits totaled \$158,448,939. Of these deposits, \$120,169 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	120,169
Uninsured and collateralized with securities held by the pledging financial institution		—
Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the Institution's name		—
Total deposits exposed to custodial credit risk	\$	<u>120,169</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University has a formal policy for managing exposure to foreign currency credit risk by requiring a maximum balance in a foreign account of \$100,000 U.S. currency. The University's exposure to foreign currency risk derives from deposits in foreign banks for operations of studies abroad programs. The deposits are uninsured and uncollateralized in the amount of \$119,087 as follows:

<u>Program</u>	<u>Institution</u>	<u>Currency</u>	<u>U.S. Value</u>
UGA - Oxford Program	Barclay's	British Pound	\$ 51,972
UGA Cortona Art Program	Banca CR Firenze	European Euro	67,115
			<u>\$ 119,087</u>

B. Investments

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

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

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

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

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

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2019.

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 3,214,458	\$ 3,214,458	\$ —	\$ —
U.S. Agencies				
Explicitly Guaranteed	33,579,656	—	33,579,656	—
Implicitly Guaranteed	57,880,821	2,376,033	55,504,788	—
Corporate Debt	32,615,727	—	32,615,727	—
Mutual Bond Funds	210,764	210,764	—	—
Other Investments				
Equity Mutual Funds - Domestic	414,210	414,210	—	—
Equity Mutual Funds - International	424,686	424,686	—	—
Equity Securities - Domestic	654,671	654,665	—	6
Equity Securities - International	119,087	—	119,087	—
Real Estate Held for Investment Purposes	5,983,254	—	—	5,983,254
Real Estate Investment Trusts	210,656	210,656	—	—
	135,307,990	\$ 7,505,472	\$ 121,819,258	\$ 5,983,260
Investment Pools				
Board of Regents				
Legal Fund	8,000,895			
Diversified Fund	82,810,017			
Office of the State Treasurer				
Georgia Fund 1	154,385,024			
Total Investments	\$ 380,503,926			

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

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

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

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

Board of Regents Pooled Investment Program

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

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

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

1. Legal Fund

The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between five and ten years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Legal Fund at June 30, 2019 was \$8,000,895, of which 100% is invested in debt securities. The Effective Duration of the Fund is 3.81 years.

2. Diversified Fund

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

The equity allocation shall range between 50% and 75% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 25% and 50%, 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, 2019 was \$82,810,017, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.12 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1.00 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 39 days.

Interest Rate Risk

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

		Investment 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	\$ 3,214,458	\$ —	\$ 3,000,437	\$ 141,338	\$ 72,683	\$ —
U.S. Agencies						
Explicitly Guaranteed	33,579,656	—	727,499	2,007,790	—	30,844,367
Implicitly Guaranteed	57,880,821	4,887,874	161,512	8,539,341	15,232,810	29,059,284
Corporate Debt	32,615,727	—	10,326,980	22,215,558	73,189	—
Mutual Bond Funds	210,764	128,604	—	46,293	35,867	—
	127,501,426	\$ 5,016,478	\$ 14,216,428	\$ 32,950,320	\$ 15,414,549	\$ 59,903,651
Other Investments						
Equity Mutual Funds - Domestic	414,210					
Equity Mutual Funds - International	424,686					
Equity Securities - Domestic	654,671					
Equity Securities - International	119,087					
Real Estate Held for Investment Purposes	5,983,254					
Real Estate Investment Trusts	210,656					
Investment Pools						
Board of Regents						
Legal Fund	8,000,895					
Diversified Fund	82,810,017					
Office of the State Treasurer						
Georgia Fund 1	154,385,024					
Total Investments	\$ 380,503,926					

Custodial Credit Risk

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

At June 30, 2019, \$2,545,819 was uninsured and held by the investment's counterparty's trust department or agent, but not in the University's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for managing credit quality risk by establishing minimal quality ratings. Investments should have no lower than a BBB credit rating.

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	\$ 57,880,821	\$ 57,853,148	\$ 27,673	\$ —	\$ —	\$ —
Corporate Debt	32,615,727	—	1,806,507	30,728,339	80,881	—
Mutual Bond Funds	210,764	128,604	—	—	—	82,160
	<u>\$ 90,707,312</u>	<u>\$ 57,981,752</u>	<u>\$ 1,834,180</u>	<u>\$ 30,728,339</u>	<u>\$ 80,881</u>	<u>\$ 82,160</u>

Concentration of Credit Risk

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

At June 30, 2019, approximately 9%, 2%, and 3% of the University's investments were investments in Federal National Mortgage Assoc. pool, Federal Home Loan Mortgage Corp. notes, and Federal National Mortgage Assoc. notes, respectively.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2019:

	Business Type Activities
Student Tuition and Fees	\$ 3,063,562
Auxiliary Enterprises and Other Operating Activities	2,735,100
Federal Financial Assistance	15,622,161
Georgia Student Finance Commission	13,428,184
Georgia State Financing and Investment Commission	4,656,483
Due from Component Units	70,027,639
Due From USO - Capital Liability Reserve Fund	1,552,532
Other	23,466,041
	<u>134,551,702</u>
Less: Allowance for Doubtful Accounts	<u>1,421,472</u>
Net Accounts Receivable	<u>\$ 133,130,230</u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2019:

Consumable Supplies	\$	4,476,939
Merchandise for Resale		1,519,720
		<hr/>
Total	\$	<u>5,996,659</u>

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2019. 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, 2019, the allowance for uncollectible loans was \$1,140,588.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2019 are shown below:

	Balance July 1, 2018	Special Item and Other Transfers	Additions	Reductions	Balance June 30, 2019
Capital Assets, Not Being Depreciated:					
Land	\$ 61,620,818	\$ —	\$ —	\$ 1,219	\$ 61,619,599
Capitalized Collections	23,476,588	(187,900)	3,893,174	—	27,181,862
Construction Work-in-Progress	100,328,169	—	45,523,447	81,167,405	64,684,211
Software Development-in-Progress	7,249,076	—	—	7,249,076	—
Total Capital Assets Not Being Depreciated	<u>192,674,651</u>	<u>(187,900)</u>	<u>49,416,621</u>	<u>88,417,700</u>	<u>153,485,672</u>
Capital Assets, Being Depreciated/Amortized:					
Infrastructure	85,605,141	—	15,319,320	—	100,924,461
Building and Building Improvements	2,128,167,466	—	129,363,145	619,219	2,256,911,392
Facilities and Other Improvements	52,541,640	—	1,288,485	—	53,830,125
Equipment	439,253,878	187,900	27,669,707	12,846,142	454,265,343
Library Collections	349,703,922	—	14,084,207	1,737,280	362,050,849
Software	42,614,194	—	10,478,237	—	53,092,431
Total Capital Assets Being Depreciated/Amortized	<u>3,097,886,241</u>	<u>187,900</u>	<u>198,203,101</u>	<u>15,202,641</u>	<u>3,281,074,601</u>
Less: Accumulated Depreciation/Amortization					
Infrastructure	37,596,964	—	2,889,958	—	40,486,922
Building and Building Improvements	721,384,058	31,627	49,575,778	354,597	770,636,866
Facilities and Other Improvements	31,400,062	(31,627)	2,001,624	—	33,370,059
Equipment	344,298,516	—	25,906,423	12,102,878	358,102,061
Library Collections	282,667,139	—	13,479,575	1,737,280	294,409,434
Software	8,873,220	—	4,359,189	—	13,232,409
Total Accumulated Depreciation/Amortization	<u>1,426,219,959</u>	<u>—</u>	<u>98,212,547</u>	<u>14,194,755</u>	<u>1,510,237,751</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>1,671,666,282</u>	<u>187,900</u>	<u>99,990,554</u>	<u>1,007,886</u>	<u>1,770,836,850</u>
Capital Assets, net	<u>\$ 1,864,340,933</u>	<u>\$ —</u>	<u>\$ 149,407,175</u>	<u>\$ 89,425,586</u>	<u>\$ 1,924,322,522</u>

