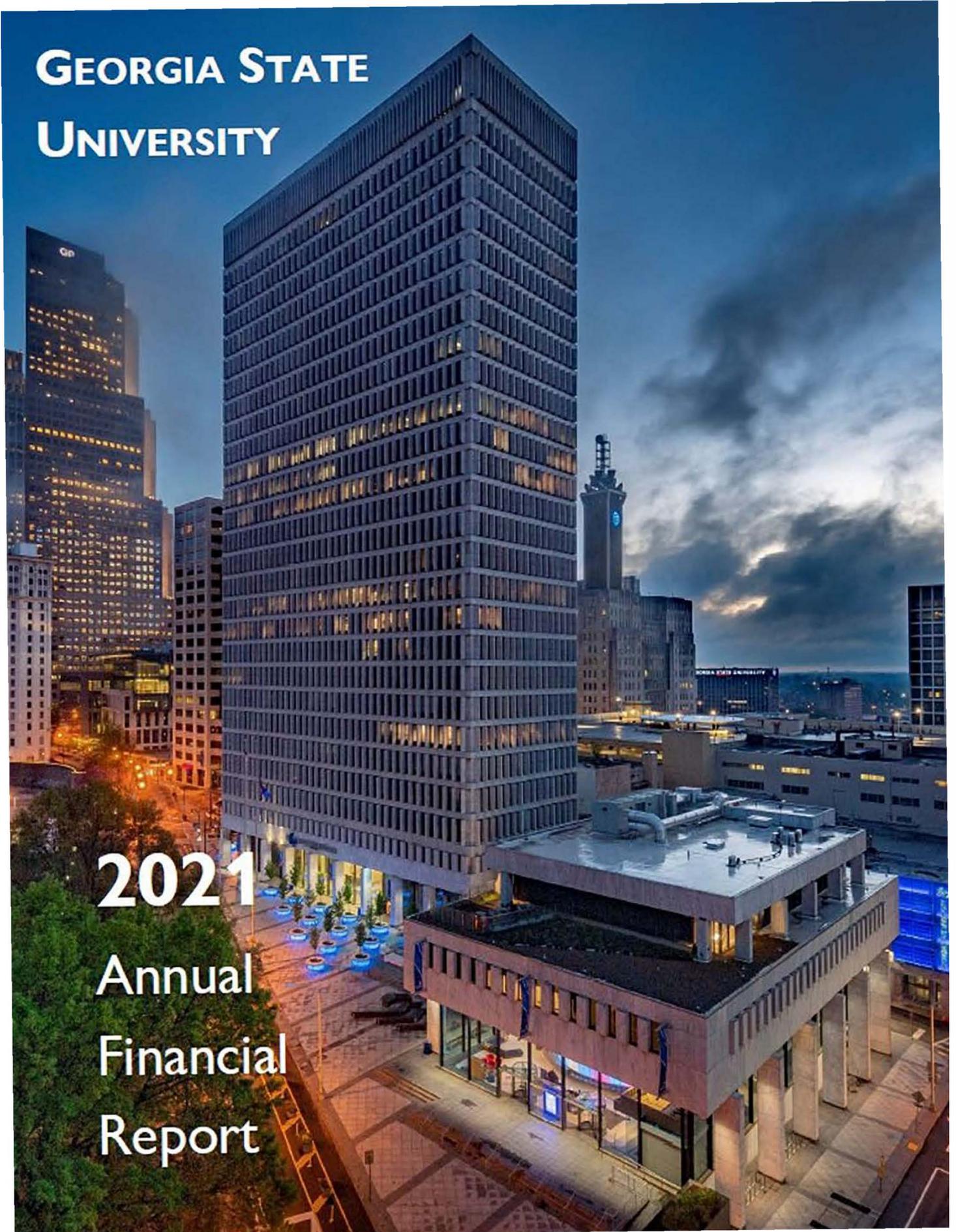


GEORGIA STATE UNIVERSITY

2021 Annual Financial Report



GEORGIA STATE UNIVERSITY
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INTRODUCTORY SECTION





OFFICE OF THE SENIOR VICE PRESIDENT FOR FINANCE & ADMINISTRATION

P.O. Box 3999
Atlanta, GA 30302-3999
Phone: 404 413-3000

December 21, 2021

To: President M. Brian Blake
Georgia State University

The Annual Financial Report (AFR) for Georgia State University includes the financial statements for the year ended June 30, 2021, as well as other useful information to help ensure the University's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the University's financial position as a result of operations for the fiscal year ended June 30, 2021.

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

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

Sincerely,

Jerry J. Rackliffe
Senior Vice President
Finance and Administration



FINANCIAL SECTION





DEPARTMENT OF AUDITS AND ACCOUNTS

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

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the University as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the State of Georgia that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2021, the changes in its financial position or, where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

December 21, 2021

GEORGIA STATE UNIVERSITY

Management's Discussion and Analysis

Introduction

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

	STUDENT HEADCOUNT	STUDENT FTE
FY 2021	53,743	45,767
FY 2020	53,619	46,015
FY 2019	52,814	44,819

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2021. The emphasis of discussions about these statements will be on current year data. There are five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2021 and fiscal year 2020.

Statement of Net Position

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

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

Net Position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in property, plant and equipment owned by the University. The next category is restricted, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable, restricted resources is available only for investment purposes. Expendable, restricted resources are available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted. Unrestricted resources are available to the University for any lawful purpose.

The University's financial position at June 30, 2021 is very strong, with total assets of \$1.39 billion, deferred outflows of \$205.23 million, total liabilities of \$1.28 billion, deferred inflows of \$61.27 million and net position of \$252.83 million.

Assets and Deferred Outflows

Total assets and deferred outflows of the University in fiscal year 2021 were approximately \$126.05 million more than those reported for fiscal year 2020. Most asset categories had marginal increases or decreases during the year. Cash and investments increased \$36.55 million due to strategic budgetary efforts. Accounts receivable increased \$42.23 million due to the timing of collections primarily related to sponsored grants and contracts. Prepaid items increased \$10.08 million due to funds paid to the Georgia State Financing and Investment Commission for construction projects. Deferred outflows of resources increased \$65.28 million primarily due to increases in the University's proportionate share of the net difference between projected and actual investment earnings related to the TRS pension plan and in the University's proportionate share of increases associated with changes of assumptions related to Other Post-Employment Benefits (OPEB).

Capital assets decreased by \$27.83 million. See Capital Assets later within this section and Note 6 within the Notes to the Financial Statements for more information on capital assets.

Liabilities and Deferred Inflows

Total liabilities and deferred inflows for fiscal year 2021 were approximately \$117.31 million more than those reported for fiscal year 2020. The majority of the change is related to increases in net pension liability (\$45.60 million), net OPEB liability (\$92.30 million), accounts payable and amounts due to component units (\$8.23 million), and advances (\$6.52 million). These increases were offset by decreases in salaries payable (\$3.04 million), lease purchase obligations (\$8.57 million), and deferred inflow of resources (\$24.92 million).

Net pension liability increased \$45.60 million, which is primarily attributable to the University's proportionate share of net pension liability related to TRS changes in assumptions used to estimate the liability, including updated mortality projection scale and updated actuarial experience study.

Net OPEB liability increased \$92.30 million. The University's proportionate share of the net OPEB liability increased due to changes in assumptions used to estimate the liability, including the removal of the excise tax, updated mortality projection scale, revised demographic assumptions based on the May 2020 experience study, and lowering the discount rate.

Accounts payable and amounts due to component units increased \$8.23 million as year end purchasing returned to normal pre-pandemic levels with the return to more traditional campus based operations in June 2021. Year end purchasing was lower than normal in fiscal year 2020 due to changes in operations in response to the pandemic. In addition, the State of Georgia instructed state agencies, including the University, to maximize surplus returned to the State in fiscal year 2020. Many ordinary costs such as travel, professional development, equipment purchases, and construction were either canceled or deferred as social distancing strategies and spending reductions were implemented.

Advances increased \$6.52 million mostly due to sponsored funds received in advance of eligibility requirements.

Salaries payable decreased \$3.04 million due to changes in timing of the bi-weekly payroll at year end.

Lease purchase obligations decreased \$8.57 million which is primarily attributable to principal payments.

Deferred inflow of resources decreased \$24.92 million primarily due to increases in the University's proportionate share of the net difference between projected and actual investment earnings related to the TRS pension plan and in University's proportionate share of increases associated with changes of assumptions related to Other Post-Employment Benefits (OPEB).

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

CONDENSED STATEMENT OF NET POSITION	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	\$ 442,194,731	\$ 353,939,156	\$ 88,255,575	24.94 %
Capital Assets, Net	940,384,791	968,211,970	(27,827,179)	(2.87)%
Other Assets	4,931,799	4,591,190	340,609	7.42 %
TOTAL ASSETS	1,387,511,321	1,326,742,316	60,769,005	4.58 %
DEFERRED OUTFLOWS	205,225,729	139,949,570	65,276,159	46.64 %
LIABILITIES				
Current Liabilities	120,096,635	108,183,915	11,912,720	11.01 %
Non-Current Liabilities	1,158,540,930	1,028,221,107	130,319,823	12.67 %
TOTAL LIABILITIES	1,278,637,565	1,136,405,022	142,232,543	12.52 %
DEFERRED INFLOWS	61,272,241	86,196,207	(24,923,966)	(28.92)%
NET POSITION				
Net Investment in Capital Assets	720,777,334	739,804,761	(19,027,427)	(2.57)%
Restricted, Non-Expendable	143,588	116,742	26,846	23.00 %
Restricted, Expendable	21,434,052	22,337,971	(903,919)	(4.05)%
Unrestricted (Deficit)	(489,527,730)	(518,168,817)	28,641,087	5.53 %
TOTAL NET POSITION	\$ 252,827,244	\$ 244,090,657	\$ 8,736,587	3.58 %

