# Annual Comprehensive Financial Report

## Fiscal Year Ended June 30, 2021


*CMA CGM PASSES TYBEE ISLAND LIGHTHOUSE*
Tybee Island, Georgia
Submitted by the Georgia Ports Authority

The CMA CGM Marco Polo passes the Tybee Island Lighthouse in May 2021. The vessel has a capacity of more than 16,000 twenty-foot equivalent container units, making it the largest containership ever to call on the Port of Savannah. www.gaports.com

# State of Georgia

## Annual Comprehensive Financial Report

## For the fiscal year ended June 30, 2021

Prepared by:
State Accounting Office


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## FINANCIAL SECTION

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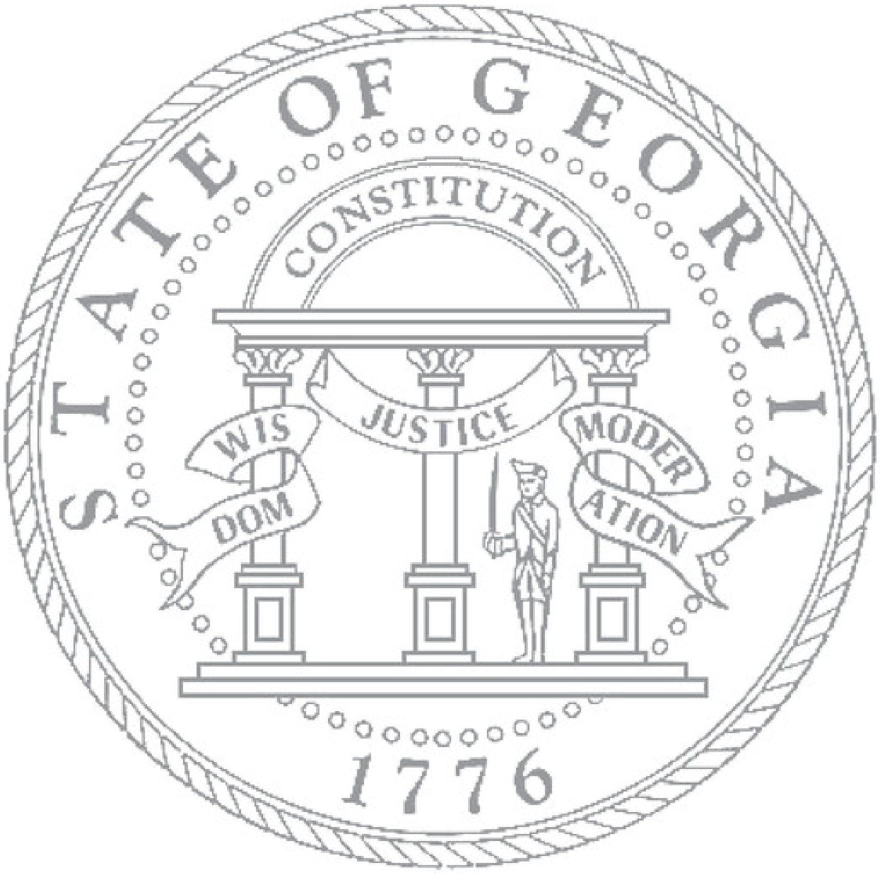
## For the Fiscal Year Ended June 30, 2021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## For the Fiscal Year Ended June 30, 2021


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# INTRODUCTORY SECTION

*THE VISITORS CENTER AT YARGO STATE PARK*
Winder, Georgia
Submitted by the Department of Natural Resources

SAO
State Accounting Office

**Brian P. Kemp**
Governor

**Gerlda B. Hines**
State Accounting Officer

**January 24, 2022**

**The Honorable Brian P. Kemp, Governor of Georgia**

**The Honorable Members of the General Assembly**

**Citizens of the State of Georgia**

It is my privilege to present the *Annual Comprehensive Financial Report* on the operations of the State of Georgia (State) for the fiscal year ended June 30, 2021, in accordance with the Official Code of Georgia Annotated (OCGA), § 50-5B-3(a)(7). The objective of this report is to provide a clear picture of our government as a single comprehensive reporting entity.

This report consists of management's representations concerning the State's finances and management assumes full responsibility for the completeness and reliability of the information presented. This report reflects my commitment to you, the citizens of the State, and to the financial community to maintain our financial statements in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB). Information presented in this report is believed to be accurate in all material respects, and all disclosures have been included that are necessary to enable the reader to obtain a thorough understanding of the State's financial activities.

## Internal Controls

The State's management is responsible for the establishment and maintenance of internal accounting controls which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded, financial transactions are properly recorded and adequately documented, and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from such control and that the evaluation of those costs and benefits requires estimates and judgments by the State's management.

## Independent Audit

The financial statements of significant organizations comprising the State reporting entity have been separately audited and reported on by either the State Auditor or independent certified public accountants. The State Auditor and other independent auditors have performed an examination of the accompanying financial statements for the State and have issued a disclaimer of opinion on the Unemployment Compensation Fund and an unmodified opinions on the remainder of the State's basic financial statements included in this report.

Federal regulations also require the State to undergo an annual Single Audit in conformance with the Single Audit Act Amendments of 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (contained in Title 2 U.S. Code of Federal Regulations Part 200). Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the Independent Auditor's reports, is issued in a separate report and will be available at a later date.

**Management's Discussion and Analysis (MD&A)**

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the independent auditor's report.

## *PROFILE OF THE STATE OF GEORGIA*

The State, founded on February 12, 1733, was the last of the original 13 colonies and became the fourth state by ratifying the U.S. Constitution on January 2, 1788. The State is an economic hub of the southeast. Atlanta, the state capital, is the major economic and population center of the State with major regional economic and population centers in Augusta, Savannah, and Macon. The State's economic base is diverse with major port facilities on the coast, agricultural resources throughout the State, manufacturing and service industries, and is a major transportation center with one of the busiest airports in the nation. The State is the eighth largest state with an estimated population of 10.7 billion people.

**Reporting Entity**

The Constitution of the State of Georgia (Constitution) provides the basic framework for the State's government, which is divided into three separate branches: legislative, executive, and judicial, as shown on the organizational chart on page v. The duties of each branch are outlined in the Constitution and in the OCGA.

For financial reporting purposes, the State's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable, and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Further information about the State's reporting entity can be found in *Note 1 - Summary of Significant Accounting Policies-Section B* in the Notes to the Financial Statements.

The State and its component units provide a full range of services to its citizens, including education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, conservation, and general government services. The financial statements present information on the financial position and operations of state government associated with these services as a single comprehensive reporting entity. Accordingly, the various agencies, departments, boards, commissions, authorities, foundations, funds, and accounts of the State that have been identified as part of the primary government or a component unit have been included in this report.

**Budgetary Control**

The Constitution requires that budgeted expenditures not exceed the estimated revenues and other funding sources, including beginning fund balances. The State's legal level of budgetary control is funding source within program. Annually, the Governor submits a balanced budget by program to the Legislature. In addition to the internal controls previously discussed, the State maintains budgetary controls to ensure compliance with the legal provisions of the State's Appropriation Act, which reflects the Georgia General Assembly's approval of the annual budget. Budgetary control is maintained through a formal appropriation and allotment process.

The State's annual budget is prepared on a statutory basis which is principally the modified accrual basis utilizing encumbrance accounting. The State monitors spending activity to ensure that expenditures do not exceed appropriated amounts by agency at the legal level of control as provided for by the Constitution. Information regarding the State's budgetary process can be found in the Notes to Required Supplementary Information within this report.

The statutory basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. Detailed information on the statutory basis of accounting and the results of operations on that basis for fiscal year 2021 can be found in the separately issued Budgetary Compliance Report (BCR) dated December 22, 2021.

**Budget Stabilization**

The State maintains the Revenue Shortfall Reserve (RSR) which provides for the sound management of excess revenue collections in any given fiscal year. By statute, all surplus state funds existing at the end of each fiscal year shall be reserved and added to the RSR. Funds in the RSR carry forward from fiscal year to fiscal year without reverting to the revenue collections fund within the General Fund at the end of a fiscal year. Additional information about the State's RSR balances can be found in MD&A.

**Long-term Financial Planning - Debt Management**

Each year, the Georgia State Financing and Investment Commission (Commission) issues its debt management plan (Plan) which provides a five-year projection of the State's general obligation and guaranteed revenue bond issuances and the debt service requirements for all outstanding debt and projected new debt issuances. The Plan covers the current fiscal year and the four succeeding fiscal years. The resulting projected annual debt service requirements are compared to the actual treasury receipts of the State for the immediately preceding fiscal year and projected future treasury receipts of the State to determine the ratio of debt service requirements to the prior year's State treasury receipts. This ratio, which is established by the Constitution at a maximum of 10%, but the Plan is limited to a maximum of 7% by Commission policy, along with several other ratios discussed in the Plan, serves as a guide for the Governor and the General Assembly in their consideration of the authorization of new State debt during the budget preparation, review, and adoption process. Projected issuances of new debt may be increased or decreased depending on the capital needs of the State and projections of estimated treasury receipts in future years.

**Fiscal Year Budget Overview**

This past year has brought unprecedented challenges to the state and its citizens. Faced with a crisis this nation has not seen for over a century, Georgia took decisive actions early to ensure that our state had the resources necessary to combat this threat while maintaining a balanced budget that preserved critical services for Georgians. To help drive that economic recovery, Georgia focused on restoring resources to K-12 education and higher education school systems to develop a skilled and labor-ready workforce, while continuing to expand and maintain critical transportation and logistics infrastructure, and providing financial assistance to rural communities to support innovation and economic development across the state.

Providing hardworking Georgians access to a high-quality education is essential to equip them with the foundational skills necessary in a 21st century workforce. This includes affordable access to the post-secondary education that is now a requirement for many well-paying jobs. While uncertain economic conditions during the spring and summer required making reductions to the budget across-the-board, funding for education and supporting our state's teachers remained the priority. Consequently, the amended fiscal year 2021 budget provided more than $647 million for K-12 education, fully funding enrollment growth and holding individual school systems harmless in the current fiscal year for any reductions in enrollment they have had this school year due to COVID-19. The budget also restored funding for enrollment growth for our higher education systems not included in the original fiscal year 2021 budget.

The education system is estimated to receive more than $3.5 billion in assistance through the federal Education Stabilization Fund, which will ensure our teachers and school systems have the resources needed to continue to provide every Georgian with a world class education even amidst the challenges of COVID-19.

During fiscal year 2021 State General Fund receipts deposited with the Office of the State Treasurer were $28.6 billion, which was 18.4% more than the final amended revenue estimate of $24.1 billion and 12.2% more than prior year 2020. This increase was due to an increase in personal income and retail sales in fiscal year 2021 thanks to early reopening of the state economy and unprecedented federal government stimulus spending as well as an increase in corporate income taxes, mainly from large businesses able to adapt to doing business in a pandemic. As a result, the balance of the RSR as of June 30, 2021 represented a sharp increase of $1.3 billion (44.9%), as well as the maximum 15% legal limit as compared to the prior year. Receipts in excess of the $2.3 billion RSR were reported as undesignated, regular surplus.

By statute, up to 1% of fiscal year 2021 net revenue collections of $285.9 million may be appropriated from the RSR in fiscal year 2022 for K-12 needs. As of the date of this report, the $4.3 billion RSR balance has not been adjusted for this potential appropriation. In addition, the Governor may release, for appropriation in a subsequent year, funds in excess of 4% of current year (fiscal year 2021) revenue collections.

## *ECONOMIC FACTORS AND OUTLOOK*

The State is expecting a gradual return to the new normal in fiscal year 2022. As vaccinations continue, various sectors such as food service, entertainment and travel should increase. New business formation are expected to be strong with new companies and innovative products taking advantage of disruption to find buyers for their goods and services. Additional information on the economic outlook for the State can be located in the State's MD&A which can be found immediately following the independent auditor's report.

## *ACKNOWLEDGMENTS*

The preparation of this report would not have been possible without the dedicated and efficient service of the entire staff of the State Accounting Office. We also express our appreciation to the fiscal officers throughout state government for their dedicated efforts in assisting us in the preparation of this report.

Respectfully submitted,

Gerlda B. Hines

Gerlda B. Hines
State Accounting Officer


## JUDICIAL

Supreme Court
Court of Appeals
Superior Courts
District Attorneys
Judicial Agencies

## EXECUTIVE

**Constitutional Officers**

Lieutenant Governor
Public Service Commission
State School Superintendent
Secretary of State
Commissioner of Insurance
Attorney General
Commissioner of Agriculture
Commissioner of Labor

Governor

Office of Planning and Budget
Governor's Office

Department of Administrative Services
Department of Banking and Finance
Department of Behavioral Health & Developmental Disabilities
Department of Community Affairs
Department of Community Health
Department of Community Supervision
Department of Corrections
Department of Defense
Department of Driver Services
Department of Early Care and Learning
Department of Economic Development
Department of Education
Department of Human Services
Department of Juvenile Justice
Department of Natural Resources
Department of Public Health
Department of Public Safety
Department of Revenue
Department of Transportation
Department of Veterans' Services
Employees' Retirement System of Georgia
Georgia Bureau of Investigation
Georgia Forestry Commission
Georgia Lottery Corporation
Georgia State Financing and Investment Commission
Georgia Student Finance Commission
Georgia Technology Authority
Office of the State Treasurer
State Accounting Office
State Board of Pardons and Paroles
State Board of Workers' Compensation
Technical College System of Georgia
Teachers' Retirement System of Georgia
University System of Georgia
Examining and Licensing Boards
Advisory Boards
Other Executive Agencies
Interstate Agencies
Authorities

## LEGISLATIVE

**General Assembly**
Senate
House of Representatives

Legislative Agencies

Department of Audits and Accounts


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# State of Georgia

## Principal State Officials
## June 30, 2021

**Executive:**

Brian P. Kemp........ *Governor*

Brad Raffensperger........ *Secretary of State*

Chris Carr........ *Attorney General*

Mark Butler........ *Commissioner of Labor*

Richard Woods ........ *State Superintendent of Schools*

John F. King........ *Commissioner of Insurance*

Gary W. Black........ *Commissioner of Agriculture*

Chuck Eaton........ *Public Service Commissioner*
Tim Echols (Vice Chairman)........ *Public Service Commissioner*
Lauren "Bubba" McDonald, Jr (Chairman)........ *Public Service Commissioner*
Tricia Pridemore........ *Public Service Commissioner*
Jason Shaw........ *Public Service Commissioner*

**Legislative:**

Geoff Duncan........ *Lieutenant Governor/President of the Senate*

David Ralston........ *Speaker of the House of Representatives*

**Judicial:**

Harold D. Melton........ *Chief Justice of the Supreme Court*

# ACKNOWLEDGMENTS


The Georgia Annual Comprehensive Financial Report for the fiscal year ending June 30, 2021 was prepared by:

## STATE ACCOUNTING OFFICE

Kris Martins, Deputy State Accounting Officer, Financial Reporting

## STATEWIDE ACCOUNTING AND REPORTING

| | |
|---|---|
| Tanya Astin | Rachael Krizanek |
| Chelsea Bennett | Dan Lawson |
| Dylan Cleveland | Kim Le |
| Renita Coleman | Josie Ann Librada |
| Bobbie R. Davis | Bogdana Matano |
| Natasia Dyer | Vesna Mesihovic |
| Kristi Fuss | Phyllis Raines |
| Tessica Harvey | Anna Read |
| Metsehet Ketsela | Donna G. Winn |

## SPECIAL APPRECIATION

The State Accounting Office would like to extend special appreciation to all fiscal and accounting personnel throughout the State who contributed the financial information for their agencies. Additionally, the Division of Statewide Accounting and Reporting would like to acknowledge the efforts given by all of the functional and support personnel of the State Accounting Office.


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# FINANCIAL SECTION

*CHAMPIONSHIP CAMPUS*
Atlanta, Georgia
Submitted by the Georgia World Congress Center Authority

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
and
Members of the General Assembly of the State of Georgia

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Georgia (State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State'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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Unemployment Compensation Fund.

We did not audit the financial statements of the following entities:

AU Health System, Inc.
Augusta University Foundation, Inc. and Subsidiaries
Augusta University Research Institute, Inc.
Employees' Retirement System of Georgia
Georgia Advanced Technology Ventures, Inc. and Subsidiaries
Georgia College & State University Foundation, Inc. and Subsidiaries
Georgia Environmental Finance Authority
Georgia Gwinnett College Foundation, Inc.
Georgia Health Sciences Foundation, Inc.
Georgia Housing and Finance Authority
Georgia Lottery Corporation
Georgia Ports Authority
Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State Financing and Investment Commission
Georgia State University Athletic Association, Inc.
Georgia State University Foundation, Inc.
Georgia State University Research Foundation, Inc.
Georgia Tech Athletic Association
Georgia Tech Facilities, Inc.
Georgia Tech Foundation, Inc.
Georgia Tech Research Corporation

Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
Teachers Retirement System of Georgia
The University of Georgia Foundation
University of Georgia Athletic Association, Inc.
University of Georgia Research Foundation, Inc. and Subsidiaries
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
UWG Real Estate Foundation, Inc.
University System of Georgia Foundation, Inc. and Affiliates
VSU Auxiliary Services Real Estate Foundation, Inc.

Those financial statements represent part or all of the total assets, net position or fund balances, and revenues or additions of the governmental activities, business-type activities, aggregate discretely presented component units, major governmental fund-General Obligation Bond Projects fund, and aggregate remaining fund information as reported in the following table:

| Opinion Unit | Percent of Total Assets | Percent of Net Position/ Fund Balance | Percent of Total Revenues/ Additions |
|---|---|---|---|
| Governmental Activities | 3% | 5% | 2% |
| Business-Type Activities | 2% | 12% | 0% |
| Aggregate Discretely Presented Component Units | 82% | 82% | 86% |
| Governmental – General Obligation Bond Projects Fund | 100% | 100% | 100% |
| Aggregate Remaining Fund Information | 84% | 86% | 50% |

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the above mentioned entities, are 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 following financial statements were not audited in accordance with *Government Auditing Standards*:

Georgia Advanced Technology Ventures, Inc. and Subsidiaries
Georgia College & State University Foundation, Inc. and Subsidiaries
Georgia Gwinnett College Foundation, Inc.
Georgia Health Sciences Foundation, Inc.
Georgia Tech Athletic Association
Georgia Tech Facilities, Inc.
Georgia Tech Foundation, Inc.
Georgia Lottery Corporation
Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State University Athletic Association, Inc.
Georgia State University Foundation, Inc.
Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
The University of Georgia Foundation
University of Georgia Athletic Association, Inc.
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
UWG Real Estate Foundation, Inc.
VSU Auxiliary Services Real Estate 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 State'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 State'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. Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities include service by the State Auditor on the governing boards of various agencies, authorities, commissions, and component units of the State. The Department of Audits and Accounts elected not to provide audit services for the organizational units of the State of Georgia associated with these boards.

Except for the matter described in the "Basis for Disclaimer of Opinion" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Summary of Opinions***

| ***Opinion Unit*** | ***Type of Opinion*** |
|---|---|
| Governmental Activities | Unmodified |
| Business-Type Activities | Unmodified |
| Aggregate Discretely Presented Component Units | Unmodified |
| Governmental - General Fund | Unmodified |
| Governmental - General Obligation Bond Projects Fund | Unmodified |
| Enterprise - Higher Education Fund | Unmodified |
| Enterprise - State Employees' Health Benefit Fund | Unmodified |
| Enterprise - Unemployment Compensation Fund | Disclaimer |
| Aggregate Remaining Fund Information | Unmodified |

***Basis for Disclaimer of Opinion on Unemployment Compensation Fund***

The State's Department of Labor was unable to provide sufficient appropriate audit evidence for the balances and financial activity of the receivables and payables of the Unemployment Compensation Fund. There was a lack of internal controls over benefit payments, and we were unable to obtain sufficient appropriate audit evidence to determine or verify by alternative means whether certain paid claims met eligibility requirements. Also, as of the date of our audit report, management was still in the process of determining the balance for receivables and related payables due to overpayments of certain unemployment insurance claims. The State's records do not permit us, nor is it practical to extend or apply other auditing procedures, to obtain sufficient appropriate audit evidence to conclude that the receivable and payable balances and revenues, expenses and related cash flows in the Unemployment Compensation Fund were free of material misstatement. As a result of these matters, we were unable to determine whether further audit adjustments may have been necessary in respect to the recorded or unrecorded receivables, payables, and the elements making up the statements of activities and cash flows.

### *Disclaimer of Opinion*

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Unemployment Compensation Fund of the State. Accordingly, we do not express an opinion on these financial statements.

### *Unmodified 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 governmental activities, business-type activities, aggregate discretely presented component units, each major fund (except the Unemployment Compensation Fund), and aggregate remaining fund information of the State 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 Notes 2 and 3 to the financial statements, in 2021, the State restated the prior period financial statements to correct misstatements. 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 State's basic financial statements. The introductory section, accompanying supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have 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 them.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated January 24, 2022 on our consideration of the State'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. That report will be issued under separate cover. 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 State'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 State'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,

Greg S. Griffin
State Auditor

January 24, 2022

# MANAGEMENT'S DISCUSSION AND ANALYSIS

# INTRODUCTION

The *Management's Discussion and Analysis* (MD&A) of the State of Georgia's *Annual Comprehensive Financial Report* presents an overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2021. It should be read in conjunction with the letter of transmittal, located in the Introductory Section of this report, and the State's financial statements, including the notes to the financial statements, which are an integral part of the statements that follow this narrative.

# FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

**Government-wide**

- Net Position - Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $30.1 billion. Contributing to this amount, a deficit of $7.7 billion was reported as unrestricted net position.

- Changes in Net Position - The State's total net position increased by $5.9 billion in fiscal year 2021 compared to the balances reported in the prior year. More specifically, net position of governmental activities increased by $6.5 billion while net position of business-type activities decreased by $621.8 million.

- Excess of Revenues over Expenses – Governmental Activities - The State's total revenues for governmental activities, which totaled $55.8 billion were $8.9 billion more than total expenses (excluding transfers). General revenues, which are primarily comprised of tax collections, totaled $29.6 billion, and program revenues, which primarily come from operating grants and contributions, totaled $26.2 billion.

**Fund Level**

- Governmental Funds – Fund Balances - The governmental funds reported combined ending fund balances of $15.9 billion. This amount represents an increase of $5.6 billion (53.8%) (as restated), when compared with the prior year. Of this total fund balance, $27.6 million (0.2%) represents nonspendable fund balance; $8.8 billion (55.5%) represents restricted fund balance; $21.1 million (0.1%) represents committed fund balance; $866.6 million (5.4%) represents assigned fund balance; and $6.2 billion (38.8%) represents unassigned fund balance.

- General Fund – Fund Balances - The General Fund ended the fiscal year with a total fund balance of $13.3 billion, of which $6.2 billion was classified as unassigned fund balance. Total revenues increased by $8.9 billion (19.2%) over the prior year.

- Enterprise Funds – Net position - The Enterprise Funds ended the fiscal year with a total net position of $3.6 billion. More specifically, the major funds areas with significant net positions were the Higher Education Fund of $2.4 billion, the Unemployment Compensation Fund of $407.0 million, and the State Health Benefit Plan (SHBP) of $602.0 million.

**Long-term Debt**

The long-term bond debt of the primary government, prior to restatements, increased $399.5 million (3.6%) during the fiscal year. The increase represents the net difference between new issuances and maturing principal payments. The amount owed for general obligation bonds increased by $344.9 million (more than 3.3%) for the primary government, while the amount owed for Grant Anticipation Revenue Vehicle (GARVEE) bonds/revenue bonds increased $54.6 million (6.4%) for the primary government. The State issued new bonded debt during the year in the amount of $1.6 billion for the primary government. The State continues to balance the need to issue debt for capital improvements against State management's desire to maintain a conservative approach to debt management.

# OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report includes four parts: (1) management's discussion and analysis, (2) basic financial statements, (3) required supplementary information, and (4) other supplementary information. The Basic Financial Statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

## Government-wide Financial Statements – Reporting the State as a Whole

The Statement of Net Position and the Statement of Activities together comprise the government-wide financial statements and provide a broad overview of the State's financial activities as a whole. These statements are prepared with a long-term focus using the full-accrual basis of accounting, similar to private-sector businesses. This means all revenues and expenses associated with the fiscal year are recognized regardless of when cash is spent or received, and all assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's net position, which is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. These statements also include how these items have changed from the prior year. Over time, increases and decreases in net position measure whether the State's overall financial condition is improving or declining. In evaluating the State's overall condition, however, additional non-financial information should be considered, such as the State's economic outlook, changes in demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

- Governmental Activities - The majority of the State's basic services fall under this activity, including services related to general government, education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, and conservation. Taxes and intergovernmental revenues are the major funding sources for these programs.

- Business-Type Activities - The State operates certain activities similar to private-sector businesses by charging fees to customers to recover all or a significant portion of their costs of providing goods and services. The Unemployment Compensation Fund, the self-insured SHBP, and the Higher Education Fund are some examples of business-type activities. The Higher Education Fund consists of the University System of Georgia (USG) and the Technical College System of Georgia.

- Component Units - Certain organizations are legally separate from the State; however, the State remains financially accountable for them. The Georgia Environmental Finance Authority, Georgia Housing and Finance Authority, and Georgia Lottery Corporation are examples of component units.

## Fund Financial Statements – Reporting the State's Most Significant Funds

The fund financial statements provide detailed information about individual major funds, not the State as a whole, and are located in the Basic Financial Statements – Fund Financial Statements section. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses funds to ensure and demonstrate compliance with finance-related and legal requirements. All of the State funds are divided into three types, each of which use a different accounting approach and should be interpreted differently:

- Governmental Funds - Most of the basic services provided by the State are financed through governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual basis of accounting, and focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These statements provide a detailed short-term view of the State's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the State.

- Proprietary Funds - The Proprietary funds, which include enterprise funds and internal service funds, account for state activities that are similar to private-sector businesses. Like government-wide statements, proprietary fund statements are presented using the full-accrual basis of accounting. Activities whose customers are mostly outside of state government are accounted for in enterprise funds and are the same functions reported as business-type activities. The enterprise fund financial statements provide more detail and additional information than in the government-wide statements, such as cash flows. Activities whose customers are mostly other state organizations are accounted for in internal service funds. The internal service fund activities are allocated proportionately between the governmental activities (predominately) and the business-type activities in the government-wide statements based on the benefit of the services provided to those activities.

- Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the state government. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use full-accrual accounting but are not reflected in the government-wide financial statements because the resources from these funds are not available to support the State's own programs.

## Reconciliation between Government-wide and Fund Statements

This report also includes two schedules that reconcile and explain the differences between the amounts reported for the governmental activities on the government-wide statements (full-accrual accounting, long-term focus) with the amounts reported on the governmental fund statements (modified accrual accounting, short-term focus). The schedules are located in the Basic Financial Statements – Fund Financial Statements – Governmental Funds section. The following explanations represent some of the reporting differences between the two statements:

- Capital outlays result in capital assets on the government-wide statements but are reported as expenditures in the governmental fund financial statements.

- Bond proceeds are recorded as long-term debt on the government-wide statements but are listed as current financial resources on the governmental fund statements.

- Net pension and other postemployment (OPEB) assets/liabilities are reported on the government-wide statements but are not reported on the governmental fund statements.

**Notes to the Financial Statements**

The notes to the financial statements located at the end of the basic financial statements section provide additional information essential to a complete understanding of the financial statements. The notes are applicable to both the government-wide financial statements and the fund financial statements.

**Required and Other Supplementary Information**

In addition to this MD&A, the basic financial statements are followed by a section containing other required supplementary information which further explains and supports the information in the financial statements. This section of the report includes: (1) a budgetary comparison schedule of the General Fund (Budget Fund), including reconciliations of revenues and expenditures on the statutory and GAAP basis for the fiscal year, (2) information on the State's public entity risk pool, (3) information on the State's defined benefit pension plans and (4) information on the State's OPEB plans. Other supplementary information includes combined financial statements for the State's nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds and non-major component units. The total columns of these combined financial statements carry forward to the applicable fund financial statements.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

**Net Position**

Governmental entities are required by Generally Accepted Accounting Principles (GAAP) to report on their net position. The *Statement of Net Position* presents the value of all of the State's assets and deferred outflows of resources, as well as all liabilities and deferred inflows of resources, with the difference reported as net position.

As shown in Table 1 on the following page, the State reported a total net position of $30.1 billion, which is comprised of $28.3 billion in net investment in capital assets, $9.5 billion in restricted net position, and an unrestricted portion of net position deficit of $7.7 billion.

Based on this measurement, no funds were available for discretionary purposes. However, a significant contributing factor is that governments recognize long-term liabilities on the government-wide statement of net position as soon as a liability has been incurred. Accordingly, the State recognizes long-term liabilities (such as general obligation debt, net pension and OPEB liabilities) on the statement of net position. While financing and budgeting functions focus on when such liabilities will be paid, this statement focuses on when a liability has been incurred. The following table was derived from the current and prior year government-wide *Statement of Net Position*.

***(Table on next page)***

| Table 1 - Net Position<br>As of June 30, 2021 and 2020 (amounts in thousands) | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **Assets** | | | | | | |
| Non-Capital Assets | $ 29,982,408 | $ 23,045,158 | $ 5,480,053 | $ 7,395,216 | $ 35,462,461 | $ 30,440,374 |
| Net Capital Assets | 26,291,186 | 25,279,036 | 11,550,357 | 11,637,688 | 37,841,543 | 36,916,724 |
| **Total Assets** | 56,273,594 | 48,324,194 | 17,030,410 | 19,032,904 | 73,304,004 | 67,357,098 |
| **Deferred Outflows of Resources** | 1,256,774 | 1,440,862 | 2,174,721 | 1,592,242 | 3,431,495 | 3,033,104 |
| **Liabilities** | | | | | | |
| Noncurrent Liabilities | 17,217,404 | 16,659,093 | 13,243,047 | 12,098,034 | 30,460,451 | 28,757,127 |
| Current Liabilities | 12,476,323 | 11,172,896 | 1,279,759 | 2,968,570 | 13,756,082 | 14,141,466 |
| **Total Liabilities** | 29,693,727 | 27,831,989 | 14,522,806 | 15,066,604 | 44,216,533 | 42,898,593 |
| **Deferred Inflows of Resources** | 1,197,489 | 1,791,614 | 1,246,268 | 1,500,732 | 2,443,757 | 3,292,346 |
| **Net Position** | | | | | | |
| Net Investment in Capital Assets [1] | 23,070,070 | 21,408,838 | 8,593,594 | 8,529,759 | 28,290,100 | 26,614,216 |
| Restricted | 7,834,065 | 6,342,472 | 1,689,450 | 1,872,318 | 9,523,515 | 8,214,790 |
| Unrestricted [1] | (4,264,983) | (7,609,857) | (6,846,987) | (6,344,267) | (7,738,406) | (10,629,743) |
| **Total Net Position** | $ 26,639,152 | $ 20,141,453 | $ 3,436,057 | $ 4,057,810 | $ 30,075,209 | $ 24,199,263 |
| Percent Change in Total: | | | | | | |
| Net Position from Prior Year | 32.3 % | | (15.3)% | | 24.3 % | |
| Percent Change after Restatements | 29.5 % | | (15.2)% | | 22.1 % | |

[1] Refer to Note 4 for additional details

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

Net position for governmental activities as originally reported increased by $6.5 billion (32.3%), and also increased by $6.1 billion (29.5%), when adjusted for restatements. The deficit unrestricted balance of $4.3 billion is primarily the result of the following types of transactions:

- The State continues to issue general obligation debt for the purposes of capital acquisition and construction on behalf of independent school systems, business-type activities, component units and State schools. Since the issuance of this debt does not result in capital assets acquisitions for governmental activities, the debt of $5.8 billion is not reflected in the net position category, net investment in capital assets, but rather in the unrestricted net position category.