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30,

2019, GSFIC transferred capital additions from GSFIC managed projects valued at \$37,601,196 to the University, of which \$20,300,000 was funded by GSFIC and \$17,301,196 was funded by the University. In addition, at June 30, 2019, GSFIC had construction in progress of approximately \$2,697,764 for incomplete GSFIC managed projects for the University.

The University of Georgia Athletic Association, Inc. (the Athletic Association) has an agreement with the USG whereby expenses for additions and improvements to University of Georgia owned buildings, stadium, and athletic fields used by the Athletic Association become the property of the University of Georgia upon installation or acquisition. The Athletic Association leases these athletic facilities from the USG for \$1 million per year under the current operating lease agreement, which expires June 30, 2022. The Athletic Association capitalizes expenses for additions and improvements to the buildings, stadium, and athletic fields owned by the University of Georgia and used by the Athletic Association. Therefore, these improvements to University of Georgia owned property are not reported as capital assets within the University of Georgia's financial statements. The cost associated with these assets is \$375,016,148 and associated accumulated depreciation is \$114,146,134.

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

Fiscal Year	Depreciation Expense
2019	\$ 98,212,547
2018	\$ 91,090,428
2017	\$ 94,554,767

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2019:

	Current Liabilities
Prepaid Tuition and Fees	\$ 22,637,805
Research	9,423,216
Other - Advances	21,166,279
Totals	<u>\$ 53,227,300</u>

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2019 was as follows:

	Restated Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion
Leases					
Lease Purchase Obligations	\$ 239,818,593	\$ 810,007	\$ 8,675,216	\$ 231,953,384	\$ 8,834,350
Other Liabilities					
Compensated Absences	49,528,772	37,622,317	37,131,090	50,019,999	34,590,510
Notes and Loans Payable	1,760,232	—	683,031	1,077,201	—
Pollution Remediation	822,800	438,000	822,800	438,000	438,000
Total	<u>52,111,804</u>	<u>38,060,317</u>	<u>38,636,921</u>	<u>51,535,200</u>	<u>35,028,510</u>
Total Long-Term Obligations	<u>\$ 291,930,397</u>	<u>\$ 38,870,324</u>	<u>\$ 47,312,137</u>	<u>\$ 283,488,584</u>	<u>\$ 43,862,860</u>

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

Notes and Loans Payable

The University entered into a note payable to secure Energy Performance Contracts. The interest rate for the note is 2.00% and matures during fiscal year 2023. Below is the annual debt service related to the outstanding note payable at June 30, 2019.

	Principal	Interest
Year Ending June 30:		
2020	*	*
2021	\$ 351,905	\$ 21,776
2022	359,019	14,662
2023	366,277	7,404
	<u>\$ 1,077,201</u>	<u>\$ 43,842</u>

* Year Ending 2020 payment of \$344,933 principal and \$24,748 interest was paid during Fiscal Year 2019.

Pollution Remediation

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

The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. USG has recorded a liability related to this pollution remediation in the amount of \$438,000. The liability is based on a contractual agreement with Resolute Environmental & Water Resources Consulting. The University of Georgia does not anticipate any changes to the expected remediation outlay. There are no expected recoveries that have reduced this liability.

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2019, consisted of the following:

Deferred Outflows of Resources

Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	\$ 164,631,264
Deferred Outflow on OPEB Plan (See Note 17)	112,487,921
Total Deferred Outflows of Resources	<u><u>\$ 277,119,185</u></u>

Deferred Inflows of Resources

Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	\$ 30,092,209
Deferred Inflow on OPEB Plan (See Note 17)	121,118,166
Total Deferred Inflows of Resources	<u><u>\$ 151,210,375</u></u>

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2019 is as follows:

Net Investment in Capital Assets	\$ 1,681,666,344
Restricted for	
Nonexpendable	
Permanent Endowment	64,898,053
Expendable	
Sponsored and Other Organized Activities	73,644,293
Federal Loans	8,307,055
Institutional Loans	12,266,539
Quasi-Endowments	33,641,941
Capital Projects	10,143,040
Sub-Total	138,002,868
Unrestricted	
Auxiliary Enterprises Operations	50,828,199
Auxiliary Enterprises Renewals and Replacement Reserve	50,168,667
Reserve for Encumbrances	123,638,911
Reserve for Inventory	1,487,000
Capital Liability Reserve Fund	1,552,532
Other Unrestricted (Deficit)	(1,539,870,641)
Sub-Total	(1,312,195,332)
Total Net Position	\$ 572,371,933

Other unrestricted net position is reduced by \$1,069,548,341 related to the recording of net OPEB liability, deferred inflow of resources, and deferred outflow of resources related to OPEB plan. Other unrestricted net position is also reduced by \$552,546,986 related to the recording of net pension liability, deferred inflow of resources, and deferred outflow of resources related to benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in net position for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Net Investments in Capital Assets	\$ 1,614,484,996	\$ 167,877,238	\$ 100,695,890	\$ 1,681,666,344
Restricted Net Position	183,179,287	409,292,008	389,570,374	202,900,921
Unrestricted Net Position	(1,298,220,092)	1,342,769,743	1,356,744,983	(1,312,195,332)
Total Net Position	\$ 499,444,191	\$ 1,919,938,989	\$ 1,847,011,247	\$ 572,371,933

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 \$2,119,286 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, 2019. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of \$2,084,740 executed as of June 30, 2019. This amount is not reflected in the accompanying basic financial statements.

Note 13 Leases

Lease Obligations

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

Capital Leases

The University acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to capital leases for fiscal year 2019 were \$8,675,216 and \$12,555,379, respectively. Interest rates range from 3.00% - 7.60%.