Statement of Revenues, Expenses and Changes in Net Position

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

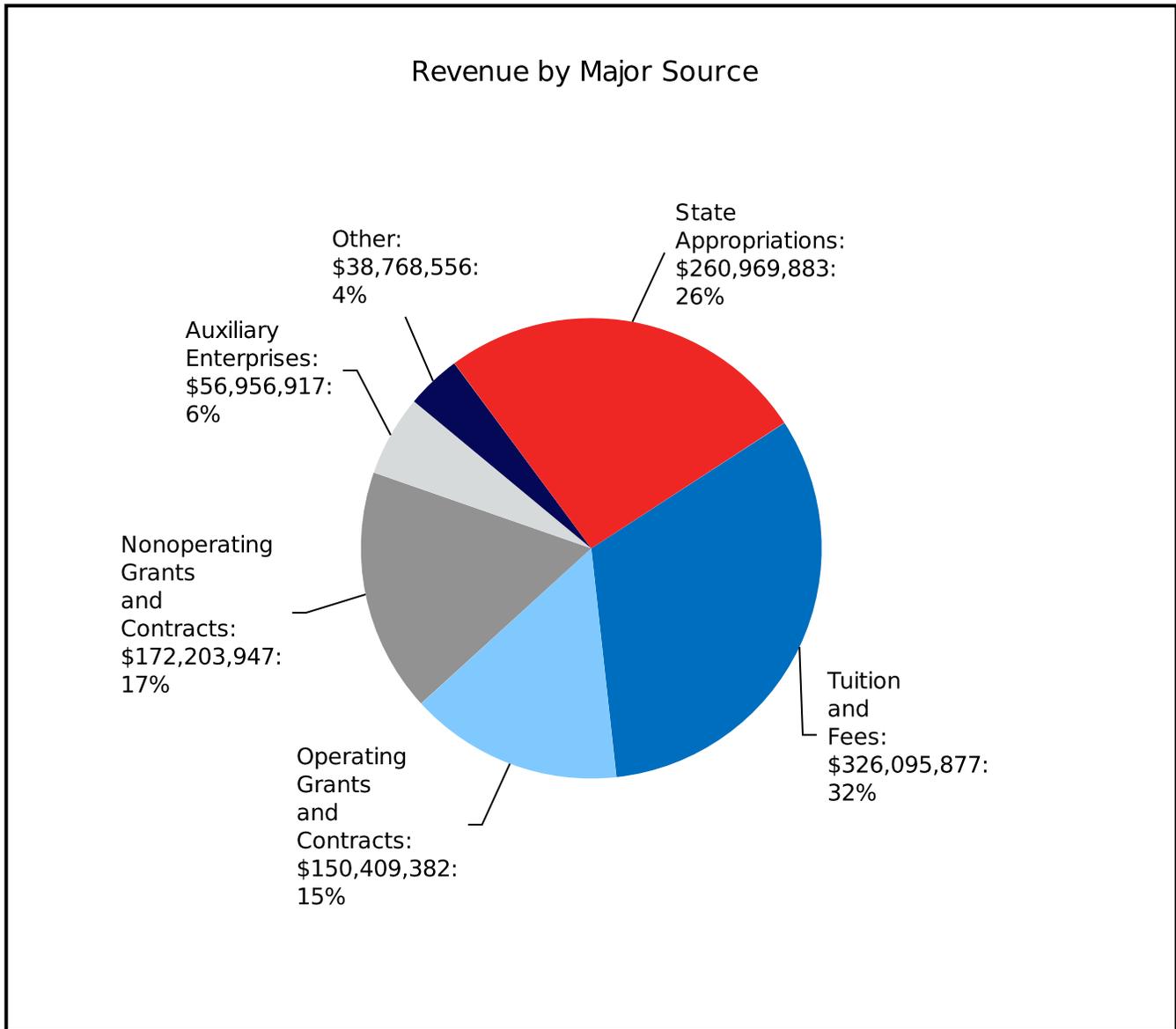
Some highlights of the information presented on the Statement of Revenues, Expenses and Changes in Net Position are as follows:

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Operating Revenue	\$ 556,065,321	\$ 581,744,397	\$(25,679,076)	(4.41)%
Operating Expense	985,631,796	1,016,044,099	(30,412,303)	(2.99)%
Operating Income (Loss)	(429,566,475)	(434,299,702)	4,733,227	1.09 %
Non-Operating Revenue and Expense	421,025,636	422,284,718	(1,259,082)	(0.30)%
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	(8,540,839)	(12,014,984)	3,474,145	28.92 %
Other Revenues, Expenses, Gains, or Losses	17,277,426	11,865,437	5,411,989	45.61 %
Change in Net Position	8,736,587	(149,547)	8,886,134	5,942.03 %
Net Position at beginning of year	244,090,657	244,240,204	(149,547)	(0.06)%
Net Position at End of Year	\$ 252,827,244	\$ 244,090,657	\$ 8,736,587	3.58 %

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year as represented by an increase in Change in Net Position for fiscal year 2021.

Revenues

Revenue by major source is depicted by the following chart:



State appropriations consists of formula funded state general funds, special funding initiatives and other non-capital organized activities appropriated by the General Assembly less prior year surplus (\$5.07 million) remitted back to the State.

Tuition and fees are net of scholarship allowances of \$90.09 million.

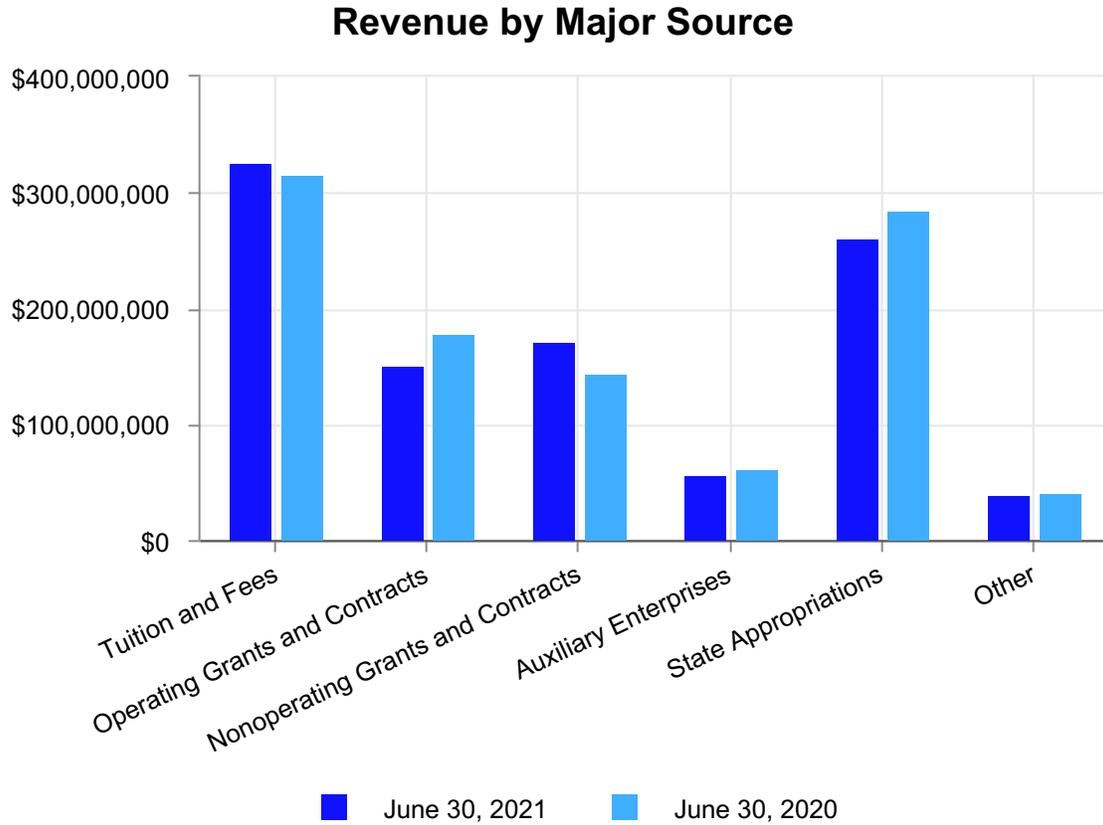
Operating grants and contracts are sponsored projects consisting mostly of sponsored research activities.

Non-operating grants and contracts are non-exchange transactions consisting mostly of student financial aid and other institutional support including CARES Act funds.

Auxiliary enterprises are activities that exist to provide services directly or indirectly to students, faculty or staff, and for which fees are charged that are related to, but not necessarily equal to, the cost of the services. Auxiliary enterprises should operate on a self-supporting basis, where the combination of fees and other revenues is

sufficient to meet costs. These revenues include residence halls (\$17.42 million), bookstores (\$1.06 million), food services (\$7.35 million), parking & transportation (\$6.18 million), health services (\$3.09 million), intercollegiate athletics (\$19.32 million), and vending & other activities (\$2.53 million).

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



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

REVENUES BY SOURCE	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 326,095,877	\$ 316,560,606	\$ 9,535,271	3.01 %
Grants and Contracts	150,409,382	177,736,381	(27,326,999)	(15.38)%
Sales and Services	18,873,006	20,739,969	(1,866,963)	(9.00)%
Auxiliary Enterprises	56,956,917	62,432,224	(5,475,307)	(8.77)%
Other Operating Revenues	3,730,139	4,275,217	(545,078)	(12.75)%
Total Operating Revenues	556,065,321	581,744,397	(25,679,076)	(4.41)%
State Appropriations	260,969,883	285,218,303	(24,248,420)	(8.50)%
Grants and Contracts	172,203,947	144,074,934	28,129,013	19.52 %
Gifts	21,000	20,032	968	4.83 %
Investment Income	828,931	5,151,913	(4,322,982)	(83.91)%
Other Nonoperating Revenues	(1,961,946)	(658,457)	(1,303,489)	(197.96)%
Total Nonoperating Revenues	432,061,815	433,806,725	(1,744,910)	(0.40)%
State Capital Gifts and Grants	15,638,105	10,976,355	4,661,750	42.47 %
Other Capital Gifts and Grants	1,639,321	889,082	750,239	84.38 %
Total Capital Gifts and Grants	17,277,426	11,865,437	5,411,989	45.61 %
Total Revenues	\$ 1,005,404,562	\$ 1,027,416,559	\$ (22,011,997)	(2.14)%

Fiscal year 2021 total revenues were \$22.01 million less than fiscal year 2020 total revenues. Tuition and fees increased \$9.54 million (3.01%) due to an increase in enrollment. Operating grants and contracts decreased \$27.33 million (15.38%) as some research was postponed during the pandemic. Auxiliary enterprises decreased \$5.48 million (8.77%) due to the shift to online instruction and reduced activities on campuses in response to the pandemic. State appropriations decreased \$24.25 million (8.50%) mostly due to a 10% cut in formula funding by the State. Non-operating grants and contracts increased \$28.13 million (19.52%) mostly due to Federal CARES Act funds received. Investment income decreased \$4.32 million (83.91%) largely due to the impact of market conditions related to the pandemic. State capital gifts and grants increased \$4.66 million (42.47%) primarily related to institution managed capital projects funded by the Georgia State Financing and Investment Commission (GSFIC).