- GASB Statement No. 68 (GASB 68), as related to pensions, required the State to recognize its proportionate share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2021, this liability, along with associated deferred outflows of resources and deferred inflows of resources, resulted in a $3.4 billion impact to unrestricted net position.

- GASB Statement No. 75 (GASB 75), as related to OPEB, required the State to recognize its proportionate share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2021, this liability, along with associated deferred outflows of resources and deferred inflows of resources, resulted in a $1.6 billion impact to unrestricted net position.

- The above deficit items are partially offset by $4.2 billion in the Revenue Shortfall Reserve (RSR) and additional $2.2 billion that was in excess of the 15% legal limit in the RSR.

Net position for business-type activities as originally reported decreased by $621.8 million (15.3%), and also decreased by $615.6 million (15.2%), when adjusted for restatements. The deficit unrestricted balance of $6.8 billion is due to primarily to net pension and OPEB liabilities as follows:

- GASB 68, as related to pensions, required the State to recognize its proportionate share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2021, this liability, along with associated deferred outflows of resources and deferred inflows of resources, resulted in a $3.2 billion impact to unrestricted net position.

- GASB 75, as related to OPEB, required the State to recognize its proportionate share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2021, this liability, along with associated deferred outflows of resources and deferred inflows of resources, resulted in a $5.1 billion impact to unrestricted net position.

**<u>Changes in Net Position</u>**

The revenue and expense information, as shown in Table 2 on the following page, was derived from the government-wide *Statement of Activities* and summarizes the State's total revenues, expenses and changes in net position for fiscal year 2021. Consistent with the prior year, the State received a majority of its $78.7 billion in revenues from taxes and operating grants and contributions, including $16.5 billion of federal funds received to combat the COVID-19 pandemic. Expenses of the primary government during fiscal year 2021 were $73.3 billion with the increase over the prior year driven largely by education, health and welfare and increased unemployment benefit payments as a result of the COVID-19 pandemic. As a result of the excess revenues over expenses, the total net position of the primary government increased by $5.4 billion, before contributions to permanent endowments and transfers.

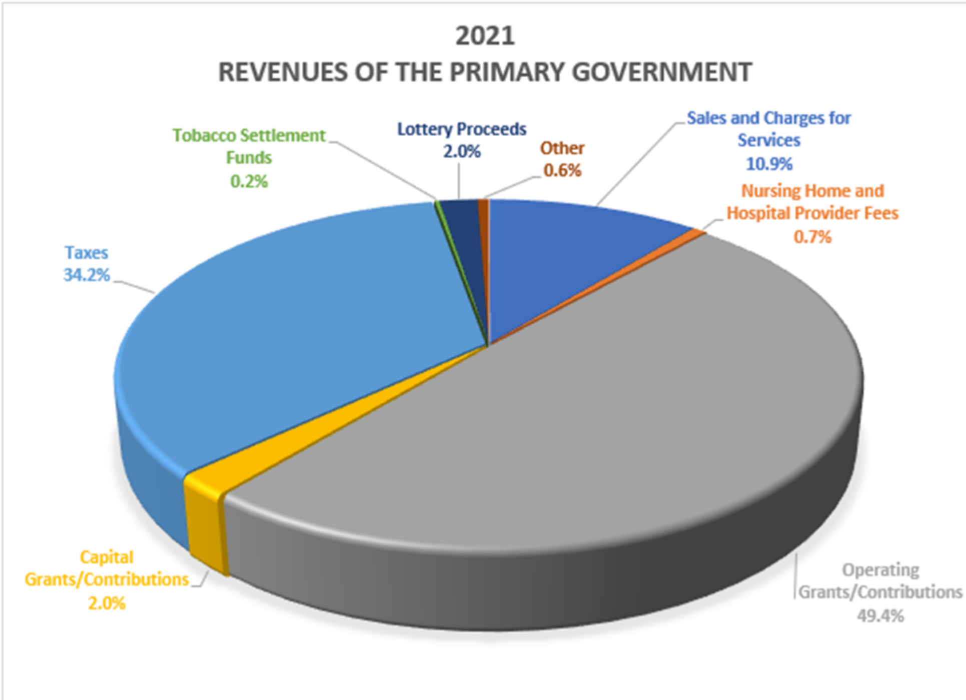
***(Table on next page)***

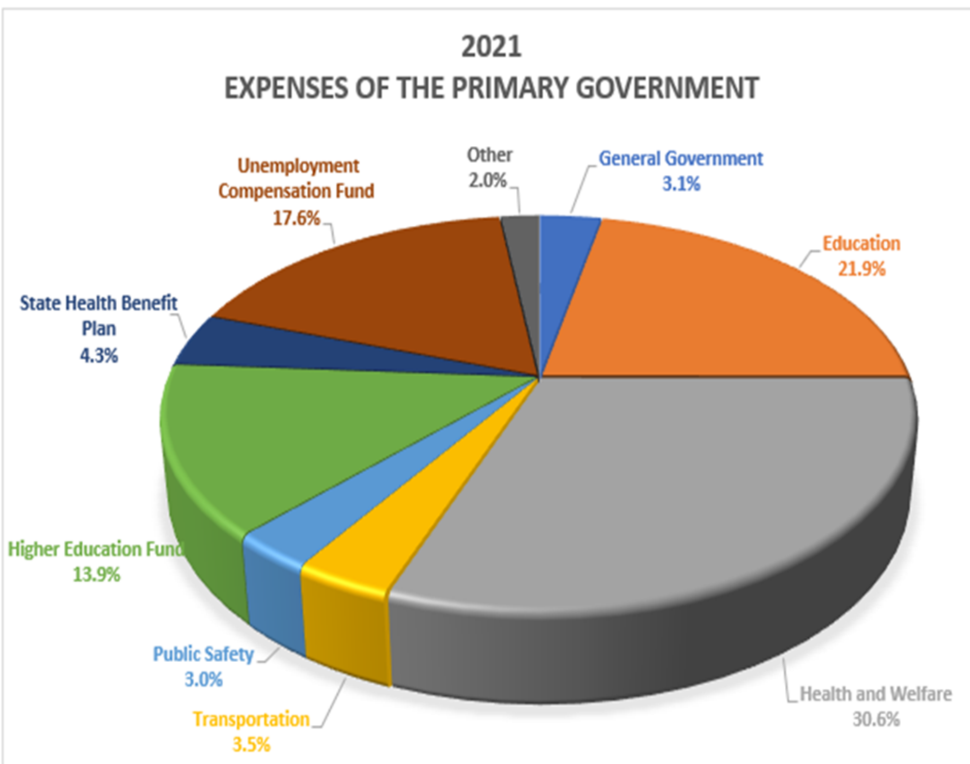
**Table 2 - Changes in Net Position**
For the Years Ended June 30, 2021 and 2020 (amounts in thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Total Percentage Change |
|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020 to 2021 |
| **Revenues:** | | | | | | | |
| Program Revenues: | | | | | | | |
| Sales and Charges for Services | $ 1,429,602 | $ 1,292,156 | $ 7,181,240 | $ 7,083,834 | $ 8,610,842 | $ 8,375,990 | 2.8% |
| Operating Grants/Contributions | 23,237,101 | 17,728,046 | 15,698,794 | 11,723,271 | 38,935,895 | 29,451,317 | 32.2% |
| Capital Grants/Contributions | 1,580,949 | 1,730,727 | 27,227 | 103,004 | 1,608,176 | 1,833,731 | (12.3%) |
| General Revenues: | | | | | | | |
| Taxes | 26,949,020 | 23,940,845 | — | — | 26,949,020 | 23,940,845 | 12.6% |
| Lottery for Education - Lottery Proceeds | 1,544,954 | 1,237,345 | — | — | 1,544,954 | 1,237,345 | 24.9% |
| Nursing Home and Hospital Provider Fees | 519,078 | 513,666 | — | — | 519,078 | 513,666 | 1.1% |
| Tobacco Settlement Funds | 175,995 | 157,009 | — | — | 175,995 | 157,009 | 12.1% |
| Unrestricted Investment Income | 15,468 | 148,822 | — | — | 15,468 | 148,822 | (89.6%) |
| Unclaimed Property | 179,098 | 141,925 | — | — | 179,098 | 141,925 | 26.2% |
| Other | 171,346 | 185,350 | — | — | 171,346 | 185,350 | (7.6%) |
| **Total Revenues** | 55,802,611 | 47,075,891 | 22,907,261 | 18,910,109 | 78,709,872 | 65,986,000 | 19.3% |
| **Expenses:** | | | | | | | |
| General Government | 2,305,031 | 1,580,323 | — | — | 2,305,031 | 1,580,323 | 45.9% |
| Education | 16,048,419 | 14,744,905 | — | — | 16,048,419 | 14,744,905 | 8.8% |
| Health and Welfare | 22,446,647 | 19,182,338 | — | — | 22,446,647 | 19,182,338 | 17.0% |
| Transportation | 2,602,147 | 2,831,753 | — | — | 2,602,147 | 2,831,753 | (8.1%) |
| Public Safety | 2,196,467 | 2,557,268 | — | — | 2,196,467 | 2,557,268 | (14.1%) |
| Economic Development and Assistance | 492,212 | 414,177 | — | — | 492,212 | 414,177 | 18.8% |
| Culture and Recreation | 296,593 | 291,934 | — | — | 296,593 | 291,934 | 1.6% |
| Conservation | 65,701 | 59,402 | — | — | 65,701 | 59,402 | 10.6% |
| Interest and Other Charges on Long-Term Debt | 415,166 | 309,200 | — | — | 415,166 | 309,200 | 34.3% |
| Higher Education Fund | — | — | 10,208,186 | 10,355,168 | 10,208,186 | 10,355,168 | (1.4%) |
| State Health Benefit Plan | — | — | 3,173,666 | 2,735,542 | 3,173,666 | 2,735,542 | 16.0% |
| Unemployment Compensation Fund | — | — | 12,925,409 | 10,229,884 | 12,925,409 | 10,229,884 | 26.3% |
| Nonmajor Enterprise Funds | — | — | 87,827 | 204,559 | 87,827 | 204,559 | (57.1%) |
| **Total Expenses** | 46,868,383 | 41,971,300 | 26,395,088 | 23,525,153 | 73,263,471 | 65,496,453 | 11.9% |
| Increase (Decrease) in Net Position Before Contributions and Transfers | 8,934,228 | 5,104,591 | (3,487,827) | (4,615,044) | 5,446,401 | 489,547 | |
| Contributions to Permanent Endowments | — | — | 731 | 964 | 731 | 964 | |
| Transfers | (2,871,515) | (3,035,910) | 2,871,515 | 3,035,910 | — | — | |
| **Change in Net Position** | 6,062,713 | 2,068,681 | (615,581) | (1,578,170) | 5,447,132 | 490,511 | |
| **Net Position July 1 - Restated** | 20,576,439 | 18,072,772 | 4,051,638 | 5,635,980 | 24,628,077 | 23,708,752 | |
| **Net Position June 30** | $ 26,639,152 | $ 20,141,453 | $ 3,436,057 | $ 4,057,810 | $ 30,075,209 | $ 24,199,263 | 24.3 % |

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

***(Charts on next page)***


2021
REVENUES OF THE PRIMARY GOVERNMENT
Tobacco Settlement Funds 0.2%
Lottery Proceeds 2.0%
Other 0.6%
Sales and Charges for Services 10.9%
Nursing Home and Hospital Provider Fees 0.7%
Taxes 34.2%
Capital Grants/Contributions 2.0%
Operating Grants/Contributions 49.4%


2021
EXPENSES OF THE PRIMARY GOVERNMENT
Unemployment Compensation Fund 17.6%
Other 2.0%
General Government 3.1%
Education 21.9%
State Health Benefit Plan 4.3%
Higher Education Fund 13.9%
Public Safety 3.0%
Transportation 3.5%
Health and Welfare 30.6%

**Governmental Activities**

As part of the CARES Act in fiscal year 2020, the State of Georgia received $3.5 billion of Coronavirus Relief Funds. By June 30, 2021, $2.7 billion had been spent on COVID-19 relief. The remaining $821.2 million was reported as unearned revenue.

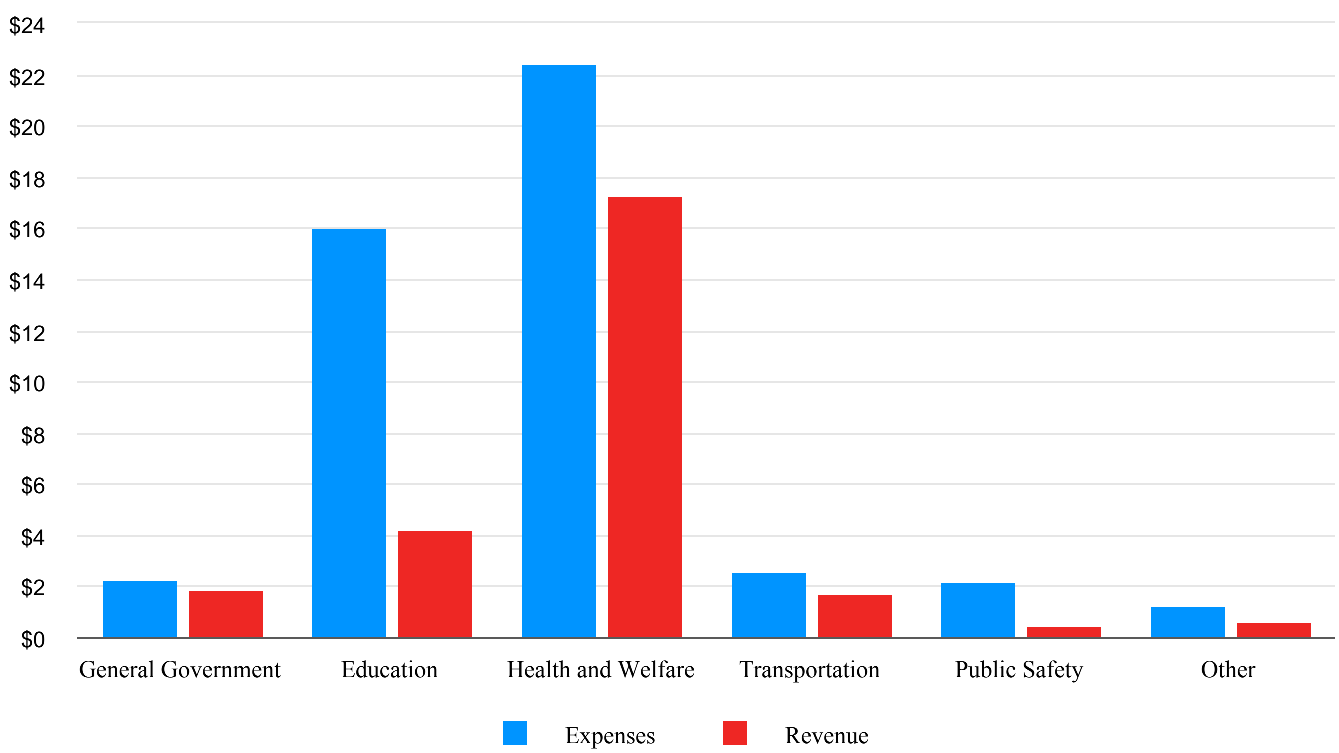
In addition, under the American Rescue Plan Act ARP; P.L. 117-2 (ARPA) of 2021, the State of Georgia received from the federal government $2.6 billion in fiscal year 2021. A second tranche of the same amount will be received in fiscal year 2022. Due to the timing of the funds being received, as of June 30, 2021, the full amount of the $2.6 billion of cash received is reported as unearned revenue.

The State's total revenues for governmental activities from all sources increased by $8.7 billion (18.5%). The primary driver of this change was an increase in operating grants and contributions of $5.5 billion (31.1%) which is a result of additional federal dollars, primarily in support of COVID-19 expenses. Also, there was an increase in tax revenue totaling $3.0 billion primarily due to increases in retail sales resulting from the implementation of a marketplace facilitator law that has increased collections from small online vendors, as well as actual growth in retail sales, and increased corporate income tax collections resulting from businesses that paid the most taxes during the pandemic. Governmental Activities expenses increased by $4.9 billion primarily as a result of expenses related to the COVID-19 pandemic.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. During fiscal year 2021, program revenues covered $26.2 billion (56.0%) of the $46.9 billion in total program expenses. For the remaining $20.6 billion (44.0%) of the total program expenses, the State relied on taxes and other general revenues.

**Table 3 – Net Program Revenue**

For the Year Ended June 30, 2021 (amounts in billions)



**Business-type Activities**

Net position of business-type activities (as restated) decreased by $615.6 million (15.2%) during the fiscal year. This decrease, primarily due to the COVID-19 pandemic, was attributable to current year unemployment payments made being $1.8 billion greater than premiums and operating grant revenues, which was partially offset by $1.2 billion of funds received from the CARES Act. In comparison to prior year, the State's business-type activities revenues increased by $4.0 billion (21.1%) and expenses increased $2.9 billion (12.2%), again primarily as a result of the COVID-19 pandemic.

Additionally, during the fiscal year, due to the COVID-19 pandemic the Unemployment Compensation Fund was depleted, and therefore loans totaling $1.1 billion were taken from the U.S. Department of Labor in order to continue paying claims. These loans were repaid prior to fiscal year end using CARES Act funds, and no loans were outstanding at June 30, 2021.

In fiscal year 2021, business-type activities expenses were funded 86.8% from program revenues compared to 80.4% in the prior year. The remaining expenses were funded by $2.9 billion in transfers from governmental activities, of which the majority were State Appropriations to the Higher Education Fund.

# FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

**Fund Balances**

At June 30, 2021, the State's governmental funds reported a combined ending fund balance of $15.9 billion. Of this amount $8.8 billion (55.5%) is restricted for specific programs by constitutional provisions, external constraints, or contractual obligations and $6.2 billion (38.8%) of fund balance is unassigned.

**General Fund**

The General Fund is the chief operating fund of the State and had a total fund balance of $13.3 billion as of fiscal year end. The net change in fund balance, prior to restatements, during the fiscal year was an increase of $4.9 billion (58.8%). The following major revenues, expenditures and other sources/uses contributed to the change in fund balance:

- Revenues - Revenues of the General Fund totaled $55.4 billion in the fiscal year, for increased of $8.9 billion (19.2%) over the prior year. The primary increases in revenues are a result of additional federal dollars, of which fiscal year 2021 revenues of $4.3 billion were primarily in support of COVID-19 expenses, and an increase in tax revenue primarily due to increases in retail sales resulting from the implementation of a marketplace facilitator law that has increased collections from small online vendors, as well as actual growth in retail sales, and increased corporate income tax collections resulting from businesses that paid the most taxes during the pandemic.

- Expenditures - Expenditures of the General Fund totaled $46.5 billion in the fiscal year, an increase of $4.7 billion (11.4%) over the prior year.

    - Education expenses increased $1.3 billion consistent with additional funds allocated in the fiscal year 2021 budget for increased expenditures related to COVID-19.

- Health and welfare increased by $3.3 billion. Increases of $1.0 billion at the Department of Community Health were due to increases for both Medicaid and Children's Health Insurance Program as a result of larger enrollment growth due to the COVID-19 pandemic, partially offset by lower utilization in each, as well as a change in the care management organizations (CMO) rate. The Department of Human Services had increases of $1.8 billion, primarily due to non cash assistance increases in Food Assistance programs due to the COVID-19 pandemic.

**Capital Project Fund - General Obligation Bond Projects Fund**

Fund balance in the General Obligation Bond Projects Fund increased by $159.6 million (12.5%) from the prior year. This was primarily the result of general revenues, debt issuances and transfers exceeding capital expenditures and transfers out. Capital outlay expenditures decreased by $166.0 million (17.3%) from the prior year.

# FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

**Higher Education Fund**

The total net position of the Higher Education Fund (as restated) increased $118.3 million (5.2%).

Operating revenues of the Higher Education Fund decreased by $69.7 million (1.2%). This was primarily due to decreases in sales and services and auxiliary enterprises as a result of operating the full fiscal year during the pandemic as compared to less than a third of the prior fiscal year. Both decreases were greatly affected by safety measures implemented in order to protect the health of campus communities and the general public, thereby lowering exposure to COVID-19 pandemic. These decreases were partially offset by increases in Operating grants and contracts at the USG as it continues growth in its research activities, primarily at its four research institutions.

Operating expenses decreased by $128.9 million (1.3%) primarily due to reduced operating activities during the pandemic as well as supply chain issues. Additionally, travel expenses decreased from the prior year as only essential travel occurred throughout the fiscal year in order to maintain the safety and health of students, faculty and staff. Offsetting some of these decreases were increases in research operating expenses which follows the increase in operating grants and contracts revenue. The increase is due to strategies to reduce spending and reduced activities on campuses in response to the pandemic during the fourth quarter of fiscal year 2020.

Nonoperating revenues (net of expenses) increased $228.3 million (19.7%) primarily due to federal HEERF funds received, and increased investment income as market conditions recovered as compared to prior fiscal year end when there was greater uncertainty surrounding the pandemic.

Capital grants and contributions increased $101.7 million (57.3%), primarily due to Georgia State Financing and Investment Commission (GSFIC) managed projects that were completed and transferred to the USG during current fiscal year being greater than those transferred in the prior fiscal year.

In addition, the Higher Education Fund received a decrease of $217.5 million (7.4%) of transfers in, primarily from the General Fund as a result of a decrease in current year State appropriations revenue.

**State Health Benefit Plan**

Operating revenues for SHBP increased by $252.1 million (8.9%) and operating expenses increased by $438.3 million (16.0%), which resulted in a corresponding decrease in operating income of $186.3 million. The decrease in operating income is primarily due to increases in membership of active employees and increased claims expense, likely a result of the COVID-19 pandemic.

**Unemployment Compensation Fund**

Georgia's unemployment rate decreased from 8.4% to 4.0% in fiscal year 2021. Even though the unemployment rate was lower at the end of fiscal year 2021, unemployment claims were significantly higher during the year and expenses increased $2.7 billion (26.3%) this year as compared to the prior year. This was due to twelve months of the COVID-19 pandemic occurring in fiscal year 2021 as opposed to only a few months in the prior year. The corresponding revenue, primarily comprised of federal funding, increased by $2.4 billion (27.9%). During the fiscal year, the unemployment fund also received $1.2 billion of nonoperating revenues from the CARES Act. In fiscal year 2021 ending net position decreased by $631.6 million as a result of benefit payments exceeding employer taxes and other revenues.

Additionally, during the fiscal year, the Unemployment Compensation Fund was exhausted because of the COVID-19 pandemic. Short-term loans totaling $1.1 billion were taken from the U.S. Department of Labor in order to continue paying claims. These loans were repaid prior to fiscal year end using CARES Act funds, and no loans were outstanding at June 30, 2021.

# CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets**

The State's capital assets, prior to restatements, increased by a net $924.8 million (2.5%) during the year. The change consisted of a net increase in infrastructure of $296.1 million, as well as net increases in machinery and equipment, land, and buildings of $58.2 million, $217.2 million and $144.1 million, respectively and a decrease in software of $14.0 million. Additionally, construction in progress increased by $185.1 million.

At June 30, 2021, the State had General Fund commitments of $1.8 billion and Capital Project Fund commitments of $2.3 billion for highway infrastructure and bridge construction. The State Road and Tollway Authority had $298.2 million of commitments, which is comprised of $178.3 million for the I-16 at I-95 Interchange Reconstruction Project, $119.6 million for the I-285 at SR 400 Interchange Reconstruction Project, and $0.2 million for the I-85 Express Lanes Project. Also, the USG had $511.4 million in outstanding encumbrances as fiscal year end. In addition to these encumbrances, the USG had other significant unearned outstanding construction or renovation contracts in the amount of $2.2 million executed as of June 30, 2021.

Additional information on the State's capital assets can be found in *Note 9 – Capital Assets* of the Notes to the Financial Statements section of this report.

***(Table on next page)***

**Table 4 - Capital Assets, Net of Accumulated Depreciation**
As of June 30, 2021 and 2020 (amounts in thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Buildings/Building Improvements | $ 2,413,244 | $ 2,310,619 | $ 9,504,457 | $ 9,463,020 | $ 11,917,701 | $ 11,773,639 |
| Improvements Other Than Buildings | 126,640 | 120,844 | 234,057 | 201,754 | 360,697 | 322,598 |
| Infrastructure | 13,695,232 | 13,389,282 | 234,222 | 244,104 | 13,929,454 | 13,633,386 |
| Intangibles - Other Than Software | 133,427 | 133,119 | — | — | 133,427 | 133,119 |
| Land | 4,881,106 | 4,650,971 | 507,732 | 520,684 | 5,388,838 | 5,171,655 |
| Library Collections | — | — | 167,243 | 169,119 | 167,243 | 169,119 |
| Machinery and Equipment | 482,178 | 411,912 | 575,617 | 587,702 | 1,057,795 | 999,614 |
| Software | 250,074 | 250,155 | 110,261 | 124,135 | 360,335 | 374,290 |
| Works of Art and Collections | 1,400 | 1,400 | 62,284 | 60,592 | 63,684 | 61,992 |
| Construction in Progress | 4,307,885 | 4,010,734 | 154,484 | 266,578 | 4,462,369 | 4,277,312 |
| **Total** | $ 26,291,186 | $ 25,279,036 | $ 11,550,357 | $ 11,637,688 | $ 37,841,543 | $ 36,916,724 |

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

## Debt Administration

The Constitution authorizes issuing general obligation debt only as approved by the legislature and prohibits the issuance of general obligation bonds for operating purposes. The Constitution requires the State to maintain a reserve sufficient to pay annual debt service requirements on all general obligation debt. If for any reason the reserve balance is insufficient to make all debt service payments when due, the first revenues received thereafter in the General Fund will be set aside for such use. The Constitution also stipulates that no debt may be incurred when the highest aggregate annual debt service requirements for any year for outstanding general obligation debt and guaranteed revenue debt, including proposed debt, exceed 10% of the total revenue receipts, less refunds in the state treasury, in the fiscal year immediately preceding the year in which any such debt is to be incurred. At June 30, 2021, the State was $1.3 billion below the annual debt service limit established by the Constitution.

**Table 5 - Net Outstanding Bond Debt**
As of June 30, 2021 and 2020 (amounts in thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General Obligation Bonds | $10,696,568 | $10,351,636 | $ — | $ — | $10,696,568 | $10,351,636 |
| GARVEE Bonds | 604,046 | 397,825 | — | — | 604,046 | 397,825 |
| Revenue Bonds | 66,185 | 215,945 | 232,337 | 234,234 | 298,522 | 450,179 |
| | $11,366,799 | $10,965,406 | $ 232,337 | $ 234,234 | $11,599,136 | $11,199,640 |

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

At the end of the fiscal year, the State had $11.6 billion in total outstanding bonded debt. Of this amount $10.8 billion (net of premiums and discounts) (92.8%), is secured by the full faith and credit of the government for general obligation bonds and guaranteed revenue bonds; $232.3 million (2.0%), is secured primarily by lease arrangements with the Board of Regents or applicable security deed and related assignment of contract documents;

and $604.0 million (5.2%) in State Road and Tollway Authority GARVEE bonds is secured by Federal Highway Administration grant funds and state motor fuel funds.

Total general obligation bonds, GARVEE bonds, and revenue bonds payable, net of premiums and discounts, increased $344.9 million (3.3%), increased $206.2 million (51.8%), and decreased $151.7 million (33.7%) respectively, prior to restatements. During the fiscal year, the State issued $1.1 billion of general obligation bonds, excluding premiums, discounts, and refunding issues. Of the general obligation bonds issued, $378.6 million for K-12 school facilities, $302.7 million was issued for higher education facilities, $152.2 million for transportation projects, $128.7 million for economic development, $103.5 million for public safety, $16.5 million for public libraries, $5.1 million for water and sewer loans to local governments, and $51.8 million for various state agency capital projects.

The State maintains a triple-A bond rating on its general obligation debt from all three national rating agencies. These ratings, the highest available, help the State achieve the lowest possible interest rates. Additional information regarding the State's outstanding debt can be found in *Note 10 – Long-Term Liabilities* of the notes to the financial statements section.

# BUDGETARY HIGHLIGHTS

## Fiscal Year 2021 Budget Highlights

The Amended Fiscal Year 2021 (AFY 2021) appropriations bill was signed by the Governor on February 15, 2021 as passed by the General Assembly.

### Revenues

The AFY 2021 budget increased the revenue estimate over the enacted budget by $704.0 million in general fund revenue. This assumes a state general fund revenue decline of 2.5% over the fiscal year 2020 state general fund revenue collections due to ongoing economic uncertainty resulting from the COVID-19 pandemic. The Amended revenue estimate removed the use of $250.0 million in Revenue Shortfall Reserves included in the enacted FY 2021 estimate and includes only the required K-12 mid-term adjustment from the RSR of $255.0 million. As a result of increased revenue estimates over the enacted budget, no additional across the board reductions were necessary for the final AFY 2021 budget.