The University has \$231,616,246 in outstanding lease obligations due to component units. Component units have \$231,616,245 in investment in capital lease receivables due from the University. The \$1 difference in the University's lease obligation and the component units' capital lease receivable is related to rounding differences.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2019:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2019	Outstanding Balance per Lease Schedules at June 30, 2019
	(+)	(-)	(=)	
Leased Equipment	\$ 1,052,798	\$ 300,330	\$ 752,468	\$ 337,138
Leased Buildings and Building Improvements	296,016,781	67,480,575	228,536,206	231,616,246
Total Assets Held Under Capital Lease	<u>\$ 297,069,579</u>	<u>\$ 67,780,905</u>	<u>\$ 229,288,674</u>	<u>\$ 231,953,384</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
Complex Carbohydrate Research Ctr (CCRC)	UGA Real Estate Foundation	\$ 35,730,770	30 years	Oct 2003	Jun 2033	\$ 25,458,066 (1)
East Campus Village Residence Halls	UGA Real Estate Foundation	65,631,566	30 years	Jul 2004	Jun 2034	48,074,814 (1)
East Village Dining Commons	UGA Real Estate Foundation	16,371,385	30 years	Jul 2004	Jun 2034	12,002,352 (1)
Tate Student Center Parking Deck	UGA Real Estate Foundation	13,400,000	29 years	Aug 2008	Jun 2037	11,059,245 (1)
Tate Student Center Expansion	UGA Real Estate Foundation	40,868,389	29 years	May 2009	Jun 2038	38,264,931 (1)
Intramural Parking Deck	UGA Real Estate Foundation	7,795,000	30 years	Aug 2009	Jun 2039	6,412,194 (1)
Performing Arts Center Parking Deck	UGA Real Estate Foundation	9,468,747	30 years	Nov 2009	Jun 2039	7,765,418 (1)
Greek Park House #1 - Pi Kappa Alpha	UGA Real Estate Foundation	3,287,613	30 years	Aug 2009	Jun 2039	2,840,117 (1)
Greek Park House #2 - Tau Epsilon Phi	UGA Real Estate Foundation	3,287,613	30 years	Aug 2009	Jun 2039	2,840,117 (1)
Greek Park House #3 - Sigma Nu	UGA Real Estate Foundation	3,287,613	30 years	Aug 2009	Jun 2039	2,840,117 (1)
Greek Park House #7 - Phi Delta Theta	UGA Real Estate Foundation	2,246,232	30 years	Aug 2009	Jun 2039	1,940,147 (1)
East Campus Housing Phase II	UGA Real Estate Foundation	48,741,608	30 years	Jul 2010	Jun 2040	41,372,362 (1)
Rutherford Hall	UGA Real Estate Foundation	21,700,179	20 years	Aug 2013	Jun 2033	12,185,278 (1)
Bolton Dining Commons	UGA Real Estate Foundation	24,200,067	30 years	Aug 2014	Jun 2044	18,561,088 (1)
Cytometer	Beckman Coulter	150,710	3 years	Nov 2016	Oct 2019	20,448
Tractor (John Deere)	Deere & Company	29,284	5 years	Dec 2016	Nov 2021	17,546
Centrifuge	Beckman Coulter	64,880	5 years	Jan 2017	Dec 2021	20,969
Tractor (Compact)	Atlantic & Southern Equipment LLC	36,995	4 years	Apr 2015	Mar 2019	1
Trucks (Mitsubishi)	Enterprise Fleet Management	136,276	4 years	Apr 2016	Mar 2020	23,757
Fertilizer & Lime Spreader	Chandler Equipment Company, Inc.	20,534	2 years	Aug 2018	Jun 2020	13,689
Mass Spectrometer	Thermo Fisher Scientific	632,052	2 years	Jan 2018	Oct 2019	240,728
Total Leases		<u>\$ 297,087,513</u>				<u>\$ 231,953,384</u>

(1) These capital leases are related party transactions.

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

Operating Leases

The University leases land, facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the University has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The University's operating lease expense for fiscal 2019 was \$9,345,382, which includes payments to related parties of \$5,144,409. The University is obligated to pay these related parties a total of \$4,285,103 in the next fiscal year.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2019, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2020	\$ 22,314,160	\$ 6,579,903
2021	22,029,927	5,279,646
2022	22,018,079	4,411,066
2023	22,009,071	3,717,189
2024	22,004,540	3,648,229
2025 through 2029	109,966,727	5,513,093
2030 through 2034	105,769,652	—
2035 through 2039	50,841,517	—
2040 through 2044	11,658,375	—
Total Minimum Lease Payments	388,612,048	\$ 29,149,126
Less: Interest	128,802,221	
Less: Executory Costs	27,856,443	
Principal Outstanding	<u>\$ 231,953,384</u>	

Note 14 Retirement Plans

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

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

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

General Information about the Teachers Retirement System

Plan description

All teachers of the University as defined in O.C.G.A. § 47-3-60 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at 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 2019. The University's contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual the University payroll. The University's contributions to TRS totaled \$95,082,088 for the year ended June 30, 2019.

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, 2019 was 24.78% of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contributions rate of 24.66% of annual covered payroll for old and new plan members and 21.66% for GSEPS members, plus a 0.12% adjustment for the HB 751 one time benefit adjustment of 3% to retired state employees. The University's contributions to ERS totaled \$597,920 for the year ended June 30, 2019. 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, 2019, 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, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 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, 2018. At June 30, 2018, the University's TRS proportion was 3.681386%, which was an decrease of (0.066154)% from its proportion measured as of June 30, 2017. At June 30, 2018, the University's ERS proportion was 0.091022%, which was a increase of 0.009472% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized pension expense of \$74,346,733 for TRS and \$560,878 for ERS. At June 30, 2019, 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	\$ 45,238,343	\$ 1,408,387	\$ 116,382	\$ —
Changes of assumptions	10,311,415	—	176,293	—
Net difference between projected and actual earnings on pension plan investments	—	18,683,954	—	86,232
Changes in proportion and differences between contributions and proportionate share of contributions	12,874,633	9,840,163	234,190	73,473
Contributions subsequent to the measurement date	95,082,088	—	597,920	—
Total	<u>\$ 163,506,479</u>	<u>\$ 29,932,504</u>	<u>\$ 1,124,785</u>	<u>\$ 159,705</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, 2020. 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
2020	\$ 39,279,298	\$ 354,190
2021	\$ 20,077,571	\$ 194,846
2022	\$ (18,795,691)	\$ (143,347)
2023	\$ (2,485,700)	\$ (38,529)
2024	\$ 416,409	\$ —
Thereafter	\$ —	\$ —

Actuarial assumptions

The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	2.75%
Salary increases	3.25% - 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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%	(0.50)%
Domestic large equities	39.80%	37.20%	9.00 %
Domestic mid equities	3.70%	3.40%	12.00 %
Domestic small equities	1.50%	1.40%	13.50 %
International developed market equities	19.40%	17.80%	8.00 %
International emerging market equities	5.60%	5.20%	12.00 %
Alternatives	—%	5.00%	10.50 %
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 7.50% and 7.30%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate:

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

Teachers Retirement System:

	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	1,140,696,964	\$ 683,344,097	306,462,058

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	5,322,367	3,741,944	2,395,384

Pension plan fiduciary net position

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

B. Defined Contribution Plan:**Regents Retirement Plan****Plan Description**

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2019, 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 \$22,593,217 (9.24%) and \$14,664,182 (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 2019, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The University's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

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

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

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

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

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

Note 16 Contingencies

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

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 2019, 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, 2019:

Active Employees	10,464
Retirees or Beneficiaries Receiving Benefits	5,101
Retirees or Beneficiaries Eligible But Not Receiving Benefits	—
Retirees Receiving Life Insurance Only	662
	<hr/>
Total	<u>16,227</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 2019 plan year, the employer rate was approximately 90% of the total health insurance cost for eligible retirees and the retiree rate was approximately 10%. 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 2019, the University contributed \$38,281,461 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, 2019, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2018. An expected total OPEB liability as of June 30, 2018 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, 2018. At June 30, 2018, the University's proportion was 24.053003%, which was a decrease of (0.031580)% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized OPEB expense of \$83,689,550. At June 30, 2019, 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	\$ 73,980,092	\$ —
Changes of assumptions	—	119,098,648
Net difference between projected and actual earnings on OPEB plan investments	226,368	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	2,019,518
Contributions subsequent to the measurement date	38,281,461	—
Total	<u>\$ 112,487,921</u>	<u>\$ 121,118,166</u>

The University's contributions subsequent to the measurement date of \$38,281,461 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, 2020. 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:

2020	\$	(11,024,178)
2021	\$	(11,024,178)
2022	\$	(11,024,178)
2023	\$	(10,568,395)
2024	\$	(1,807,068)
Thereafter	\$	(1,463,709)

Actuarial assumptions

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of May 1, 2018 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 6/30/2018 3.87% from Bond Buyer Index Interest Rate as of 6/30/2017 3.58% from Bond Buyer Index Long-term Rate of Return 4.50% General Inflation 2.50% Salary Growth 4.00%
Mortality Rates	Healthy: RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 Disabled: RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females)
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.1%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	2030 for Pre-Medicare Eligible, 2019 for Medicare Eligible
Experience Study	Based on the experience of the Teachers Retirement System of Georgia. The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience studies, which covered the five-year period ending June 30, 2014. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation for the Plan were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. The discount rate was updated from 3.58% to 3.87% as of June 30, 2018. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.

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, 2018 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.10%	70%
Equity Allocation	3.98%	30%

Discount rate

The Plan's projected fiduciary net position at the end of 2022 is \$0, based on the valuation completed for the fiscal year ending June 30, 2018. 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 2022. 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, 2018. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 3.87% from the Bond Buyer.

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

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate (3.87%):

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Proportionate Share of the Net OPEB Liability	\$ 1,265,741,229	\$ 1,060,918,096	\$ 900,727,298

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 894,623,772	\$ 1,060,918,096	\$ 1,279,715,615
Pre-Medicare Eligible	6.1% decreasing to 3.5%	7.1% decreasing to 4.5%	8.1% 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 expenses by functional classification for fiscal 2019 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 144,559,971	\$ 83,134,162	\$ 76,670,488	\$ 460,498	\$ 5,199,613
Research	130,147,031	104,088,998	67,472,634	356,881	9,706,585
Public Service	28,444,524	69,923,601	40,093,145	52,395	3,976,961
Academic Support	8,018,475	54,095,340	28,162,663	276,161	778,538
Student Services	1,829,561	19,009,299	8,723,479	57,228	732,684
Institutional Support	3,377,692	52,128,106	38,891,347	702,919	1,360,313
Plant Operations and Maintenance	389,795	47,244,176	26,786,517	56,969	182,709
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	1,596,445	78,576,569	28,274,393	163,278	330,118
Total Operating Expenses	<u>\$ 318,363,494</u>	<u>\$ 508,200,251</u>	<u>\$ 315,074,666</u>	<u>\$ 2,126,329</u>	<u>\$ 22,267,521</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ —	\$ 2,060,694	\$ 35,649,486	\$ 17,977,887	\$ 365,712,799
Research	—	1,894,602	84,163,874	24,353,708	422,184,313
Public Service	—	1,547,799	42,848,613	5,803,553	192,690,591
Academic Support	—	1,707,912	32,001,866	21,854,382	146,895,337
Student Services	—	312,841	8,972,929	2,746,150	42,384,171
Institutional Support	—	449,547	24,270,328	3,688,336	124,868,588
Plant Operations and Maintenance	—	24,822,088	44,096,616	6,307,501	149,886,371
Scholarships and Fellowships	44,951,050	—	—	—	44,951,050
Auxiliary Enterprises	—	9,418,060	43,791,516	15,481,030	177,631,409
Total Operating Expenses	\$ 44,951,050	\$ 42,213,543	\$ 315,795,228	\$ 98,212,547	\$ 1,667,204,629

Note 19 Component Units

University of Georgia Athletic Association, Inc.

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

During the year ended June 30, 2019, the Athletic Association made payments to the University for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. These payments totaled \$54.7 million.

University of Georgia Foundation

The University of Georgia Foundation (the UGA Foundation) is a not for profit foundation that was chartered in 1937 to receive and administer contributions for the support of the academic programs of the University of Georgia (University). The Foundation reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

During the year ended June 30, 2019, the UGA Foundation distributed \$53.8 million to the University for both restricted and unrestricted purposes.

University of Georgia Research Foundation, Inc.

The University of Georgia Research Foundation (the Research Foundation) is a legally separate, tax-exempt affiliated organization of the University of Georgia (University). The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs is managed by the Research Foundation. The seventeen-member board of the Research Foundation consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. All sponsored research awards are subcontracted to the University and other resources and related income are used to benefit the teaching, research, and outreach missions of the University.

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

The Research Foundation includes one component unit; the UGA Real Estate Foundation, Inc. (the Real Estate Foundation). The Research Foundation is the sole corporate member of the Real Estate Foundation and its activities are included in the financial statements using a blended presentation. The Real Estate Foundation manages and

improves various real estate assets for the benefit of the University. The Real Estate Foundation may also provide support to the Board of Regents of the University System of Georgia and its affiliated institutions.

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

Consolidation and Elimination Adjustments

The University of Georgia Foundation maintains pooled investment funds for the University of Georgia Athletic Association and the University of Georgia Research Foundation for investment purposes. An elimination entry of \$64,065,725 was made to reduce the duplication of investment activity reflected on each component unit's individual financial statements.

Combined component unit's investments are comprised of the following amounts at June 30, 2019:

	Fair Value
Investment type	
Debt Securities	
U.S. Treasuries	\$ 143,490,661
U.S. Agencies	
Implicitly Guaranteed	254,899
Bond Securities	21,824,988
Corporate Debt	7,545,384
Money Market Mutual Funds	72,336,220
Municipal Obligations	295,707
Mutual Bond Funds	79,606,853
Repurchase Agreements	58,377,061
Other Investments	
Equity Mutual Funds - Domestic	100,527,112
Equity Mutual Funds - International	318,794,606
Equity Securities - Domestic	57,594,093
Equity Securities - International	28,683,465
Real Estate Held for Investment Purposes	—
Real Estate Investment Trusts	34,574,561
Other	470,821,580
	1,394,727,190
Investment Pools	
Board of Regents	
Short-Term Fund	55,996,827
Total Investments	<u>\$ 1,450,724,017</u>

Component unit investments of \$108,608,863 are reported as cash and cash equivalents on the Statement of Net Position.