Expenses

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

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2021	June 30, 2020	Increase/ (Decrease)	% Change
Instruction	\$ 331,649,362	\$ 330,913,136	\$ 736,226	0.22 %
Research	167,559,575	175,258,613	(7,699,038)	(4.39)%
Public Service	22,995,374	25,957,806	(2,962,432)	(11.41)%
Academic Support	111,964,551	109,371,999	2,592,552	2.37 %
Student Services	52,163,021	59,309,688	(7,146,667)	(12.05)%
Institutional Support	52,737,194	53,256,433	(519,239)	(0.97)%
Plant Operations and Maintenance	86,837,834	89,906,051	(3,068,217)	(3.41)%
Scholarships and Fellowships	77,254,522	82,723,465	(5,468,943)	(6.61)%
Auxiliary Enterprises	82,470,363	89,346,908	(6,876,545)	(7.70)%
Total Operating Expenses	985,631,796	1,016,044,099	(30,412,303)	(2.99)%
Interest Expense	11,036,179	11,522,007	(485,828)	(4.22)%
Total Nonoperating Expenses	11,036,179	11,522,007	(485,828)	(4.22)%
Total Expenses	\$ 996,667,975	\$1,027,566,106	\$ (30,898,131)	(3.01)%

Total operating expenses were \$985.63 million in fiscal year 2021, a decrease of \$30.41 million (2.99%) when compared with fiscal year 2020. The decreases in expense were primarily due to strategies to reduce spending and reduced activities on campuses in response to the pandemic.

Statement of Cash Flows

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

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

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2021	June 30, 2020
Cash Provided (Used) by:		
Operating Activities	\$ (338,847,528)	\$ (343,105,258)
Non-Capital Financing Activities	407,691,867	429,852,271
Capital and Related Financing Activities	(33,121,799)	(59,385,389)
Investing Activities	800,659	5,150,465
NET CHANGE IN CASH and CASH EQUIVALENTS	36,523,199	32,512,089
Cash and cash equivalents, beginning of year	289,513,704	257,001,615
CASH and cash equivalents, end of year	\$ 326,036,903	\$ 289,513,704

Capital Assets

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

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2021	June 30, 2020	Increase (Decrease)	% Change
Land	\$ 112,283,552	\$ 112,081,332	\$ 202,220	0.18 %
Capitalized Collections	1,193,045	1,193,045	—	0.00 %
Construction Work-in-Progress	7,256,590	16,301,495	(9,044,905)	(55.49)%
Infrastructure	15,139,061	17,804,697	(2,665,636)	(14.97)%
Building and Building Improvements	708,377,785	723,704,438	(15,326,653)	(2.12)%
Facilities and Other Improvements	23,334,856	22,321,868	1,012,988	4.54 %
Equipment	37,724,891	39,883,647	(2,158,756)	(5.41)%
Library Collections	35,075,011	34,921,448	153,563	0.44 %
Capital Assets, net of accumulated depreciation	\$ 940,384,791	\$ 968,211,970	\$ (27,827,179)	(2.87)%

The overall decrease in capital assets was driven by current year depreciation.

Long Term Liabilities

Georgia State University had Long-Term Liabilities of \$229.24 million of which \$23.40 million was reflected as current liability at June 30, 2021.

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

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

Economic Outlook

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

FINANCIAL STATEMENTS



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

	Georgia State University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 299,411,060	\$ 24,946,120
Cash and Cash Equivalents (Externally Restricted)	26,553,045	17,604,887
Accounts Receivable, net		
Federal Financial Assistance	26,843,863	24,146,372
Component Units	35,491,208	—
Primary Government	—	4,509,997
Pledges and Contributions	—	3,062,084
Other	20,581,320	5,719,222
Investment in Capital Leases - Primary Government	—	6,787,447
Inventories	150,776	—
Prepaid Items	33,163,459	21,422,019
Other Assets	—	2,880,925
Total Current Assets	442,194,731	111,079,073
Non-Current Assets		
Accounts Receivable, net		
Component Units	508,768	—
Due from USO - Capital Liability Reserve Fund	1,414,211	—
Pledges and Contributions	—	3,072,719
Other	—	54,000
Investments	—	49,633,911
Notes Receivable, net	2,777,754	—
Investment in Capital Leases - Primary Government	—	168,173,557
Other Assets	—	12,314,541
Non-current Cash (Externally Restricted)	72,798	—
Investments (Externally Restricted)	158,268	270,479,265
Capital Assets, net	940,384,791	20,692,759
Total Non-Current Assets	945,316,590	524,420,752
TOTAL ASSETS	1,387,511,321	635,499,825
DEFERRED OUTFLOWS OF RESOURCES	\$ 205,225,729	\$ 7,099,855

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

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

	Georgia State University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 20,696,330	\$ 5,691,234
Salaries Payable	286,224	—
Benefits Payable	8,130,377	—
Contracts Payable	1,605,020	—
Retainage Payable	622,706	—
Due to Affiliated Organizations	168,576	—
Due to Component Units	4,509,997	—
Due to Primary Government	—	35,491,208
Advances (Including Tuition and Fees)	58,631,479	24,898,548
Deposits	422,361	—
Deposits Held for Other Organizations	—	2,679,143
Other Liabilities	1,625,676	4,140,237
Lease Purchase Obligations - External	2,036,665	12,575
Lease Purchase Obligations - Component Units	6,787,447	—
Revenue Bonds and Notes Payable	—	7,170,000
Compensated Absences	14,573,777	256,327
Total Current Liabilities	120,096,635	80,339,272
Non-Current Liabilities		
Due to Primary Government	—	508,768
Other Liabilities	—	7,814,123
Lease Purchase Obligations - External	27,240,267	9,581
Lease Purchase Obligations - Component Units	168,173,557	—
Revenue Bonds and Notes Payable	—	185,478,813
Liabilities Under Split Interest Agreements	—	1,310,233
Compensated Absences	10,430,422	183,453
Net Other Post-employment Benefits Liability	548,747,012	—
Net Pension Liability	403,949,672	—
Total Non-Current Liabilities	1,158,540,930	195,304,971
TOTAL LIABILITIES	1,278,637,565	275,644,243
DEFERRED INFLOWS OF RESOURCES	61,272,241	—
NET POSITION		
Net Investment in Capital Assets	720,777,334	20,670,603
Restricted for:		
Nonexpendable	143,588	187,198,409
Expendable	21,434,052	101,444,026
Unrestricted (Deficit)	(489,527,730)	57,642,399
TOTAL NET POSITION	\$ 252,827,244	\$ 366,955,437

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

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

	<u>Georgia State University</u>	<u>Component Units</u>
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 326,095,877	\$ —
Grants and Contracts		
Federal	86,615,624	80,340,259
State	9,805,518	943,732
Other	53,988,240	18,350,832
Sales and Services	18,873,006	23,920,489
Rents and Royalties	105,690	21,412,564
Auxiliary Enterprises		
Residence Halls	17,424,588	—
Bookstore	1,062,251	—
Food Services	7,345,231	—
Parking/Transportation	6,181,727	—
Health Services	3,092,071	—
Intercollegiate Athletics	19,322,019	—
Other Organizations	2,529,030	—
Gifts and Contributions	—	27,839,994
Endowment Income	—	7,027,289
Other Operating Revenues	3,624,449	1,997,567
	<hr/>	<hr/>
Total Operating Revenues	556,065,321	181,832,726
	<hr/>	<hr/>
OPERATING EXPENSES		
Faculty Salaries	211,486,109	—
Staff Salaries	257,079,927	11,939,342
Employee Benefits	190,009,421	2,947,203
Other Personal Services	2,150,393	—
Travel	96,409	1,298,394
Scholarships and Fellowships	87,458,781	14,424,415
Utilities	17,524,812	232,876
Supplies and Other Services	162,067,252	130,673,394
Depreciation	57,758,692	1,466,240
	<hr/>	<hr/>
Total Operating Expenses	985,631,796	162,981,864
	<hr/>	<hr/>
Operating Income (Loss)	\$ (429,566,475)	\$ 18,850,862

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

	<u>Georgia State University</u>	<u>Component Units</u>
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 260,969,883	\$ —
Grants and Contracts		
Federal	167,267,611	—
State	34,271	—
Other	4,902,065	—
Gifts	21,000	—
Investment Income	828,931	56,834,961
Interest Expense	(11,036,179)	(5,915,656)
Other Nonoperating Revenues (Expenses)	(1,961,946)	(344,095)
	<hr/>	<hr/>
Net Nonoperating Revenues	421,025,636	50,575,210
	<hr/>	<hr/>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(8,540,839)	69,426,072
	<hr/>	<hr/>
Capital Grants and Gifts		
State	15,638,105	—
Other	1,639,321	—
	<hr/>	<hr/>
Total Other Revenues, Expenses, Gains or Losses	17,277,426	—
	<hr/>	<hr/>
Change in Net Position	8,736,587	69,426,072
	<hr/>	<hr/>
Net Position, Beginning of Year, As Originally Reported	244,090,657	297,529,365
Prior Year Adjustments	—	—
Net Position, Beginning of Year, Restated	244,090,657	297,529,365
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 252,827,244</u>	<u>\$ 366,955,437</u>