***(Table on next page)***

**Revenue Estimates Since FY 2020**
**(In millions)**

| | AFY 2020 Estimate | FY 2020 Actuals | FY 2021 Original Estimate | FY 2021 Gov Revised (Enacted) | AFY 2021 Estimate | Change Over FY 2020 Actuals | FY 2022 Estimate | Change Over AFY 2021 Estimate |
|---|---|---|---|---|---|---|---|---|
| **General Funds** | | | | | | | | |
| **Taxes: Revenue** | | | | | | | | |
| Income Tax - Individual | $12,299.24 | $12,408.18 | $12,653.11 | $12,070.14 | $12,469.38 | 0.5% | $12,738.71 | 2.2% |
| Income Tax - Corporate | 1,408.49 | 1,232.95 | 1,536.12 | 770.12 | 788.64 | -36.0% | 880.78 | 11.7% |
| Sales and Use Tax-General | 6,450.15 | 6,174.45 | 6,722.14 | 6,272.14 | 6,197.14 | 0.4% | 6,649.08 | 7.3% |
| Motor Fuel | 1,851.70 | 1,873.22 | 1,926.49 | 1,733.84 | 1,897.96 | 1.3% | 1,954.04 | 3.0% |
| Tobacco Taxes | 230.00 | 225.53 | 235.00 | 235.00 | 240.00 | 6.4% | 240.00 | 0.0% |
| Alcoholic Beverages Tax | 206.00 | 207.64 | 211.00 | 230.00 | 235.00 | 13.2% | 239.7 | 2.0% |
| Property Tax | 0.14 | 1.12 | - | - | - | - | - | - |
| Motor Vehicle License Tax | 390.00 | 379.72 | 380.00 | 385.00 | 385.00 | 1.4% | 350.00 | -9.1% |
| Title Ad Valorem Tax | 640.00 | 661.39 | 700.00 | 455.00 | 600.00 | -9.3% | 598.00 | -0.3% |
| Insurance Premium Tax | 532.00 | 554.99 | 540.00 | 520.00 | 540.00 | -2.7% | 550.80 | 2.0% |
| **Total Net Taxes** | **$24,007.72** | **$23,719.18** | **$24,903.85** | **$22,671.23** | **$23,353.12** | **-1.5%** | **$24,201.11** | **3.6%** |
| **Total Interest Fees and Sales** | **1,731.47** | **1,759.74** | **1,727.91** | **1,475.96** | **1,493.28** | **-15.1%** | **1,582.12** | **5.9%** |
| **Total State General Funds** | **$25,739.19** | **$25,478.92** | **$26,631.77** | **$24,147.20** | **$24,846.40** | **-2.5%** | **$25,783.23** | **3.8%** |
| **Lottery Funds** | 1,231..64 | 1,260.35 | 1,315.45 | 1,301.32 | 1,301.32 | 3.3% | 1,319.16 | 1.4% |
| **Tobacco Settlement Funds** | 155.888 | 158.31 | 160.56 | 210.56 | 160.56 | 1.4% | 148.47 | -7.5% |
| **Brain and Spinal Injury Trust Fund** | 1.41 | 1.41 | 1.43 | 1.43 | 1.43 | 1.6% | 1.36 | -4.8% |
| **Other State Revenue** | - | 1.06 | - | - | 0.30 | 0.0% | 0.35 | 0.0% |
| **Total State Treasury Receipts** | **$27,128.12** | **$26,900.04** | **$28,109.20** | **$25,660.51** | **$26,310.01** | **-2.2%** | **$27,252.57** | **3.6%** |
| **Supplemental Fund Sources** | | | | | | | | |
| Return of Audited Surplus | - | 216.2 | - | 1.91 | 1.91 | - | - | - |
| Revenue Shortfall Reserve | 100 | - | - | 250 | | - | - | - |
| Mid-year Adjustment Reserve | 255.71 | 255.71 | - | | 254.79 | - | - | - |
| **TOTAL STATE TREASURY RECEIPTS** | **$27,483.83** | **$27,371.95** | **$28,109.20** | **$25,912.42** | **$26,566.71** | **-2.90%** | **$27,252.57** | **2.60%** |

**Source: Governor's Office of Planning and Budget**

## Expenditures

The AFY 2021 budget fully funded growth needs in education and Medicaid and is structurally balanced with no reliance on one-time sources of funding:

- $567 million for the K-12 Quality Basic Education (QBE) funding formula to restore 60% of the austerity reduction included in the original fiscal year 2021 budget.
- $13 million reduction to the K-12 QBE funding formula, including $40 million for enrollment growth, $26 million for the State Charter Schools supplement, and a $79 million reduction to the Local Five Mill Share to account for increased local property digest revenue.
- $74 million for higher education to fund prior year formula growth not included in the original fiscal year 2021 base budget.
- $35 million for Disproportionate Share Hospitals offset by $47 million in savings in Medicaid expense growth.
- $421 million in savings due to the enhanced Federal Medical Assistance Percentage for Medicaid.
- $56 million to provide a $1,000 one-time pay supplement for state employees earning less than $80,000 to recognize additional work duties stemming from the COVID-19 pandemic.
- $200 million for the Department of Transportation.
- $26 million for vehicles and equipment for state agencies.
- $25 million for Forestland Protection grants to meet projected need.
- $20 million to establish a Rural Broadband Infrastructure Grant Program within the OneGeorgia Authority.

The American economy went through more upheaval in 2020 than in any year in U.S. history. Unemployment went from record lows to near-depression-level highs and back to nearly normal in a period of roughly nine months. Georgia saw its unemployment rate go from 3% to double digits and back to between 5 and 6% in that same time period of March to December 2020. By early 2021, Georgia's economy was healthy and helping to lead the national economic recovery. Georgia's earlier reopening, combined with strong safety protocols for businesses, allowed Georgia to regain and maintain employment and grow incomes at a faster rate than almost any other state (see the CNN/Opportunity Insight Recovery Tracker for comparisons). Consumer confidence drawn from the restoration of near-normal levels of employment and incredibly generous federal handouts to both the employed and unemployed supported the Georgia (and national) economy, with Georgia seeing rising personal incomes and retail sales. In addition, new business formation in Georgia ran well ahead of 2019 pace throughout 2020 as entrepreneurs saw openings for new business ideas or chances to replace closed establishments. Georgia ended fiscal year 2021 about 75,000 jobs short of a complete recovery, but those jobs will likely return as soon as the hospitality (particularly the business convention) industry returns to full strength and the last school fully reopens.

Georgia had a state nonfarm employment of 5.02 million in February 2020, just before the pandemic impact began (all data from US BLS). In April 2020, state employment hit bottom at 4.37 million, meaning that 650,000 people (13% of the workforce) were no longer working. Employment recovered quickly, plateauing at roughly 4.5 million employed through the summer of 2020, 4.6 million in August and September, 4.8 million from October to December, and reaching 4.90 million in February 2021. By the end of the fiscal year essentially 100% of the still missing jobs were in the hospitality industry.

Retail sales have been a particularly bright spot for Georgia's economy. Using the July-March collection period (representing June 2020 – February 2021 sales) so as to avoid comparisons involving months when much of the economy was shut down at the beginning of the pandemic, Georgia's gross sales tax collections are up 7.7% on a year-over-year basis. Some of this is due to the implementation of a marketplace facilitator law that has increased collections from small online vendors, but around half of the growth is true growth in retail sales. Even with the reduction in business volume among the service sector, the goods sector, particularly consumer durables, has managed to more than pick up the slack. The federal government's unprecedented financial support of households has combined with business ingenuity and modern technology to find ways for commerce to continue even during a pandemic with public health policies designed to minimize interpersonal interaction. With households having used some of that federal money to pay down consumer debt and increase savings, solid growth in retail sales (and hence sales tax revenues) is expected to continue for at least several years to come.

Corporate income tax collections have been surprisingly strong through the pandemic, supporting a more stable state budget situation than in typical recessions. This appears to be a combination of the fact disposable income did not fall more than temporarily, the greater-than-in-the-past ability of businesses to use e-commerce and technology to continue doing business without much personal interaction, and the selection of industries that were most affected by the public health restrictions and associated consumer fears. Analysis of industry-specific data for corporate income taxes historically collected in Georgia reveal that the restaurant, accommodation, and entertainment sectors did not pay much in income taxes during good economic times, so the economic pain they suffered over the past year did not translate into much lost revenue for the state. Conversely, the businesses that paid the most in corporate taxes—financial and professional services, some large manufacturers and retailers, and telecommunications and information technology companies—were the businesses that did best during the pandemic. It is anticipated that most businesses will be in much sounder financial footing than commonly thought as the economy returns fully to normal.

The Georgia Ports Authority reported record volumes in 2020, with strong growth in the second half of the year more than compensating for a slowdown early in the pandemic. While total cargo volume was up 1.8% on an annual calendar year basis, December 2020 volume in tons was up 12.5% compared to December 2019, volume was up 24% by container unit (TEUs), and December rail volume was up 16.4% year over year. The strength of the Georgia ports will support all industries in Georgia as it boosts transportation, warehousing, and distribution, as well as providing market access for retailers and manufacturers who need to procure manufacturing inputs or products to sell, and to ship finished products to customers around the world. Major infrastructure projects nearing completion will support continued growth of volume through the ports.

The sectors of the Georgia economy that are still the most impacted are travel, conventions, accommodations, restaurants, and personal services. With those sectors highly concentrated in the Atlanta metro, it is not surprising that over 80% of the still-missing jobs in Georgia are missing from the Atlanta metro, compared to its roughly 60% share of state employment. The overall diversification of Georgia's economy has contributed to Georgia's solid recovery over the past year, so while some sectors are still impacted, those sectors are not so dominant as to create significant harm to the state's economy as the whole.

**Revenue Shortfall Reserve (RSR)**

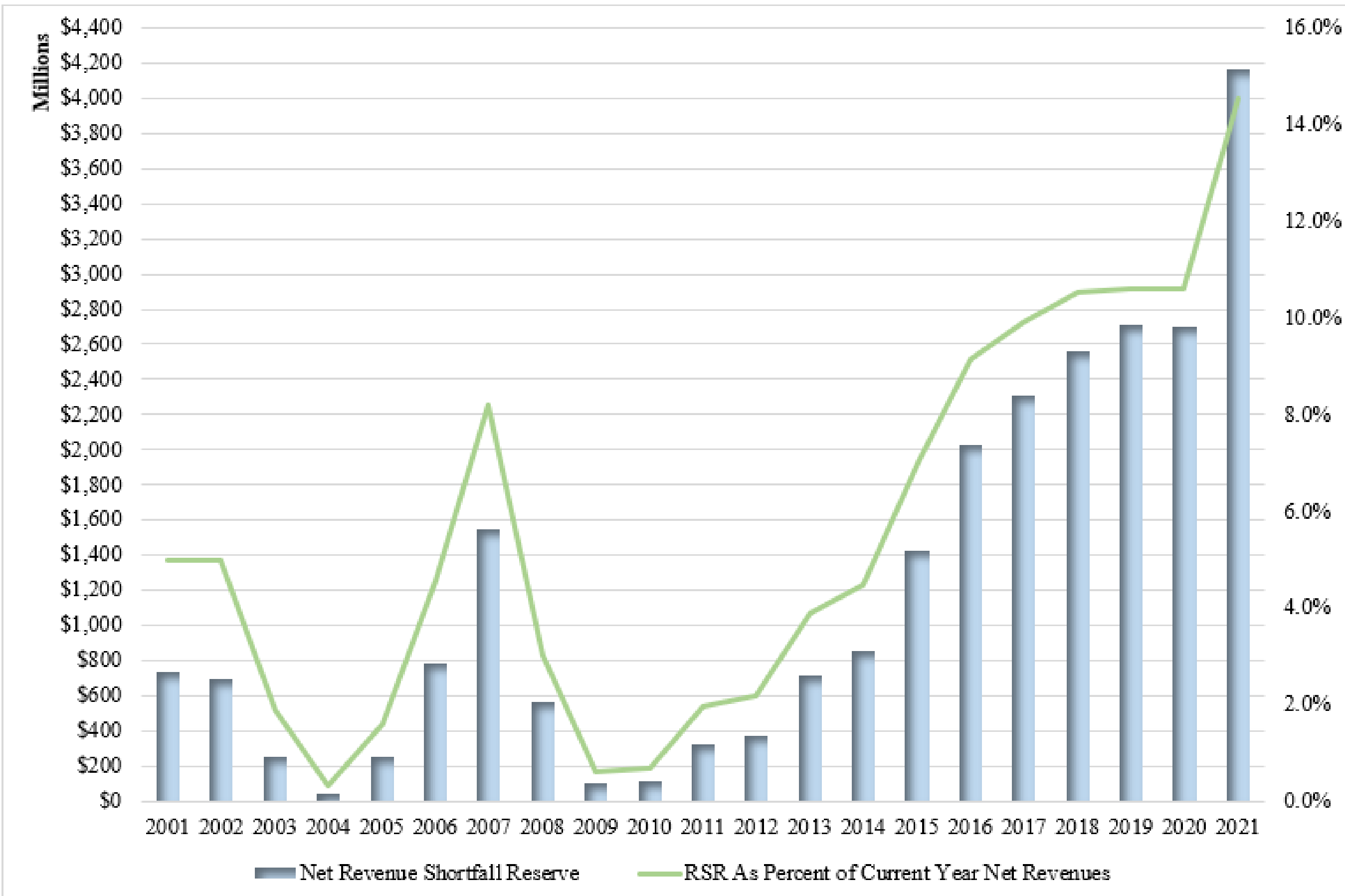
The RSR provides for the sound management of excess revenue collections in any given fiscal year. By statute, all surplus State funds existing at the end of each fiscal year shall be reserved and added to the RSR. Each fiscal year, the General Assembly may appropriate from the RSR an amount up to 1% of the net revenue collections of the preceding fiscal year for funding increased K-12 education needs. Also, the Governor may release for appropriation by the General Assembly a stated amount of reserve funds in the RSR that are in excess of 4% of the net revenue collections of the preceding fiscal year. The RSR cannot exceed 15% of the previous fiscal year's net revenue collections.

By statute, 1% of fiscal year 2021 state general fund receipts/net revenue collections ($285.9 million) is available from the RSR for the mid-year K-12 education appropriation adjustment in the amended fiscal year 2022 budget. This amount had not been appropriated as of the date of this report, however, it has been included in the chart below.

The ending balance in the Revenue Shortfall Reserve (RSR), or "rainy day" fund, is a critical tool in helping to address budget shortfalls. While combating the impact of the pandemic, the State remained focused on maintaining the RSR. After adjusting for the current year agency lapse less the mid-year adjustment for education, the RSR balance as of June 30, 2021 is $4.2 billion. Current state law provides that the reserve cannot exceed 15% of the previous fiscal year's net revenue. In fiscal year 2021, the 15% legal limit was exceeded and the receipts in excess of the 15% ($2.2 billion) were reported as unreserved, undesignated surplus. Prior to mid-year adjustment for education, this represents a sharp increase of $1.4 billion from fiscal year 2020, and after the mid-year adjustment for education, an increase of $1.2 billion (3.7%) from fiscal year 2020.

***(Graph on next page)***

**Revenue Shortfall Reserve as a Percentage of State General Fund Receipts**
**(in millions)**



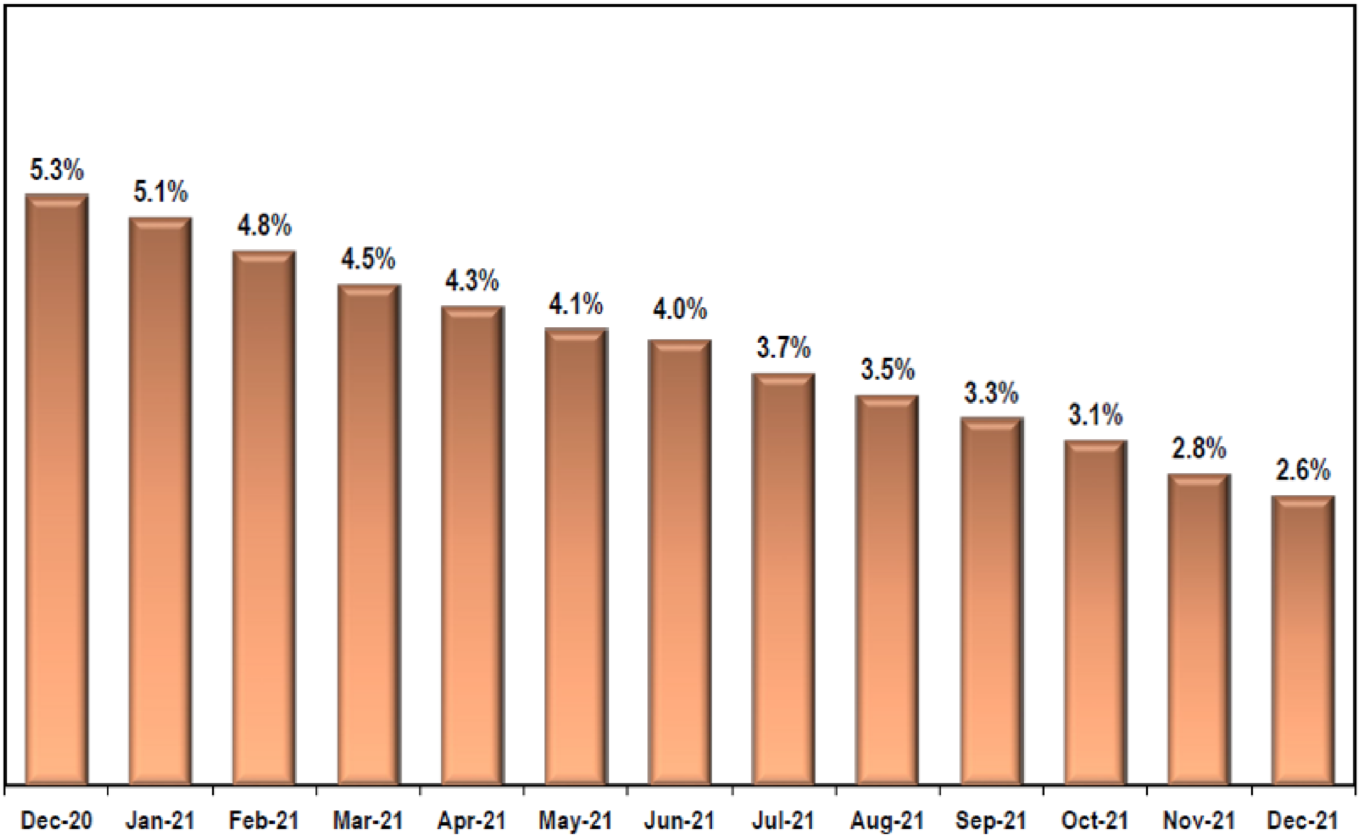

**Source: State Accounting Office**

# ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

**Economic Outlook**

The major economic issue of 2021 was and remains labor. Strong incomes have led to record sales at many Georgia businesses and strong demand for many sectors that were closed or restricted earlier in the pandemic (such as hospitality) has resulted in help wanted signs on almost every business and a shortfall of workers in many places. In September 2021, Georgia led the nation in job openings and was #4 in hiring rate. Unfortunately, the separation rate (the percent of employees who quit or are fired) equaled the rate employees were being hired, so Georgia businesses are having difficulty reducing their number of open positions. This heightened labor market churn is due to a combination of rapidly rising wages offered by employers in need of more workers allowing existing workers to switch jobs at higher rates than normal and employers taking chances on workers with less experience or fewer qualifications than normal and subsequently having to fire some of them. Further lengthening the time it is taking for businesses to fill all their open positions are hiring capacity constraints (you can only interview, hire, and train so many people per month) and the fact that some previous workers are remaining out of the labor force due to a variety of personal factors (leaving the state's official unemployment rate at record low of 3.1%).

**Georgia Unemployment Rate**
**(Seasonally Adjusted)**




**Source: Georgia Department of Labor - Mark Butler, Commissioner**

With federal aid for rural and economic development already provided to state and local governments along with a federal infrastructure plan under consideration in Congress, the Georgia economy should be supported over the next several years with significant federal dollars which will allow the state economy to be even stronger than it was before the pandemic. Thus, Georgia is entering its fiscal year 2022 in solid financial condition with a balanced budget, a healthy state reserve fund, and expectations for a growing economy across all sectors and geographies.

Looking forward to fiscal year 2022 (starting in July 2021), a gradual return to normal is expected. With vaccination likely concluding in the first half of the fiscal year, sectors such as food service, entertainment, and travel should see gains. This will be important for the economic recovery in the Atlanta metro, which has suffered from the lack of business travel and cancelled conventions. As these hard-hit sectors recover, those who gained during the pandemic, such as home improvement, will see declines back toward their pre-pandemic levels. Some changes are likely permanent (more video conferencing, more online shopping), but fiscal 2022 will still see some normalization of baseline spending patterns as people gain confidence that the pandemic has been brought under control. Finally, as is typical emerging from recessions, new business formation should be strong with new companies and innovative products taking advantage of disruption to find buyers for their goods and services. Georgia should gain considerably from such entrepreneurship as it continues to be ranked the number one state in which to do business.

**Fiscal Year 2022 Budget Highlights**

The fiscal year 2022 budget is built on State general fund revenue growth of 3.8% compared to the AFY 2021 budget estimate which provides an additional $1.4 billion in general funds over the original adopted fiscal year 2021 base.

The budget is structurally balanced with no one-time revenue sources and fully funds expected growth in education, Medicaid, and retirement system needs with no additional across-the-board reductions to state agencies:

- $577 million for the K-12 QBE funding formula to restore 60% of the austerity reduction included in the original fiscal year 2021 budget.
- $38 million for K-12 QBE enrollment growth, Equalization funding, and the State Charter School Supplement.
- $74 million for higher education to fund prior year formula growth not included in the original fiscal year 2021 base budget.
- $66 million for higher education for current year formula growth.
- $67 million to fully fund the Actuarially Determined Employer Contribution for the Teachers Retirement System.
- $164 million for Medicaid and PeachCare to fund program growth, adjustments to FMAP and eFMAP rates, and Medicare Part B and D adjustments.
- $35 million for the Indigent Care Trust Fund to fully fund annual needs in the base budget.
- $224 million in operational funding and $100 million in capital funding for the Department of Transportation.
- $25 million for Forestland Protection Act grants to fully fund annual needs in the base budget.
- $40 million to establish a new Rural Innovation Fund within the OneGeorgia Authority.
- $10 million to annualize the Rural Broadband Infrastructure grant program within the OneGeorgia Authority.
- $983 million capital outlay package prioritizing maintaining existing state assets.

As in fiscal year 2021, the fiscal year 2022 budget assumes one quarter of FMAP savings due to the enhanced FMAP rate during the declared public health emergency based on communication from the federal government that the declaration is likely to last through the end of calendar year 2021. This would provide for an additional quarter of savings in the AFY 2022 budget if the enhanced rate is continued through 2021.

**Education**

- $1.5 million in lottery funds for training and experience growth for Pre-K teachers.
- ◦ $69.5 million reduction for enrollment decline and training and experience to recognize a 2.1% decrease in enrollment, bringing the total number of full-time equivalent (FTE) students funded in FY 2022 to 1.72 million students and over 135,000 teachers and administrators.
- $71.9 million for the QBE Equalization program to assist low-wealth school systems.
- $59.5 million for resident instruction to reflect a .08% increase in credit hour enrollment and a 0.5% increase in square footage at University System institutions.
- $6 million for technical education to reflect a 1.6% increase in credit hour enrollment and a 3.5% increase in square footage at system institutions.

**Community Health**

- $329.4 million for Medicaid and PeachCare, including $64 million in new funding for program growth, $165 million to restore the first quarter of the 6.2% enhanced Federal Medical Assistance Percentage (FMAP) due to the COVID-19 Public Health Emergency, $51 million to restore the retro rate amendment and risk corridor reduction in FY 2021, $36 million to offset a reduction in the FMAP and eFMAP rates, $6.3 million for the hold harmless provision in Medicare Part B premiums, and $6.5 million for the Medicare Part D clawback.
- $38.5 million in savings due to the repeal of the federal Health Insurer Provider Fee.

**Human Services**

- $8.2 million for the implementation of the Patients First Act (2019 Session) including $0.9 million for additional eligibility staff.
- $0.4 million for the Safe Harbor for Sexually Exploited Children Fund Commission to reflect collections pursuant to SB 8 (2015 Session).

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all of the State's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State Accounting Office, 200 Piedmont Avenue, Suite 1604 West Tower, and Atlanta, Georgia 30334-9010.

# BASIC FINANCIAL STATEMENTS

# Statement of Net Position
## June 30, 2021
**(amounts in thousands)**

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 5,813,978 | $ 1,341,328 | $ 7,155,306 | $ 977,179 |
| Pooled Investments with State Treasury | 13,785,709 | 1,381,493 | 15,167,202 | 1,857,866 |
| Investments | 2,205,388 | 620,373 | 2,825,761 | 1,524,881 |
| Receivables (Net) | 6,640,331 | 876,606 | 7,516,937 | 5,722,244 |
| Due from Primary Government | — | — | — | 55,133 |
| Due from Component Units | 172,384 | 486,427 | 658,811 | — |
| Internal Balances | 446,026 | (446,026) | — | — |
| Inventories | 40,582 | 25,250 | 65,832 | 35,137 |
| Prepaid Items | 73,203 | 106,080 | 179,283 | 54,102 |
| Other Assets | 52,491 | 1,777 | 54,268 | 223,721 |
| Restricted Assets | | | | |
| Cash and Cash Equivalents | — | 735,278 | 735,278 | 485,293 |
| Pooled Investments with State Treasury | 420,620 | 34,380 | 455,000 | 125,091 |
| Investments | — | 303,958 | 303,958 | 5,062,619 |
| Receivables (Net) | — | — | — | 1,562,998 |
| Net Pension Asset | 90,146 | — | 90,146 | — |
| Net OPEB Asset | 241,550 | 13,129 | 254,679 | 3,377 |
| Capital Assets | | | | |
| Nondepreciable | 9,323,617 | 719,797 | 10,043,414 | 1,106,302 |
| Depreciable (Net of Accumulated Depreciation) | 16,967,569 | 10,830,560 | 27,798,129 | 3,602,945 |
| Total Assets | 56,273,594 | 17,030,410 | 73,304,004 | 22,398,888 |
| **Deferred Outflows of Resources** | 1,256,774 | 2,174,721 | 3,431,495 | 186,233 |
| **Liabilities** | | | | |
| Accounts Payable and Accrued Liabilities | 2,796,620 | 289,714 | 3,086,334 | 399,181 |
| Local Education Agencies Payable | 1,292,401 | — | 1,292,401 | — |
| Due to Primary Government | — | — | — | 658,811 |
| Due to Component Units | 44,863 | 10,270 | 55,133 | — |
| Benefits Payable | 2,399,188 | 473,010 | 2,872,198 | — |
| Accrued Interest Payable | 235,930 | 1,949 | 237,879 | 35,075 |
| Contracts Payable | 46,508 | 21,710 | 68,218 | 73,444 |
| Funds Held for Others | 151,201 | 19,535 | 170,736 | 75,327 |
| Unearned Revenue | 4,258,722 | 444,496 | 4,703,218 | 268,459 |
| Claims and Judgments Payable | 1,034,654 | 1,100 | 1,035,754 | 370 |
| Other Liabilities | 216,236 | 17,975 | 234,211 | 1,162,093 |
| Noncurrent Liabilities: | | | | |
| Due within one year | 1,127,773 | 323,128 | 1,450,901 | 257,034 |
| Due in more than one year | | | | |
| Net Pension Liability | 4,191,085 | 4,265,063 | 8,456,148 | 258,182 |
| Net OPEB Liability | 913,136 | 5,457,512 | 6,370,648 | 162,762 |
| Other Noncurrent Liabilities | 10,985,410 | 3,197,344 | 14,182,754 | 5,518,561 |
| Total Liabilities | 29,693,727 | 14,522,806 | 44,216,533 | 8,869,299 |
| **Deferred Inflows of Resources** | 1,197,489 | 1,246,268 | 2,443,757 | 54,529 |

(continued)

# Statement of Net Position
## June 30, 2021
**(amounts in thousands)**

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| **Net Position** | | | | |
| Net Investment in Capital Assets [(1)] | 23,070,070 | 8,593,594 | 28,290,100 | 3,658,653 |
| Restricted for: | | | | |
| Bond Covenants/Debt Service | 618,267 | 329,693 | 947,960 | 97,269 |
| Capital Projects | — | 10,032 | 10,032 | 246,561 |
| Guaranteed Revenue Debt Common Reserve Fund | 24,180 | — | 24,180 | — |
| Loan and Grant Programs | — | — | — | 1,994,630 |
| Lottery for Education | 1,736,480 | — | 1,736,480 | — |
| Motor Fuel Tax Funds | 3,886,591 | — | 3,886,591 | — |
| Nonexpendable: | | | | |
| Permanent Trust | — | 230,222 | 230,222 | 3,083,877 |
| Other Programs | — | — | — | 70,000 |
| Other Benefits | — | 408,323 | 408,323 | — |
| Other Purposes | 1,568,547 | 304,221 | 1,872,768 | 450,681 |
| Permanent Trust Expendable | — | — | — | 1,233,235 |
| Unemployment Compensation Benefits | — | 406,959 | 406,959 | — |
| Unrestricted [(1)] | (4,264,983) | (6,846,987) | (7,738,406) | 2,826,387 |
| Total Net Position | $ 26,639,152 | $ 3,436,057 | $ 30,075,209 | $ 13,661,293 |

[(1)] Refer to Note 4 for additional details

## Statement of Activities
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | | Program Revenues | | |
|---|---|---|---|---|
| | Expenses | Sales and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| **Functions/Programs** | | | | |
| **Primary Government** | | | | |
| **Governmental Activities:** | | | | |
| General Government | $ 2,305,031 | $ 838,181 | $ 1,016,362 | $ 32,924 |
| Education | 16,048,419 | 12,188 | 4,188,475 | — |
| Health and Welfare | 22,446,647 | 97,934 | 17,192,547 | 2,055 |
| Transportation | 2,602,147 | 66,039 | 127,751 | 1,539,356 |
| Public Safety | 2,196,467 | 184,815 | 292,841 | 2,508 |
| Economic Development and Assistance | 492,212 | 48,002 | 307,537 | — |
| Culture and Recreation | 296,593 | 176,639 | 90,827 | 3,675 |
| Conservation | 65,701 | 5,804 | 20,761 | 431 |
| Interest and Other Charges on Long-Term Debt | 415,166 | — | — | — |
| Total Governmental Activities | 46,868,383 | 1,429,602 | 23,237,101 | 1,580,949 |
| **Business-type Activities:** | | | | |
| Higher Education | 10,208,186 | 3,490,490 | 3,828,447 | 27,227 |
| State Health Benefit Plan | 3,173,666 | 3,079,378 | 740 | — |
| Unemployment Compensation | 12,925,409 | 570,965 | 11,746,215 | — |
| Other Business-type Activities | 87,827 | 40,407 | 123,392 | — |
| Total Business-type Activities | 26,395,088 | 7,181,240 | 15,698,794 | 27,227 |
| Total Primary Government | $ 73,263,471 | $ 8,610,842 | $ 38,935,895 | $ 1,608,176 |
| **Component Units** | | | | |
| A U Health Systems, Inc. | $ 1,140,154 | $ 1,047,410 | $ 13,224 | $ 4,501 |
| Georgia Environmental Finance Authority | 44,594 | 25,324 | 94,651 | — |
| Geo. L. Smith II Georgia World Congress Center Authority | 163,243 | 26,292 | 4,341 | — |
| Georgia Housing and Finance Authority | 185,079 | 104,130 | 91,862 | — |
| Georgia Lottery Corporation | 5,817,864 | 5,806,919 | 168 | — |
| Georgia Ports Authority | 425,506 | 615,429 | 14,314 | 8,473 |
| Georgia Tech Foundation, Incorporated | 119,560 | 24,879 | 577,028 | — |
| Nonmajor Component Units | 2,428,103 | 637,753 | 2,331,278 | 27,606 |
| Total Component Units | $ 10,324,103 | $ 8,288,136 | $ 3,126,866 | $ 40,580 |

General Revenues:
- Taxes
  - Income Taxes - Individual
  - Sales and Use Taxes - General
  - Motor Fuel Taxes
  - Motor Vehicle License and Title Ad Valorem Taxes
  - Corporate Taxes
  - Other Taxes
- Lottery for Education - Lottery Proceeds
- Nursing Home and Hospital Provider Fees
- Tobacco Settlement Funds
- Unrestricted Investment Income/(Loss)
- Unclaimed Property
- Other
- Payments from the Primary Government

Contributions to Permanent Endowments

Transfers

Total General Revenues, Contributions to Permanent Endowments and Transfers

Change in Net Position

Net Position, July 1 - Restated (Note 3)

Net Position, June 30

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | Component Units |
| $ (417,564) | | $ (417,564) | |
| (11,847,756) | | (11,847,756) | |
| (5,154,111) | | (5,154,111) | |
| (869,001) | | (869,001) | |
| (1,716,303) | | (1,716,303) | |
| (136,673) | | (136,673) | |
| (25,452) | | (25,452) | |
| (38,705) | | (38,705) | |
| (415,166) | | (415,166) | |
| (20,620,731) | | (20,620,731) | |
| | $ (2,862,022) | (2,862,022) | |
| | (93,548) | (93,548) | |
| | (608,229) | (608,229) | |
| | 75,972 | 75,972 | |
| | (3,487,827) | (3,487,827) | |
| (20,620,731) | (3,487,827) | (24,108,558) | |
| | | | $ (75,019) |
| | | | 75,381 |
| | | | (132,610) |
| | | | 10,913 |
| | | | (10,777) |
| | | | 212,710 |
| | | | 482,347 |
| | | | 568,534 |
| | | | 1,131,479 |
| 13,699,488 | — | 13,699,488 | — |
| 7,268,260 | — | 7,268,260 | — |
| 1,779,560 | — | 1,779,560 | — |
| 1,139,049 | — | 1,139,049 | — |
| 1,741,239 | — | 1,741,239 | — |
| 1,321,424 | — | 1,321,424 | 9,434 |
| 1,544,954 | — | 1,544,954 | — |
| 519,078 | — | 519,078 | — |
| 175,995 | — | 175,995 | — |
| 15,468 | — | 15,468 | 350,064 |
| 179,098 | — | 179,098 | — |
| 171,346 | — | 171,346 | — |
| — | — | — | 107,584 |
| — | 731 | 731 | 127,459 |
| (2,871,515) | 2,871,515 | — | — |
| 26,683,444 | 2,872,246 | 29,555,690 | 594,541 |
| 6,062,713 | (615,581) | 5,447,132 | 1,726,020 |
| 20,576,439 | 4,051,638 | 24,628,077 | 11,935,273 |
| $ 26,639,152 | $ 3,436,057 | $ 30,075,209 | $ 13,661,293 |