Combined component unit's endowments are comprised of the following amounts at June 30, 2019:

	Unrestricted	Restricted	Total
Beginning	\$ 121,586,305	\$ 944,775,168	\$ 1,066,361,473
Contributions	9,424,069	49,778,898	59,202,967
Net realized and unrealized gains	4,880,261	40,402,486	45,282,747
Appropriation of endowment assets for expenditure	(1,400,838)	(31,755,018)	(33,155,856)
Ending	<u>\$ 134,489,797</u>	<u>\$ 1,003,201,534</u>	<u>\$ 1,137,691,331</u>

Combined amounts due to component units related to direct financing lease activity as of June 30, 2019 is as follows:

Year Ending June 30:	Year:	Total
2020	1	\$ 20,646,161
2021	2	20,626,097
2022	3	20,607,161
2023	4	20,592,403
2024	5	20,568,423
2025 through 2029	6-10	102,467,470
2030 through 2034	11-15	98,128,328
2035 through 2039	16-20	46,661,907
2040 through 2044	21-25	10,115,215
Total Minimum Lease Payments to be Received		<u>360,413,165</u>
Less: Unearned Income		<u>(128,796,920)</u>
Net Investment in Direct Financing Lease Receivable		<u>\$ 231,616,245</u>

Combined component unit's capital assets are comprised of the following amounts at June 30, 2019:

Capital Assets not being Depreciated:	
Land	\$ 36,549,206
Capitalized Collections	2,322,808
Construction Work-in-Progress	6,025,443
Total Capital Assets not being Depreciated	<u>44,897,457</u>
Capital Assets being Depreciated:	
Building and Building Improvements	425,100,183
Facilities and Other Improvements	40,301,601
Equipment	12,614,395
Software	—
Total Capital Assets being Depreciated/Amortized	<u>478,016,179</u>
Less Total Accumulated Depreciation/Amortization	<u>143,408,720</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>334,607,459</u>
Capital Assets, Net	<u>\$ 379,504,916</u>

Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Liabilities under Split Interest Agreement	\$ 8,765,607	\$ 44,033	\$ —	\$ 8,809,640	\$ 801,285
Notes and Loans Payable	39,861,731	—	497,395	39,364,336	514,880
Interest Rate Swap	4,054,352	2,009,171	—	6,063,523	—
Revenue/Mortgage Bonds Payable	332,480,000	—	17,385,000	315,095,000	12,370,000
Bond - Premium	22,467,193	—	1,885,475	20,581,718	—
Total Long Term Liabilities	\$ 407,628,883	\$ 2,053,204	\$ 19,767,870	\$ 389,914,217	\$ 13,686,165

Combined component unit's notes and loans are comprised of the following amounts at June 30, 2019:

		Principal	Interest	Total
Year ending June 30:				
2020	1	\$ 514,880	\$ 611,485	\$ 1,126,365
2021	2	537,821	589,139	1,126,960
2022	3	16,397,842	566,915	16,964,757
2023	4	580,193	543,665	1,123,858
2024	5	9,120,904	520,240	9,641,144
2025 through 2029	6-10	3,442,361	2,193,266	5,635,627
2030 through 2034	11-15	4,238,492	1,396,839	5,635,331
2035 through 2039	16-20	4,486,843	430,648	4,917,491
2040 through 2044	21-25	45,000	518	45,518
Total		\$ 39,364,336	\$ 6,852,715	\$ 46,217,051

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2019:

		Principal	Interest	Total
Year ending June 30:				
2020	1	\$ 12,370,000	\$ 12,721,247	\$ 25,091,247
2021	2	15,650,000	12,561,616	28,211,616
2022	3	16,125,000	11,971,249	28,096,249
2023	4	15,585,000	11,282,715	26,867,715
2024	5	16,210,000	10,624,539	26,834,539
2025 through 2029	6-10	91,670,000	41,630,043	133,300,043
2030 through 2034	11-15	98,570,000	20,000,784	118,570,784
2035 through 2039	16-20	40,525,000	6,051,554	46,576,554
2040 through 2044	21-25	8,390,000	877,550	9,267,550
		315,095,000	127,721,297	442,816,297
Bond Premium		20,581,718	—	20,581,718
Total		\$ 335,676,718	\$ 127,721,297	\$ 463,398,015

Required Supplementary Information



UNIVERSITY OF GEORGIA

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	6/30/2019	\$ 597,920	\$ 597,920	\$ —	\$ 2,406,752	24.84%
	6/30/2018	\$ 588,349	\$ 588,349	\$ —	\$ 2,272,341	25.89%
	6/30/2017	\$ 508,186	\$ 508,186	\$ —	\$ 1,979,582	25.67%
	6/30/2016	\$ 519,785	\$ 519,785	\$ —	\$ 2,061,311	25.22%
	6/30/2015	\$ 385,819	\$ 385,819	\$ —	\$ 1,733,437	22.26%
	6/30/2014	\$ 370,020	\$ 370,020	\$ —	\$ 2,058,830	17.97%
	6/30/2013	\$ 230,629	\$ 230,629	\$ —	\$ 1,433,329	16.09%
	6/30/2012	\$ 155,689	\$ 155,689	\$ —	\$ 1,338,684	11.63%
	6/30/2011	\$ 123,062	\$ 123,062	\$ —	\$ 1,182,152	10.41%
	6/30/2010	\$ 130,229	\$ 130,229	\$ —	\$ 1,250,999	10.41%
Teachers Retirement System	6/30/2019	\$ 95,082,088	\$ 95,082,088	\$ —	\$ 448,603,779	21.20%
	6/30/2018	\$ 72,820,704	\$ 72,820,704	\$ —	\$ 432,012,936	16.86%
	6/30/2017	\$ 60,690,947	\$ 60,690,947	\$ —	\$ 426,989,538	14.21%
	6/30/2016	\$ 57,583,354	\$ 57,583,354	\$ —	\$ 404,092,295	14.25%
	6/30/2015	\$ 49,534,749	\$ 49,534,749	\$ —	\$ 378,176,373	13.10%
	6/30/2014	\$ 44,786,220	\$ 44,786,220	\$ —	\$ 359,137,320	12.47%
	6/30/2013	\$ 39,890,243	\$ 39,890,243	\$ —	\$ 351,639,966	11.34%
	6/30/2012	\$ 35,415,805	\$ 35,415,805	\$ —	\$ 344,511,722	10.28%
	6/30/2011	\$ 35,124,704	\$ 35,124,704	\$ —	\$ 341,680,000	10.28%
	6/30/2010	\$ 34,327,891	\$ 34,327,891	\$ —	\$ 352,442,413	9.74%