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

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

Georgia State University

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 402,454,451
Grants and Contracts (Exchange)	138,186,669
Payments to Suppliers	(327,843,744)
Payments to Employees	(468,055,741)
Payments for Scholarships and Fellowships	(87,458,781)
Loans Issued to Students	(5,602,826)
Collection of Loans from Students	5,861,576
Other Receipts	3,610,868
Net Cash Used by Operating Activities	<u>(338,847,528)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	260,969,883
Gifts and Grants Received for Other Than Capital Purposes	146,721,984
Net Cash Flows Provided by Non-Capital Financing Activities	<u>407,691,867</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	18,607,590
Gain from Sale of Capital Assets	1,875
Purchases of Capital Assets	(31,089,478)
Principal Paid on Capital Debt and Leases	(8,745,293)
Interest Paid on Capital Debt and Leases	(11,896,493)
Net Cash Used by Capital and Related Financing Activities	<u>(33,121,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	813,934
Purchase of Investments	(13,275)
Net Cash Provided by Investing Activities	<u>800,659</u>
Net Increase in Cash and Cash Equivalents	36,523,199
Cash and Cash Equivalents, Beginning of Year	<u>289,513,704</u>
Cash and Cash Equivalents, End of Year	<u>\$ 326,036,903</u>

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

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

Georgia State University

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (429,566,475)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation	57,758,692
Change in Assets and Liabilities:	
Receivables, net	(17,731,600)
Inventories	10,220
Prepaid Items	(10,080,917)
Notes Receivable, Net	258,750
Accounts Payable	3,506,077
Salaries Payable	140,227
Benefits Payable	(67,030)
Deposits	161,311
Advances (Including Tuition and Fees)	4,628,489
Other Liabilities	485,937
Compensated Absences	372,392
Due to Affiliated Organizations	1,039,865
Net Pension Liability	45,597,156
Other Post-Employment Benefit Liability	92,304,420
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	(22,388,883)
Deferred Outflows of Resources	(65,276,159)
Net Cash Used by Operating Activities	<u>\$ (338,847,528)</u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Non-capital Financing Activities Noncash Items:	
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	<u>\$ 26,973,528</u>
Amortization of Non-capital Financing Activities Advances and Deferred Inflows	<u>\$ 423,406</u>
Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	<u>\$ 1,822,715</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (1,963,872)</u>
Accrual of Capital Asset Related Payables	<u>\$ 1,740,068</u>
Capital Assets Acquired by Incurring Capital Lease Obligations	<u>\$ 309,129</u>
Early Extinguishment of Capital Debt	<u>\$ 134,237</u>
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	<u>\$ 860,313</u>
Other Capital Financing Activities Noncash Items	<u>\$ 10,050</u>
Investing Activities Noncash Items:	
Unrealized Gain (Loss) on Investments	<u>\$ 14,997</u>

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

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

Georgia State University
Custodial Funds

ASSETS

Receivables, Net

Other

\$ 9,540,131

LIABILITIES

Cash Overdraft

7,857,961

Accounts Payable

1,092,223

Total Liabilities

8,950,184

NET POSITION

Restricted for:

Individuals, Organizations, and Other Governments

\$ 589,947

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

	Georgia State University Custodial Funds
ADDITIONS	
Federal Financial Aid	\$ 207,847,000
State Financial Aid	106,804,921
Other Financial Aid	17,759,852
Clubs and Other Organizations Fund Raising	14,885,260
Public-Private Partnership Passthrough	<u>18,189,036</u>
 Total Additions	 <u>365,486,069</u>
DEDUCTIONS	
Scholarships and Other Student Support	332,040,183
Student Organizations Support	14,861,089
Public-Private Partnership Passthrough	<u>18,562,946</u>
 Total Deductions	 <u>365,464,218</u>
 Net Increase (Decrease) in Fiduciary Net Position	 21,851
Net Position, Beginning of Year, As Originally Reported	<u>568,096</u>
 Net Position, End of Year	 <u><u>\$ 589,947</u></u>

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

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 1,296,501	\$ 6,471,259	\$ 17,178,360	\$ —	\$ 24,946,120
Cash and Cash Equivalents (Externally Restricted)	3,654,967	8,297,754	5,652,166	—	17,604,887
Accounts Receivable, net					
Federal Financial Assistance	—	—	24,146,372	—	24,146,372
Primary Government	2,214,759	—	2,295,238	—	4,509,997
Pledges and Contributions	166,720	3,062,084	—	(166,720)	3,062,084
Other	611,161	770,237	4,337,824	—	5,719,222
Investment in Capital Leases - Primary Government	—	4,126,229	2,661,218	—	6,787,447
Prepaid Items	208,187	—	21,213,832	—	21,422,019
Other Assets	—	2,880,925	—	—	2,880,925
Total Current Assets	8,152,295	25,608,488	77,485,010	(166,720)	111,079,073
Non-Current Assets					
Accounts Receivable, net					
Pledges and Contributions	162,408	3,072,719	—	(162,408)	3,072,719
Other	—	—	54,000	—	54,000
Investments	3,333,523	33,390,692	16,243,219	(3,333,523)	49,633,911
Investment in Capital Leases - Primary Government	—	105,760,503	62,413,054	—	168,173,557
Other Assets	—	12,314,541	—	—	12,314,541
Investments (Externally Restricted)	—	270,479,265	—	—	270,479,265
Capital Assets, net	377,105	13,940,385	6,375,269	—	20,692,759
Total Non-Current Assets	3,873,036	438,958,105	85,085,542	(3,495,931)	524,420,752
TOTAL ASSETS	12,025,331	464,566,593	162,570,552	(3,662,651)	635,499,825
DEFERRED OUTFLOWS OF RESOURCES	\$ —	\$ —	\$ 7,099,855	\$ —	\$ 7,099,855

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

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

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 424,245	\$ 2,511,318	\$ 2,755,671	\$ —	\$ 5,691,234
Due to Primary Government	412,618	—	35,078,590	—	35,491,208
Advances (Including Tuition and Fees)	1,545,481	155,692	23,197,375	—	24,898,548
Deposits Held for Other Organizations	—	2,679,143	—	—	2,679,143
Other Liabilities	—	4,140,237	—	—	4,140,237
Lease Purchase Obligations - External	12,575	—	—	—	12,575
Revenue Bonds and Notes Payable	—	4,625,000	2,545,000	—	7,170,000
Compensated Absences	256,327	—	—	—	256,327
Total Current Liabilities	2,651,246	14,111,390	63,576,636	—	80,339,272
Non-Current Liabilities					
Due to Primary Government	—	—	508,768	—	508,768
Other Liabilities	—	7,814,123	—	—	7,814,123
Lease Purchase Obligations - External	9,581	—	—	—	9,581
Revenue Bonds and Notes Payable	—	112,934,156	72,544,657	—	185,478,813
Liabilities Under Split Interest Agreements	—	1,310,233	—	—	1,310,233
Compensated Absences	183,453	—	—	—	183,453
Total Non-Current Liabilities	193,034	122,058,512	73,053,425	—	195,304,971
TOTAL LIABILITIES	2,844,280	136,169,902	136,630,061	—	275,644,243
NET POSITION					
Net Investment in Capital Assets	354,949	13,940,385	6,375,269	—	20,670,603
Restricted for:					
Nonexpendable	—	185,648,409	1,550,000	—	187,198,409
Expendable	7,317,618	90,965,660	6,823,399	(3,662,651)	101,444,026
Unrestricted (Deficit)	1,508,484	37,842,237	18,291,678	—	57,642,399
TOTAL NET POSITION	\$ 9,181,051	\$ 328,396,691	\$ 33,040,346	\$ (3,662,651)	\$ 366,955,437

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

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

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
OPERATING REVENUES					
Grants and Contracts					
Federal	\$ —	\$ —	\$ 80,340,259	\$ —	\$ 80,340,259
State	—	—	943,732	—	943,732
Other	—	—	18,350,832	—	18,350,832
Sales and Services	23,920,489	—	—	—	23,920,489
Rents and Royalties	425,516	18,035,715	2,951,333	—	21,412,564
Gifts and Contributions	5,202,858	19,031,565	—	3,605,571	27,839,994
Endowment Income	—	7,027,289	—	—	7,027,289
Other Operating Revenues	876,457	1,121,110	—	—	1,997,567
Total Operating Revenues	30,425,320	45,215,679	102,586,156	3,605,571	181,832,726
OPERATING EXPENSES					
Staff Salaries	9,147,685	2,791,657	—	—	11,939,342
Employee Benefits	2,947,203	—	—	—	2,947,203
Travel	1,253,998	43,853	543	—	1,298,394
Scholarships and Fellowships	5,656,298	8,768,117	—	—	14,424,415
Utilities	223,426	—	9,450	—	232,876
Supplies and Other Services	12,734,560	19,947,015	99,073,507	(1,081,688)	130,673,394
Depreciation	101,196	665,798	699,246	—	1,466,240
Total Operating Expenses	32,064,366	32,216,440	99,782,746	(1,081,688)	162,981,864
Operating Income (Loss)	\$ (1,639,046)	\$ 12,999,239	\$ 2,803,410	\$ 4,687,259	\$ 18,850,862

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

	Georgia State Athletic Association, Inc.	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc. & Affiliates	Elimination/ Consolidation Entries	Total
NONOPERATING REVENUES (EXPENSES)					
Investment Income	\$ 56,538	\$ 54,391,308	\$ 2,387,115	\$ —	\$ 56,834,961
Interest Expense	—	(3,452,766)	(2,462,890)	—	(5,915,656)
Other Nonoperating Revenues (Expenses)	—	—	(344,095)	—	(344,095)
Net Nonoperating Revenues	56,538	50,938,542	(419,870)	—	50,575,210
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(1,582,508)	63,937,781	2,383,540	4,687,259	69,426,072
Change in Net Position	(1,582,508)	63,937,781	2,383,540	4,687,259	69,426,072
Net Position, Beginning of Year, As Originally Reported	10,763,559	264,458,910	30,656,806	(8,349,910)	297,529,365
Net Position, End of Year	\$ 9,181,051	\$ 328,396,691	\$ 33,040,346	\$ (3,662,651)	\$ 366,955,437

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



NOTES TO THE FINANCIAL STATEMENTS

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

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2021, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's ACFR. The most recent State of Georgia ACFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at <https://sao.georgia.gov/statewide-reporting/acfr>.