# Balance Sheet
# Governmental Funds
# June 30, 2021
**(amounts in thousands)**

| | General Fund | General Obligation Bond Projects Fund | Nonmajor Funds | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 4,519,894 | $ 281,837 | $ 996,752 | $ 5,798,483 |
| Pooled Investments with State Treasury | 13,617,134 | — | 11,626 | 13,628,760 |
| Investments | 751,305 | 1,342,039 | 90,118 | 2,183,462 |
| Receivables (Net) | 6,489,850 | — | 34,662 | 6,524,512 |
| Due from Other Funds | 15,126 | — | 676 | 15,802 |
| Due from Component Units | 172,315 | — | — | 172,315 |
| Inventories | 20,986 | — | 1 | 20,987 |
| Restricted Assets | | | | |
| Pooled Investments with State Treasury | 61,395 | — | 359,225 | 420,620 |
| Other Assets | 437,621 | — | — | 437,621 |
| Total Assets | $ 26,085,626 | $ 1,623,876 | $ 1,493,060 | $ 29,202,562 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts Payable and Other Accruals | $ 2,611,088 | $ 84,643 | $ 50,705 | $ 2,746,436 |
| Due to Other Funds | 663,673 | 17,550 | 13,857 | 695,080 |
| Due to Component Units | 44,864 | — | — | 44,864 |
| Local Education Agencies Payable | 1,292,401 | — | — | 1,292,401 |
| Benefits Payable | 2,399,188 | — | — | 2,399,188 |
| Contracts Payable | 20,550 | 25,957 | — | 46,507 |
| Undistributed Local Government Sales Tax | 3,200 | — | — | 3,200 |
| Funds Held for Others | 149,834 | — | — | 149,834 |
| Unearned Revenue | 4,296,826 | 2,846 | 272,991 | 4,572,663 |
| Other Liabilities | 97,750 | 41,132 | — | 138,882 |
| Total Liabilities | 11,579,374 | 172,128 | 337,553 | 12,089,055 |
| Deferred Inflows of Resources | 1,157,138 | 10,900 | — | 1,168,038 |
| Fund Balances: | | | | |
| Nonspendable | 27,612 | — | — | 27,612 |
| Restricted | 6,297,540 | 1,404,920 | 1,143,558 | 8,846,018 |
| Unrestricted | | | | |
| Committed | 21,145 | — | — | 21,145 |
| Assigned | 818,728 | 35,928 | 11,949 | 866,605 |
| Unassigned | 6,184,089 | — | — | 6,184,089 |
| Total Fund Balances | 13,349,114 | 1,440,848 | 1,155,507 | 15,945,469 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 26,085,626 | $ 1,623,876 | $ 1,493,060 | $ 29,202,562 |

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

# Reconciliation of Fund Balances
# To the Statement of Net Position
# June 30, 2021
### (amounts in thousands)

| | | |
|---|---|---|
| **Total Fund Balances - Governmental Funds (from previous page)** | | $ 15,945,469 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of: | | |
| Land | $ 4,859,211 | |
| Buildings and Building Improvements | 4,116,552 | |
| Improvements Other Than Buildings | 169,945 | |
| Machinery and Equipment | 1,404,063 | |
| Infrastructure | 35,167,305 | |
| Construction in Progress | 4,301,016 | |
| Works of Art | 126 | |
| Intangibles - Other Than Software | 134,984 | |
| Software | 582,380 | |
| Accumulated Depreciation | (24,817,366) | 25,918,216 |
| Deferred inflows of resources are not reported in the governmental funds: | | |
| Revenues are not available soon enough after year end to pay for current period's expenditures | 1,128,008 | |
| Amount on refunding of bonded debt | (427) | |
| Related to OPEB | (989,689) | |
| Related to pensions | (152,908) | (15,016) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | | 642,575 |
| Deferred outflows of resources are not reported in the governmental funds: | | |
| Amount on refunding of bonded debt | 21,774 | |
| Related to OPEB | 332,954 | |
| Related to pensions | 885,936 | 1,240,664 |
| Other assets not available in the current period and therefore are not reported in the governmental funds: | | |
| Net OPEB Asset | 237,390 | |
| Net Pension Asset | 90,146 | 327,536 |
| Certain long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| General Obligation Bonds | (9,628,150) | |
| Premiums | (1,068,418) | |
| Accrued Interest Payable | (234,373) | |
| Revenue Bonds | (552,135) | |
| Premiums | (118,096) | |
| Accrued Interest Payable | (1,557) | |
| Capital Leases | (288,452) | |
| Compensated Absences | (364,046) | |
| Long-Term Notes | (50,578) | |
| Net OPEB Liability | (900,032) | |
| Net Pension Liability | (4,137,167) | |
| Other | (77,288) | (17,420,292) |
| **Total Net Position - Governmental Activities** | | $ 26,639,152 |

# Statement of Revenues, Expenditures, and Changes in Fund Balances
## Governmental Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | General Fund | General Obligation Bond Projects Fund | Nonmajor Funds | Total |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 27,030,572 | $ — | $ — | $ 27,030,572 |
| Licenses and Permits | 432,292 | — | — | 432,292 |
| Intergovernmental - Federal | 23,875,577 | 16,750 | — | 23,892,327 |
| Intergovernmental - Other | 438,883 | 43,485 | 249,880 | 732,248 |
| Sales and Services | 535,527 | — | 112 | 535,639 |
| Fines and Forfeits | 483,319 | — | — | 483,319 |
| Interest and Other Investment Income | 16,770 | 2,763 | 15,990 | 35,523 |
| Unclaimed Property | 180,361 | — | — | 180,361 |
| Lottery Proceeds | 1,544,954 | — | — | 1,544,954 |
| Nursing Home Provider Fees | 152,797 | — | — | 152,797 |
| Hospital Provider Payments | 366,281 | — | — | 366,281 |
| Other | 320,770 | — | 95 | 320,865 |
| Total Revenues | 55,378,103 | 62,998 | 266,077 | 55,707,178 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General Government | 1,623,515 | 485 | 883 | 1,624,883 |
| Education | 16,025,139 | | — | 16,025,139 |
| Health and Welfare | 22,530,467 | | — | 22,530,467 |
| Transportation | 3,155,649 | | 271,053 | 3,426,702 |
| Public Safety | 2,303,584 | | — | 2,303,584 |
| Economic Development and Assistance | 489,623 | | — | 489,623 |
| Culture and Recreation | 324,340 | | — | 324,340 |
| Conservation | 61,522 | | — | 61,522 |
| Capital Outlay | — | 793,847 | — | 793,847 |
| Debt Service | | | | |
| Principal | — | — | 931,555 | 931,555 |
| Interest | 176 | — | 419,961 | 420,137 |
| Accrued Interest on Bonds Retired in Advance | — | — | 3 | 3 |
| Discount on Bonds Retired in Advance | — | — | 7 | 7 |
| Other Debt Service Expenditures | — | 19,430 | 176,294 | 195,724 |
| Intergovernmental | — | 230,413 | — | 230,413 |
| Total Expenditures | 46,514,015 | 1,044,175 | 1,799,756 | 49,357,946 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 8,864,088 | (981,177) | (1,533,679) | 6,349,232 |
| **Other Financing Sources (Uses):** | | | | |
| Debt Issuance - General Obligation Bonds | — | 1,132,515 | — | 1,132,515 |
| Debt Issuance - GARVEE Bonds | — | — | 484,160 | 484,160 |
| Debt Issuance - General Obligation Bonds - Premium | — | 183,801 | — | 183,801 |
| Debt Issuance - GARVEE Bonds - Premium | — | — | 117,790 | 117,790 |
| Capital Leases | 28,248 | — | — | 28,248 |
| Transfers In | 94,677 | 14,770 | 1,672,723 | 1,782,170 |
| Transfers Out | (4,252,045) | (190,266) | (56,628) | (4,498,939) |
| Net Other Financing Sources (Uses) | (4,129,120) | 1,140,820 | 2,218,045 | (770,255) |
| Net Change in Fund Balances | 4,734,968 | 159,643 | 684,366 | 5,578,977 |
| Fund Balances, July 1 - Restated (Note 3) | 8,614,146 | 1,281,205 | 471,141 | 10,366,492 |
| Fund Balances, June 30 | $ 13,349,114 | $ 1,440,848 | $ 1,155,507 | $ 15,945,469 |

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds to the Statement of Activities

## For the Fiscal Year Ended June 30, 2021
## (amounts in thousands)

| | | |
|---|---|---|
| **Net Change in Fund Balances - Governmental Funds** (from previous page) | | $ 5,578,977 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations | $ 2,180,037 | |
| Depreciation expense | (1,232,826) | 947,211 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds. | | (76,039) |
| Bond proceeds (net of payments to refunding escrow) and notes provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. | | |
| GARVEE Bonds Issued | (484,160) | |
| Premiums on GARVEE Bonds Issued | (117,790) | |
| General Obligation Bonds Issued | (1,132,515) | |
| Premiums on General Obligation Bonds Issued | (183,801) | (1,918,266) |
| Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability. | | (28,248) |
| Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position. Payments were made on the following long-term liabilities: | | |
| General Obligation Bonds | 943,835 | |
| Revenue Bonds | 159,460 | |
| Notes | 3,124 | |
| Capital Leases | 15,262 | 1,121,681 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities. | | (2,984) |
| Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances: | | |
| Compensated Absences | 13,347 | |
| Accrued Interest on Bonds Payable | 8,982 | |
| Amortization of Deferred Amount on Refunding | (68,135) | |
| Bond Premiums | 88,117 | |
| OPEB costs, net | 511,682 | |
| Pension costs, net | (115,066) | |
| Other | 1,454 | 440,381 |
| **Change in Net Position - Governmental Activities** | | $ 6,062,713 |

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

# Statement of Net Position
# Proprietary Funds
# June 30, 2021
### (amounts in thousands)

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - |
|---|---|---|---|---|---|---|
| | Higher Education Fund | State Health Benefits Plan | Unemployment Compensation Fund | Nonmajor Funds | Total | Internal Service Funds |
| **Assets** | | | | | | |
| **Current Assets:** | | | | | | |
| Cash and Cash Equivalents | $ 1,229,652 | $ 21,614 | $ — | $ 90,062 | $ 1,341,328 | $ 15,497 |
| Pooled Investments with State Treasury | 513,249 | 851,081 | — | 17,163 | 1,381,493 | 156,950 |
| Investments | 15,950 | — | — | 408,125 | 424,075 | 19,490 |
| Accounts Receivable (Net) | 418,425 | 38,246 | 389,708 | 2,438 | 848,817 | 115,810 |
| Due from Other Funds | 17,550 | — | — | 61 | 17,611 | 929,686 |
| Due from Component Units | 309,867 | — | — | 176,560 | 486,427 | 68 |
| Inventories | 25,124 | — | — | 126 | 25,250 | 19,596 |
| Other Assets | 107,846 | — | — | 11 | 107,857 | 2,114 |
| Restricted Assets: | | | | | | |
| Cash and Cash Equivalents | 422,116 | — | 310,432 | — | 732,548 | — |
| Restricted Pooled Investments with State Treasury | — | — | — | 34,380 | 34,380 | — |
| Investments | 817 | — | — | — | 817 | — |
| Total Current Assets | 3,060,596 | 910,941 | 700,140 | 728,926 | 5,400,603 | 1,259,211 |
| **Noncurrent Assets:** | | | | | | |
| Investments | 196,298 | — | — | — | 196,298 | 2,436 |
| Other Receivables | 1,655 | — | — | — | 1,655 | — |
| Notes Receivable | 26,073 | — | — | — | 26,073 | — |
| Restricted Assets: | | | | | | |
| Cash and Cash Equivalents | 2,730 | — | — | — | 2,730 | — |
| Investments | 303,141 | — | — | — | 303,141 | — |
| Net OPEB Asset | 12,350 | 249 | — | 530 | 13,129 | 4,160 |
| Non-Depreciable Capital Assets | 697,643 | — | — | 22,154 | 719,797 | 30,039 |
| Depreciable Capital Assets, net | 10,809,059 | — | — | 21,501 | 10,830,560 | 342,934 |
| Total Noncurrent Assets | 12,048,949 | 249 | — | 44,185 | 12,093,383 | 379,569 |
| Total Assets | 15,109,545 | 911,190 | 700,140 | 773,111 | 17,493,986 | 1,638,780 |
| **Deferred Outflows of Resources** | 2,152,385 | 1,615 | — | 20,721 | 2,174,721 | 16,113 |

(continued)

# Statement of Net Position
# Proprietary Funds
# June 30, 2021
**(amounts in thousands)**

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - |
|---|---|---|---|---|---|---|
| | Higher Education Fund | State Health Benefits Plan | Unemployment Compensation Fund | Nonmajor Funds | Total | Internal Service Funds |
| **Liabilities** | | | | | | |
| **Current Liabilities:** | | | | | | |
| Accounts Payable and Other Accruals | 233,624 | 2,080 | 18,206 | 7,519 | 261,429 | 46,982 |
| Due to Other Funds | 265,986 | 28,285 | — | 676 | 294,947 | 1,287 |
| Due to Component Units | 10,270 | — | — | — | 10,270 | — |
| Benefits Payable | 36,329 | 251,651 | 185,030 | — | 473,010 | — |
| Unearned Revenue | 291,407 | 18,682 | 86,249 | — | 396,338 | 101 |
| Notes and Loans Payable | 1,860 | — | — | — | 1,860 | 4,024 |
| Claims and Judgments Payable | 1,100 | — | — | — | 1,100 | 1,034,656 |
| Compensated Absences Payable | 183,973 | 299 | — | 538 | 184,810 | 2,187 |
| Capital Leases/Installment Purchases Payable | | | | | | |
| Component Units | 109,944 | — | — | — | 109,944 | — |
| Other | 18,746 | — | — | — | 18,746 | 6,358 |
| Revenue Bonds Payable | — | — | — | 7,768 | 7,768 | — |
| Other Current Liabilities | 57,123 | — | 3,696 | 349 | 61,168 | 1,437 |
| Current Liabilities Payable from Restricted Assets | — | — | — | 29,801 | 29,801 | — |
| Total Current Liabilities | 1,210,362 | 300,997 | 293,181 | 46,651 | 1,851,191 | 1,097,032 |
| **Noncurrent Liabilities:** | | | | | | |
| Compensated Absences Payable | 126,812 | 213 | — | 359 | 127,384 | 2,980 |
| Capital Leases/Installment Purchases Payable | | | | | | |
| Component Units | 2,165,440 | — | — | — | 2,165,440 | — |
| Other | 382,493 | — | — | — | 382,493 | 27,064 |
| Revenue Bonds Payable | — | — | — | 224,569 | 224,569 | — |
| Notes and Loans Payable | 7,290 | | — | 290,169 | 297,459 | 697 |
| Net OPEB Liability | 5,453,879 | 971 | — | 2,662 | 5,457,512 | 13,105 |
| Net Pension Liability | 4,248,418 | 6,612 | — | 10,033 | 4,265,063 | 53,918 |
| Other Noncurrent Liabilities | 18,357 | — | — | — | 18,357 | — |
| Total Noncurrent Liabilities | 12,402,689 | 7,796 | — | 527,792 | 12,938,277 | 97,764 |
| Total Liabilities | 13,613,051 | 308,793 | 293,181 | 574,443 | 14,789,468 | 1,194,796 |
| **Deferred Inflows of Resources** | 1,241,563 | 1,981 | — | 2,724 | 1,246,268 | 14,436 |
| **Net Position** | | | | | | |
| Net Investment in Capital Assets | 8,549,939 | — | — | 43,655 | 8,593,594 | 337,830 |
| Restricted for: | | | | | | |
| Bond Covenants/Debt Service | — | — | — | 329,693 | 329,693 | — |
| Capital Projects | 10,032 | — | — | — | 10,032 | — |
| Other Purpose | 303,402 | 289 | — | 530 | 304,221 | 3,776 |
| Nonexpendable: | | | | | | |
| Permanent Trust | 230,222 | — | — | — | 230,222 | — |
| Other Benefits | — | — | — | 408,323 | 408,323 | — |
| Unemployment Compensation Benefits | — | — | 406,959 | — | 406,959 | — |
| Unrestricted | (6,686,279) | 601,742 | — | (565,536) | (6,650,073) | 104,055 |
| Total Net Position | $ 2,407,316 | $ 602,031 | $ 406,959 | $ 216,665 | 3,632,971 | $ 445,661 |
| Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds. | | | | | (196,914) | |
| Net Position of Business-type Activities | | | | | $ 3,436,057 | |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# Statement of Revenues, Expenses, and Changes in Net Position
## Proprietary Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - |
|---|---|---|---|---|---|---|
| | Higher Education Fund | State Health Benefits Plan | Unemployment Compensation Fund | Nonmajor Funds | Total | Internal Service Funds |
| **Operating Revenues:** | | | | | | |
| Operating Contributions/Premiums | $ 151,727 | $ 3,079,378 | $ 570,965 | $ 521 | $ 3,802,591 | $ 195,388 |
| Operating Grants | 2,177,980 | — | 10,526,529 | 29,633 | 12,734,142 | 11,609 |
| Rents and Royalties | 9,234 | — | — | — | 9,234 | 40,961 |
| Sales and Services | 933,621 | — | — | 39,886 | 973,507 | 309,973 |
| Tuition and Fees | 3,096,360 | — | — | — | 3,096,360 | — |
| Less: Scholarship Allowances | (743,873) | — | — | — | (743,873) | — |
| Other | 43,422 | — | — | — | 43,422 | 1,490 |
| Total Operating Revenues | 5,668,471 | 3,079,378 | 11,097,494 | 70,040 | 19,915,383 | 559,421 |
| **Operating Expenses:** | | | | | | |
| Personal Services | 5,885,988 | 4,733 | — | 8,696 | 5,899,417 | 51,991 |
| Services and Supplies | 2,385,444 | 111,575 | — | 15,237 | 2,512,256 | 347,479 |
| Scholarships and Fellowships | 636,997 | — | — | — | 636,997 | — |
| Benefits Expense | 416,897 | 3,057,358 | 12,925,409 | 4,870 | 16,404,534 | — |
| Claims and Judgments | — | — | — | — | — | 166,976 |
| Interest Expense | — | — | — | 7,965 | 7,965 | — |
| Depreciation | 608,416 | — | — | 11,015 | 619,431 | 22,391 |
| Amortization | — | — | — | (679) | (679) | — |
| Other | — | — | — | — | — | 34 |
| Total Operating Expenses | 9,933,742 | 3,173,666 | 12,925,409 | 47,104 | 26,079,921 | 588,871 |
| Operating Income (Loss) | (4,265,271) | (94,288) | (1,827,915) | 22,936 | (6,164,538) | (29,450) |
| **Nonoperating Revenues (Expenses):** | | | | | | |
| Grants and Contributions | 1,554,413 | — | 1,215,300 | — | 2,769,713 | 37,242 |
| Interest and Other Investment Income | 94,354 | 740 | 4,386 | 93,758 | 193,238 | 5,424 |
| Interest Expense | (125,991) | — | — | (13,411) | (139,402) | — |
| Other | (134,177) | — | — | (119,606) | (253,783) | (45,628) |
| Net Nonoperating Revenues (Expenses) | 1,388,599 | 740 | 1,219,686 | (39,259) | 2,569,766 | (2,962) |
| Income (Loss) Before Contributions and transfers | (2,876,672) | (93,548) | (608,229) | (16,323) | (3,594,772) | (32,412) |
| Contributions to Permanent Endowments | 731 | — | — | — | 731 | — |
| Capital Grants and Contributions | 278,402 | — | — | — | 278,402 | 9,799 |
| Total Contributions | 279,133 | — | — | — | 279,133 | 9,799 |
| Transfers: | | | | | | |
| Transfers In | 2,720,828 | — | — | 20,142 | 2,740,970 | 9,905 |
| Transfers Out | (5,011) | — | (23,326) | — | (28,337) | (2,851) |
| Net Transfers | 2,715,817 | — | (23,326) | 20,142 | 2,712,633 | 7,054 |
| Change in Net Position | 118,278 | (93,548) | (631,555) | 3,819 | (603,006) | (15,559) |
| Net Position, July 1 - Restated (Note 3) | 2,289,038 | 695,579 | 1,038,514 | 212,846 | | 461,220 |
| Net Position, June 30 | $ 2,407,316 | $ 602,031 | $ 406,959 | $ 216,665 | | $ 445,661 |
| Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds. | | | | | (12,575) | |
| Change in Net Position of business-type activities | | | | | $ (615,581) | |

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

# Statement of Cash Flows
# Proprietary Funds
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - |
|---|---|---|---|---|---|---|
| | Higher Education Fund | State Health Benefits Plan | Unemployment Compensation Fund | Nonmajor Funds | Total | Internal Service Funds |
| **Cash Flows from Operating Activities:** | | | | | | |
| Cash Received from Customers | $ 45,580 | $ — | $ — | $ 57,129 | $ 102,709 | $ 146,968 |
| Cash Received from Other Funds (Internal Activity) | — | — | — | — | — | 398,586 |
| Cash Received from Grants and Required Contributions/ Premiums | 2,132,906 | 3,108,082 | 12,937,200 | — | 18,178,188 | — |
| Cash Received from Tuition and Fees | 3,459,421 | — | — | — | 3,459,421 | — |
| Cash Paid to Vendors | (3,836,863) | (113,523) | — | (18,198) | (3,968,584) | (343,296) |
| Cash Paid to Employees | (4,420,809) | (5,789) | — | (6,915) | (4,433,513) | (59,623) |
| Cash Paid for Benefits | — | (3,036,605) | (14,600,719) | — | (17,637,324) | — |
| Cash Paid for Claims and Judgments | — | — | — | — | — | (155,956) |
| Cash Paid for Scholarships, Fellowships and Loans | (650,170) | — | — | — | (650,170) | — |
| Other Operating Receipts | 31,581 | — | 67 | — | 31,648 | 715 |
| Other Operating Payments | (18,217) | — | — | — | (18,217) | — |
| Net Cash Provided by (Used in) Operating Activities | (3,256,571) | (47,835) | (1,663,452) | 32,016 | (4,935,842) | (12,606) |
| **Cash Flows from Noncapital Financing Activities:** | | | | | | |
| Interest Paid on Debt | — | — | — | (7,978) | (7,978) | — |
| Transfers from Other Funds | 2,717,977 | — | — | 14,854 | 2,732,831 | 9,910 |
| Transfers to Other Funds | (5,011) | — | (23,326) | — | (28,337) | — |
| Payments on Noncapital Financing Debt | — | — | — | (5,730) | (5,730) | — |
| Proceeds from Notes and Loans | — | — | 1,095,498 | — | 1,095,498 | — |
| Payments on Notes and Loans | — | — | (1,095,498) | — | (1,095,498) | — |
| Other Noncapital Receipts | 1,414,206 | — | 1,215,300 | — | 2,629,506 | 41,279 |
| Other Noncapital Payments | (34,904) | — | — | (45,443) | (80,347) | (39,255) |
| Net Cash Provided by (Used in) Noncapital Financing Activities | 4,092,268 | — | 1,191,974 | (44,297) | 5,239,945 | 11,934 |
| **Cash Flows from Capital and Related Financing Activities:** | | | | | | |
| Capital Contributions | — | — | — | — | — | 9,799 |
| Capital Grants and Gifts Received | 97,274 | — | — | — | 97,274 | — |
| Proceeds from Sale of Capital Assets | 13,107 | — | — | — | 13,107 | 5,365 |
| Proceeds from Capital Debt | — | — | — | — | — | 9,357 |
| Acquisition and Construction of Capital Assets | (393,426) | — | — | (10,781) | (404,207) | (30,257) |
| Principal Paid on Capital Debt | (175,860) | — | — | (1,305) | (177,165) | (1,548) |
| Interest Paid on Capital Debt | (128,415) | — | — | — | (128,415) | — |
| Net Cash Used in Capital and Related Financing Activities | (587,320) | — | — | (12,086) | (599,406) | (7,284) |
| **Cash Flows from Investing Activities:** | | | | | | |
| Proceeds from Sales of Investments | 1,795,933 | — | — | — | 1,795,933 | 32,980 |
| Purchase of Investments | (1,851,484) | — | — | (88,979) | (1,940,463) | (14,218) |
| Interest and Dividends Received | 48,089 | 739 | 4,386 | 93,688 | 146,902 | 196 |
| Other Investing Activities | — | — | — | 13,708 | 13,708 | (2,480) |
| Net Cash Provided by (Used in) Investing Activities | (7,462) | 739 | 4,386 | 18,417 | 16,080 | 16,478 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 240,915 | (47,096) | (467,092) | (5,950) | (279,223) | 8,522 |
| Cash and Cash Equivalents, July 1 - Restated (Note 3) | 1,926,832 | 919,791 | 777,524 | 147,555 | 3,771,702 | 163,925 |
| Cash and Cash Equivalents, June 30 | $ 2,167,747 | $ 872,695 | $ 310,432 | $ 141,605 | $ 3,492,479 | $ 172,447 |

(continued)

# Statement of Cash Flows
# Proprietary Funds
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - |
|---|---|---|---|---|---|---|
| | Higher Education Fund | State Health Benefits Plan | Unemployment Compensation Fund | Nonmajor Funds | Total | Internal Service Funds |
| **Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities** | | | | | | |
| Operating Income (Loss) | $ (4,265,271) | $ (94,288) | $ (1,827,915) | $ 22,936 | $ (6,164,538) | $ (29,450) |
| **Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:** | | | | | | |
| Depreciation/Amortization Expense | 608,416 | — | — | 11,015 | 619,431 | 22,391 |
| Other Reconciling Items | 4,552 | — | — | (680) | 3,872 | — |
| Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | | | | |
| Accounts Receivable | (69,199) | 5,447 | 1,819,617 | (3,373) | 1,752,492 | (11,723) |
| Due from Other Funds | — | 6,124 | — | 112 | 6,236 | (2,115) |
| Due from Component Units | — | — | — | — | — | (31) |
| Notes Receivable | 2,861 | — | — | — | 2,861 | — |
| Net OPEB Asset | (123) | 55 | — | (116) | (184) | (32) |
| Other Assets | 17,642 | — | — | — | 17,642 | 1,120 |
| Deferred Outflows of Resources | (579,143) | 492 | — | (394) | (579,045) | 360 |
| Accounts Payable and Other Accruals | 7,773 | (1,947) | 1,960 | 1,882 | 9,668 | 1,065 |
| Due to Other Funds | — | 25,270 | — | — | 25,270 | 473 |
| Benefits Payable | — | 20,753 | (1,675,310) | — | (1,654,557) | — |
| Unearned Revenue | (2,396) | (8,137) | 18,129 | (1,517) | 6,079 | (4) |
| Claims and Judgments Payable | — | — | — | — | — | 11,019 |
| Compensated Absences Payable | 12,626 | (15) | — | — | 12,611 | 88 |
| Net OPEB Liability | 851,648 | (340) | — | 2,186 | 853,494 | (903) |
| Net Pension Liability | 389,259 | (572) | — | 580 | 389,267 | 2,727 |
| Other Liabilities | 2,120 | — | 67 | — | 2,187 | 661 |
| Deferred Inflows of Resources | (237,336) | (677) | — | (615) | (238,628) | (8,252) |
| **Net Cash Provided by (Used in) Operating Activities** | $ (3,256,571) | $ (47,835) | $ (1,663,452) | $ 32,016 | $ (4,935,842) | $ (12,606) |
| **Noncash Investing, Capital, and Financing Activities:** | | | | | | |
| Gifts other than Capital Assets Reducing Proceeds of Grants and Gifts for Other than Capital Assets | $ 5,258 | $ — | $ — | $ — | $ 5,258 | $ — |
| Donation of Capital Assets | 180,033 | — | — | — | 180,033 | — |
| Change in Receivable from Grantor Agency Affecting Proceeds of Capital Debt | (8,028) | — | — | — | (8,028) | — |
| Change in Accrued Interest Payable Affecting Interest Paid | 424 | — | — | — | 424 | — |
| Capital Assets Acquired by Incurring Capital Lease Obligations | 55,362 | — | — | — | 55,362 | — |
| Change in Fair Value of Investments | 46,293 | — | — | — | 46,293 | 7,706 |
| Special Item - Equipment-Capital Asset Transfer | 1,643 | — | — | (92,293) | (90,650) | — |
| Gain (Loss) of Debt Refunding | (5,521) | — | — | — | (5,521) | — |
| Loss on Disposal of Capital Assets Reducing Proceeds from Sale of Capital Assets | (30,970) | — | — | — | (30,970) | — |
| Other | 79,720 | — | — | (13,341) | 66,379 | — |
| **Total Noncash Investing, Capital and Financing Activities** | $ 324,214 | $ — | $ — | $ (105,634) | $ 218,580 | $ 7,706 |

# Statement of Fiduciary Net Position
# Fiduciary Funds
# June 30, 2021
**(amounts in thousands)**

| | | | | Custodial Funds | |
|---|---|---|---|---|---|
| | Pension and Other Employee Benefits Trust | Investment Trust | Private Purpose Trust | Custodial | External Investment Pool |
| **Assets** | | | | | |
| Cash and Cash Equivalents | $ 3,173,103 | $ — | $ — | $ 571,199 | $ 1,313 |
| Pooled Investments with State Treasury | 1,208,184 | 12,301,046 | 338,356 | 26,321 | — |
| Receivables, Net | | | | | |
| Interest and Dividends | 218,614 | 1,494 | — | — | — |
| Due from Brokers for Securities Sold | 21,034 | — | — | — | — |
| Taxes for Other Governments | — | — | — | 918,374 | — |
| Other | 301,057 | — | 32,298 | 90,173 | — |
| Due from Other Funds | 28,697 | — | — | — | — |
| Investments, at Fair Value | | | | | |
| Certificates of Deposit | — | — | — | 1,232 | — |
| Pooled Investments | 19,581,607 | — | — | 217,023 | — |
| Exchange Traded Funds | 1,813 | — | — | — | — |
| Mutual Funds | 3,168,218 | — | — | 9,537 | 55,460 |
| Government Obligations | 19,673,111 | — | — | 28,696 | — |
| Corporate Bonds/Notes/Debentures | 6,769,028 | — | — | — | — |
| Stocks | 76,059,057 | — | — | — | 15,419 |
| Asset-backed Securities | 44,593 | — | — | — | — |
| Mortgage Investments | 106,311 | — | — | — | — |
| Real Estate Investment Trusts | 139,190 | — | — | — | — |
| Capital Assets | | | | | |
| Land | 8,883 | — | — | — | — |
| Buildings | 7,793 | — | 826 | — | — |
| Software | 30,800 | — | — | — | — |
| Machinery and Equipment | 5,398 | — | 94 | — | — |
| Works of Art | 114 | — | — | — | — |
| Accumulated Depreciation | (37,149) | — | (809) | — | — |
| Net OPEB Asset | 3,494 | — | 143 | — | — |
| Other Assets | — | — | 8 | 1,088 | — |
| Total Assets | 130,512,950 | 12,302,540 | 370,916 | 1,863,643 | 72,192 |
| **Deferred Outflows of Resources** | 10,323 | — | 316 | — | — |
| **Liabilities** | | | | | |
| Accounts Payable and Other Accruals | 45,763 | — | 3 | 195,117 | — |
| Cash Overdraft | — | — | 22,638 | — | — |
| Due to Other Funds | 482 | — | — | — | — |
| Due to Brokers for Securities Purchased | 19,700 | — | — | — | — |
| Due to Component Units | — | — | — | 225 | — |
| Due to Local Governments | — | — | — | 985,832 | — |
| Salaries/Withholding Payable | — | — | — | 30 | — |
| Benefits Payable | 43,008 | — | — | — | — |
| Unearned Revenue | 332 | — | — | 1,248 | — |
| Compensated Absences Payable | 80 | — | 68 | — | — |
| Net OPEB Liability | 10,577 | — | 287 | — | — |
| Net Pension Liability | 30,500 | — | 1,237 | — | — |
| Other Liabilities | — | — | 243 | 874 | — |
| Total Liabilities | 150,442 | — | 24,476 | 1,183,326 | |
| **Deferred Inflows of Resources** | 10,867 | — | 358 | — | — |
| **Net Position** | | | | | |
| Restricted for: | | | | | |
| Pension Benefits | 125,952,358 | — | — | — | — |
| Other Postemployment Benefits | 4,409,605 | — | — | — | — |
| Pool Participants | — | 12,302,540 | — | — | 72,193 |
| Individuals, Organizations, and Other Governments | — | — | — | 680,317 | — |
| Other Purposes | — | — | 346,398 | — | — |
| Total Net Position | $ 130,361,963 | $ 12,302,540 | $ 346,398 | $ 680,317 | $ 72,193 |