**UNIVERSITY OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE LAST FIVE FISCAL YEARS***

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	6/30/2019	0.091022%	\$ 3,741,944	\$ 2,272,341	164.67%	76.68%
	6/30/2018	0.081550%	\$ 3,312,019	\$ 1,979,582	167.31%	76.33%
	6/30/2017	0.090000%	\$ 4,214,520	\$ 2,061,311	204.46%	72.34%
	6/30/2016	0.076807%	\$ 3,111,757	\$ 1,733,437	179.51%	76.20%
	6/30/2015	0.089019%	3,338,763	2,058,830	162.17%	77.99%
Teachers Retirement System	6/30/2019	3.680000%	\$ 683,344,097	\$ 432,012,936	158.18%	80.27%
	6/30/2018	3.750000%	\$ 696,491,851	\$ 426,989,538	163.12%	79.33%
	6/30/2017	3.720000%	\$ 766,801,603	\$ 404,092,295	189.76%	76.06%
	6/30/2016	3.620000%	\$ 550,468,579	\$ 378,176,373	145.56%	81.44%
	6/30/2015	3.570000%	\$ 451,638,809	\$ 359,137,320	125.76%	84.03%

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

**UNIVERSITY OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

Changes of assumptions

Employees' Retirement System:

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

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

Teachers Retirement System:

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

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

**UNIVERSITY OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST THREE YEARS***

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
6/30/2019	\$ 38,281,461	\$ 38,281,461	\$ —	\$ 670,452,954	5.71%
6/30/2018	\$ 38,104,754	\$ 38,104,754	\$ —	\$ 647,913,211	5.88%
6/30/2017	\$ 23,984,368	\$ 23,984,368	\$ —	\$ 668,496,675	3.59%

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

**UNIVERSITY OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST TWO YEARS***

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
6/30/2019	24.05%	\$ 1,060,918,096	\$ 647,913,211	163.74%	1.69%
6/30/2018	24.08%	\$ 1,016,303,379	\$ 668,496,675	152.03%	0.19%

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

**UNIVERSITY OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend was reset based on current conditions. The discount rate was updated from 3.58% to 3.87% as of June 30, 2018. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect the current Teachers Retirement System of Georgia.

Supplementary Information



UNIVERSITY OF GEORGIA

UNIVERSITY OF GEORGIA
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2019
(UNAUDITED)

ASSETS

Cash and Cash Equivalents	\$	217,210,249.24
Accounts Receivable		
Federal Financial Assistance		43,746,832.66
Other		64,627,639.37
Prepaid Expenditures		1,479,323.29
Inventories		4,295,757.08
Other Assets		475,312.00
		<hr/>
Total Assets		331,835,113.64
		<hr/>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll		7,668,144.66
Encumbrance Payable		61,393,866.05
Accounts Payable		2,757,904.25
Unearned Revenue		68,095,870.83
Funds Held for Others		70,679.99
Other Liabilities		659,757.82
		<hr/>
Total Liabilities		140,646,223.60
		<hr/>

Fund Balances

Reserved		
Capital Outlay		8,774,409.89
Department Sales and Services		37,408,839.40
Indirect Cost Recoveries		36,045,362.56
Technology Fees		9,172,787.92
Restricted/Sponsored Funds		83,933,258.44
Uncollectible Accounts Receivable		1,020,027.73
Inventories		1,487,000.00
Tuition Carry - Forward		12,341,700.45
Unreserved		
Surplus		1,005,503.65
		<hr/>
Total Fund Balances		191,188,890.04
		<hr/>
Total Liabilities and Fund Balances	\$	331,835,113.64
		<hr/>

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

UNIVERSITY OF GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Appropriation	Amended Appropriation	Final Budget	Funds Available Compared to Budget	
				Current Year Revenues	Prior Year Reserve Carry-Over
Agricultural Experiment Station					
State Appropriation					
State General Funds	\$ 46,675,198.00	\$ 46,675,198.00	\$ 46,374,523.00	\$ 46,374,523.00	\$ —
Other Funds	37,552,919.00	37,552,919.00	72,423,174.00	50,516,619.38	25,125,549.46
Total Agricultural Experiment Station	84,228,117.00	84,228,117.00	118,797,697.00	96,891,142.38	25,125,549.46
Athens and Tifton Veterinary Laboratories					
Other Funds	6,609,688.00	6,609,688.00	7,588,611.00	7,373,412.98	992,666.95
Cooperative Extension Service					
State Appropriation					
State General Funds	41,618,743.00	41,618,743.00	41,649,817.00	41,649,817.00	—
Other Funds	31,333,929.00	31,333,929.00	39,939,606.00	33,356,895.90	6,698,062.49
Total Cooperative Extension Service	72,952,672.00	72,952,672.00	81,589,423.00	75,006,712.90	6,698,062.49
Forestry Cooperative Extension					
State Appropriation					
State General Funds	1,215,128.00	1,215,128.00	1,215,128.00	1,215,128.00	—
Other Funds	575,988.00	575,988.00	838,432.00	686,473.74	299,671.82
Total Forestry Cooperative Extension	1,791,116.00	1,791,116.00	2,053,560.00	1,901,601.74	299,671.82
Forestry Research					
State Appropriation					
State General Funds	2,959,850.00	2,959,850.00	2,959,850.00	2,959,850.00	—
Other Funds	10,250,426.00	10,250,426.00	11,958,872.00	11,256,946.08	2,564,471.59
Total Forestry Research	13,210,276.00	13,210,276.00	14,918,722.00	14,216,796.08	2,564,471.59
Marine Institute					
State Appropriation					
State General Funds	1,013,238.00	1,013,238.00	1,013,238.00	1,013,238.00	—
Other Funds	486,281.00	486,281.00	580,246.00	275,112.19	740,194.41
Total Marine Institute	1,499,519.00	1,499,519.00	1,593,484.00	1,288,350.19	740,194.41
Marine Resources Extension Center					
State Appropriation					
State General Funds	1,554,929.00	1,554,929.00	1,554,929.00	1,554,929.00	—
Other Funds	1,345,529.00	1,345,529.00	1,932,529.00	1,354,114.69	288,203.87
Total Marine Resources Extension Center	2,900,458.00	2,900,458.00	3,487,458.00	2,909,043.69	288,203.87
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	166,800.00	166,800.00	166,800.00	166,800.00	—
Total Public Service / Special Funding Initiatives	166,800.00	166,800.00	166,800.00	166,800.00	—

Skidaway Institute of Oceanography					
State Appropriation					
State General Funds	1,524,845.00	1,524,845.00	1,524,845.00	1,524,845.00	—
Other Funds	3,900,620.00	3,900,620.00	5,571,330.00	4,477,642.50	1,477,905.97
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Skidaway Institute of Oceanography	5,425,465.00	5,425,465.00	7,096,175.00	6,002,487.50	1,477,905.97
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Teaching					
State Appropriation					
State General Funds	398,056,229.00	398,056,229.00	405,601,949.00	405,601,949.00	—
Other Funds	874,291,928.00	874,291,928.00	1,050,353,502.00	979,682,952.20	107,899,507.76
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Teaching	1,272,348,157.00	1,272,348,157.00	1,455,955,451.00	1,385,284,901.20	107,899,507.76
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Veterinary Medicine Experiment Station					
State Appropriation					
State General Funds	4,641,590.00	4,641,590.00	4,508,257.00	4,508,257.00	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Veterinary Medicine Teaching Hospital					
State Appropriation					
State General Funds	479,119.00	479,119.00	479,119.00	479,119.00	—
Other Funds	17,750,000.00	17,750,000.00	23,012,946.00	21,061,628.55	3,212,946.34
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Veterinary Medicine Teaching Hospital	18,229,119.00	18,229,119.00	23,492,065.00	21,540,747.55	3,212,946.34
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Operating Activity	<u>\$ 1,484,002,977.00</u>	<u>\$ 1,484,002,977.00</u>	<u>\$ 1,721,247,703.00</u>	<u>\$ 1,617,090,253.21</u>	<u>\$ 149,299,180.66</u>