Discretely Presented Component Units

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

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

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary fund:

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

New Accounting Pronouncements

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2018. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which postponed the effective date of Statement No. 90 to fiscal year 2021. This statement addresses owning or acquiring a majority of the equity interest in a legally separate organization. The adoption of this statement does not have a significant impact on the University 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.

Investments

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

Non-current Cash and Investments

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

Prepaid Items

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

Capital Assets

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

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

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

Capital Liability Reserve Fund

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

Deferred Outflows of Resources

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

Deposits

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

Advances

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB) and Net OPEB Liability

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

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

Unrestricted net position also includes auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$90,091,757.

Note 2 Deposits and Investments

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

Statement of Net Position

Current		
Cash and Cash Equivalents	\$	299,411,060
Cash and Cash Equivalents (Externally Restricted)		26,553,045
Noncurrent		
Noncurrent Cash (Externally Restricted)		72,798
Noncurrent Investments (Externally Restricted)		158,268
Statement of Fiduciary Net Position		
Cash and Cash Equivalents	\$	(7,857,961)
	\$	<u>318,337,210</u>

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

Cash on Hand	\$	36,799
Deposits with Financial Institutions		31,538,985
Investments		286,761,426
	\$	<u>318,337,210</u>

A. Deposits with Financial Institutions

Deposits include certificates of deposits and demand deposit accounts, including certain interest-bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the University) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated (O.C.G.A.) § 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Letters of credit issued by a Federal Home Loan Bank.
7. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The University participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each

covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

At June 30, 2021, the bank balances of the University's deposits totaled \$29,525,543. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the University. None of these deposits were exposed to custodial credit risk.

B. Investments

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

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

	<u>Fair Value</u>
Investment Pools	
Board of Regents	
Short-Term Fund	\$ 97,169,923
Balanced Income Fund	55,191
Diversified Fund	103,077
Office of the State Treasurer	
Georgia Fund 1	<u>189,433,235</u>
Total Investments	<u>\$ 286,761,426</u>

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

Board of Regents Pooled Investment Program

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

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

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

1. Short-Term Fund

The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and three years, and the fund will typically have an overall average duration of $\frac{3}{4}$ - 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Short-Term Fund at June 30, 2021 was \$97,169,923, of which 100% is invested in debt securities. The Effective Duration of the Fund is 0.89 years.

2. Balanced Income Fund

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

The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Balanced Income Fund at June 30, 2021 was \$55,191, of which 65% is invested in debt securities. The Effective Duration of the Fund is 7.13 years.

3. Diversified Fund

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

The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Diversified Fund at June 30, 2021 was \$103,077, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.88 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1 per share. The Georgia Fund 1 Investment Pool is an AAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 36 days.

Interest Rate Risk

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

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds, colleges, universities, and foundations:

1. In the Short-Term Fund, all debt issues must be eligible investments under O.C.G.A § 50-17-59 and 50-17-63. Other investment portfolios of debt securities funds also must meet the eligible investment criteria under the same code section.
2. In the Balanced Income Fund, and Diversified Fund, total fixed income portfolios should have an average credit quality rating of at least A. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.
3. The Georgia Fund 1 Investment Pool is managed by the Office of the State Treasurer (OST). OST utilizes a counterparty risk assessment model to assess credit risk of financial institutions that have been approved to serve as counterparties and major depositories. OST has assigned credit limits to each financial institution based upon counterparty risk assessment model which incorporates market indicators, default probabilities, issuer research and issuer ratings to determine maximum credit exposure per institution, term of investment for respective counterparties and collateralization requirements in accordance with the OST Investment Policy.

Foreign Currency Risk

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

Note 3 Accounts Receivable

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

	<u>Business Type Activities</u>	<u>Fiduciary Fund</u>
Student Tuition and Fees	\$ 19,122,676	\$ —
Auxiliary Enterprises and Other Operating Activities	2,068,616	—
Federal Financial Assistance	26,843,863	550,633
Georgia State Financing and Investment Commission	1,822,715	—
Due from Component Units	35,999,976	—
Due from Other USO-Capital Liability Reserve Fund	1,414,211	—
Georgia Student Finance Commission	—	8,791,824
Other	12,112,097	205,328
	<u>99,384,154</u>	<u>9,547,785</u>
Less: Allowance for Doubtful Accounts	<u>14,544,784</u>	<u>7,654</u>
Net Accounts Receivable	<u>\$ 84,839,370</u>	<u>\$ 9,540,131</u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2021:

Consumable Supplies	\$	110,468
Merchandise for Resale		<u>40,308</u>
 Total	 \$	 <u><u>150,776</u></u>

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2021. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for amounts canceled under these provisions. As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2021, the allowance for uncollectible loans was \$130,421.

Note 6 Capital Assets

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 112,081,332	\$ 202,220	\$ —	\$ 112,283,552
Capitalized Collections	1,193,045	—	—	1,193,045
Construction Work-in-Progress	16,301,495	3,529,295	12,574,200	7,256,590
Total Capital Assets Not Being Depreciated	<u>129,575,872</u>	<u>3,731,515</u>	<u>12,574,200</u>	<u>120,733,187</u>
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	39,503,245	1,315,599	5,798,681	35,020,163
Building and Building Improvements	1,199,784,034	20,173,966	—	1,219,958,000
Facilities and Other Improvements	35,544,981	2,624,311	—	38,169,292
Equipment	154,827,854	9,834,542	3,063,154	161,599,242
Library Collections	179,651,224	6,811,358	48,870	186,413,712
Total Capital Assets Being Depreciated/Amortized	<u>1,609,311,338</u>	<u>40,759,776</u>	<u>8,910,705</u>	<u>1,641,160,409</u>
Less: Accumulated Depreciation/Amortization				
Infrastructure	21,698,548	2,203,256	4,020,702	19,881,102
Building and Building Improvements	476,079,596	35,500,619	—	511,580,215
Facilities and Other Improvements	13,223,113	1,611,323	—	14,834,436
Equipment	114,944,207	11,785,751	2,855,607	123,874,351
Library Collections	144,729,776	6,657,743	48,818	151,338,701
Total Accumulated Depreciation/Amortization	<u>770,675,240</u>	<u>57,758,692</u>	<u>6,925,127</u>	<u>821,508,805</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>838,636,098</u>	<u>(16,998,916)</u>	<u>1,985,578</u>	<u>819,651,604</u>
Capital Assets, net	<u>\$ 968,211,970</u>	<u>\$ (13,267,401)</u>	<u>\$ 14,559,778</u>	<u>\$ 940,384,791</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. GSFIC had construction in progress valued at \$21,760,643 for incomplete GSFIC managed projects for the University. For the year ended June 30, 2021, GSFIC did not transfer any capital additions to the University related to GSFIC managed projects.

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

Fiscal Year	Depreciation Expense
2021	\$ 57,758,692
2020	\$ 55,508,339
2019	\$ 57,427,954

Note 7 Advances (Including Tuition and Fees)

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

	Current Liabilities
Prepaid Tuition and Fees	\$ 27,981,799
Research	26,050,613
Other - Advances	4,599,067
Totals	<u>\$ 58,631,479</u>

Note 8 Long-Term Liabilities

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Leases					
Lease Purchase Obligations	\$ 212,810,734	\$ 309,129	\$ 8,881,927	\$ 204,237,936	\$ 8,824,112
Other Liabilities					
Compensated Absences	24,631,806	16,648,344	16,275,951	25,004,199	14,573,777
Total Long-Term Liabilities	<u>\$ 237,442,540</u>	<u>\$ 16,957,473</u>	<u>\$ 25,157,878</u>	<u>\$ 229,242,135</u>	<u>\$ 23,397,889</u>

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

Note 9 Deferred Outflows and Inflows of Resources

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

Deferred Outflows of Resources

Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	\$ 111,634,593
Deferred Outflows on OPEB Plan (See Note 17)	93,591,136
Total Deferred Outflows of Resources	<u>\$ 205,225,729</u>

Deferred Inflows of Resources

Deferred Inflows on Debt Refunding	\$ 13,629,453
Unavailable Revenues	3,483,327
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	53,461
Deferred Inflows on OPEB Plan (See Note 17)	44,106,000
Total Deferred Inflows of Resources	<u>\$ 61,272,241</u>

Deferred Loss/Gain on Debt Refunding

In June 2016, the Georgia State University Research Foundation refunded the bonds associated with the Petit Science Center and passed the perceived economic advantages of this refund to the University by reducing the future minimum lease payments and the effective interest rate. As a result of this refund, the University recognized a Deferred Inflow on Debt Refunding in the amount of \$6,502,797. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$4,989,325.

In August 2017, the Georgia State University Foundation refunded the bonds associated with the former SunTrust Tower and Parking Decks and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$5,953,575. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$4,720,896.

In August 2017, the Georgia State University Foundation refunded the bonds associated with the Newton Academic Building and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$2,188,383. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$1,709,993.

In May 2018, the Georgia State University Foundation refunded the bonds associated with the Georgia Perimeter Student Support Projects and passed the perceived economic advantages of the refund to the University. As a result of this refund, the University recognized a Deferred Inflow on Debt refunding in the amount of \$2,609,934. The unamortized Deferred Inflow on Debt Refunding at year end related to this transaction is \$2,209,239.