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

# Statement of Changes in Fiduciary Net Position
# Fiduciary Funds
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Pension and Other Employee Benefits Trust | Investment Trust | Private Purpose Trust | Custodial Funds: Custodial | Custodial Funds: External Investment Pool |
|---|---|---|---|---|---|
| **Additions:** | | | | | |
| Contributions/Assessments | | | | | |
| Child Support Recovery Program | $ — | $ — | $ — | $ 866,792 | $ — |
| Collections for Local Governments | — | — | — | 7,816,080 | — |
| Coronavirus Fiscal Recovery Funds | — | — | — | 430,914 | |
| Detainees' Accounts | — | — | — | 167,092 | — |
| Employer | 3,805,821 | — | — | — | — |
| Fees | 475 | — | — | — | — |
| Insurance Premiums | 2,817 | — | — | — | — |
| NonEmployer | 114,112 | — | — | — | — |
| Plan Members/Participants | 1,036,770 | — | 505 | 151,221 | — |
| Pool Participant Deposits | — | 15,374,669 | — | — | 5,539 |
| Student Financial Aid | — | — | — | 2,199,555 | — |
| Student Support | — | — | — | 106,894 | — |
| Miscellaneous | 1,927 | — | — | 82,967 | — |
| Interest and Other Investment Income | | | | | |
| Dividends and Interest | 2,110,594 | 13,910 | 349 | 49,483 | 1,080 |
| Net Appreciation (Depreciation) in | | | | | |
| Investments Reported at Fair Value | 27,332,566 | — | — | (4) | 15,061 |
| Less: Investment Expense | (100,816) | (5,049) | — | (49) | (70) |
| Transfers from Other Funds | 2,857 | — | — | — | — |
| Total Additions | 34,307,123 | 15,383,530 | 854 | 11,870,945 | 21,610 |
| **Deductions:** | | | | | |
| Distributions | | | | | |
| Benefits | 7,955,006 | — | 21,833 | 149,098 | — |
| Child Support Recovery Program | — | — | — | 890,877 | — |
| Detainees' Accounts | — | — | — | 152,570 | — |
| Distributions to Local Governments | — | — | — | 8,000,229 | — |
| General and Administrative Expenses | 42,836 | — | 1,335 | — | — |
| Pool Participant Withdrawals | 94 | 14,136,123 | — | — | 15,545 |
| Refunds | 88,764 | — | 264 | — | — |
| Student Financial Aid | — | — | — | 2,199,129 | — |
| Student Support | — | — | — | 106,459 | — |
| Miscellaneous | — | — | — | 72,252 | — |
| Transfers to Other Funds | — | — | — | 5,775 | — |
| Total Deductions | 8,086,700 | 14,136,123 | 23,432 | 11,576,389 | 15,545 |
| Net Increase (Decrease) in Fiduciary Net Position | 26,220,423 | 1,247,407 | (22,578) | 294,556 | 6,065 |
| Net Position, July 1 (restated) | 104,141,540 | 11,055,133 | 368,976 | 385,761 | 66,128 |
| Net Position, June 30 | $ 130,361,963 | $ 12,302,540 | $ 346,398 | $ 680,317 | $ 72,193 |

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

# Statement of Net Position
## Component Units
## June 30, 2021
**(amounts in thousands)**

| | A U Health Systems, Inc. | Georgia Environmental Finance Authority | Geo. L. Smith II Georgia World Congress Center Authority | Georgia Housing and Finance Authority |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets:** | | | | |
| Cash and Cash Equivalents | $ 60,527 | $ 2,932 | $ 11,329 | $ 181,989 |
| Pooled Investments with State Treasury | — | 1,153,287 | 5,156 | 93,056 |
| Investments | 54,924 | — | — | 92,217 |
| Receivables | | | | |
| Accounts (Net) | 201,190 | 4,103 | 7,311 | — |
| Capital Leases from Primary Government | 1,289 | — | — | — |
| Interest and Dividends | — | 5,286 | — | 685 |
| Intergovernmental Receivables | — | 3,221 | — | — |
| Notes and Loans (Net) | — | — | — | — |
| Taxes | — | — | 2,852 | — |
| Due from Primary Government | 770 | — | — | — |
| Due from Component Units | 61 | — | — | — |
| Inventory | 22,888 | — | 428 | — |
| Other Current Assets | 20,373 | — | 386 | 98,106 |
| Restricted for: | | | | |
| Cash and Cash Equivalents | 1,437 | — | — | — |
| Pooled Investments with State Treasury | — | — | — | 125,091 |
| Investments | — | — | — | — |
| Other Receivables (Net) | — | — | — | — |
| Total Current Assets | 363,459 | 1,168,829 | 27,462 | 591,144 |
| **Noncurrent Assets:** | | | | |
| Investments | 128,625 | — | — | 192,437 |
| Receivables | | | | |
| Capital Leases from Primary Government | 18,748 | — | — | — |
| Notes and Loans (Net) | — | 1,519,195 | — | 590,421 |
| Other (Net) | — | — | — | — |
| Restricted Assets | | | | |
| Cash and Cash Equivalents | — | — | 74,548 | 12,521 |
| Investments | 8,344 | — | 421,814 | 67,431 |
| Net OPEB Asset | — | 319 | 1,535 | — |
| Receivables | | | | |
| Notes and Loans (Net) | — | — | — | 1,311,088 |
| Interest and Dividends | — | — | 642 | 9,029 |
| Other (Net) | — | — | 48,811 | — |
| Non-depreciable Capital Assets | 47,950 | — | 101,107 | 800 |
| Depreciable Capital Assets (Net) | 216,605 | 71 | 1,292,522 | 2,342 |
| Other Noncurrent Assets | 27,425 | — | — | — |
| Total Noncurrent Assets | 447,697 | 1,519,585 | 1,940,979 | 2,186,069 |
| Total Assets | 811,156 | 2,688,414 | 1,968,441 | 2,777,213 |
| **Deferred Outflows of Resources** | 3,850 | 947 | 13,819 | — |

| Georgia Lottery Corporation | Georgia Ports Authority | Georgia Tech Foundation, Incorporated | Nonmajor Component Units | Total |
|---|---|---|---|---|
| $ 66,525 | $ 82,529 | $ 20,165 | $ 551,183 | $ 977,179 |
| — | 386,830 | — | 219,537 | 1,857,866 |
| — | 20,595 | — | 132,861 | 300,597 |
| 203,954 | 90,627 | 16,446 | 362,505 | 886,136 |
| — | — | 8,219 | 100,436 | 109,944 |
| — | — | — | 3,791 | 9,762 |
| — | — | — | 34,175 | 37,396 |
| — | — | 828 | 187,622 | 188,450 |
| — | — | — | 1,162 | 4,014 |
| — | — | 2,914 | 51,674 | 55,358 |
| — | — | — | 35,577 | 35,638 |
| — | 5,648 | — | 6,173 | 35,137 |
| 6,585 | 1,593 | 1,971 | 33,795 | 162,809 |
| — | — | 13,583 | 108,989 | 124,009 |
| — | — | — | — | 125,091 |
| — | — | — | 143,354 | 143,354 |
| — | — | 22,607 | 51,763 | 74,370 |
| 277,064 | 587,822 | 86,733 | 2,024,597 | 5,127,110 |
| — | — | 432,322 | 470,900 | 1,224,284 |
| — | — | 86,845 | 2,059,848 | 2,165,441 |
| — | — | — | 177,357 | 2,286,973 |
| — | — | — | 33,903 | 33,903 |
| 20,394 | — | — | 253,821 | 361,284 |
| 188,853 | — | 2,029,331 | 2,203,492 | 4,919,265 |
| — | — | — | 1,523 | 3,377 |
| — | — | — | — | 1,311,088 |
| — | — | — | — | 9,671 |
| — | — | 48,781 | 70,277 | 167,869 |
| — | 551,035 | 72,028 | 333,382 | 1,106,302 |
| 7,565 | 1,038,618 | 79,960 | 965,262 | 3,602,945 |
| — | 4,393 | 43,579 | 39,617 | 115,014 |
| 216,812 | 1,594,046 | 2,792,846 | 6,609,382 | 17,307,416 |
| 493,876 | 2,181,868 | 2,879,579 | 8,633,979 | 22,434,526 |
| 35 | 37,449 | — | 130,133 | 186,233 |

(continued)

# Statement of Net Position
# Component Units
# June 30, 2021
**(amounts in thousands)**

| | A U Health Systems, Inc. | Georgia Environmental Finance Authority | Geo. L. Smith II Georgia World Congress Center Authority | Georgia Housing and Finance Authority |
|---|---|---|---|---|
| **Liabilities** | | | | |
| **Current Liabilities:** | | | | |
| Accounts Payable and Other Accruals | 107,682 | 5,429 | 75 | 6,448 |
| Due to Primary Government | 55,637 | — | 25,233 | 4,516 |
| Due to Component Units | — | — | — | — |
| Funds Held for Others | — | — | — | — |
| Unearned Revenue | 58,342 | — | 6,034 | 3,065 |
| Notes and Loans Payable | — | — | 477 | — |
| Revenue/Mortgage Bonds Payable | 1,010 | — | — | 42,330 |
| Other Current Liabilities | 39,322 | 137 | 5,874 | 371,719 |
| Current Liabilities Payable from Restricted Assets: | | | | |
| Other | — | — | 17,675 | — |
| Total Current Liabilities | 261,993 | 5,566 | 55,368 | 428,078 |
| **Noncurrent Liabilities:** | | | | |
| Unearned Revenue | — | — | — | — |
| Notes and Loans Payable | — | — | 44,238 | — |
| Revenue/Mortgage Bonds Payable | 201,303 | — | 471,312 | 1,496,556 |
| Grand Prizes Payable | — | — | — | — |
| Derivative Instrument Payable | 20,604 | — | — | — |
| Net OPEB Liability | 6,322 | 827 | 29,239 | — |
| Net Pension Liability | — | 4,116 | 28,958 | — |
| Other Noncurrent Liabilities | 53,392 | 411 | 41,085 | 593,471 |
| Total Noncurrent Liabilities | 281,621 | 5,354 | 614,832 | 2,090,027 |
| Total Liabilities | 543,614 | 10,920 | 670,200 | 2,518,105 |
| **Deferred Inflows** | 1,514 | 1,295 | 9,893 | — |
| **Net Position** | | | | |
| Net Investment in Capital Assets | 43,843 | 71 | 1,293,388 | 3,142 |
| Restricted for: | | | | |
| Bond Covenants/Debt Service | — | — | 67,287 | — |
| Capital Projects | — | — | — | — |
| Permanent Trust Expendable | | | | |
| Other Purposes | 9,781 | — | 10,375 | — |
| Nonexpendable: | | | | |
| Permanent Trust | — | — | — | — |
| Other Purposes | — | — | — | — |
| Loan and Grant Programs | — | 1,994,630 | — | — |
| Unrestricted | 216,254 | 682,445 | (68,883) | 255,966 |
| Total Net Position | $ 269,878 | $ 2,677,146 | $ 1,302,167 | $ 259,108 |

| Georgia Lottery Corporation | Georgia Ports Authority | Georgia Tech Foundation, Incorporated | Nonmajor Component Units | Total |
|---|---|---|---|---|
| 128,272 | 85,053 | 9,811 | 120,204 | 462,974 |
| 142,567 | 61 | 5,309 | 425,488 | 658,811 |
| — | — | 4,834 | 30,804 | 35,638 |
| — | — | — | 75,327 | 75,327 |
| — | — | 14,355 | 172,058 | 253,854 |
| — | — | 17,587 | 32,300 | 50,364 |
| — | — | 13,980 | 89,173 | 146,493 |
| 5,338 | 3,934 | 2,729 | 32,567 | 461,620 |
| 20,175 | — | — | 6,876 | 44,726 |
| 296,352 | 89,048 | 68,605 | 984,797 | 2,189,807 |
| — | 940 | — | 13,665 | 14,605 |
| — | — | 69,226 | 122,396 | 235,860 |
| — | — | 227,966 | 2,549,048 | 4,946,185 |
| 169,394 | — | — | — | 169,394 |
| — | — | — | 6,432 | 27,036 |
| — | 9,519 | — | 116,855 | 162,762 |
| 234 | 55,468 | — | 169,406 | 258,182 |
| 4,760 | 16,140 | 38,591 | 153,256 | 901,106 |
| 174,388 | 82,067 | 335,783 | 3,131,058 | 6,715,130 |
| 470,740 | 171,115 | 404,388 | 4,115,855 | 8,904,937 |
| 7,885 | 2,707 | — | 31,235 | 54,529 |
| 7,274 | 1,589,653 | (3,666) | 724,948 | 3,658,653 |
| — | — | — | 29,982 | 97,269 |
| — | — | 23,498 | 223,063 | 246,561 |
| — | — | 214,315 | 1,018,920 | 1,233,235 |
| — | — | — | 430,525 | 450,681 |
| — | — | 1,897,259 | 1,186,618 | 3,083,877 |
| — | — | — | 70,000 | 70,000 |
| — | — | — | — | 1,994,630 |
| 8,012 | 455,842 | 343,785 | 932,966 | 2,826,387 |
| $ 15,286 | $ 2,045,495 | $ 2,475,191 | $ 4,617,022 | $ 13,661,293 |

# Statement of Activities
## Component Units
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | A U Health Systems, Inc. | Georgia Environmental Finance Authority | Geo. L. Smith II Georgia World Congress Center Authority | Georgia Housing and Finance Authority |
|---|---|---|---|---|
| Expenses | $ 1,140,154 | $ 44,594 | $ 163,243 | $ 185,079 |
| **Program Revenues:** | | | | |
| Sales and Charges for Services | 1,047,410 | 25,324 | 26,292 | 104,130 |
| Operating Grants and Contributions | 13,224 | 94,651 | 4,341 | 91,862 |
| Capital Grants and Contributions | 4,501 | — | — | — |
| Total Program Revenues | 1,065,135 | 119,975 | 30,633 | 195,992 |
| Net (Expenses) Revenue | (75,019) | 75,381 | (132,610) | 10,913 |
| **General Revenues:** | | | | |
| Taxes | — | — | 2,304 | — |
| Unrestricted Investment Income/(Loss) | 20,963 | — | — | — |
| Payments from the Primary Government | 30,603 | — | 2,998 | — |
| Contributions to Permanent Endowments | — | — | — | — |
| Total General Revenues | 51,566 | — | 5,302 | — |
| Change in Net Position | (23,453) | 75,381 | (127,308) | 10,913 |
| Net Position, July 1 - (Restated) | 293,331 | 2,601,765 | 1,429,475 | 248,195 |
| Net Position, June 30 | $ 269,878 | $ 2,677,146 | $ 1,302,167 | $ 259,108 |

| Georgia Lottery Corporation | Georgia Ports Authority | Georgia Tech Foundation, Incorporated | Nonmajor Component Units | Total |
|---|---|---|---|---|
| 5,817,864 | $ 425,506 | $ 119,560 | $ 2,428,103 | $ 10,324,103 |
| 5,806,919 | 615,429 | 24,879 | 637,753 | 8,288,136 |
| 168 | 14,314 | 577,028 | 2,331,278 | 3,126,866 |
| — | 8,473 | — | 27,606 | 40,580 |
| 5,807,087 | 638,216 | 601,907 | 2,996,637 | 11,455,582 |
| (10,777) | 212,710 | 482,347 | 568,534 | 1,131,479 |
| — | — | — | 7,130 | 9,434 |
| 124 | — | 162,931 | 166,046 | 350,064 |
| — | — | — | 73,983 | 107,584 |
| — | — | 42,624 | 84,835 | 127,459 |
| 124 | — | 205,555 | 331,994 | 594,541 |
| (10,653) | 212,710 | 687,902 | 900,528 | 1,726,020 |
| 25,939 | 1,832,785 | 1,787,289 | 3,716,494 | 11,935,273 |
| $ 15,286 | $ 2,045,495 | $ 2,475,191 | $ 4,617,022 | $ 13,661,293 |


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

# Notes to the Financial Statements
## Index

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *A. Basis of Presentation*

The accompanying financial statements of the State have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The fiscal year end for the primary government and component units is June 30, except for, VSU Auxiliary Service Real Estate Foundation, Inc. (component unit) and the Stone Mountain Memorial Association (component unit) which have a fiscal year end of December 31.

### *B. Financial Reporting Entity*

For financial reporting purposes, the State reporting entity includes the primary government and its component units. The primary government consists of all the organizations that compose the legal entity of the State. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, foundations, retirement funds, associations and other organizations that are not legally separate are, for financial reporting purposes, considered part of the primary government. Component units are legally separate organizations for which the State's elected officials are financially accountable.

Financial accountability is the ability of the State to appoint a voting majority of an organization's governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if: (1) an organization is fiscally dependent upon the State because its resources are held for the direct benefit of the State or can be accessed by the State *and* (2) the potential exists for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. In addition, component units can be other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the financial statements to be misleading.

Where noted below, the State's component units issue their own separate audited financial statements which may be obtained from their respective administrative offices. The most recent financial statements for component unit organizations with "AUD" at the end of their descriptions below may be obtained from the Department of Audits and Accounts (DOAA) online at www.audits.ga.gov. Certain component units (with "NSR" at the end of their descriptions below) are not required to prepare or issue separate financial statements beyond the financial information included in this report. The financial statements for discretely presented higher education foundations and similar organizations can be obtained from their respective administrative offices or from the Board of Regents.

**<u>Blended Component Units</u>**

Blended component units have governing bodies substantively the same as the State, provide services entirely or almost entirely to the primary government or have total debt outstanding, including leases, that is expected to be paid entirely, or almost entirely, with resources of the State. As such, although they are legally separate entities, they are, in substance, part of the government's operations. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The State's blended component units, as described in the Nonmajor Governmental Funds and Internal Service Funds portions of the Supplementary Information – Combining and Individual Fund Statements category of the Financial Section, are as follows:

**Special Revenue Funds**

The following component units provide services entirely or almost entirely to the primary government and are therefore considered blended component units:

The **Georgia Aviation Authority** was created to provide oversight and efficient operation of state aircrafts and aviation operations, and ensure the safety of state air travelers and aviation property. (NSR)

The **State Road and Tollway Authority** (SRTA) is a legally separate public corporation created to finance transportation projects and operate toll facilities in the State of Georgia. SRTA's total debt outstanding is expected to be paid with resources of the Primary Government and therefore is considered a blended component unit. (AUD)

**Debt Service Fund**

The **State Road and Tollway Authority** uses a debt service fund for the payment of principal and interest on the debt of SRTA's governmental funds. SRTA issues bonded debt which finances State transportation infrastructure construction. (AUD)

**Enterprise Funds**

The following component units provide services entirely or almost entirely to the primary government and are therefore considered blended component units:

The **Georgia Higher Education Facilities Authority** is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the University System of Georgia. The Authority issues debt and enters into lease agreements principally with the University System of Georgia Foundation, Inc. (discretely presented component unit). The costs of the Authority's debt are recovered through lease payments from the Foundation. The Authority provides services entirely or almost entirely to the Primary Government and is therefore considered a blended component unit. (AUD)

The **State Employees' Assurance Department - Active (SEAD-Active)** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, and Legislative Retirement Systems. SEAD-Active is a cost-sharing multiple employer life insurance plan created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to active members of Employees' Retirement System (ERS), Legislative Retirement System, and Georgia Judicial Retirement System. (AUD)

The **State Road and Tollway Authority** uses an enterprise fund to account for all tolling activities, including the I-75 South Metro Express Lanes, and all other facilities of the tolling system (i.e. the I-85 Express Lanes, the I-85 Extension Express Lanes, the I-75 Northwest Corridor Express Lanes, and five future toll facilities under planning and/or construction). (AUD)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Internal Service Funds**

The following component units all provide services entirely or almost entirely to the Primary Government and are therefore considered blended component units:

The **Georgia Building Authority** is responsible for all services associated with the management of State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities. (AUD)

The **Georgia Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments. (NSR)

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments. (NSR)

**Discretely Presented Component Units**

Discrete presentation entails reporting component unit financial data in a separate column and/or rows in each of the government-wide statements to emphasize that these component units are legally separate from the State. Except for Georgia Military College, the other component units are included in the reporting entity because, under the criteria established by GASB, the State has the ability to impose its will on these organizations.

The determination of major component units is based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government.

The State's major discretely presented component units are described below:

The **AU Health Systems, Inc. (AUH)** is a hospital that provides many services not available in other facilities in the region. Augusta University Health is an academic health center that manages the clinical operations associated with Augusta University. It is a healthcare network that offers primary, specialty and sub-specialty care in the Augusta, Georgia area and throughout the Southeastern United States. (AUD)

The **Georgia Environmental Finance Authority (GEFA)** is a body corporate and politic. GEFA provides funding to eligible municipalities, counties, water and sewer authorities in the State for construction and expansion of public water, sewer, and solid waste facilities. The State periodically provides general obligation bond proceeds to GEFA to fund various loan programs for water and sewerage facilities. GEFA is governed by a board of directors consisting of three officials designated by statute and eight members appointed by the Governor. (AUD)

The **Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for operating and maintaining a comprehensive international trade and convention center consisting of a complex of facilities suitable for multipurpose use. The Authority is governed by a board of directors composed of 15 members appointed by the Governor. (AUD)

The **Georgia Housing and Finance Authority (GHFA)** is a body corporate and politic. GHFA is responsible for facilitating housing, housing finance and financing for health facilities and health care

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

services throughout the State. The powers of GHFA are vested in 18 members who also comprise the board of the Department of Community Affairs (DCA). Board members are appointed by the Governor and are composed of one member from each U.S. Congressional District in the State, plus four additional members from the State at large, and include elected officials of counties or municipalities, individuals with an interest or expertise in community or economic development, environmental issues, housing development or finance or citizens who in the judgment and discretion of the Governor would enhance the DCA board. (AUD)

The **Georgia Lottery Corporation (GLC)** is a public body, corporate and politic. GLC operates lottery games to provide continuing entertainment to the public and maximize revenues, the net proceeds of which are utilized to support improvements and enhancements for educational purposes. Net proceeds are remitted to the State's General Fund and are appropriated to certain educational agencies through the State's budget process. GLC is governed by a board of directors composed of seven members, all of which are appointed by the Governor. The State is legally entitled to residual resources of GLC. (AUD)

The **Georgia Ports Authority (GPA)** is a body corporate and politic. The purpose of the Authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The State has provided general obligation bond proceeds to GPA to finance projects and facilities. The Board consists of 13 members, all of which are appointed by the Governor. (AUD)

The **Georgia Tech Foundation, Incorporated** is a nonprofit organization established to promote, in various ways, the cause of higher education in the State, to raise and receive funds for the support and enhancement of the Georgia Institute of Technology (GIT), and to aid the GIT in its development as a leading educational institution. The individual financial statements may be obtained from the foundation at the following address: 760 Spring St. NW, Atlanta, GA 30308. (AUD)

The State's nonmajor discretely presented component units are as follows:

The **Atlanta-Region Transit Link Authority (ATL)** is a body corporate and politic. The purpose of which is to manage transit and air quality within certain areas of the State of Georgia. The Board of Directors of the Authority consists of 16 members; of which, the primary government appoints or elects a majority. (NSR)

**Economic Development Organizations**

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Authority is governed by a board of directors composed of seven members; four are appointed by the Governor and three are State Agency heads. (AUD)

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute. (NSR)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The **Savannah Georgia Convention Center Authority** a state Authority, effective July 1, 2019, formally Georgia International and Maritime Trade Center Authority is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes, and to construct, operate and maintain the Savannah International Trade and Convention Center. The Authority is governed by a board of directors composed of 11 members: six members appointed by the Governor; three members appointed by the members of the Georgia General Assembly representing Chatham County; the President of the Savannah Area Convention and Visitors' Bureau; and the President of the Savannah Economic Development Authority. (AUD)

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process and resell breeders' and foundation seeds. The Commission consists of 11 members who are accountable as trustees. Of the 11 members serving on the Board, six members are State officials or are appointed by State officials. (NSR)

The **Georgia Higher Education Assistance Corporation** is a nonprofit public authority, body corporate and politic. The Corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The Corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. (AUD)

The **Georgia Military College (GMC)** is a body corporate and politic, and is an instrumentality and a public corporation of the State. GMC is dedicated to providing a high-quality military education to the youth of the State. The Board of Trustees consists of the mayor of the City of Milledgeville and six additional members, one of which is elected from each of the six municipal voting districts of the City, as required by statute. The government, control, and management of GMC are vested in the Board of Trustees. GMC receives any designated funds appropriated by the General Assembly through the Board of Regents of the University System of Georgia. Although GMC does not meet the fiscal dependency or financial benefit/burden criteria, due to the nature and significance to the State and the potential assumption that GMC is the same as other colleges reported within the state reporting entity, management has determined that it would be misleading to exclude GMC from the state reporting entity. (NSR)

The **Georgia Public Telecommunications Commission** is a body corporate and politic. The Commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the Commission must be approved by the State. (AUD)

The **Georgia Regional Transportation Authority** is a body corporate and politic. Within its jurisdiction, the purpose of the Authority is to manage land transportation and air quality, review all Developments of Regional Impact (DRI), and approve the allocation of state and federal transportation resources in metro Atlanta via the Atlanta Transportation Improvement Program (TIP). The Governor appoints all 15 Board Members of the Authority. (NSR)

The **Georgia Student Finance Authority** is a body corporate and politic. The Authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the Authority by the State. (AUD)

The **REACH Georgia Foundation** is a nonprofit organization that was formed to ensure that Georgia's academically promising students have the academic, social and financial support needed to graduate from high school, access college and achieve postsecondary success. The REACH Georgia Program is the State of Georgia's

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

first needs-based mentorship and college scholarship program and the Foundation's mission is to raise and invest funds. (AUD)

The **Regional Educational Service Agencies** were established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has 16 of these agencies. (NSR)

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. (AUD)

### Tourism / State Attractions

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. The Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. (NSR)

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. The Authority includes its component unit, Jekyll Island Foundation, Inc. (NSR)

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to manage, preserve and protect projects on Lake Lanier Islands. (NSR)

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. (NSR)

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for maintenance and operation of Stone Mountain as a Confederate memorial and public recreational area. (AUD)

The **Higher Education Foundations and Similar Organizations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities for units of the University System of Georgia. The following are the organizations included in the Higher Education Foundations:

Georgia Advanced Technology Ventures, Inc. and Subsidiaries
Augusta University Foundation, Inc. and Subsidiaries
Augusta University Research Institute, Inc.
Georgia College & State University Foundation, Inc. and Subsidiaries
Georgia Gwinnett College Foundation, Inc.
Georgia Health Sciences Foundation, Inc.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State University Athletic Association, Inc.
Georgia State University Foundation, Inc.
Georgia State University Research Foundation, Inc.
Georgia Tech Athletic Association
Georgia Tech Facilities, Inc.
Georgia Tech Research Corporation
Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
University of Georgia Athletic Association, Inc.
University of Georgia Foundation
University of Georgia Research Foundation, Inc. and Subsidiaries
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
UWG Real Estate Foundation, Inc.
University System of Georgia Foundation, Inc. and Affiliates
VSU Auxiliary Services Real Estate Foundation, Inc.

**Fiduciary Component Units**

GAAP requires fiduciary component units to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements. The State's two most significant fiduciary component units are ERS and the Teachers Retirement System (TRS). Fiduciary component units are detailed in the Fiduciary Funds portion of the Supplementary Information – Combining and Individual Fund Statements category of the Financial Section.

### *C. Government-wide and Fund Financial Statements*

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Position presents the State's non-fiduciary assets, liabilities and deferred outflows/inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net Investment In Capital Assets consists of capital assets, net of accumulated amortization/depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. In addition, deferred outflows/ inflows of resources that are attributable to the acquisition, construction or improvement of capital assets or related debt are included in Net Investment in Capital Assets. If there are significant unspent related debt proceeds or deferred inflows

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount are not included.

- Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often is designated, indicating it is not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first. Other funds not otherwise remitted to the State Treasury, which may be available from restricted or unrestricted net position should be utilized next, prior to the use of State funds.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

***D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to timing of the measurements made, regardless of the measurements focus applied.

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the "accrual basis of accounting". Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when cash or other assets are received prior to being earned. Additionally, long-term assets and liabilities, such as capital assets and long-term debt, are included on the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year-end. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after year-end. All unearned revenue reported represents transactions for which assets have been received, but for which not all earning criteria have been met. Capital purchases are recorded as expenditures and neither capital assets nor long-term liabilities, such as long-term debt, are reflected on the balance sheet.

Expenditures generally are recorded when the related fund liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and other long-term liabilities, are recorded only when payment is due or (for debt service expenditures), when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The State's proprietary funds and discretely presented component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect). Certain higher education foundations and similar organizations report under the Financial Accounting Standards Board (FASB) standards; including FASB Codification Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified or reformatted, as applicable, to GASB presentation in these financial statements.

GAAP requires that revenues and expenses relating to summer school activities, the dates of which cross the State's fiscal year, are allocated between fiscal years rather than reported in a single fiscal year with the exception of teachers' salaries which are recorded in the fiscal year earned.

The State reports the following major funds:

**Major Governmental Funds**

**General Fund** – The principal operating fund of the State which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**General Obligation Bond Projects Fund** – Accounts for the financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds) financed with general obligation bond proceeds, including educational facilities for county and independent school systems.

**Major Enterprise Funds**

**Higher Education Fund** – Accounts for the operations of State colleges and universities and State technical colleges.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**State Health Benefit Plan (SHBP)** – Administers self-insured program of health benefits for the employees of units of government of the State, units of county government and local education agencies located within the State.