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

UNIVERSITY OF GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Agricultural Experiment Station						
State Appropriation						
State General Funds	\$ —	\$ 46,374,523.00	\$ —	\$ 46,374,523.00	\$ —	\$ —
Other Funds	—	75,642,168.84	3,218,994.84	47,970,101.94	24,453,072.06	27,672,066.90
Total Agricultural Experiment Station	—	122,016,691.84	3,218,994.84	94,344,624.94	24,453,072.06	27,672,066.90
Athens and Tifton Veterinary Laboratories						
Other Funds	—	8,366,079.93	777,468.93	7,241,629.90	346,981.10	1,124,450.03
Cooperative Extension Service						
State Appropriation						
State General Funds	—	41,649,817.00	—	41,649,817.00	—	—
Other Funds	—	40,054,958.39	115,352.39	30,732,025.54	9,207,580.46	9,322,932.85
Total Cooperative Extension Service	—	81,704,775.39	115,352.39	72,381,842.54	9,207,580.46	9,322,932.85
Forestry Cooperative Extension						
State Appropriation						
State General Funds	—	1,215,128.00	—	1,215,128.00	—	—
Other Funds	—	986,145.56	147,713.56	699,691.35	138,740.65	286,454.21
Total Forestry Cooperative Extension	—	2,201,273.56	147,713.56	1,914,819.35	138,740.65	286,454.21
Forestry Research						
State Appropriation						
State General Funds	—	2,959,850.00	—	2,959,850.00	—	—
Other Funds	—	13,821,417.67	1,862,545.67	11,021,241.36	937,630.64	2,800,176.31
Total Forestry Research	—	16,781,267.67	1,862,545.67	13,981,091.36	937,630.64	2,800,176.31
Marine Institute						
State Appropriation						
State General Funds	—	1,013,238.00	—	1,013,238.00	—	—
Other Funds	—	1,015,306.60	435,060.60	291,377.94	288,868.06	723,928.66
Total Marine Institute	—	2,028,544.60	435,060.60	1,304,615.94	288,868.06	723,928.66
Marine Resources Extension Center						
State Appropriation						
State General Funds	—	1,554,929.00	—	1,554,929.00	—	—
Other Funds	—	1,642,318.56	(290,210.44)	1,342,869.02	589,659.98	299,449.54
Total Marine Resources Extension Center	—	3,197,247.56	(290,210.44)	2,897,798.02	589,659.98	299,449.54
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	166,800.00	—	166,800.00	—	—
Total Public Service / Special Funding Initiatives	—	166,800.00	—	166,800.00	—	—

Skidaway Institute of Oceanography						
State Appropriation						
State General Funds	—	1,524,845.00	—	1,524,845.00	—	—
Other Funds	—	5,955,548.47	384,218.47	4,392,904.24	1,178,425.76	1,562,644.23
Total Skidaway Institute of Oceanography	—	7,480,393.47	384,218.47	5,917,749.24	1,178,425.76	1,562,644.23
Teaching						
State Appropriation						
State General Funds	—	405,601,949.00	—	405,601,949.00	—	—
Other Funds	(3,624,607.18)	1,083,957,852.78	33,604,350.78	943,942,105.64	106,411,396.36	140,015,747.14
Total Teaching	(3,624,607.18)	1,489,559,801.78	33,604,350.78	1,349,544,054.64	106,411,396.36	140,015,747.14
Veterinary Medicine Experiment Station						
State Appropriation						
State General Funds	—	4,508,257.00	—	4,508,257.00	—	—
Veterinary Medicine Teaching Hospital						
State Appropriation						
State General Funds	—	479,119.00	—	479,119.00	—	—
Other Funds	—	24,274,574.89	1,261,628.89	20,367,406.48	2,645,539.52	3,907,168.41
Total Veterinary Medicine Teaching Hospital	—	24,753,693.89	1,261,628.89	20,846,525.48	2,645,539.52	3,907,168.41
Total Operating Activity	\$ (3,624,607.18)	\$ 1,762,764,826.69	\$ 41,517,123.69	\$ 1,575,049,808.41	\$ 146,197,894.59	\$ 187,715,018.28

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

UNIVERSITY OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2017 Surplus	Prior Year Adjustments	Other Adjustments
Agricultural Experiment Station					
State Appropriation					
State General Funds	\$ 121,331.98	\$ —	\$ (121,331.98)	\$ 101,139.97	\$ —
Other Funds	25,125,549.46	(25,125,549.46)	—	261,635.19	—
Total Agricultural Experiment Station	25,246,881.44	(25,125,549.46)	(121,331.98)	362,775.16	—
Athens and Tifton Veterinary Laboratories					
Other Funds	992,666.95	(992,666.95)	—	3,543.33	—
Cooperative Extension Service					
State Appropriation					
State General Funds	67,183.09	—	(67,183.09)	110,725.82	—
Other Funds	6,698,062.49	(6,698,062.49)	—	23,668.09	—
Total Cooperative Extension Service	6,765,245.58	(6,698,062.49)	(67,183.09)	134,393.91	—
Forestry Cooperative Extension					
State Appropriation					
State General Funds	503.78	—	(503.78)	2,269.50	—
Other Funds	299,671.82	(299,671.82)	—	—	—
Total Forestry Cooperative Extension	300,175.60	(299,671.82)	(503.78)	2,269.50	—
Forestry Research					
State Appropriation					
State General Funds	11,157.04	—	(11,157.04)	863.92	—
Other Funds	2,564,471.59	(2,564,471.59)	—	3,639.97	—
Total Forestry Research	2,575,628.63	(2,564,471.59)	(11,157.04)	4,503.89	—
Marine Institute					
State Appropriation					
State General Funds	—	—	—	—	—
Other Funds	740,194.41	(740,194.41)	—	—	—
Total Marine Institute	740,194.41	(740,194.41)	—	—	—
Marine Resources Extension Center					
State Appropriation					
State General Funds	5,255.66	—	(5,255.66)	2,000.90	—
Other Funds	288,203.87	(288,203.87)	—	876.78	—
Total Marine Resources Extension Center	293,459.53	(288,203.87)	(5,255.66)	2,877.68	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	1,001,731.75	—	(1,001,731.75)	—	—
Other Funds	—	—	—	—	—
Total Public Service / Special Funding Initiatives	1,001,731.75	—	(1,001,731.75)	—	—