Note 10 Net Position

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

Net Investment in Capital Assets	\$ 720,777,334
Restricted for	
Nonexpendable	
Permanent Endowment	143,588
Expendable	
Sponsored and Other Organized Activities	18,403,465
Federal Loans	3,015,822
Quasi-Endowments	14,765
Sub-Total	21,434,052
Unrestricted	
Auxiliary Enterprises Operations	69,568,866
Reserve for Encumbrances	51,753,005
Reserve for Inventory	117,864
Capital Liability Reserve Fund	1,414,211
Other Unrestricted	(612,381,676)
Sub-Total	(489,527,730)
Total Net Position	\$ 252,827,244

Other unrestricted net position is reduced by \$499,261,876 related to the recording of net OPEB liability, deferred inflows, and deferred outflows of resources related to OPEB plan. Other unrestricted net position is also reduced by \$292,368,540 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources related to defined benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Net Investments in Capital Assets	\$ 739,804,761	\$ 40,799,018	\$ 59,826,445	\$ 720,777,334
Restricted Net Position	22,454,713	339,890,755	340,767,828	21,577,640
Unrestricted Net Position	(518,168,817)	667,475,753	638,834,666	(489,527,730)
Total Net Position	\$ 244,090,657	\$ 1,048,165,526	\$ 1,039,428,939	\$ 252,827,244

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 \$26,846 and is reflected as expendable restricted net position.

For endowment funds where the donor has not provided specific instructions, investment return of the University's endowment funds is predicated under classical trust doctrines. Unless the donor has stipulated otherwise, capital gains and losses are accounted for as part of the endowment principal and are not available for expenditure.

For the current year, the University did not incur investment losses that exceeded the related endowment's available accumulated income and net appreciation

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2021. The University had no other significant unearned outstanding construction or renovation contracts.

Note 13 Leases

Lease Obligations

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

Capital Leases

The University acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest cash payments related to capital leases for fiscal year 2021 were \$8,951,573 and \$11,896,493, respectively. Interest rates range up to 7.803%. The University has \$174,961,004 in outstanding lease obligations due to component units. Component units have \$174,961,004 in investment in capital lease receivables due from the University.

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

Description	Gross Amount	Less: Accumulated Depreciation	Net, Capital Assets Held Under Capital Lease at June 30, 2021	Outstanding Balance per Lease Schedules at June 30, 2021
	(+)	(-)	(=)	
Leased Equipment	\$ 2,796,821	\$ 1,338,220	\$ 1,458,601	\$ 778,433
Leased Buildings and Building Improvements	271,875,661	77,591,899	194,283,762	203,459,503
Total Assets Held Under Capital Lease	<u>\$ 274,672,482</u>	<u>\$ 78,930,119</u>	<u>\$ 195,742,363</u>	<u>\$ 204,237,936</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Lofts Housing	Georgia State University Foundation	\$ 39,965,234	27 years	Jan 2005	Aug 2032	\$ 27,581,591 (1)
Rialto Center	Georgia State University Foundation	1,041,646	35 years	Dec 2009	Nov 2044	916,906 (1)
Petit Science Center	GSU Research Foundation	85,853,469	29 years	May 2010	Jun 2039	65,074,272 (1)
SunTrust Tower	Georgia State University Foundation	52,689,804	29 years	Jun 2007	Jun 2036	41,266,759 (1)
SunTrust Parking Deck	Georgia State University Foundation	12,793,580	29 years	Jun 2007	Jun 2036	10,169,587 (1)
Newton Academic Building	Georgia State University Foundation	22,682,812	28 years	Jun 2007	May 2035	13,657,842 (1)
Newton Learning Center	Georgia State University Foundation	12,754,177	29 years	Aug 2009	Jun 2038	7,399,718 (1)
Clarkston International Center	Georgia State University Foundation	3,048,768	29 years	Sep 2009	Jun 2038	2,505,379 (1)
Clarkston Parking Deck	Georgia State University Foundation	8,281,580	30 years	Aug 2008	Jun 2038	7,165,395 (1)
Clarkston Student Success Center	Georgia State University Foundation	6,015,435	29 years	Mar 2009	Jun 2038	5,062,274 (1)
Decatur Student Success Center	Georgia State University Foundation	9,002,865	29 years	May 2009	Jun 2038	7,516,138 (1)
Dunwoody Parking Deck	Georgia State University Foundation	8,436,012	30 years	Aug 2008	Jun 2038	7,299,012 (1)
Dunwoody Student Success Center	Georgia State University Foundation	9,358,859	29 years	Apr 2009	Jun 2038	7,844,630 (1)
Various Copiers	Various vendors	2,797,271	3 to 5 years	Oct 2016	May 2025	778,433
Total Leases		<u>\$ 274,721,512</u>				<u>\$ 204,237,936</u>

(1) These capital leases are related party transactions.

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

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

Operating Leases

The University leases land, facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the University has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The University's operating lease expense for fiscal year 2021 was \$7,156,537.

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

Year Ending June 30:	Real Property and Equipment	
	Capital Leases	Operating Leases
2022	\$ 21,688,069	\$ 6,428,906
2023	21,735,798	6,389,396
2024	21,711,690	3,599,622
2025	21,687,933	136,411
2026	21,787,775	135,343
2027 through 2031	110,344,723	676,715
2032 through 2036	95,542,213	676,715
2037 through 2041	20,517,439	676,715
2042 through 2046	270,956	676,715
2047 through 2051	—	632,058
Total Minimum Lease Payments	335,286,596	\$ <u>20,028,596</u>
Less: Interest	102,902,759	
Less: Executory Costs	28,145,901	
Principal Outstanding	<u>\$ 204,237,936</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 University also provides the Regents Retirement Plan.

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2021. The University's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of the University's annual payroll. The University's contributions to TRS totaled \$39,932,689 for the year ended June 30, 2021.

General Information about the Employees' Retirement System

Plan description

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

Benefits provided

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

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2021 was 19.91% of annual covered payroll for old plan members, 24.66% for new plan members and 21.57% for GSEPS members. The University's contributions to ERS totaled \$232,075 for the year ended June 30, 2021. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2020. At June 30, 2020, the University's TRS proportion was 1.659957%, which was an increase of 0.001092% from its

proportion measured as of June 30, 2019. At June 30, 2020, the University's ERS proportion was 0.043728%, which was an increase of 0.003702% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of \$68,861,618 for TRS and \$374,702 for ERS. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,511,866	\$ —	\$ 22,451	\$ —
Changes of assumptions	41,417,438	—	—	—
Net difference between projected and actual earnings on pension plan investments	9,684,803	—	26,034	—
Changes in proportion and differences between contributions and proportionate share of contributions	2,689,235	53,461	118,001	—
Contributions subsequent to the measurement date	39,932,689	—	232,075	—
Total	<u>\$ 111,236,031</u>	<u>\$ 53,461</u>	<u>\$ 398,561</u>	<u>\$ —</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS	ERS
2022	\$ 15,524,879	\$ 69,600
2023	\$ 23,335,803	\$ 43,903
2024	\$ 23,115,276	\$ 30,214
2025	\$ 9,273,923	\$ 22,769

Actuarial assumptions

The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	2.50%
Salary increases	3.00% - 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%)

with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improved in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term assumed rate of return and the assumed annual rate of inflation.

Employees' Retirement System

Inflation	2.75%
Salary increases	3.25 – 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9–12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the assumed investment rate of return.

The long-term expected rate of return on TRS and ERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS target allocation	ERS target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	30.00 %	(0.10)%
Domestic large equities	51.00 %	46.20 %	8.90 %
Domestic small equities	1.50 %	1.30 %	13.20 %
International developed market equities	12.40 %	12.40 %	8.90 %
International emerging market equities	5.10 %	5.10 %	10.90 %
Alternatives	—	5.00 %	12.00 %
Total	<u>100.00 %</u>	<u>100.00 %</u>	

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.25% and 7.30%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.25% for TRS and 7.30% for ERS, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	\$ 637,645,009	\$ 402,106,556	\$ 209,032,559

Employees' Retirement System:

	1% Decrease 6.30%	Current discount rate 7.30%	1% Increase 8.30%
Proportionate share of the net pension liability	\$ 2,592,941	\$ 1,843,116	\$ 1,203,229

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2021, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of \$16,420,079 (9.24%) and \$10,662,395 (6.00%), respectively.

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

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2021, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

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

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

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

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

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

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

Note 16 Contingencies

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

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

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

The Board of Regents Retiree Health Benefit Plan (Plan) is a single-employer, defined-benefit, healthcare plan administered by the University System Office, an organizational unit of the USG. The Plan was authorized pursuant to OCGA § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits.

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2021, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

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

Active Employees	5,224
Retirees or Beneficiaries Receiving Benefits	1,669
Retirees Receiving Life Insurance Only	<u>353</u>
Total	<u><u>7,246</u></u>

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

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2021 plan year, the employer rate was approximately 85% of the total health insurance cost for eligible retirees and the retiree rate was approximately 15%. The employer portion of health insurance ranges from 0% to 100%, based on years of service, for employees hired after January 1, 2013 and retiring after January 1, 2018. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2021, the University contributed \$12,023,773 to the plan for current premiums or claims.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability

was based on an actuarial valuation as of May 1, 2020. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. The University's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the University's proportion was 10.288262%, which was an increase of 0.080599% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized OPEB expense of \$33,188,752. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,866,175	\$ 2,198,470
Changes of assumptions	50,376,671	39,131,778
Net difference between projected and actual earnings on OPEB plan investments	—	170,797
Changes in proportion and differences between contributions and proportionate share of contributions	3,324,517	2,604,955
Contributions subsequent to the measurement date	<u>12,023,773</u>	<u>—</u>
Total	<u>\$ 93,591,136</u>	<u>\$ 44,106,000</u>

The University's contributions subsequent to the measurement date of \$12,023,773 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2022	\$	1,634,388
2023	\$	1,855,115
2024	\$	6,092,312
2025	\$	6,313,098
2026	\$	7,067,308
Thereafter	\$	14,499,142

Actuarial assumptions

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of May 1, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2020 2.21% from Bond Buyers GO 20-Bond Municipal Bond Index Interest Rate as of 6/30/2019 3.50% from Bond Buyers GO 20-Bond Municipal Bond Index Long-term Rate of Return 3.75% General Inflation 2.10% Salary Increase 4.00%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2019
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.7%
Medicare Eligible	4.5%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4.5%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2020 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which cover the five year period ending June 30, 2014.