**Unemployment Compensation Fund** – Accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

Additionally, the State reports the following fund types:

### Governmental Funds

**Special Revenue Funds** – Account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions and activities related to the Transportation Investment Act.

**Debt Service Funds** – Account for the payment of principal and interest on general long-term debt. The General Obligation Debt Sinking Fund, which is a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt, is included in this fund type, as is the SRTA Debt Service Fund.

### Proprietary Funds

**Enterprise Funds** – Account for those activities for which fees are charged to external users for goods or services. These funds are also used when the activity is financed with debt that is secured by a pledge of the net revenues from fees and charges.

The State's nonmajor enterprise funds are Georgia Higher Education Facilities Authority, State Employees' Assurance Department and State Road and Tollway Authority.

**Internal Service Funds** – Account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government. The activities accounted for in the State's internal service funds include risk management, prison industries, property management, technology, and personnel administration.

### Fiduciary Funds

**Pension and Other Employee Benefit Trust Funds** – Account for the retirement systems and plans administered by Employees' Retirement System of Georgia, TRS, and for pension plans administered on behalf of a variety of local government officials and employees. These funds also include those used to report the accumulation of resources for, and payment of other postemployment benefits.

**Investment Trust Funds** – Account for the external portions of government-sponsored investment pools, including Georgia Fund 1.

**Private Purpose Trust Funds** – Report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The Auctioneers Education, Research and Recovery Fund, Real Estate Education, Research and Recovery Fund, Subsequent Injury Trust Fund and Tuition Guaranty Trust Fund are reported in this category.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Custodial Funds** – formally agency funds. Custodial funds reports fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

### *E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances*

**Cash and Cash Equivalents**

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions and short-term, highly liquid investments with maturity dates within three months of the date acquired, such as certificates of deposit, money market certificates and repurchase agreements. Cash and cash equivalents also include the holdings of the Board of Regents short-term fund.

**Investments**

Investments include financial instruments with terms in excess of three months from the date of purchase, certain other securities held for the production of revenue, and land and other real estate held as investments by endowments. Investments are presented at fair value. Changes in the fair value of land and other real estate held as investments by endowments are reported as investment income.

**Pooled Investments with State Treasury**

The Office of the State Treasurer (OST) manages the Local Government Investment Pool (LGIP) Trust. The LGIP Trust consists of four pools: Georgia Fund 1 (“GF1”), Georgia Fund 1 Plus (“GF1 Plus”), Georgia Extended Asset Pool (“GEAP”) and Georgia Extended Asset Pool Plus (“GEAP Plus”) and the LGIP Trust Reserve. For cash flow purposes, amounts reported in the Pooled Investments with State Treasury are considered cash equivalents.

The State’s External Investment Pools (described below) generally value investments as follows:

- All investments except repurchase agreements, non-negotiable certificates of deposit (CD), direct-issued commercial paper, and other such nonparticipating investments are priced at fair value.
- Repurchase agreements, non-negotiable CD’s, direct-issued commercial paper, and other such nonparticipating investments are carried at cost because they are nonparticipating contracts that do not capture interest rate changes in their value.

Security transactions are accounted for on a trade date basis which means that the purchases and sales of securities are recorded on the day the trade takes place with a corresponding payable or receivable.

**External Investment Pools**

The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short-term time deposit agreements, provided that the interest income of those funds is remitted to the State Treasurer as revenues of the State. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating expenses are required to be deposited with the State Treasurer for the purpose of pooled investment per Official Code of Georgia (OCGA) §50-17-63. Such cash is managed primarily in pooled investment funds to maximize interest earnings. The pooled

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

investment funds “Georgia Fund 1, and "Georgia Fund 1 Plus" are also available on a voluntary basis to organizations outside of the State reporting entity. The funds in the local government investment pool may be consolidated with State funds under control of the State Treasurer for investment purposes, per OCGA § 36-83-8.

**Georgia Fund 1** – The (GF1 or the Primary Liquidity Portfolio’s) primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. It is managed as a stable Net Asset Value (NAV) pool. The Pool operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees of the pool are allocated to participants monthly on the ratio of the participant’s share of the total funds in the pool based on the participant’s average daily balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool’s investments. Per the Governmental Accounting Standards Board ("GASB") 79, to qualify for the use of amortized cost accounting for financial reporting purposes, an investment pool must meet all the criteria listed in GASB 79. GFI is managed as a stable NAV pool but does not comply with all the requirements listed in GASB 79; therefore, the investments of the pool are reported at fair value at fiscal year end.

**Georgia Fund 1 Plus** – (GF1 Plus) was established on July 1, 2016, and initially funded through redemptions in GF1. It is managed to maintain a stable Net Asset Value (NAV) of $1.00. For financial reporting purposes, the pool is reported at fair value. GF1 Plus was established as an additional LGIP investment option for the state, state agencies, and eligible municipalities looking to benefit from higher yields available by adding credit exposure.

**Georgia Extended Asset Pool Plus** – (GEAP Plus) was established on July 1, 2018 as an investment for the OPEB Trust funds. GEAP Plus was initially funded with OPEB Trust funds and received another contribution of OPEB funds in January 2019. In accordance with the OPEB Trust Policy, funds from each Target Maturity Portfolio (TMP) as they matured were partly distributed for reinvestment in equity investments managed by the Division of Investment Services of the Teachers Retirement System with the remainder principal and interest reinvested in GEAP and GEAP Plus TMPs. For financial reporting purposes, investments of the pool are reported at fair value at fiscal year end.

**Georgia Extended Asset Pool** – (GEAP) was established on July 1, 2019 as an investment for the OPEB Trust Funds and initially funded with the July maturity of GEAP plus. It was comprised of a series of individual Target Maturity Portfolios (TMP). Funds from each TMP, as they matured, were partly distributed for reinvestment in equity investments managed by the Division of Investment Services of the Teachers Retirement System with the remainder principal and interest reinvested in additional TMPs.

### Other Investments

The State’s Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the Securities and Exchange Commission. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

### Receivables

Receivables in the State’s governmental funds pertain primarily to the accrual of taxes, as well as to federal grants and to revenues related to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded, net of an allowance for uncollectible accounts, when either the asset or revenue

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

recognition criteria (See Note 1-D) have been met. Receivables from the federal government are reasonably assured; an allowance for uncollectible accounts is not typically established for federal receivables. In the governmental fund financial statements, the portion considered "available" is recorded as revenue; the remainder is recorded as a deferred inflow of resources-unavailable.

**Inventories and Prepaid Items**

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

Prepaid items include payments made to vendors and local government organizations for services that will benefit periods beyond the fiscal year-end. Also, the employer's portion of health insurance benefits applicable to coverage effective after the fiscal year-end is recorded as a prepaid item.

The fund balance of governmental funds is reported as nonspendable for inventories and prepaid items to indicate that these amounts do not represent expendable available financial resources.

**Restricted Assets**

Certain cash and cash equivalents, investments, and other assets are classified as restricted assets on the Balance Sheet and/or Statement of Net Position because their use is limited by applicable bond covenants, escrow arrangements or other regulations.

**Capital Assets**

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide Statement of Net Position. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized. Capital assets are stated at historical cost or, in some instances, estimated historical cost. Estimation methods include using historical sources to determine the cost of similar assets at the time of acquisition and indexing where the historical cost of an asset is estimated by taking the current cost of a similar asset and dividing it by an index figure which adjusts for inflation. Donated capital assets are stated at acquisition value at the time of donation and disposals are removed at recorded cost. Infrastructure and intangible assets, as defined by the State's policy, acquired after June 30, 1980, are reported.

All acquisitions in the following asset categories are capitalized regardless of cost:

Land and non-depreciable land improvements
Bridges and roadways included in the State highway system
Works of art and collections, acquired or donated (unless held for financial gain)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts for other asset categories are capitalized when the cost or value equals or exceeds the following thresholds. Items acquired through capital leases or donations are subject to these capitalization thresholds, using the classifications most closely related to the leased or donated assets.

| Asset Category | Threshold |
|---|---|
| Infrastructure other than bridges and roadways in State highway system | $ 1,000,000 |
| Software | $ 1,000,000 |
| Intangible assets, other than software | $ 100,000 |
| Buildings and building improvements | $ 100,000 |
| Improvements other than buildings | $ 100,000 |
| Library collections – capitalize all if collection equals or exceeds | $ 100,000 |
| Machinery and equipment | $ 5,000 |

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized. The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because either they are held for financial gain or they are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives. Major outlays for construction of bridges and roadways in the State highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset.

Capital assets are depreciated over their useful lives using the straight-line depreciation method. The government-wide, proprietary fund and component unit financial statements report depreciation expense.

Capital assets without indefinite or inexhaustible useful lives are generally amortized or depreciated on the straight-line basis over the following useful lives:

| | |
|---|---|
| Infrastructure | 10-100 years |
| Buildings and building improvements | 5-60 years |
| Improvements other than buildings | 15-50 years |
| Machinery and equipment | 3-20 years |
| Software | 3-10 years |
| Intangible assets, other than software | 20 years |
| Library collections | 10 years |
| Works of art and collections | 5-40 years |

**Deferred Outflows of Resources**

In addition to assets, the government-wide and fund financial statements will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Compensated Absences

The compensated absences liability is accrued for the estimated value of leave payments (e.g., for vacation, holiday deferrals, FLSA compensatory time, etc.) using pay rates in effect at the balance sheet date.

Full-time employees earn annual leave ranging from 10 to 14 hours each month depending upon the employee's length of continuous State service with a maximum accumulation of 360 hours. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated or retired employees.

Employees earn 10 hours of sick leave each month with a maximum accumulation of 720 hours. Sick leave does not vest with the employee. There is no liability for accumulated sick leave because the State has no obligation to pay sick leave upon termination or retirement of employment. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with 120 days or more of forfeited annual and sick leave are entitled to additional service credit in ERS. No liability is recorded for rights to receive sick pay benefits.

Overtime for non-exempt employees is governed by the provisions of the Fair Labor Standards Act (FLSA). Overtime worked by non-exempt employees will normally be credited as FLSA compensatory time at a rate of one and one-half hours of compensatory time for each hour of overtime worked. Employees receive pay for overtime in lieu of FLSA compensatory time as provided in statewide policy or upon exceeding the accumulation limits of FLSA compensatory time and upon separation from employment.

### Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide Statement of Net Position and on the proprietary fund Statement of Net Position in the fund financial statements. Bond discounts and premiums are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount. Bond issuance costs are recognized during the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Principal and interest payments on long-term debt usually should be reported as expenditures under the modified accrual basis of accounting when due. When notes and loans payables become due and payable the liabilities are recorded in the fund from which payment will be made. When bonds or notes are a direct obligation and/or expected to be repaid from proprietary resources, they are recorded as a liability of the proprietary fund at face value.

The *Tax Reform Act of 1986* requires governmental organizations issuing tax-exempt bonds to refund to the U.S. Treasury, interest earnings on bond proceeds in excess of the yield on those bonds. Governmental organizations must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Organizations are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Arbitrage liability, if applicable, is treated as an expense in the

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

government-wide statements when the liability is recognized. In the fund financial statements, governmental funds report arbitrage (other debt service) expenditures when the liability is due.

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

Lease obligation that transfers substantially all the benefits and risks inherent to ownership of the property or equipment is accounted for as a capital lease by the lessee. The recording of a capital lease reflects the acquisition of a capital asset and the incurrence of a long-term liability. All other leases are classified as operating leases.

Governmental funds recognize periodic payments on capital and operating leases as expenditures in the period incurred. State organizations reported as governmental funds are also recording other financing sources and capital outlay expenditures for the net present value of the minimum lease payments. This applies in the initial year of the lease term only. Principal amounts of lease payments due within 12 months are recorded as a current liability.

Proprietary funds, fiduciary funds, component units using the accrual basis, and the government-wide financial statements are reporting capital assets as well as long and short-term payables on the statement of net position. Therefore, for capital leases, a capital asset and lease obligation are recorded at inception of the lease and periodic lease payments are recorded as interest expense and a reduction to the capital lease obligation. Additionally, depreciation expense related to the leased capital asset are recorded.

### Deferred Inflows of Resources

In addition to liabilities, the government-wide and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### Net Position

The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is "Net Position" on the government-wide, proprietary fund and fiduciary fund financial statements.

Net position is reported as net investment in capital assets, restricted or unrestricted. "Net Investment in Capital Assets" consists of capital assets, net of accumulated amortization/depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of capital assets or related debt are included in Net Investment in Capital Assets. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount are not included.

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories may be designated, indicating it is not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted net position are available for use, it is the State's policy to first utilize federal funds available from restricted net position. Other funds not otherwise remitted to the State Treasury, which may be available from restricted or unrestricted net position should be utilized next, prior to the use of State funds.

### Fund Balances

Generally, fund balance represents the difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

**Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted into cash) or (b) legally or contractually required to be maintained intact, such as inventory, prepaid items, and the principal in a permanent fund.

**Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the State or through the external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal actions of both the Governor and the General Assembly. The Georgia Legislature and Governor represent the State's highest level of decision-making authority. Formal action consists of legislation passed by both the House and Senate and signed by the Governor and is required to establish, modify or rescind a limitation.

**Assigned** – Fund balances are reported as assigned when amounts are constrained by the State's intent that they be used for specific purposes, but they are neither restricted nor committed. Assignments may be made under statutory authority of management of the reporting organizations in the State.

**Unassigned** – The residual amount of fund balance is reported as unassigned for balances that do not meet the above constraints. The government reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

As with net position, when both restricted and unrestricted (committed, assigned, unassigned) fund balances are available for use, it is the State's policy to first utilize federal funds available from restricted fund balance. Other funds not otherwise remitted to the State Treasury, which may be available from restricted, committed or assigned fund balance should be utilized next, prior to the use of State funds when expenditures are incurred for purposes for which amounts in any of those funding sources could be used. Within unrestricted fund balance, after the above consideration of funding source, the State's policy is that committed amounts generally should be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

### Interfund Activity and Balances

Equally offsetting asset and liability accounts (due from/to other funds) are used to account for amounts owed to a particular fund by another fund for obligations on goods sold or services rendered.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or requirements for repayment.

In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers of balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the Statement of Net Position except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the Statement of Net Position.

## NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

### *A. Implementation of New Accounting Standards*

In fiscal year 2021, the State implemented the following GASB Statements:

> Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments.
>
> Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replaces references of the term comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

The adoption of these Statements did not have a material effect on the financial statements for fiscal year 2021.

### *B. Change in Financial Reporting Entity*

**Component Unit**

During the fiscal year it was determined that Atlanta-Region Transit Link Authority and Seed Development Commission met requirements for inclusion as discretely presented component units, which increased beginning net position by $11.8 million.

During the fiscal year it was determined that AU Health Systems, component unit of the State, met requirements for inclusion as major component unit from non-major component unit. This had no effect on net position of Component Units.

### *C. Change in Accounting Principles*

**Primary Government**

Management has changed the method for reporting the financial position and activities of State Road and Tollway Authority (SRTA) from using estimates in the prior fiscal year (based on the last audited set of financial statements in fiscal year 2018) to actual balances for fiscal year 2021 (which included updating the SRTA ending balances as of June 30, 2020). This change resulted in an increase to Governmental Activities net position of $505.3 million. Of this balance, $298.1 million was related to transactions with the Georgia Department of Transportation. This change also resulted in an increase to net position of $1.6 million to the Nonmajor Enterprise funds.

Management has changed the methodology of debt calculation from the straight-line method to the effective interest rate method which reduced Governmental Activities net position for Georgia State Finance and Investment Commission by $46.2 million.

## NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING (continued)

### *D. Correction of Prior Year Errors*

**Primary Government**

During the fiscal year, it was determined that capital leased assets and the associated liabilities were overstated at State Properties Commission and the Department of Human Services in fiscal year 2020, resulting in an overstatement of net position in governmental activities of $13.7 million. An adjustment was made in fiscal year 2021 to decrease net position to reflect correction to the prior year amounts.

During the fiscal year it was determined that capital leased assets and the associated liabilities were overstated at Georgia Building Authority Internal Service Fund in fiscal year 2020, resulting in an overstatement of net position in governmental activities of $4.1 million. During the fiscal year it was determined that the Property Insurance Internal Service Fund unpaid claims accrual was overstated. Beginning net position has been increased by $16.2 million to reflect correction of prior year amounts.

Technical College System of Georgia capital assets were overstated in fiscal year 2020, resulting in an overstatement of net position in governmental activities of $1.8 million.

During the fiscal year it was determined the State Health Benefit Plan business-type activities accounts receivable balance was overstated in fiscal year 2020, resulting in an overstatement of net position of $29.5 million.

During the fiscal year it was determined Higher Education Fund business-type activities deferred inflows were overstated in fiscal year 2020, resulting in an overstatement of net position of $35.9 thousand.

**Fiduciary Funds**

During the year it was determined University System of Georgia's Fiduciary Fund activity for deposits and other student support was overstated in fiscal year 2020, resulting in an overstatement of net position of Fiduciary Funds of $2.9 million.

**Component Units**

During the fiscal year it was determined Higher Education Foundations were understated in fiscal year 2020, resulting in an understatement of net position in Component Units of $1.3 million due to reissue of an audit report immaterial adjustment and correction of construction in progress.

## NOTE 3 - FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

Reclassifications and Restatements consisted of the following (amounts in thousands):

| | 6/30/2020 As Previously Reported | Change in Financial Reporting Entity | Change in Accounting Principles | Correction of Prior Year Errors | 6/30/2020 (Restated) |
|---|---|---|---|---|---|
| **Governmental Funds and Activities** | | | | | |
| Major Funds: | | | | | |
| General Fund | $ 8,406,891 | $ — | $ 207,255 | $ — | $ 8,614,146 |
| General Obligation Bond Projects Fund | 1,281,205 | — | — | — | 1,281,205 |
| Nonmajor Funds: | | | | | |
| Special Revenue Funds | 508,358 | — | (78,284) | — | 430,074 |
| Debt Service Fund | 64,016 | — | (22,949) | — | 41,067 |
| Total Governmental Funds | 10,260,470 | — | 106,022 | — | 10,366,492 |
| Government-wide Adjustments | | | | | |
| Capital Assets, net of depreciation | 24,887,257 | — | 3,499 | 77,810 | 24,968,566 |
| Other Noncurrent Assets and Liabilities | (705,450) | — | 2,000 | — | (703,450) |
| Deferred Inflows/Outflows of Resources | 1,209,649 | — | — | — | 1,209,649 |
| Long-Term Liabilities Related to Debt | (11,113,276) | — | 324,418 | (91,531) | (10,880,389) |
| OPEB Assets/Liabilities | (1,832,173) | — | 643 | — | (1,831,530) |
| Pension Assets/Liabilities | (3,198,541) | — | 83 | — | (3,198,458) |
| Inclusion of Internal Service Funds in Governmental Activities | 633,517 | — | — | 12,042 | 645,559 |
| **Total Governmental Funds and Activities** | **$ 20,141,453** | **$ —** | **$ 436,665** | **$ (1,679)** | **$ 20,576,439** |
| **Proprietary Funds and Business-type Activities** | | | | | |
| Major Funds: | | | | | |
| Higher Education Fund | $ 2,290,749 | $ — | $ — | $ (1,711) | $ 2,289,038 |
| State Health Benefit Plan | 725,031 | — | — | (29,452) | 695,579 |
| Unemployment Compensation Fund | 1,038,514 | — | — | — | 1,038,514 |
| Nonmajor Funds: | | | | | |
| Enterprise Funds | 187,855 | — | 24,991 | — | 212,846 |
| Internal Service Funds | 449,178 | — | — | 12,042 | 461,220 |
| Internal Service Funds Look-Back Adjustments | | | | | |
| Removal of Internal Service Funds Relating to Governmental Activities | (633,517) | — | — | (12,042) | (645,559) |
| **Total Proprietary Funds and Business-type Activities** | **$ 4,057,810** | **$ —** | **$ 24,991** | **$ (31,163)** | **$ 4,051,638** |
| **Fiduciary Funds** | | | | | |
| Pension and Other Employee Benefit Trust Funds | 104,141,540 | — | — | — | $ 104,141,540 |
| Investment Trust Funds | 11,055,133 | — | — | — | 11,055,133 |
| Private Purpose Trust Funds | 368,976 | — | — | — | 368,976 |
| Custodial Funds | | | | | |
| Custodial | 388,625 | — | — | (2,864) | 385,761 |
| External Investment Pool | $ 66,128 | — | — | — | 66,128 |
| **Total Fiduciary Funds** | **$ 116,020,402** | **$ —** | **$ —** | **$ (2,864)** | **$ 116,017,538** |
| **Discretely Presented Component Units** | **$ 11,922,205** | **$ 11,808** | **$ —** | **$ 1,260** | **$ 11,935,273** |
| **Total Reporting Entity** | **$ 152,141,870** | **$ 11,808** | **$ 461,656** | **$ (34,446)** | **$ 152,580,888** |

## NOTE 4 - FUND BALANCE AND NET POSITION

### *A. Fund Balances*

The specific purposes of the governmental funds fund balances, classified as other than unassigned, at June 30, 2021 are as follows (amounts in thousands):

| | General Fund | General Obligation Bond Projects Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|
| **Nonspendable Fund Balance** | | | | |
| Inventories and Prepaid Amounts | $ 27,612 | $ — | $ — | $ 27,612 |
| **Restricted Fund Balance** | | | | |
| Capital Projects | $ — | $ 1,337,891 | $ — | $ 1,337,891 |
| Guaranteed Revenue Debt | | | | |
| Common Reserve Fund | 24,180 | — | — | 24,180 |
| Emission Regulation | 7,410 | — | — | 7,410 |
| Healthcare Facility Regulation | 25,528 | — | — | 25,528 |
| Indigent Care Trust Fund | 6,814 | — | — | 6,814 |
| LOGO Program | 21,082 | — | — | 21,082 |
| Lottery For Education | 1,736,480 | — | — | 1,736,480 |
| Roads and Bridges (Motor Fuel Tax Funds) | 3,810,284 | — | 76,307 | 3,886,591 |
| Roadside Enhancement and Beautification Fund | 3,732 | — | — | 3,732 |
| Unclaimed Property | 32,945 | — | — | 32,945 |
| Underground Storage Tank Trust Fund | 97,351 | — | — | 97,351 |
| Unissued Debt/Debt Service | 258,580 | — | 618,267 | 876,847 |
| Transportation Projects | 31,684 | — | — | 31,684 |
| Food Stamp Recoveries | 5,349 | — | — | 5,349 |
| Brain & Spinal Injury Trust Fund | 3,103 | — | — | 3,103 |
| Help America Vote Act | 6,318 | — | — | 6,318 |
| Victims of Violent Crime Emergency Fund | 12,848 | — | — | 12,848 |
| Health and Welfare | | | | |
| Behavioral Health | 3,089 | — | — | 3,089 |
| Community Health | 27,178 | — | — | 27,178 |
| Human Services | 13,437 | — | — | 13,437 |
| Public Health | 6,451 | — | — | 6,451 |
| Transportation | 4,119 | — | — | 4,119 |
| Public Safety | 26,184 | — | — | 26,184 |
| Economic Development and Assistance | 19,346 | — | — | 19,346 |
| Culture and Recreation | 63,577 | — | — | 63,577 |
| Other | 50,471 | 67,029 | 448,984 | 566,484 |
| **Total Restricted Fund Balance** | **$ 6,297,540** | **$ 1,404,920** | **$ 1,143,558** | **$ 8,846,018** |
| **Committed Fund Balance** | | | | |
| Administrative Services State Purchasing | $ 16,816 | $ — | $ — | $ 16,816 |
| Billeting Funding | 1,054 | — | — | 1,054 |
| Georgia Blindness Prevention Program | 988 | — | — | 988 |
| Veterans' Homes Residency Fees | 745 | — | — | 745 |
| Other | 1,542 | — | — | 1,542 |
| **Total Committed Fund Balance** | **$ 21,145** | **$ —** | **$ —** | **$ 21,145** |
| **Assigned Fund Balance** | | | | |
| General Government | $ 110,976 | $ 35,928 | $ 1,258 | $ 148,162 |
| Education | 18,831 | — | — | 18,831 |
| Health and Welfare | 427,808 | — | — | 427,808 |
| Transportation | 67,431 | — | 10,691 | 78,122 |
| Public Safety | 155,419 | — | — | 155,419 |
| Economic Development and Assistance | 13,809 | — | — | 13,809 |
| Culture and Recreation | 22,140 | — | — | 22,140 |
| Conservation | 2,314 | — | — | 2,314 |
| **Total Assigned Fund Balance** | **$ 818,728** | **$ 35,928** | **$ 11,949** | **$ 866,605** |

## NOTE 4 - NET POSITION AND FUND BALANCES (continued)

### *B. Restricted Net Position*

The State's net position restricted by enabling legislation represents resources which a party external to a government, such as citizens, public interest groups, or the judiciary, can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports $9.5 billion of restricted net position.

### *C. Deficit Net Position*

The governmental activities of the State ended the year with an unrestricted net position deficit of $4.3 billion. The deficit is a result of net pension and Other Postemployment Benefit (OPEB) liabilities and the continued practice of incurring debt for the purposes of capital acquisition and construction on behalf of county and independent school systems, business-type activities, component units and State schools. Items of note regarding this deficit balance are as follows:

- GASB 68, as related to pensions required the State to recognize its proportional share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2021, the liability resulted in a $3.4 billion impact to unrestricted net position.
- GASB 75, as related to OPEB required the State to recognize its proportional share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2021, the liability resulted in a $1.6 billion impact to unrestricted net position.
- As of June 30, 2021, outstanding general obligation bonds applicable to these projects was $5.8 billion. Since the occurrence of this debt does not result in capital asset acquisitions for governmental activities, the debt is not reflected in net investment in capital assets, but rather in the unrestricted net position category.
- The unrestricted deficit balance of the primary government however has been adjusted for the governmental activities outstanding debt balances related to capital assets reported in business-type activities in the amount of $3.4 billion, which is reflected in net investment in capital assets.

The business-type activities of the State ended the year with an unrestricted net position deficit of $6.8 billion, which is primarily due to the recognition of net pension and OPEB liabilities, as well as various debt related items. Items of note regarding this deficit balance are as follows:

- GASB 68, as related to pensions, required the State to recognize its proportionate share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2021, the liability resulted in a $3.2 billion impact to unrestricted net position.
- GASB 75, as related to OPEB, required the State to recognize its proportional share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2021, the liability resulted in a $5.1 billion impact to unrestricted net position.
- The State Road and Tollway Authority's deficit of $566.9 million in unrestricted net position of business-type activities is primarily a result of $290.2 million in outstanding balances for the Transportation Infrastructure Finance and Innovation Act (TIFIA) related to the I-75 Northwest Corridor project and $39.5 million in outstanding balances for the transportation revenue bonds related to the I-75S express Lanes project.

## NOTE 5 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents and investments as of June 30, 2021 are classified in the accompanying financial statements as follows (amounts in thousands):

| | Primary Government and Fiduciary Funds | Component Units | Total |
|---|---|---|---|
| Primary Government | | | |
| Cash and Cash Equivalents | $ 7,155,306 | $ 977,179 | $ 8,132,485 |
| Pooled Investments with State Treasury | 15,167,202 | 1,857,866 | 17,025,068 |
| Investments | 2,825,761 | 1,524,881 | 4,350,642 |
| Restricted Assets | | | |
| Cash and Cash Equivalents | 735,278 | 485,293 | 1,220,571 |
| Pooled Investments with State Treasury | 455,000 | 125,091 | 580,091 |
| Investments | 303,958 | 5,062,619 | 5,366,577 |
| Fiduciary Funds | | | |
| Cash and Cash Equivalents | 3,722,977 | — | 3,722,977 |
| Pooled Investments with State Treasury | 13,873,908 | — | 13,873,908 |
| Investments | 125,870,295 | — | 125,870,295 |
| **Total Cash and Investments** | **$ 170,109,685** | **$ 10,032,929** | **$ 180,142,614** |

Cash on hand, deposits and investments as of June 30, 2021 consist of the following (amounts in thousands):

| | Primary Government and Fiduciary Funds | Component Units | Total |
|---|---|---|---|
| Cash on Hand | $ 3,645 | $ 61 | $ 3,706 |
| Deposits with Financial Institutions (Note 5A) | 5,343,737 | 1,112,305 | 6,456,042 |
| Investments (Note 5B) | 135,052,898 | 6,840,470 | 141,893,368 |
| Pooled Investments with State Treasury (Note 5D) | 29,496,109 | 1,982,957 | 31,479,066 |
| Unemployment Compensation Funds with U.S. Treasury | 310,432 | — | 310,432 |
| Assets Held at the Board of Regents on Behalf of Other Organizations | (97,136) | 97,136 | — |
| **Total Cash and Investments** | **$ 170,109,685** | **$ 10,032,929** | **$ 180,142,614** |

### *A. Deposits*

Deposits include certificates of deposit and demand deposit accounts. The State Depository Board (Board) has authority to determine collateral requirements for State demand deposit accounts. Beginning in October 2008, in response to the U.S. financial crisis, the Board required all uninsured State deposits to be fully collateralized until September 2012. Its investment policy was amended to permit the Office of the State Treasurer (OST) to diversify its portfolio to include investments in deposit agreements that are with highly rated U.S. banks classified to be low or very low risk, as measured by the OST counterparty risk assessment model.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The Board permits OST to invest in deposit agreements in approved banks as an alternative to purchasing commercial paper and corporate notes issued by highly rated U.S. banks because of the clear preference of all depositor claims, insured and uninsured, over general creditors. OST has been advised that there is a clear and significant difference in favor of deposits over commercial paper in the event of insolvency or liquidation of a U.S. bank thus, OST gives preference to interest-bearing demand deposits due to both a preference in safety of capital and daily liquidity. For any single financial institution, investments deposit agreements, in approved banks that are not collateralized or secured as described below, together with purchases of commercial paper, cannot exceed 5% of total portfolio assets invested by OST.

Other than the deposit agreements referenced above, State demand deposits, time deposits and other certificates of deposit must be secured by eligible collateral, a Federal Home Loan Bank letter of credit, or a surety bond approved by the Board. There are currently no issuers of surety bonds that have been approved by the Board. Eligible collateral includes any one or more of the following securities as enumerated in OCGA § 50-17-59:

1) Bonds, bills, certificates of indebtedness, notes or other direct obligations of the United States or of the State.

2) Bonds, bills, certificates of indebtedness, notes or other obligations of the counties or municipalities of the State.

3) Bonds of any public authority created by the laws of the State, providing that the statute that created the authority authorized the use of the bonds for this purpose, the bonds have been duly validated and they are not in default.

4) Industrial revenue bonds and bonds of development authorities created by the laws of the State, for which bonds have been duly validated and they are not in default.

5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the U.S. Government, which are fully guaranteed, both as to principal and interest and debt obligations issued, or securities guaranteed 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 Corporation and the Federal National Mortgage Association.

The Board is authorized in OCGA § 50-17-58 to allow agencies of the State the option of exempting demand deposits from the collateral requirements. Currently, the Board has only authorized OST to waive collateral on special accounts approved by the Board, as referenced above, in accordance with its investment policy. The Board requires all other State demand deposits, time deposits and certificates of deposits to be collateralized in an amount equal to and not less than 110% of any deposit not insured by the FDIC. In addition, the Board instituted a requirement to limit total State deposits at any State depository to not exceed 100% of the depository's equity capital. The Board may temporarily increase the total State deposit limit at any State depository to 125% of equity capital to allow for fluctuation in demand deposit balances. Credit unions are not authorized to serve as State depositories.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

**Custodial Credit Risk – Deposits**

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered. The OST Investment Policy specifies safety of capital as the first priority in investing funds and liquidity as the second priority, followed by investment return and diversification. In adherence to these objectives, OST maintains balances in deposit agreements in approved banks for investment unless commercial paper issued by those financial institutions offers a risk-adjusted advantage. OST closely monitors the credit of U.S. banks having deposit agreements.