Skidaway Institute of Oceanography					
State Appropriation					
State General Funds	2,987.90	—	(2,987.90)	1,395.50	—
Other Funds	1,477,905.97	(1,477,905.97)	—	5,304.45	—
	<u>1,480,893.87</u>	<u>(1,477,905.97)</u>	<u>(2,987.90)</u>	<u>6,699.95</u>	<u>—</u>
Total Skidaway Institute of Oceanography					
Teaching					
State Appropriation					
State General Funds	698,029.93	—	(698,029.93)	983,145.07	—
Other Funds	107,983,064.33	(107,899,507.76)	(83,556.57)	(387,603.32)	264,596.11
	<u>108,681,094.26</u>	<u>(107,899,507.76)</u>	<u>(781,586.50)</u>	<u>595,541.75</u>	<u>264,596.11</u>
Total Teaching					
Veterinary Medicine Experiment Station					
State Appropriation					
State General Funds	3,640.84	—	(3,640.84)	7,036.66	—
	<u>3,640.84</u>	<u>—</u>	<u>(3,640.84)</u>	<u>7,036.66</u>	<u>—</u>
Veterinary Medicine Teaching Hospital					
State Appropriation					
State General Funds	—	—	—	—	—
Other Funds	3,212,946.34	(3,212,946.34)	—	(16,457.34)	21,360.13
	<u>3,212,946.34</u>	<u>(3,212,946.34)</u>	<u>—</u>	<u>(16,457.34)</u>	<u>21,360.13</u>
Total Veterinary Medicine Teaching Hospital					
Total Operating Activity	151,294,559.20	(149,299,180.66)	(1,995,378.54)	1,103,184.49	285,956.24
Prior Year Reserves					
Not Available for Expenditure					
Inventories	1,487,000.00				—
Uncollectible Accounts Receivable	1,305,983.97				(285,956.24)
	<u>1,487,000.00</u>	<u>1,305,983.97</u>			<u>(285,956.24)</u>
Budget Unit Totals	<u>\$ 154,087,543.17</u>	<u>\$ (149,299,180.66)</u>	<u>\$ (1,995,378.54)</u>	<u>\$ 1,103,184.49</u>	<u>\$ —</u>

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

UNIVERSITY OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Early Return of Fiscal Year 2018 Surplus	Excess (Deficiency) of Funds Available Over/(Under) Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Agricultural Experiment Station						
State Appropriation						
State General Funds	\$ (1,927.28)	\$ —	\$ 99,212.69	\$ —	\$ 99,212.69	\$ 99,212.69
Other Funds	—	27,672,066.90	27,933,702.09	27,929,823.69	3,878.40	27,933,702.09
Total Agricultural Experiment Station	(1,927.28)	27,672,066.90	28,032,914.78	27,929,823.69	103,091.09	28,032,914.78
Athens and Tifton Veterinary Laboratories						
Other Funds	—	1,124,450.03	1,127,993.36	1,127,993.36	—	1,127,993.36
Cooperative Extension Service						
State Appropriation						
State General Funds	—	—	110,725.82	—	110,725.82	110,725.82
Other Funds	—	9,322,932.85	9,346,600.94	9,344,555.67	2,045.27	9,346,600.94
Total Cooperative Extension Service	—	9,322,932.85	9,457,326.76	9,344,555.67	112,771.09	9,457,326.76
Forestry Cooperative Extension						
State Appropriation						
State General Funds	—	—	2,269.50	—	2,269.50	2,269.50
Other Funds	—	286,454.21	286,454.21	286,454.21	—	286,454.21
Total Forestry Cooperative Extension	—	286,454.21	288,723.71	286,454.21	2,269.50	288,723.71
Forestry Research						
State Appropriation						
State General Funds	—	—	863.92	—	863.92	863.92
Other Funds	—	2,800,176.31	2,803,816.28	2,803,125.15	691.13	2,803,816.28
Total Forestry Research	—	2,800,176.31	2,804,680.20	2,803,125.15	1,555.05	2,804,680.20
Marine Institute						
State Appropriation						
State General Funds	—	—	—	—	—	—
Other Funds	—	723,928.66	723,928.66	723,928.66	—	723,928.66
Total Marine Institute	—	723,928.66	723,928.66	723,928.66	—	723,928.66
Marine Resources Extension Center						
State Appropriation						
State General Funds	—	—	2,000.90	—	2,000.90	2,000.90
Other Funds	—	299,449.54	300,326.32	300,129.82	196.50	300,326.32
Total Marine Resources Extension Center	—	299,449.54	302,327.22	300,129.82	2,197.40	302,327.22
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	—	—	—	—	—
Other Funds	—	—	—	—	—	—
Total Public Service / Special Funding Initiatives	—	—	—	—	—	—

Skidaway Institute of Oceanography						
State Appropriation						
State General Funds	(1,376.20)	—	19.30	—	19.30	19.30
Other Funds	—	1,562,644.23	1,567,948.68	1,567,948.68	—	1,567,948.68
Total Skidaway Institute of Oceanography	(1,376.20)	1,562,644.23	1,567,967.98	1,567,948.68	19.30	1,567,967.98
Teaching						
State Appropriation						
State General Funds	(320,923.45)	—	662,221.62	—	662,221.62	662,221.62
Other Funds	(97,667.77)	140,015,747.14	139,795,072.16	139,680,328.22	114,743.94	139,795,072.16
Total Teaching	(418,591.22)	140,015,747.14	140,457,293.78	139,680,328.22	776,965.56	140,457,293.78
Veterinary Medicine Experiment Station						
State Appropriation						
State General Funds	(402.00)	—	6,634.66	—	6,634.66	6,634.66
Veterinary Medicine Teaching Hospital						
State Appropriation						
State General Funds	—	—	—	—	—	—
Other Funds	—	3,907,168.41	3,912,071.20	3,912,071.20	—	3,912,071.20
Total Veterinary Medicine Teaching Hospital	—	3,907,168.41	3,912,071.20	3,912,071.20	—	3,912,071.20
Total Operating Activity	(422,296.70)	187,715,018.28	188,681,862.31	187,676,358.66	1,005,503.65	188,681,862.31
Prior Year Reserves						
Not Available for Expenditure						
Inventories			1,487,000.00	1,487,000.00		1,487,000.00
Uncollectible Accounts Receivable			1,020,027.73	1,020,027.73		1,020,027.73
Budget Unit Totals	\$ (422,296.70)	\$ 187,715,018.28	\$ 191,188,890.04	\$ 190,183,386.39	\$ 1,005,503.65	\$ 191,188,890.04
		Capital Outlay	\$ 8,774,409.89	\$ —	\$ 8,774,409.89	
		Departmental Sales and Services	37,408,839.40	—	37,408,839.40	
		Indirect Cost Recovery	36,045,362.56	—	36,045,362.56	
		Technology Fees	9,172,787.92	—	9,172,787.92	
		Restricted/Sponsored Funds	83,933,258.44	—	83,933,258.44	
		Tuition Carry-Forward	12,341,700.45	—	12,341,700.45	
		Uncollectible Accounts Receivable	1,020,027.73	—	1,020,027.73	
		Inventories	1,487,000.00	—	1,487,000.00	
		Surplus	—	1,005,503.65	1,005,503.65	
			\$ 190,183,386.39	\$ 1,005,503.65	\$ 191,188,890.04	

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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