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to remove excise tax adjustments. Mortality improvement scale was updated from MP-2018 to MP-2019. The discount rate was update from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes:

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

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

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	—%	70 %
Equity Allocation	4.51%	30 %

Discount rate

The Plan's projected fiduciary net position at the end of 2023 is \$0, based on the valuation completed for the fiscal year ending June 30, 2020. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2023. Therefore, the long-term expected rate of return on Plan investments of 3.75% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020. Instead, a yield or index rate for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 2.21% from the Bond Buyer.

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

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

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Proportionate Share of the Net OPEB Liability	\$ 668,972,024	\$ 548,747,012	\$ 452,528,947

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 454,996,722	\$ 548,747,012	\$ 667,622,023
Pre-Medicare Eligible	5.7% decreasing to 3.5%	6.7% decreasing to 4.5%	7.7% decreasing to 5.5%
Medicare Eligible	3.5%	4.5%	5.5%

OPEB plan fiduciary net position:

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

Note 18 Operating Expenses with Functional Classifications

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

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 151,133,244	\$ 32,686,140	\$ 122,424,419	\$ 1,006,641	\$ 19,925
Research	40,022,245	58,481,668	17,401,620	4,240	36,795
Public Service	1,962,907	10,645,921	3,579,706	—	—
Academic Support	14,780,954	42,633,338	18,947,375	2,000	8,776
Student Services	1,118,302	30,827,687	10,219,120	520	—
Institutional Support	2,411,350	31,855,120	613,030	1,108,761	—
Plant Operations and Maintenance	—	27,334,759	9,426,522	—	12,832
Scholarships and Fellowships	—	96,466	552	13,430	—
Auxiliary Enterprises	57,107	22,518,828	7,397,077	14,801	18,081
Total Operating Expenses	\$ 211,486,109	\$ 257,079,927	\$ 190,009,421	\$ 2,150,393	\$ 96,409

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 1,733,371	\$ 17,273	\$ 12,727,870	\$ 9,900,479	\$ 331,649,362
Research	3,329,479	252,969	33,855,218	14,175,341	167,559,575
Public Service	51,034	30,679	6,510,134	214,993	22,995,374
Academic Support	93,293	807,168	24,478,748	10,212,899	111,964,551
Student Services	742,535	41,417	7,398,589	1,814,851	52,163,021
Institutional Support	2,131,346	116,371	12,444,112	2,057,104	52,737,194
Plant Operations and Maintenance	—	14,345,928	22,503,544	13,214,249	86,837,834
Scholarships and Fellowships	76,263,681	—	880,393	—	77,254,522
Auxiliary Enterprises	3,114,042	1,913,007	41,268,644	6,168,776	82,470,363
Total Operating Expenses	\$ 87,458,781	\$ 17,524,812	\$ 162,067,252	\$ 57,758,692	\$ 985,631,796

Note 19 Component Units

Georgia State University Athletic Association, Inc.

The Georgia State University Athletic Association, Inc. (GSUAA) administers Georgia State University's intercollegiate athletics program, including fund-raising to support scholarships. During the year ended June 30, 2021, the GSUAA distributed \$17,056,848 to Georgia State University for athletic scholarship support and other payments that were either expense reimbursements or support for Georgia State University's intercollegiate athletics program.

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

Georgia State University Foundation, Inc.

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

The GSUF acts primarily as a fund-raising organization to supplement the resources that are available to the Georgia State University in support of its programs. During the year ended June 30, 2021, the GSUF distributed approximately \$17,474,607 to Georgia State University in support of capital outlay projects, scholarships and other supporting activities.

Georgia State University Research Foundation Inc. and Affiliates

The Georgia State University Research Foundation (Research Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University) and was established to contribute to the scientific, literary, educational, and charitable functions of the University in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments or other units of the University. Most of the research grants awarded to the Research Foundation are subcontracted to the University, which is responsible for the fiscal administration of the grants. During the year ended June 30, 2021, GSURF distributed approximately \$94,597,693 to Georgia State University for project costs. The ten member board of the Research Foundation is self-perpetuating and consists of faculty and administrators of the University. Because the resources held by the Research Foundation can only be used by or for the benefit of the University, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

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

Elimination and Consolidation Adjustments

The Georgia State University Athletic Association (GSUAA) holds an interest in the net assets of the Georgia State University Foundation (GSUF) related to GSUAA's fund raising efforts. An entry in the amount of \$3,662,651 to eliminate that interest was posted. Entries in the amounts of \$3,605,571 and \$1,081,688 respectively, were posted to eliminate the duplication revenue and expense transactions posted by GSUF related to GSUAA activity.

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

	<u>Fair Value</u>
Investment type	
Debt Securities	
U.S. Treasuries	\$ 16,769,943
Bond Securities	60,135,021
Other Investments	
Equity Securities - Domestic	80,858,574
Equity Securities - International	116,788,173
Real Estate Investment Trusts	5,141,771
Other	24,331,774
	<u>304,025,256</u>
Investment Pools	
Short-Term Fund	4,142,791
Balanced Income Fund	4,765,258
Diversified Fund for Foundations	7,179,871
Total Investments	<u>\$ 320,113,176</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning	\$ 4,321,464	\$ 165,931,545	\$ 170,253,009
Contributions	—	12,008,581	12,008,581
Net realized and unrealized losses	2,806,733	50,519,617	53,326,350
Appropriation of endowment assets for expenditure	—	(7,027,289)	(7,027,289)
Transfers to comply with donor intent	8,717,138	(194,584)	8,522,554
Ending	<u>\$ 15,845,335</u>	<u>\$ 221,237,870</u>	<u>\$ 237,083,205</u>

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

Year Ending June 30:	Year:	Total
2022	1	\$ 16,116,138
2023	2	16,312,700
2024	3	16,343,535
2025	4	16,356,282
2026	5	16,380,707
2027 through 2031	6-10	82,090,570
2032 through 2036	11-15	81,262,985
2037 through 2041	16-20	18,932,464
Total Minimum Lease Payments to be Received		263,795,381
Less: Unearned Income		(88,834,377)
Net Investment in Direct Financing Lease Receivable		<u>\$ 174,961,004</u>

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

Capital Assets not being Depreciated:	
Land	\$ 9,568,272
Construction Work-in-Progress	1,389,158
Total Capital Assets not being Depreciated	<u>10,957,430</u>
Capital Assets being Depreciated:	
Building and Building Improvements	14,806,806
Facilities and Other Improvements	6,232,631
Equipment	3,438,863
Total Capital Assets being Depreciated/Amortized	<u>24,478,300</u>
Less Total Accumulated Depreciation/Amortization	<u>14,742,971</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>9,735,329</u>
Capital Assets, Net	<u>\$ 20,692,759</u>

Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Compensated Absences	\$ 437,461	\$ 2,319	\$ —	\$ 439,780	\$ 256,327
Lease Purchase Obligation (Capital Lease)	22,695	—	539	22,156	12,575
Liabilities under Split Interest Agreement	1,153,932	—	(156,301)	1,310,233	—
Revenue/Mortgage Bonds Payable	184,610,000	—	6,865,000	177,745,000	7,170,000
Bond - Premium	18,276,019	—	2,181,752	16,094,267	—
Bond - (Discount)	(1,331,846)	—	(141,392)	(1,190,454)	—
Total Long-Term Liabilities	\$ 203,168,261	\$ 2,319	\$ 8,749,598	\$ 194,420,982	\$ 7,438,902

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

Year ending June 30:	Year:	
2022	1	\$ 12,575
2023	2	5,920
2024	3	5,261
Total minimum lease payments		23,756
Less: Interest		1,600
Principal Outstanding		<u>\$ 22,156</u>

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

		Principal	Interest	Total
Year ending June 30:	Year:			
2022	1	\$ 7,170,000	\$ 7,624,177	\$ 14,794,177
2023	2	7,545,000	7,288,938	14,833,938
2024	3	7,910,000	6,905,813	14,815,813
2025	4	8,320,000	6,503,438	14,823,438
2026	5	8,725,000	6,080,813	14,805,813
2027 through 2031	6-10	50,355,000	23,589,113	73,944,113
2032 through 2036	11-15	61,270,000	11,291,553	72,561,553
2037 through 2041	16-20	26,450,000	1,258,488	27,708,488
		177,745,000	70,542,333	248,287,333
Bond Premium		16,094,267	—	16,094,267
Bond (Discount)		(1,190,454)	—	(1,190,454)
Total		\$ 192,648,813	\$ 70,542,333	\$ 263,191,146