Beginning in 2018, the Board implemented the 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 State Treasurer 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 State Treasurer 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 participants in the SDP are considered to be fully insured.

At June 30, 2021, bank balances of the primary government and its component units' deposits not included in the SDP totaled $4.2 billion. It includes balances reported in fiduciary funds other than Pension and Other Employee Benefit Trust Funds as these balances are not separable from the holdings of the primary government. Of these bank balances, $350.7 million were exposed to custodial credit risk as follows (amounts in thousands):

| | Primary Government and Fiduciary Funds | Component Units | Total |
|---|---|---|---|
| Uninsured and uncollateralized | $ 64,659 | $ 99,023 | $ 163,682 |
| Uninsured and collateralized with securities held by the pledging financial institutions | 2,901 | — | 2,901 |
| Uninsured and collateralized with securities held by the pledging institutions' trust departments or agents, but not in the State's name | 86,091 | 98,021 | 184,112 |
| **Total deposits exposed to custodial credit risk** | **$ 153,651** | **$ 197,044** | **$ 350,695** |

The carrying amounts of deposits of certain higher education foundations which utilize FASB standards were $426.9 million. These deposits are not included in the balances reflected above. Total SDP balance for the primary government and its component units' is $1.0 billion.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

***B. Investments***

**Investment Policies**

**Primary Government**

The predominant portions of the primary government's investments are managed by OST and the University System of Georgia (USG). OST's and USG's investment policies are therefore presented as the investment policies of the primary government.

The State Depository Board has adopted two investment policies to govern State investments:

1) The Investment Policy for the Office of the State Treasurer (OST Investment Policy) dictates investment of assets managed by OST.

2) The Investment Policy for Approved State Investment Accounts (Investment Policy for Approved Agency Accounts) governs investments managed by organizations other than OST.

*OST Investment Policy*

OST is the only organization approved by the Board to invest funds pursuant to the OST Investment policy. The State Treasurer shall invest all funds with the degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment. OST is to invest all funds prudently, considering first, the probable safety of capital and then probable income, while meeting daily cash flow requirements and conforming to all statutes governing the investment of public funds.

OST is authorized to invest in securities and other investments as permitted in OCGA § 36-83-2, § 50-5A-7, § 50-17-2, § 50-17-27 and § 50-17-63. Authorized investments are subject to certain restrictions pursuant to the OST Investment Policy and specific guidelines for the individual portfolios managed by OST. Authorized investments and related restrictions and guidelines are described below:

a) Repurchase agreements – Repurchase agreements and reverse repurchase agreements may be transacted with authorized institutions that are rated investment grade by one or more nationally recognized rating agency or are determined by the Treasurer to have adequate capital and liquidity, with maximum exposure per institution determined by the Treasurer and adjusted as needed due to the financial condition of such institutions, the size of the OST investment portfolios, and in accordance with the OST counterparty risk assessment model. Repurchase agreements must be collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government or other securities authorized for investment by the Treasurer in subsection (b) of Code of Section 50-17-63. Collateral comprised of obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government must have a market value of at least 102% of the investment and other eligible collateral must have a market value of 105% of the investment. Collateral must be held by a third party custodian approved by the Treasurer and marked-to-market daily. Exceptions to the requirements for third party custody of collateral or collateral requirements may be approved by the Treasurer for authorized institutions if necessary on occasion. All counterparties, and exceptions to

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

custody and collateral requirements shall be reported by the Treasurer to the State Depository Board. All reverse repurchase agreements shall be approved in advance by the Treasurer.

b) Certificates of deposit (CD's) – The maximum term of CD's shall not exceed five years. OST shall not place funds in non-negotiable CD's at any depository if such placement of funds will result in total state deposits at such depository in excess of 100% of total equity capital. Provided, however, that the Treasurer may authorize placement of funds in CD's at a depository if such placement of funds will result in total state deposits not to exceed 125% of total equity capital on an as needed basis to allow for fluctuations in demand deposit balances. All CD's must be fully insured by the FDIC or secured by collateral permitted by statute. Surety bonds acceptable as security for CD's shall require approval by the State Depository Board with such credit constraints or limitations it determines. Pledged securities shall be held by a third party custodian approved by OST. Pledged securities shall be marked-to-market at least monthly with depositories required to initially pledge to OST, and thereafter maintain upon notification or any shortfall, collateral having a market value equal to 110% of CD's or be secured through the Georgia multibank pledging pool program (Secure Deposit Program) with "Required Collateral" as defined therein.

c) Commercial paper (CP) – CP issued by domestic corporations carrying ratings no lower than P-1 by Moody's Investors Service and A-1 by Standard & Poor's Corporation, in an amount, including the balance of any bank deposit held for investment purposes described in (d) (4), below, that does not exceed 5% of portfolio assets for any single issuer.

d) Bank deposits held for investment purposes (formerly referred to as negotiated investment deposit agreements). – Deposit agreements with banks that are (1) secured by collateral permitted by statute, held by a third party custodian, marked-to-market daily, and having a market value equal to or exceeding 110% of the deposit; (2) secured through the Georgia multibank pledging pool program (Secure Deposit Program) with "Required Collateral" as defined therein; (3) fully secured by a letter-of-credit issued by a Federal Home Loan Bank; (4) fully secured by a surety bond issued by a financial institution approved by the State Depository Board; (5) fully insured by the FDIC; or, (6) subject to funds being available upon demand, with U.S. banks carrying ratings no lower than P-2 by Moody's Investors Service or A-2 by Standard & Poor's Corporation, are determined by the Treasurer to have adequate capital, with maximum exposure per institution determined by the Treasurer and adjusted as needed due to the financial condition of such institutions, the size of the OST investment portfolios, and in accordance with the OST counterparty risk assessment model in an amount, including any CP issued by the respective financial institution held for investment by OST, that does not exceed 5% of portfolio assets for any single institution.

e) Prime bankers acceptances – Bankers acceptances must carry the highest rating assigned to such investments by a nationally recognized rating agency.

f) Obligations issued by this state or its agencies or other political subdivisions of this state. Such investments, if meeting statutory investment requirements, may be approved for investment by the Treasurer with the requirement that they are of high credit quality and are reported to the State Depository Board.

g) Obligations of corporations – Obligations of domestic corporations including notes, bonds, negotiable CD's, and other marketable securities must be rated investment grade or higher by a nationally recognized rating agency.

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

h) Obligations issued by the government of any foreign country – Direct obligations of the government of any foreign country must be rated A or higher by a nationally recognized rating agency.

i) International Bank for Reconstruction and Development or the International Financial Corporation – Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation must be rated A or higher by nationally recognized rating agency.

j) Georgia Fund 1 (GF1), Georgia Fund 1 Plus, Georgia Extended Asset Pool (GEAP), Georgia Extended Asset Pool Plus (GEAP Plus), and any other funds comprising the local government investment pool in amounts necessary for prudent diversification, liquidity, and investment income.

k) Asset-backed securities – Pursuant to OCGA § 50-5A-7(b), asset-backed securities rated AAA, having broad liquidity reflecting at least $350 million of outstanding issuance and issued by an underlying credit rated A3/A or higher by Standard and Poor's Corporation or Moody's Investor Service.

l) Commercial mortgage-backed securities – Pursuant to OCGA § 50-5A-7(b), commercial mortgage-backed securities rated AAA by Standard and Poor's Corporation or Moody's Investors Service.

m) Such other limitations as determined by the Treasurer to be necessary for the preservation of principal, liquidity, or marketability of any of the portfolios, including allowing investment in any single issuer of CP as described in (c) above or bank deposits held for investment purposes as described in (d) above to temporarily exceed 5% for a period not to exceed 10 business days to allow for efficient investment of accounts experiencing significant fluctuation of balances.

*Investment Policy for Approved Agency Accounts*

The OST Investment Policy does not authorize organizations other than OST to invest funds. OCGA § 50-17-63(a) requires all demand funds held by any State organization to be deposited in accounts at State depositories approved by the Board. In the alternative, with prior approval of the Board, a state entity may be permitted to invest in time deposits, other permitted investments and any interest income from the invested funds must be remitted to the Treasurer as revenues of the State unless specific statutes provide otherwise. Therefore, the Board adopted the Investment Policy for Approved State Agency Investment Accounts to govern investment activity in accounts approved by the Board other than investments managed or overseen by OST or “excluded entities”. These “excluded entities” include, but are not limited to, the Georgia Higher Education Savings Plan, USG, the Employees’ Retirement System (ERS), Teachers Retirement System (TRS), and the Georgia Lottery Corporation. Only organizations that are approved by the Board to establish and maintain investment accounts may rely on the Investment Policy for Approved Agency Accounts to invest funds. As of June 30, 2021, no State organizations had received Board approval to establish investment accounts governed by the Investment Policy for Approved Agencies.

*Board of Regents Investment Policies*

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 SEC 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.

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

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 Board of Regents' 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 OCGA § 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 9 months to 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Short Term Fund at June 30, 2021 was $681.8 million, of which 100% was invested in debt securities. The Effective Duration of the Fund is 0.89 years.

2. Legal Fund - The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under OCGA § 50-17-59 and § 50-17-63. The average maturities of investments in this fund will typically range between three and five years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the Legal Fund at June 30, 2021 was $17.9 million, of which 100% is invested in debt securities. The Effective Duration of the Fund is 3.26 years.

3. 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 Balanced Income Fund at June 30, 2021 was $223.9 million, of which 65% is invested in debt securities. The Effective Duration of the Fund is 7.13 years.

4. Total Return Fund - The Total Return Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers greater overall equity exposure and is appropriate for investing longer term funds such as endowments. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents. The equity allocation shall range between 60% and 80%, 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,

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Total Return Fund at June 30, 2021 was $20.8 million, of which 28% is invested in debt securities. The Effective Duration of the Fund is 6.23 years.

5. 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 Diversified Fund at June 30, 2021 was $272.6 million, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.88 years.

6. Diversified Fund for Foundations - The Diversified Fund for Foundations is available only to University System of Georgia affiliated organizations. Like the Diversified Fund, the fund is designed to provide improved return characteristics with reduced volatility through greater diversification and is appropriate for investing longer term funds such as endowments. Investments in the fund may include domestic, international and emerging market equities, domestic and global investment grade and non-investment grade fixed income and liquid alternative investments. The equity allocation shall range between 40% and 75% of the portfolio, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 10% and 40% of the portfolio, with a target of 20% of the total portfolio. The alternatives portion of the portfolio shall range between 0% and 30% of the portfolio, with a target of 15% of the total portfolio. Cash reserves and invested income are invested at all times in the highest quality par stable (A1, P1) institutional money market funds, or other high quality short term instruments. The market value of the Diversified Fund for Foundations at June 30, 2021 was $84.3 million, of which 20% is invested in debt securities. The Effective Duration of the Fund is 5.25 years.

**Fiduciary Funds – Pension and Other Employee Benefit Trust Funds**

In accordance with OCGA § 47-20-83, Public Retirement Systems may invest in the following:

1) U.S. or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.
2) Repurchase and reverse repurchase agreements for direct obligations of the U.S. Government and for obligations unconditionally guaranteed by agencies.
3) FDIC insured cash assets or deposits.
4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the U.S. Government.
5) Taxable bonds, notes, warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the U.S. Government.
7) Investment grade collateralized mortgage obligations.

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.
11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the U.S., and the right to receive determinate portions or related income.
12) Loans that are secured by pledge or securities eligible for investment.
13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.
14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.
15) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business with restrictions.
16) Real property and equipment acquired under various circumstances.
17) Shares of mutual funds registered with Securities and Exchange Commission.
18) Commingled funds and collective investment funds maintained by state chartered banks or trust companies.

In addition, large retirement systems have restrictions as to the concentration of investments in corporations and equities and additional stipulations exist related to decreases in a fund's asset value. The retirement systems have additional restrictions on the acquisition of securities of companies with activities in the Iran petroleum energy sector. A list of scrutinized companies with activities in the Iran petroleum energy sector has been compiled and is annually updated. This list is utilized to identify and potentially divest the retirement systems of such holdings.

In accordance with OCGA § 47-20-87, certain eligible large retirement systems (excluding the Teachers Retirement System) are authorized to invest in alternative investments such as privately placed investment pools that include investments such as leveraged buyout funds, mezzanine funds, workout funds, debt funds, venture capital funds, merchant banking funds, funds of funds and secondary funds. In addition, these retirement systems are authorized to invest in private placements and other private investments such as leveraged buyouts, venture capital investment, equity investments such as preferred and common stock, warrants, options, private investments in public securities, recapitalizations, privatizations, mezzanine debt investments, distressed debt and equity investments, convertible securities, receivables, debt and equity derivative instruments, etc. The amount invested by an eligible large retirement system in alternative investments may not in the aggregate exceed 5% of the eligible large retirement system's assets at any time.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

### Other Postemployment Benefits (OPEB)

In May of 2018, the State created an investment policy for state and school OPEB trust funds. The policy requires at least 25% of funds to be invested at State Treasury and be subject to OST policy. The remaining funds are invested by ERS in publicly traded equities permitted in accordance with OCGA § 47-20-84.

### Component Units

Component units follow applicable investing criteria as specifically authorized by statute or by the component unit's governing authority. Certain higher education foundations utilize FASB standards. Balances for those component units as of June 30, 2021, are as follows (amounts in thousands):

| | Fair Value |
|---|---|
| Bond Securities | $ 106,739 |
| Certificates of Deposit | 1,150 |
| Corporate Bonds | 21,342 |
| Equity Securities- Domestic | 465,707 |
| Equity Securities- International | 626,775 |
| Equity Mutual Funds - Domestic | 521,669 |
| Equity Mutual Funds - International | 234,229 |
| General Obligations Bonds | 23,902 |
| Money Market Mutual Funds | 362,802 |
| Mutual Bond Funds | 104,700 |
| Real Estate Investment Trusts | 116,354 |
| Real Estate Held for Investment Purposes | 71,744 |
| Repurchase Agreements | 1,179 |
| U.S. Agencies | 17,571 |
| U.S. Treasuries | 42,727 |
| Other | 2,560,027 |
| **Total Investments** | **$ 5,278,617** |

The component unit disclosures that follow do not include these balances, with the exception of the fair value measurement tables.

### 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.

### Primary Government

OST's policy for management of interest rate risk attempts to match investments with expected cash requirements. However, certificates of deposit may not have a term exceeding five years. The State Treasurer may establish duration or maturity limitations for other investments.

USG's policy for managing interest rate risk is attempts to match investments with expected cash requirements.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The following table provides information about the primary government's exposure to interest rate risk. It includes balances reported in fiduciary funds other than Pension and Other Employee Benefit Trust Funds as these balances are not separable from the holdings of the primary government (amounts in thousands):

| | | Maturity Period | | | | |
|---|---|---|---|---|---|---|
| | Total Fair Value | Less than 3 Months | 4 - 12 Months | 1 - 5 Years | 6 - 10 Years | More than 10 Years |
| Bank Deposits Held for Investment Purposes | $ 257,960 | $ 257,960 | $ — | $ — | $ — | $ — |
| Bond Securities | 20 | — | — | — | — | 20 |
| Corporate Debt | | | | | | |
| Domestic | 233,209 | 16,023 | 63,480 | 153,267 | 439 | — |
| Money Market Mutual Funds | 2,597,129 | 2,597,129 | — | — | — | — |
| Mortgage-Backed Securities | | | | | | |
| Commercial | 691 | — | — | — | — | 691 |
| Municipal Bonds | 1,060 | — | 101 | 221 | 574 | 164 |
| Mutual Funds - Debt* | 93,433 | 171 | — | 17,462 | 36,711 | 39,089 |
| Repurchase Agreements | 970,000 | 970,000 | — | — | — | — |
| U.S. Agency Obligations - Explicitly Guaranteed | 218,250 | 674 | 166,232 | 16,305 | 708 | 34,331 |
| U.S. Agency Obligations | 1,617,315 | 422,385 | 223,534 | 921,391 | 13,256 | 36,749 |
| U.S. Treasury Obligations | 2,478,874 | 1,689,833 | 230,612 | 558,119 | 310 | — |
| **Total Debt Securities** | **8,467,941** | **$ 5,954,175** | **$ 683,959** | **$ 1,666,765** | **$ 51,998** | **$ 111,044** |
| Equity Mutual Funds | | | | | | |
| Domestic | 188,575 | | | | | |
| International | 934 | | | | | |
| Equity Securities | | | | | | |
| Domestic | 152,525 | | | | | |
| International | 567 | | | | | |
| Real Estate Held for Investments | 6,341 | | | | | |
| Real Estate Investment Trust | 400 | | | | | |
| Other | 203 | | | | | |
| **Total Investments** | **$ 8,817,486** | | | | | |

*Maturity Period is weighted average maturity.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

### Fiduciary Funds – Pension and Other Employee Benefit Trust Funds Administered by the Employees' and Teachers Retirement Systems

The Boards of the Employees' and Teachers Retirement Systems have elected to manage interest rate risk of these pension and other employee benefit trust funds using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the funds' fixed income assets (amounts in thousands):

| | Total Fair Value | Effective Duration (Years) |
|---|---|---|
| Corporate and Other Bonds | $ 6,874,994 | 5.0 |
| International Obligations: | | |
| Corporate | 1,045,225 | 4.4 |
| U.S. Treasury Obligations | 23,365,767 | 5.8 |
| Total Debt Securities | 31,285,986 | |
| Common Stock | | |
| Domestic | 66,254,395 | |
| International | 21,346,114 | |
| Mutual Funds - Equity | 8,969 | |
| Private Equity | 575,958 | |
| Commingled Funds | 2,421,327 | |
| **Total Investments** | **$ 121,892,749** | |

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

### Fiduciary Funds – Pension and Other Employee Benefit Trust Funds Administered by Other than the Employees' and Teachers Retirement Systems

The Public Retirement System Investment Authority Law does not address specific policies for managing interest rate risk. The following table provides information about interest rate risks associated with these pension and other employee benefit trust funds' investments (amounts in thousands):

| | | Maturity Period | | | | |
|---|---|---|---|---|---|---|
| | Total Fair Value | Less than 3 Months | 4 - 12 Months | 1 - 5 Years | 6 - 10 Years | More than 10 Years |
| Asset-backed Securities | | | | | | |
| Domestic | $ 51,025 | — | — | 22,475 | 8,713 | 19,837 |
| Corporate Debt | | | | | | |
| Domestic | 232,952 | 844 | 10,458 | 89,278 | 75,955 | 56,417 |
| International | 9,537 | 70 | 96 | 5,749 | 1,392 | 2,230 |
| Commingled Funds | 33,743 | — | — | 33,743 | — | — |
| Exchange Traded Funds | 111 | 111 | — | — | — | — |
| Guaranteed Investment Contracts | 259 | — | — | — | — | 259 |
| International Government Obligations | 3,207 | — | — | 444 | 365 | 2,398 |
| Money Market Mutual Funds | 67,648 | 67,648 | — | — | — | — |
| Mortgage-backed Securities | 106,310 | 1 | — | 2,444 | 724 | 103,141 |
| Municipal Bonds | 8,686 | 60 | — | 3,084 | 1,618 | 3,924 |
| Mutual Funds - Debt* | 152,625 | — | — | 1,335 | 59,835 | 91,455 |
| U.S. Agency Obligations-Explicitly Guaranteed | 1,107 | — | 1,020 | 87 | — | — |
| U.S. Agency Obligations | 76,935 | 271 | 888 | 4,801 | 2,608 | 68,367 |
| U.S. Treasury Obligations | 130,534 | 365 | 16,952 | 63,730 | 18,848 | 30,639 |
| **Total Debt Securities** | **874,679** | **$ 69,370** | **$ 29,414** | **$ 227,170** | **$ 170,058** | **$ 378,667** |
| Commingled Funds | 164,791 | | | | | |
| Equity Mutual Funds | | | | | | |
| Domestic | 290,472 | | | | | |
| International | 20,849 | | | | | |
| Equity Securities | | | | | | |
| Domestic | 2,472,144 | | | | | |
| International | 328,009 | | | | | |
| Exchange Traded Funds-Equity | 29,394 | | | | | |
| Exchange traded funds - International | 2,155 | | | | | |
| Private Equity | 90,548 | | | | | |
| Real Estate Investment Trust | 69,420 | | | | | |
| Other | 202 | | | | | |
| **Total Investments** | **$ 4,342,663** | | | | | |

*Maturity period is weighted average maturity.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

### Component Units

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority.

The component units' exposure to interest rate risk is presented below (amounts in thousands):

| | | Maturity Period | | | | |
|---|---|---|---|---|---|---|
| | Total Fair Value | Less than 3 Months | 4 - 12 Months | 1 - 5 Years | 6 - 10 Years | More than 10 Years |
| Asset-Backed Securities | | | | | | |
| Domestic | $ 375 | $ — | $ — | $ 375 | $ — | $ — |
| Certificate of Deposits | 5,991 | — | 3,248 | 2,743 | — | — |
| Corporate Debt | | | | | | |
| Domestic | 47,524 | 4,182 | 4,724 | 25,881 | 11,158 | 1,579 |
| International | 90 | — | — | 90 | — | — |
| Insurance Contracts | 20,082 | — | — | — | — | 20,082 |
| International Government | | | | | | |
| Obligations | 7,779 | 1,969 | 430 | 2,536 | 2,365 | 479 |
| General Obligation Bonds | 6,765 | 3,669 | 29 | 3,067 | — | — |
| Investment Agreements | 11,830 | — | — | 2,810 | 3,208 | 5,812 |
| Money Market Mutual Funds | 209,110 | 141,307 | 67,803 | — | — | — |
| Mortgage-Backed Securities | 79,669 | — | 6 | 1,090 | 2,431 | 76,142 |
| Municipal Bonds | 856 | — | 5 | 766 | 43 | 42 |
| Mutual Funds - Debt* | 106,029 | — | — | 84,311 | 17,417 | 4,301 |
| Non-purpose investments | 73,483 | — | 73,483 | — | — | — |
| Repurchase Agreements | 79,456 | 73,691 | — | — | — | 5,765 |
| Strategic Income Opportunities Funds | 35,492 | — | — | 35,492 | — | — |
| U.S. Agency Obligations - Explicitly Guaranteed | 3,562 | — | 3,281 | 281 | — | — |
| U.S. Agency Obligations | 95,075 | 5,181 | 4,994 | 61,982 | 19,586 | 3,332 |
| U.S. Treasury Obligations | 629,013 | 6,246 | 16,009 | 527,977 | 49,267 | 29,514 |
| Total Debt Securities | **1,412,181** | **$ 236,245** | **$ 174,012** | **$ 749,401** | **$ 105,475** | **$ 147,048** |
| Equity Mutual Funds | | | | | | |
| Domestic | 114,452 | | | | | |
| International | 15,340 | | | | | |
| Equity Securities | | | | | | |
| Domestic | 3,171 | | | | | |
| International | 4,162 | | | | | |
| Exchange Traded Funds | 8,235 | | | | | |
| Other Investments | 4,311 | | | | | |
| **Total Investments** | **$ 1,561,852** | | | | | |

* Maturity Period is weighted average maturity.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The credit risk tables presented on the following pages have been prepared using Standard and Poor's Corporation ratings scales.

**Primary Government**

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 its counterparty risk assessment model which incorporates market indicators, default probabilities, issuer research and issuer ratings to determine maximum credit exposure per institution, term of investment for respective counterparties and collateralization requirements in accordance with the OST Investment Policy.

The University System of Georgia's policy for managing credit risk is contained in the investment policy guidelines for the various pooled investment funds:

1) In the Short-Term Fund and Legal Fund, all debt issues must be eligible investments under OCGA § 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, Total Return 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) In the Diversified Fund for Foundations, fixed income investments include investment grade and high yield domestic bonds, dollar-and non-dollar denominated global bonds, and emerging market bonds. 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+.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The exposure of the primary government's debt securities to credit risk is indicated below (amounts in thousands):

| | Total Fair Value | AAA | AA | A | BBB | BB | Not Rated |
|---|---|---|---|---|---|---|---|
| Bond Securities | $ 20 | $ — | $ — | $ — | $ — | $ — | $ 20 |
| Corporate Debt | | | | | | | |
| Domestic | 233,207 | — | 35,424 | 189,322 | 8,461 | — | — |
| Money Market Mutual Funds | 2,597,127 | 7,670 | 9,537 | — | — | — | 2,579,920 |
| Mortgage-Backed Securities | | | | | | | |
| Commercial | 691 | 691 | — | — | — | — | — |
| Municipal Bonds | 1,061 | 74 | 597 | 305 | 64 | — | 21 |
| Mutual Funds - Debt | 93,435 | 479 | 76 | — | — | 20 | 92,860 |
| Repurchase Agreements | 970,000 | — | — | — | — | — | 970,000 |
| U.S. Agency Obligations | 1,617,317 | 317,568 | 1,299,749 | — | — | — | — |
| **Total Credit Risk-Investments** | **5,512,858** | **$ 326,482** | **$ 1,345,383** | **$ 189,627** | **$ 8,525** | **$ 20** | **$ 3,642,821** |
| Bank Deposit Held for | | | | | | | |
| Investment Purposes | 257,960 | | | | | | |
| U.S. Agency Obligations | | | | | | | |
| Explicitly Guaranteed | 218,250 | | | | | | |
| U.S. Treasury Obligations | 2,478,873 | | | | | | |
| **Total Debt Securities** | **$ 8,467,941** | | | | | | |

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

### Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

The credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law as previously described. The Boards of individual funds may elect to implement more restrictive policies. The pension and other employee benefit trust funds' debt securities exposure to credit risk is indicated below (amounts in thousands):

| | Total Fair Value | AAA | AA | A | BBB | BB | B | CCC | CC | D | Not Rated |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Asset-backed Securities | | | | | | | | | | | |
| Domestic | $ 51,025 | $ 31,124 | $ 4,797 | $ 2,071 | $ 3,221 | $ 52 | $ 272 | $ 859 | $ 145 | $ 96 | $ 8,388 |
| Corporate Debt | | | | | | | | | | | |
| Domestic | 7,107,947 | 1,396,459 | 2,500,585 | 2,520,568 | 681,037 | 4,314 | — | — | — | — | 4,984 |
| International | 1,054,761 | — | 836,276 | 210,461 | 6,242 | 1,782 | — | — | — | — | — |
| Exchange Traded Funds | 111 | — | — | — | — | — | — | — | — | — | 111 |
| Guaranteed Investment Contracts | 259 | — | — | — | — | — | — | — | — | — | 259 |
| International Government Obligations | 3,206 | — | 198 | 565 | 2,443 | — | — | — | — | — | — |
| Money Market Mutual Funds | 67,648 | 4,303 | — | — | — | — | — | — | — | — | 63,345 |
| Mortgage-backed Securities | 106,310 | 27,494 | 15,980 | 9,975 | 8,540 | 1,134 | 469 | 85 | 170 | 60 | 42,403 |
| Municipal Bonds | 8,685 | — | 873 | 4,419 | 3,393 | — | — | — | — | — | — |
| Mutual Funds - Debt | 152,625 | — | — | — | — | — | — | — | — | — | 152,625 |
| U.S. Agency Obligations | 75,952 | 2,115 | 430 | — | 2,135 | — | — | — | — | — | 71,272 |
| **Total Credit Risk - Investments** | **8,628,529** | **1,461,495** | **3,359,139** | **$2,748,059** | **$707,011** | **$7,282** | **$ 741** | **$ 944** | **$ 315** | **$ 156** | **$343,387** |
| | | | | | | | | | | | |
| Commingled Funds | 33,743 | | | | | | | | | | |
| U.S. Agency Obligations Explicitly Guaranteed | 2,091 | | | | | | | | | | |
| U.S. Treasury Obligations | 23,496,302 | | | | | | | | | | |
| **Total Debt Securities** | **$32,160,665** | | | | | | | | | | |

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

### Component Units

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority. The exposure of the component units' debt securities to credit risk is indicated below (amounts in thousands):

| | Total Fair Value | AAA | AA | A | BBB | BB | B | Not Rated |
|---|---|---|---|---|---|---|---|---|
| Asset-Backed Securities | | | | | | | | |
| Domestic | $ 375 | $ 265 | $ — | $ — | $ — | $ — | $ — | $ 110 |
| Certificate of Deposits | 5,991 | — | 749 | 1,240 | 1,253 | — | — | 2,749 |
| Corporate Debt | | | | | | | | |
| Domestic | 47,523 | 339 | 16,643 | 13,916 | 16,052 | 292 | 70 | 211 |
| International | 90 | — | — | — | — | — | — | 90 |
| Insurance Contracts | 20,082 | 20,082 | — | — | — | — | — | — |
| International Government | | | | | | | | |
| Obligations | 7,780 | 773 | 399 | 2,418 | 4,037 | 153 | — | — |
| General Obligation Bonds | 6,764 | 6,764 | — | — | — | — | — | — |
| Investment Agreements | 11,830 | — | — | — | 11,830 | — | — | — |
| Money Market Mutual Funds | 209,112 | 133,210 | — | — | — | — | — | 75,902 |
| Mortgage-Backed Securities | 79,667 | 65,812 | 13,456 | 138 | 50 | — | — | 211 |
| Municipal Bonds | 856 | 152 | 492 | 212 | — | — | — | — |
| Mutual Funds - Debt | 106,028 | — | — | 7,098 | 8,571 | — | — | 90,359 |
| Non-purpose investments | 73,483 | — | — | — | — | — | — | 73,483 |
| Repurchase Agreements | 79,456 | 5,765 | — | — | — | — | — | 73,691 |
| Strategic Income | | | | | | | | |
| Opportunities Funds | 35,492 | — | — | — | — | — | — | 35,492 |
| U.S. Agency Obligations | 95,076 | 80,037 | 4,787 | — | — | — | — | 10,252 |
| **Total Credit Risk - Investments** | **779,605** | **$ 313,199** | **$ 36,526** | **$ 25,022** | **$ 41,793** | **$ 445** | **$ 70** | **$ 362,550** |
| U.S. Treasury Obligations | 629,014 | | | | | | | |
| U.S. Agency Obligations | | | | | | | | |
| Explicitly Guaranteed | 3,562 | | | | | | | |
| **Total Debt Securities** | **$ 1,412,181** | | | | | | | |

## Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the value of the investment or collateral securities in possession of a third party custodian may not be fully recovered by the State.

### Primary Government

OST's policy for managing custodial credit risk for investments is:

1) OST has appointed a federally regulated banking institution, State Street, as its custodian. State Street performs its duties to the standards of a professional custodian.
2) All securities transactions are settled on a delivery versus payment basis through an approved depository institution such as the Federal Reserve or the Depository Trust Company.

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

3) Repurchase agreements are collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government or other securities authorized by the Treasurer in subsection (b) of Code Section 50-17-63 in accordance with the State Depository Board policy.
4) OST has retained an independent firm to serve as its liquidation agent in the event of a counterparty default.

The University System of Georgia's policy for managing custodial credit risk for investment is:

1) The University System has appointed a federally regulated banking institution as custodian. The custodian performs its duties to the standards of a professional custodian and is liable to the University System of Georgia for claims, losses, liabilities and expenses arising from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.
2) All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.
3) Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

   At June 30, 2021, $6.2 million was uninsured and held by the investment's counterparty's trust department or agent, but not in the USG's name.

**Fiduciary Funds – Pension and Other Employee Benefit Trust Funds**

The custodial credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above. At June 30, 2021, $0.4 million of the pension and other employee benefit trust funds' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

**Component Units**

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer.