REQUIRED SUPPLEMENTARY INFORMATION



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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2021	\$ 232,075	\$ 232,075	\$ —	\$ 941,101	24.66%
	June 30, 2020	\$ 272,453	\$ 272,453	\$ —	\$ 1,104,838	24.66%
	June 30, 2019	\$ 250,014	\$ 250,014	\$ —	\$ 998,558	25.04%
	June 30, 2018	\$ 234,157	\$ 234,157	\$ —	\$ 931,300	25.14%
	June 30, 2017	\$ 251,578	\$ 251,578	\$ —	\$ 1,018,945	24.69%
	June 30, 2016	\$ 221,130	\$ 221,130	\$ —	\$ 894,538	24.72%
	June 30, 2015	\$ 133,543	\$ 133,543	\$ —	\$ 608,119	21.96%
	June 30, 2014	\$ 117,257	\$ 117,257	\$ —	\$ 634,086	18.49%
	June 30, 2013	\$ 99,182	\$ 99,182	\$ —	\$ 681,077	14.56%
	June 30, 2012	\$ 95,363	\$ 95,363	\$ —	\$ 819,975	11.63%
Teachers Retirement System	June 30, 2021	\$ 39,932,689	\$ 39,932,689	\$ —	\$ 209,510,436	19.06%
	June 30, 2020	\$ 45,348,975	\$ 45,348,975	\$ —	\$ 214,517,385	21.14%
	June 30, 2019	\$ 42,276,362	\$ 42,276,362	\$ —	\$ 202,279,243	20.90%
	June 30, 2018	\$ 33,099,169	\$ 33,099,169	\$ —	\$ 196,901,658	16.81%
	June 30, 2017	\$ 26,762,188	\$ 26,762,188	\$ —	\$ 187,541,613	14.27%
	June 30, 2016	\$ 25,340,624	\$ 25,340,624	\$ —	\$ 177,579,706	14.27%
	June 30, 2015	\$ 22,546,428	\$ 22,546,428	\$ —	\$ 171,455,725	13.15%
	June 30, 2014	\$ 20,332,145	\$ 20,332,145	\$ —	\$ 163,379,560	12.44%
	June 30, 2013	\$ 18,613,705	\$ 18,613,705	\$ —	\$ 163,141,030	11.41%
	June 30, 2012	\$ 17,869,959	\$ 17,869,959	\$ —	\$ 173,832,286	10.28%

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	June 30, 2021	0.043728%	\$ 1,843,116	\$ 1,104,838	166.82%	76.21%
	June 30, 2020	0.040026%	\$ 1,651,685	\$ 998,558	165.41%	76.74%
	June 30, 2019	0.036885%	\$ 1,516,355	\$ 931,300	162.82%	76.68%
	June 30, 2018	0.040168%	\$ 1,631,357	\$ 1,018,945	160.10%	76.33%
	June 30, 2017	0.040000%	\$ 1,842,830	\$ 894,538	206.01%	72.34%
	June 30, 2016	0.030000%	\$ 1,087,922	\$ 608,119	178.90%	76.20%
	June 30, 2015	0.030000%	\$ 1,050,436	\$ 634,086	165.66%	77.99%
Teachers Retirement System	June 30, 2021	1.659957%	\$ 402,106,556	\$ 214,517,385	187.45%	77.01%
	June 30, 2020	1.658865%	\$ 356,700,831	\$ 202,279,243	176.34%	78.56%
	June 30, 2019	1.652032%	\$ 306,652,526	\$ 196,901,658	155.74%	80.27%
	June 30, 2018	1.632453%	\$ 303,396,418	\$ 187,541,613	161.78%	79.33%
	June 30, 2017	1.622000%	\$ 334,683,518	\$ 177,579,706	188.47%	76.06%
	June 30, 2016	1.630000%	\$ 248,239,461	\$ 171,455,725	144.78%	81.44%
	June 30, 2015	1.610000%	\$ 203,148,832	\$ 163,379,560	124.34%	84.03%

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

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

Changes of assumptions

Employees' Retirement System:

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

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

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

Teachers Retirement System:

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

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

On May 15, 2019, the Board adopted and recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

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

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

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2021	\$ 12,023,773	\$ 12,023,773	\$ —	\$ 403,629,802	2.98%
June 30, 2020	\$ 10,575,510	\$ 10,575,510	\$ —	\$ 411,234,909	2.57%
June 30, 2019	\$ 16,371,356	\$ 16,371,356	\$ —	\$ 391,254,629	4.18%
June 30, 2018	\$ 16,198,447	\$ 16,198,447	\$ —	\$ 381,228,465	4.25%
June 30, 2017	\$ 10,216,788	\$ 10,216,788	\$ —	\$ 355,368,885	2.87%

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

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

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2021	10.288262%	\$ 548,747,012	\$ 411,234,909	133.44%	2.91%
June 30, 2020	10.207663%	\$ 456,442,592	\$ 391,254,629	116.66%	3.13%
June 30, 2019	10.225005%	\$ 450,999,520	\$ 381,228,465	118.30%	1.69%
June 30, 2018	10.259477%	\$ 432,921,805	\$ 355,368,885	121.82%	0.19%

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

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

Changes in Assumptions Since Prior Valuation

Expected claims costs were updated to reflect actual claims experience. Trend rate schedule was updated to remove excise tax adjustments. Mortality improvement scale was updated from MP-2018 to MP-2019. The discount rate was updated from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020. The withdrawal rates were updated to better reflect the anticipated future experience as the result of an assumption study. The coverage election assumption was updated to better reflect anticipated future experience as the result of an assumption study. The spousal coverage assumption and the spousal age difference assumption were updated to better reflect anticipated future experience as the result of an assumption study.

Plan Changes:

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



SUPPLEMENTARY INFORMATION



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

ASSETS

Cash and Cash Equivalents	\$	172,324,370.38
Accounts Receivable		
Federal Financial Assistance		57,518,354.30
Other		42,856,479.15
Prepaid Expenditures		763,082.11
Inventories		110,467.84
		<hr/>
Total Assets	\$	<u><u>273,572,753.78</u></u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	218,626.39
Encumbrance Payable		53,688,740.09
Accounts Payable		4,457,905.19
Unearned Revenue		56,141,905.66
Other Liabilities		4,834,344.14
		<hr/>
Total Liabilities		<u>119,341,521.47</u>

Fund Balances

Reserved		
Capital Outlay		3,309,000.00
Department Sales and Services		18,341,401.75
Indirect Cost Recoveries		96,261,206.48
Technology Fees		10,951,648.47
Restricted/Sponsored Funds		2,396,319.11
Uncollectible Accounts Receivable		13,107,876.78
Inventories		117,863.97
Tuition Carry - Forward		9,370,301.71
Unreserved		
Surplus		375,614.04
		<hr/>
Total Fund Balances		<u>154,231,232.31</u>
		<hr/>
Total Liabilities and Fund Balances	\$	<u><u>273,572,753.78</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.

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

	Original Appropriation	Final Budget	Funds Available Compared to Budget	
			Current Year Revenues	Prior Year Reserve Carry-Over
Teaching				
State Appropriation				
State General Funds	256,882,838.00	266,043,536.00	266,043,536.00	—
Federal Coronavirus Relief Funds	—	239,083,751.00	58,516,093.00	—
Other Funds	758,342,676.00	973,856,557.00	673,005,265.52	121,781,112.08
Total Teaching	1,015,225,514.00	1,478,983,844.00	997,564,894.52	121,781,112.08
Total Operating Activity	\$ 1,015,225,514.00	\$ 1,478,983,844.00	\$ 997,564,894.52	\$ 121,781,112.08

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

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

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Teaching						
State Appropriation						
State General Funds	—	266,043,536.00	—	266,043,536.00	—	—
Federal Coronavirus Relief Funds	(36,676,346.56)	21,839,746.44	(217,244,004.56)	21,839,746.44	217,244,004.56	—
Other Funds	36,676,346.56	831,462,724.16	(142,393,832.84)	691,140,602.31	282,715,954.69	140,322,121.85
Total Teaching	—	1,119,346,006.60	(359,637,837.40)	979,023,884.75	499,959,959.25	140,322,121.85
Total Operating Activity	\$ —	\$ 1,119,346,006.60	\$ (359,637,837.40)	\$ 979,023,884.75	\$ 499,959,959.25	\$ 140,322,121.85

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

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

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2020 Surplus	Prior Year Adjustments	Other Adjustments
Teaching					
State Appropriation					
State General Funds	\$ 287,670.21	\$ —	\$ (287,670.21)	\$ 249,008.97	\$ —
Federal Coronavirus Relief Funds	—	—	—	—	—
Other Funds	<u>126,567,095.15</u>	<u>(121,781,112.08)</u>	<u>(4,785,983.07)</u>	<u>117,957.13</u>	<u>316,403.61</u>
Total Teaching	126,854,765.36	(121,781,112.08)	(5,073,653.28)	366,966.10	316,403.61
Prior Year Reserves					
Inventories	121,173.86	—	—	—	(3,309.89)
Uncollectible Accounts Receivable	<u>13,420,970.50</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(313,093.72)</u>
Budget Unit Totals	<u>\$ 140,396,909.72</u>	<u>\$ (121,781,112.08)</u>	<u>\$ (5,073,653.28)</u>	<u>\$ 366,966.10</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.

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

	Early Return of Fiscal Year 2021 Surplus	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance			
				Reserved	Surplus/(Deficit)	Total	
Teaching							
State Appropriation							
State General Funds	\$ —	\$ —	\$ 249,008.97	\$ —	\$ 249,008.97	\$ 249,008.97	
Federal Coronavirus Relief Funds	—	—	—	—	—	—	
Other Funds	—	140,322,121.85	140,756,482.59	140,629,877.52	126,605.07	140,756,482.59	
Total Teaching	—	140,322,121.85	141,005,491.56	140,629,877.52	375,614.04	141,005,491.56	
Prior Year Reserves							
Inventories	—	—	117,863.97	117,863.97	—	117,863.97	
Uncollectible Accounts Receivable	—	—	13,107,876.78	13,107,876.78	—	13,107,876.78	
Budget Unit Totals	<u>\$ —</u>	<u>\$ 140,322,121.85</u>	<u>\$ 154,231,232.31</u>	<u>\$ 153,855,618.27</u>	<u>\$ 375,614.04</u>	<u>\$ 154,231,232.31</u>	
				Capital Outlay	\$ 3,309,000.00	\$ —	\$ 3,309,000.00
				Departmental Sales and Services	18,341,401.75	—	18,341,401.75
				Indirect Cost Recovery	96,261,206.48	—	96,261,206.48
				Technology Fees	10,951,648.47	—	10,951,648.47
				Restricted/Sponsored Funds	2,396,319.11	—	2,396,319.11
				Tuition Carry-Forward	9,370,301.71	—	9,370,301.71
				Uncollectible Accounts Receivable	13,107,876.78	—	13,107,876.78
				Inventories	117,863.97	—	117,863.97
				Surplus	—	375,614.04	375,614.04
					<u>\$ 153,855,618.27</u>	<u>\$ 375,614.04</u>	<u>\$ 154,231,232.31</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.



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