**Primary Government**

To manage concentration risk, the OST Investment Policy requires diversification of investments to reduce overall portfolio risks while maintaining market rates of return. Investments in each portfolio shall be diversified to mitigate risk of loss from an over-concentration in a specific issuer, counterparty or depository. The State Treasurer establishes Investment Guidelines for each investment portfolio to assure that prudent diversification and adequate liquidity is maintained. OST utilizes a counterparty risk assessment model to determine maximum exposure to each approved financial institution.

The University System's policy for managing concentration requires diversification of investments to reduce overall portfolio risk while maintaining market rates of return.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

At June 30, 2021, for the USG business-type activity investments approximately 10.37%, 8.61% and 7.10% of investments were investments in Federal National Mortgage Assoc. notes and pools, Federal Home Loan Corp/ Pools, and the Vanguard Total Stock Market ETF domestic equity securities, respectively.

At June 30, 2021, approximately 18.89% of the primary government's total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. Government. Approximately 30.12% of the primary government's total investments were invested in Money Market Mutual Funds.

**Fiduciary Funds – Pension, Other Employee Benefit Trust Funds and Custodial Funds**

The concentration of credit risk policy of pension limits investments to no more than 5% of total net investments in any one issuer of corporate bonds. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At June 30, 2021, with the exception of the USG items listed below, no more than 5% of the pension's total investments were investments in any single issuer other than the U.S. Government or its agencies.

At June 30, 2021, approximately 16.35% of the total USG Fiduciary Fund investments were investments in Vanguard Total Stock Market ETF domestic equity securities. These investments are reported in the following Funds as follows:

- Approximately 25.33% of Augusta University Early Retirement Pension Plan Fiduciary Fund investments were invested in Vanguard Total Stock Market ETF domestic securities.
- Approximately 10.75% of the Board of Regents Retiree Health Benefit Fiduciary Fund investments were invested in Vanguard Total Stock Market ETF domestic securities.
- Approximately 16.60% of Board of Regents Investment Pool Custodial Fund investments were invested in Vanguard Total Stock Market ETF domestic equity securities.

Information related to Other Postemployment Benefit trust funds (OPEB) disclosures is included in the LGIP Trust Fund Financial Statement report issued by OST. For concentration of credit risk, refer to the report published on OST's website ost.georgia.gov. For the remaining funds invested by ERS, concentration of credit risk policy of OPEB limits investments to no more than 5% of total net investments in any one issuer of corporate bonds.

**Component Units**

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority. At June 30, 2021, no more than 5% of the component units total investments were investments in any single issuer other than the U.S. Government or its agencies.

### C. *Fair Value Measurements*

In accordance with GASB Statement No. 72 (GASB 72), some investments are measured using inputs divided into three fair value hierarchies:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs, other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for an asset or liability.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Fixed-income securities use price evaluations; other investments are exempt from GASB 72's disclosure requirement because they are not reported at fair value, but instead valued using cost based measures.

In general, investments were valued using the following techniques:

- Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Equity securities classified in Level 2 are valued using prices quoted for similar instruments in active markets. Equity securities classified in Level 3 are valued using third party valuations not currently observable in the market.

- Debt securities classified in Level 1 are valued using prices quoted in active market. Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These securities have nonproprietary information that are readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Debt securities classified in Level 3 are not currently observable in the market.

- Mutual funds and commingled funds classified in Level 1 are valued using prices quoted in active markets for those investments types. Mutual funds and commingled funds classified in Level 2 are valued using prices quoted for similar instruments in active markets.

- Investments classified in Level 3 include real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using the net asset value of the University System of Georgia's (USG) ownership interest in partners' capital. Real estate investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from real estate investment funds will be received as the underlying investments of a fund are liquidated. Guaranteed investment contracts are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

### Primary Government

The following table provides information about the primary government's investments in regards to GASB 72 (amounts in thousands):

| Investments by fair value levels | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Bond Securities | $ 20 | $ 20 | $ — | $ — |
| Corporate Debt | | | | |
| Domestic | 233,208 | — | 233,208 | — |
| Equity Mutual Fund | | | | |
| Domestic | 188,574 | 188,574 | — | — |
| International | 934 | 934 | — | — |
| Equity Securities | | | | |
| Domestic | 152,525 | 152,525 | — | — |
| International | 567 | 189 | 378 | — |
| Money Market Mutual Funds | 2,597,129 | 2,597,129 | — | — |
| Municipal Bonds | 1,060 | 1,060 | — | — |
| Mutual Funds - Debt | 93,434 | 93,434 | — | — |
| Mortgage Backed Securities Commercial | 691 | — | 691 | — |
| Real Estate Held for Investment Purposes | 6,341 | — | — | 6,341 |
| Real Estate Investment Trusts | 400 | 400 | — | — |
| US Agencies Obligations-Explicitly Guaranteed | 218,250 | — | 218,250 | — |
| US Agencies Obligations | 1,617,317 | — | 1,617,317 | — |
| U.S. Treasury Obligations | 2,478,873 | 2,478,873 | — | — |
| Other | 203 | 203 | — | — |
| | **7,589,526** | **$ 5,513,341** | **$ 2,069,844** | **$ 6,341** |
| Reconciling Items: | | | | |
| Bank Deposits Held for Investment Purposes | 257,960 | | | |
| Repurchase Agreements | 970,000 | | | |
| **Total Investments** | **$ 8,817,486** | | | |

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

### Fiduciary Funds

The following table provides information about the fiduciary investments in regards to GASB 72 (amounts in thousands):

| Investments by fair value levels | Total | Level 1 | Level 2 | Level 3 | Net Asset Value |
|---|---|---|---|---|---|
| Asset-backed Securities | | | | | |
| Domestic | $ 51,025 | $ — | $ 51,025 | $ — | $ — |
| Commingled Funds | 2,455,070 | 103,605 | 2,351,465 | — | — |
| Commingled Funds - Equity | 164,791 | — | 164,791 | — | — |
| Corporate Debt | | | | | |
| Domestic | 7,107,946 | — | 7,107,946 | — | — |
| International | 1,054,762 | — | 1,054,762 | — | — |
| Equity Securities | | | | | |
| Domestic | 68,726,539 | 68,726,539 | — | — | — |
| International | 21,674,123 | 21,581,741 | 92,382 | — | — |
| Exchange Traded Funds | 111 | 111 | — | — | — |
| Exchange Traded Funds - Equity | 29,394 | 29,394 | — | — | — |
| Exchange traded funds - International | 454 | 454 | — | — | — |
| Guaranteed Investment Contracts | 259 | — | — | 259 | — |
| International Government Obligations | 3,206 | — | 3,206 | — | — |
| Money Market Mutual Funds | 67,648 | 8,156 | 59,492 | — | — |
| Mortgage Backed Securities | 106,310 | — | 106,310 | — | — |
| Municipal bonds | 8,685 | — | 8,685 | — | — |
| Mutual Funds-Debt | 152,625 | 152,625 | — | — | — |
| Mutual Fund Equities | | | | | |
| Domestic | 299,441 | 299,441 | — | — | — |
| International | 20,849 | 20,849 | — | — | — |
| Private Equities | 544,863 | — | — | — | 544,863 |
| Real Estate Investment Trusts | 69,420 | 69,183 | 237 | — | — |
| U.S. Agencies Obligations Explicitly Guaranteed | 1,107 | — | 1,107 | — | — |
| U.S. Agency Obligations | 76,937 | — | 76,937 | — | — |
| U.S. Treasury Obligations | 23,496,301 | 23,366,226 | 130,075 | — | — |
| Other | 202 | 202 | — | — | — |
| | **126,112,068** | **$ 114,358,526** | **$ 11,208,420** | **$ 259** | **$ 544,863** |
| Reconciling Items: | | | | | |
| Short-term Investment Funds | 121,642 | | | | |
| Pending Purchases | 1,702 | | | | |
| **Total Investments** | **$ 126,235,412** | | | | |

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

**Component Units**

The following table provides information about the component unit investments in regards to GASB 72 (amounts in thousands):

| Investments by fair value levels | Total | Level 1 | Level 2 | Level 3 | Net Asset Value |
|---|---|---|---|---|---|
| Asset-backed Securities | | | | | |
| Domestic | $ 375 | $ — | $ 375 | $ — | $ — |
| Bond Securities | 106,739 | 85,516 | 21,164 | — | 59 |
| Certificate of Deposits | 7,141 | 5,991 | 1,150 | — | — |
| Corporate Debt | | | | | |
| Domestic | 68,866 | 45,688 | 22,967 | — | 211 |
| International | 90 | — | — | — | 90 |
| Equity Securities | | | | | |
| Domestic | 468,877 | 468,590 | — | — | 287 |
| International | 630,936 | 596,075 | — | — | 34,861 |
| Exchange Traded Funds | 8,235 | 8,235 | — | — | — |
| General Obligation Funds | 30,666 | 23,902 | 6,764 | — | — |
| Insurance Contracts | 20,082 | — | — | — | 20,082 |
| International Government Obligations | 7,778 | 7,778 | — | — | — |
| Investment Agreements | 11,830 | — | — | 11,830 | — |
| Money Market Mutual Funds | 571,914 | 555,682 | 117 | — | 16,115 |
| Municipal Obligations | 857 | — | 857 | — | — |
| Mutual Bond Funds | 210,730 | 79,099 | 105,939 | 16,990 | 8,702 |
| Mutual Fund Equities | | | | | |
| Domestic | 636,122 | 579,636 | 50,113 | — | 6,373 |
| International | 249,569 | 132,487 | 8,617 | — | 108,465 |
| Mortgage Backed Securities | 79,668 | 79,668 | — | — | — |
| Non Purpose Investments | 73,483 | — | 73,483 | — | — |
| Real Estate Held for Investment Purposes | 71,744 | — | — | 71,744 | — |
| Real Estate Investment Trusts | 116,354 | 58,712 | — | — | 57,642 |
| Strategic Income Opportunity fund | 35,492 | 35,492 | — | — | — |
| US Agencies Obligations - Explicitly Guaranteed | 10,809 | — | 10,809 | — | — |
| US Agencies Obligations | 105,398 | 89,694 | 15,704 | — | — |
| U.S. Treasury Obligations | 671,741 | 455,074 | 216,667 | — | — |
| Other | 2,564,338 | 21,804 | 7,980 | 8,971 | 2,525,583 |
| | **6,759,834** | **$ 3,329,123** | **$ 542,706** | **$ 109,535** | **$ 2,778,470** |
| Repurchase Agreements | 80,635 | | | | |
| **Total Investments** | **$ 6,840,469** | | | | |

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

**Fiduciary Funds – Pension and Other Employee Benefit Trust Funds**

The State's currency risk exposures, or exchange rate risks, primarily reside within the retirement system's international equity investment holdings. The retirement systems' foreign exchange risk management policy is to minimize risk and protect the investments from negative impact by hedging foreign currency exposures with foreign exchange instruments when market conditions and circumstances are deemed appropriate.

As of June 30, 2021, the State's exposure to foreign currency risk in U.S. Dollars are highlighted in the tables below (amounts in thousands):

*(Table on next page)*

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

**International Investment Securities at Fair Value as of June 30, 2021**

| | Employees' Retirement System of Georgia | | | | Teachers Retirement System of Georgia | | | |
|---|---|---|---|---|---|---|---|---|
| Currency | Cash & Cash Equivalents | Equities | Fixed Income | Total | Cash & Cash Equivalents | Equities | Fixed Income | Total |
| Australian Dollar | $ — | $ 52,985 | $ — | $ 52,985 | $ — | $ 262,500 | $ — | $ 262,500 |
| Brazilian Real | — | 31,438 | — | 31,438 | — | 157,428 | — | 157,428 |
| British Pound | — | 118,917 | — | 118,917 | — | 587,837 | — | 587,837 |
| Canadian Dollar | — | 46,566 | — | 46,566 | — | 233,212 | — | 233,212 |
| Chilean Peso | — | 2,349 | — | 2,349 | — | 11,790 | — | 11,790 |
| Chinese Renminbi | — | 4,221 | — | 4,221 | — | 21,510 | — | 21,510 |
| Columbian Peso | — | 734 | — | 734 | — | 3,672 | — | 3,672 |
| Czech Krone | — | 1,807 | — | 1,807 | — | 9,045 | — | 9,045 |
| Danish Krone | — | 26,900 | — | 26,900 | — | 134,084 | — | 134,084 |
| Euro | — | 426,470 | — | 426,470 | — | 2,096,692 | — | 2,096,692 |
| Hong Kong Dollar | — | 194,224 | — | 194,224 | — | 959,218 | — | 959,218 |
| Indian Rupee | — | 87,441 | — | 87,441 | — | 432,200 | — | 432,200 |
| Indonesian Rupiah | — | 4,148 | — | 4,148 | — | 20,755 | — | 20,755 |
| Israeli Sheke | — | 2,989 | — | 2,989 | — | 15,008 | — | 15,008 |
| Japanese Yen | — | 273,882 | — | 273,882 | — | 1,351,638 | — | 1,351,638 |
| Malaysian Ringgit | — | 10,838 | — | 10,838 | — | 54,336 | — | 54,336 |
| Mexican Peso | — | 8,164 | — | 8,164 | — | 40,540 | — | 40,540 |
| New Taiwan Dollar | — | 50,569 | — | 50,569 | — | 254,556 | — | 254,556 |
| New Zealand Dollar | — | 1,247 | — | 1,247 | — | 6,238 | — | 6,238 |
| Norwegian Krone | — | 2,955 | — | 2,955 | — | 15,018 | — | 15,018 |
| Philippine Peso | 2 | 3,960 | — | 3,962 | 8 | 19,783 | — | 19,791 |
| Polish Zloty | — | 2,988 | — | 2,988 | — | 15,032 | — | 15,032 |
| Qatari Riyal | — | 3,850 | — | 3,850 | — | 19,360 | — | 19,360 |
| Singapore Dollar | — | 22,144 | — | 22,144 | — | 108,013 | — | 108,013 |
| South African Rand | — | 27,403 | — | 27,403 | — | 136,641 | — | 136,641 |
| South Korean Won | — | 106,975 | — | 106,975 | — | 533,471 | — | 533,471 |
| Swedish Krona | — | 65,540 | — | 65,540 | — | 325,095 | — | 325,095 |
| Swiss Franc | — | 46,099 | — | 46,099 | — | 231,129 | — | 231,129 |
| Thailand Baht | — | 15,141 | — | 15,141 | — | 75,390 | — | 75,390 |
| UAE Dirham | — | 7,320 | — | 7,320 | — | 36,685 | — | 36,685 |
| Total Holdings subject to Foreign Currency Risk | 2 | 1,650,264 | — | 1,650,266 | 8 | 8,167,876 | — | 8,167,884 |
| Investment Securities payable in U.S. Dollars | — | 1,940,338 | 209,045 | 2,149,383 | — | 9,583,988 | 836,180 | 10,420,168 |
| Total International Investment Securities - at Fair Value | **$ 2** | **$ 3,590,602** | **$ 209,045** | **$ 3,799,649** | **$ 8** | **$ 17,751,864** | **$ 836,180** | **$ 18,588,052** |

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

**Other Pension and Employee Benefit Trust Funds**

| Currency | Cash & Cash Equivalents | Equities | Fixed Income | Total |
|---|---|---|---|---|
| Australian Dollar | $ — | $ 1,823,894 | $ — | $ 1,823,894 |
| British Pound | 60,492 | 10,599,948 | — | 10,660,440 |
| Canadian Dollar | — | 1,285,181 | — | 1,285,181 |
| Euro | 50,193 | 6,865,262 | — | 6,915,455 |
| Japanese Yen | 3,280 | 491,711 | — | 494,991 |
| Norwegian Krone | — | 1,376,861 | — | 1,376,861 |
| Swedish Krona | 1,373 | 2,741,016 | — | 2,742,389 |
| Swiss Franc | 2,095 | 210,405 | — | 212,500 |
| Total Holdings subject to Foreign Currency Risk | 117,433 | 25,394,278 | — | 25,511,711 |
| Investment Securities payable in U.S. Dollars | — | 15,552,451 | 1,612,680 | 17,165,131 |
| Total International Investment Securities - at Fair Value | $ 117,433 | $ 40,946,729 | $ 1,612,680 | $ 42,676,842 |

### *D. Pooled Investments with State Treasury*

As of the end of the year, the state operates four local government investment pools managed by OST and is comprised of Georgia Fund 1, Georgia Fund 1 Plus, Georgia Extended Asset Pool (GEAP) and Georgia Extended Asset Pool Plus (GEAP Plus). GEAP Plus was established on July 1, 2018 and GEAP was established on July 1, 2019 as investments for the OPEB Trust Fund. GEAP was initially funded with with approximately $163.0 million of OPEB Trust Funds. Both GEAP Plus and GEAP are managed by a subadvisor overseen by OST. The pools invest funds of the State and funds of other governmental entities. The local government investment pools jointly maintain a reserve consisting of members' administrative fees. This reserve can be used to stabilize the investment pools and to fund the administrative expenses for managing the pools. Separate reports on the State's investment pools are issued. Refer to the OST website ost.georgia.gov for additional information on the Georgia Fund 1, Georgia Fund 1 Plus, GEAP Plus and GEAP pools.

### *E. Securities Lending Program*

The State is presently involved in securities lending programs with major brokerage firms. The State lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities.

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

**Fiduciary Funds – Pension and Other Employee Benefit Trust Funds**

In the pension and other employee benefit trust funds' securities lending agreements, the brokerage firms pledge collateral securities consisting of U.S. Government and agency securities, mortgage-backed securities issued by a U.S. Government agency, and U.S. corporate bonds. The collateral value must be equal to at least 102% to 109% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled $13.3 billion at June 30, 2021, and the collateral value was equal to 102.4%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Position because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Fiduciary Net Position, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities. In accordance with the criteria set forth in GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the State is deemed not to have the ability to pledge or sell collateral securities, since the State's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default. The State has not previously demonstrated that ability, and there are no indications of the State's ability to pledge or sell collateral securities.

### *F. Other Investments*

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2021, the Department held surety bonds in the amount of $48.8 million, and cash bonds in the amount of $17.2 million. These bonds are not recorded on the Statement of Net Position.

Securities are held by the Commissioner of Insurance pursuant to statutes that require licensed insurance companies to deposit securities prior to issuance of a certificate of authority to transact insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitation, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2021, securities valued at $196.3 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of $4.0 billion for construction performance to ensure proper completion and complete performance of construction contracts, and $4.4 billion for construction payment to ensure that payments are made by the general contractor to all subcontractors. These bonds are not recorded on the Statement of Net Position.

The Georgia State Financing and Investment Commission (GSFIC) State Construction Manual policies require that surety bonds be provided for payment and performance of all State projects of $0.1 million or more. The

## NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Department of Corrections holds surety bonds in the amount of $79.5 million for construction performance to ensure proper completion and complete performance of construction contracts. These bonds are not recorded on the Statement of Net Position.

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor is authorized by statute to require such organization to execute and file with the Commissioner a cash deposit or surety bond. Cash deposits are held on behalf of such organizations in the Department's name, and are reported as custodial funds. At June 30, 2021, the Department held surety bonds in the amount of $63.0 million, and cash bonds in the amount of $3.1 million. These bonds are not recorded on the Statement of Net Position.

Department of Defense Surety Bonds are required of all freight carriers in order to transport military freight. They are mandated by a wing of the military called the Surface Deployment and Distribution Command (SDDC). The bond amount is based on the size of the company and how many states they serve. Department of Defense holds surety bonds in the amount of $12.2 million for freight carriers transporting military freight.

## NOTE 6 - DERIVATIVE INSTRUMENTS

Derivative Instruments are utilized by some of the higher education foundations (reported as component units) and consist primarily of interest rate swap agreements. Certain foundations (component units) have elected to apply FASB provisions and therefore the disclosure information for these foundations is presented separately. Details of the long term liabilities associated with the interest rate swap derivatives are within *Note 10 – Long-term Liabilities*.

### Component Units – GASB Organizations

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2021 and 2020 financial statements for higher education foundations reported as component units reporting under GASB provisions are as follows (amounts in thousands):

| | Change in Fair Value | | Fair Value at 06/30/21 | | |
|---|---|---|---|---|---|
| | **Classification** | **Amount** | **Classification** | **Amount** | **Notional** |
| **Component unit activities - GASB** | | | | | |
| Cash flow hedges: | | | | | |
| AU Health Systems, Inc. | | | | | |
| 2014&2021A - Interest Rate Swap | Investment Revenue | $ 7,577 | Debt | $ (20,604) | $ 97,390 |
| University of Georgia Athletic Association, Inc. | | | | | |
| 2005B - Interest Rate Swap | Deferred outflow of resources | (1,350) | Debt | (3,715) | 18,830 |
| | | | | **$ (24,319)** | |

| | Change in Fair Value | | Fair Value at 06/30/20 | | |
|---|---|---|---|---|---|
| | **Classification** | **Amount** | **Classification** | **Amount** | **Notional** |
| **Component unit activities - GASB** | | | | | |
| Cash flow hedges: | | | | | |
| AU Health Systems, Inc. | | | | | |
| 2014A&B - Interest Rate Swap | Investment Revenue | $ (8,096) | Debt | $ (28,181) | $ 102,120 |
| University of Georgia Athletic Association, Inc. | | | | | |
| 2005B - Interest Rate Swap | Deferred outflow of resources | (1,328) | Debt | (5,065) | 19,775 |
| | | | | **$ (33,246)** | |

### Interest Rate Swap Derivatives

*AU Health Systems, Inc.*

AU Health Systems, Inc. (The Health System) entered into a variable-to-fixed interest rate swap (the Swap) to convert the Health System's variable interest rate concurrent with the 2008 bond issuance to a synthetic fixed rate of 3.302%. The swap continued to be in effect with the 2014 bond issuance and the 2021A bond issuance.

The Swap matures on July 1, 2037. The notional amount of the Swap at June 30, 2021 and 2020 was $97.4 and $102.1 million, respectively. The notional amount decreased from the initial notional amount of $135.0 million. The notional value of the Swap declines in conjunction with payments of bond principal such that the outstanding balance of the 2021A Bonds approximate the notional amount of the Swap at all times. Under the Swap, the Health System pays the counterparty interest at a fixed rate of 3.302% and receives interest payments at a variable rate computed as 68% of London Interbank Offered Rate (LIBOR).

## NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

The fair value of the Swap is recorded as an asset or liability, depending on whether the termination of the Swap would result in amounts due to the Health System or the Swap counterparty. At June 30, 2021 and 2020, the fair value of the Swap represented a liability to the Health System in the amount of $20.6 and $28.2 million, respectively. The Health System or the Swap counterparty is required to post collateral with the other party in the event that the fair value of the Swap exceeds certain thresholds, as defined. At June 30, 2021 and 2020, the Health System had $20.6 and $28.2 million posted cash and investment collateral with the Swap counterparty, respectively, which is included in other assets in the accompanying statements of net position.

As of June 30, 2021 and 2020, the Health System was exposed to credit risk in the amount of the fair value of the Swap. The Health System has two Swap counterparties. As of June 30, 2021 and 2020, the Swap counterparties were rated A+ and A by Fitch Ratings, A1 and A2 by Moody's Investors Services and A+ and A by Standard & Poor's. To mitigate the potential for credit risk, various levels of collateralization by the counterparty may be required should the counterparty's credit rating be downgraded and the fair value of the Swap be in a liability position at a level above certain thresholds specified in the Swap agreement.

The Health System or the counterparty may terminate the Swap if the other party fails to perform under the terms of the agreement. If the Swap is terminated, the variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination, the Swap has a negative fair value (unfavorable to the Health System), the Health System would be liable to the counterparty for a payment equal to the Swap's fair value.

*University of Georgia Athletic Association, Inc. (UGAA)*

For derivative transactions, unless otherwise specified, Bank of America Merrill Lynch ("BOAML") furnishes a single value for each transaction, even if comprised of multiple legs. Unless otherwise specified, valuations for derivative instruments represent, or are derived from, mid-market values. For some derivative instruments, mid-market prices and inputs may not be observable. Instead, valuations may be derived from proprietary or other pricing models based on certain assumptions regarding past, present, and future market conditions. Some inputs may be theoretical, not empirical, and require BOAML to make subjective assumptions and judgments in light of its experience. For example, in valuing OTC equity options where there is no listed option with a corresponding expiration date, BOAML must estimate the future share price volatility based on realized volatility of the underlying shares over periods deemed relevant, implied volatilities of the longest dated listed options available on the underlying shares or major indices and other relevant factors. Valuations of securities with embedded derivatives may be based on assumptions as to the volatility of the underlying security, basket or index, interest rates, exchange rates, dividend yields, correlations between these or other factors, the impact of these factors upon the value of the security (including the embedded options), as well as issuer funding rates and credit spreads (actual or approximated) or additional relevant factors. While BOAML believes that the methodology and data it uses to value derivatives and securities with embedded derivatives are reasonable and appropriate, other dealers might use different methodology or data and may arrive at different valuations.

Objective and Terms – As a means of interest rate management, the Association entered into an interest rate swap transactions with Bank of America, N.A. (the "Counterparty") relating to its variable rate tax-exempt Series 2005B Bonds. Pursuant to an ISDA Master Agreement and Schedule to ISDA Master Agreement, each dated as of January 27, 2005, between the Association and the Counterparty and the Confirmation, the Association has agreed to pay to the Counterparty a fixed rate of interest in an amount equal to 3.48% per annum multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until August 2033. In return, the Counterparty has agreed to pay to the Association a floating rate of interest in an amount equal to 67% of LIBOR multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until July 2035.

**NOTE 6 - DERIVATIVE INSTRUMENTS (continued)**

*Fair Value* - The Association will be exposed to variable rates if the Counterparty to a swap defaults or if a swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment.

As of June 30, 2021, the fair value of the interest rate swap agreements was $3.7 million, indicating the amount that the Association would be required to pay the Counterparty to terminate the swap agreements.

Swap Payments and Associated Debt - As rates vary, variable rate bond interest payments and net swap payments will vary. As of June 30, 2021, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows (amounts in thousands):

| | Variable Rate Bonds | | Interest Rate | |
|---|---|---|---|---|
| | **Principal** | **Interest** | **Swaps, Net** | **Total** |
| **Years ending:** | | | | |
| 2022 | $ 980 | $ 621 | $ 2 | $ 1,603 |
| 2023 | 1,010 | 586 | 2 | 1,598 |
| 2024 | 1,045 | 550 | 1 | 1,596 |
| 2025 | 1,080 | 512 | 1 | 1,593 |
| 2026 | 1,120 | 473 | 1 | 1,594 |
| 2027-2031 | 6,215 | 1,732 | 5 | 7,952 |
| 2032-2036 | 7,380 | 531 | 2 | 7,913 |
| **Total** | **$ 18,830** | **$ 5,005** | **$ 14** | **$ 23,849** |

Credit Risk - As of June 30, 2021, the fair value of the swaps represents the Association's exposure to the Counterparty. Should the Counterparty fail to perform in accordance with the terms of the swap agreement and variable interest rates remain at the current level, the Association could see a possible loss equivalent to $0.2 million less the cumulative fair value of $5.1 million.

As of June 30, 2021 the Counterparty was rated as follows by Moody's and S&P:

| | Moody's | S&P |
|---|---|---|
| **Bank of America, N.A.** | Aa2 | A+ |

*Basis Risk* - The swaps expose the Association to basis risk. The interest rate on the Series 2005B Bonds is a tax-exempt interest rate, while the LIBOR basis on the variable rate receipt on the interest rate swap agreements is taxable. Tax-exempt interest rates can change without a corresponding change in the 30-day LIBOR rate due to factors affecting the tax-exempt market that do not have a similar effect on the taxable market. The Association will be exposed to basis risk under the swaps to the extent that the interest rates on the tax-exempt bonds trade at greater than 67% of LIBOR for extended periods of time. The Association would also be exposed to tax risk stemming from changes in the marginal income tax rates or those caused by a reduction or elimination in the benefits of tax exemption for municipal bonds.

*Termination Risk* - The interest rate swap agreement uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Association or

## NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetically fixed interest rate. Also, if at the time of termination, the swap has a negative fair value, then the Association would be liable to the Counterparty for a payment equal to the swap's fair value.

**Component Units – FASB Organizations Interest Rate Swaps**

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2021 and 2020 financial statements for higher education foundations reported as component units reporting under FASB provisions are as follows (amounts in thousands):

| | Change in Fair Value | | Fair Value at 06/30/21 | | |
|---|---|---|---|---|---|
| | Classification | Amount | Classification | Amount | Notional |
| **Component unit activities - FASB** | | | | | |
| Cash flow hedges: | | | | | |
| Georgia College & State University Foundation, Inc. | Investment Revenue | $ 1,161 | Debt | $ — | $ 20,600 |
| | Investment Revenue | 5,554 | Debt | — | 69,820 |
| University of Georgia Foundation | Investment Revenue | 514 | Debt | (1,538) | 3,926 |
| | Investment Revenue | 752 | Debt | (1,180) | 10,145 |
| | | | | **$ (2,718)** | |

| | Change in Fair Value | | Fair Value at 06/30/20 | | |
|---|---|---|---|---|---|
| | Classification | Amount | Classification | Amount | Notional |
| **Component unit activities - FASB** | | | | | |
| Cash flow hedges: | | | | | |
| Georgia College & State University Foundation, Inc. | Investment Revenue | $ 58 | Debt | $ (1,161) | $ 20,600 |
| | Investment Revenue | (283) | Debt | (5,554) | 69,820 |
| University of Georgia Foundation | Investment Revenue | (534) | Debt | (2,052) | 4,063 |
| | Investment Revenue | (1,124) | Debt | (1,932) | 10,545 |
| | | | | **$ (10,699)** | |

*Georgia College & State University Foundation, Inc. (GCSUF)*

GCSUF maintains an interest rate risk management strategy that uses interest rate swap derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. GCSUF's specific goal is to lower (where possible) the cost of its borrowed funds.

In connection with the 2007 Series bonds, GCSUF entered into an interest rate swap transaction to convert its variable-rate bond obligations to fixed rates. This swap is utilized to manage interest rate exposures over the period of the interest rate swap. The differential to be paid or received on all swap agreements is accrued as interest rates change and is recognized in interest expense over the life of the agreement. The swap agreements expire at various

## NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

dates and have a fixed rate of 4.065%. The interest rate swap contains no credit-risk-related contingent features and is cross collateralized by certain assets of GCSUF.

As of June 7, 2021, the 2007 term bonds were fully defeased (see Note 13). Therefore, neither the assets limited as to use held by the Trustees nor the bonds payable and the related interest rate SWAP liability are included on the consolidated statement of financial position as of June 30, 2021.

On January 31, 2013, GCSUF modified the swap agreement to lower the interest rate from 4.715% to 4.065%. The present value of the interest savings over the life of the modified swap agreement is approximately $6.9 million. The lease agreement with the Board of Regents was not modified as a result of the swap modification; however, 40% of the present value of the interest savings will be paid to the University annually. As of June 30, 2020 the refinanced swap savings owed to the University was $1.8 million.

When the 2007 term bonds were fully defeased (see Note 13) on June 7, 2021, the University forgave in full the remaining SWAP savings owed to the University. The Foundation recognized $1.5 million of forgiveness of SWAP savings owed to University in the accompanying statement of activities for the year ending June 30, 2021.

*The University of Georgia Foundation (UGAF)*

The Foundation has an outstanding interest rate swap agreement effectively converting the interest rate exposure on the $6.2 million note payable from variable to a 5.95% fixed rate over the term of the note payable. During November 2017, the Foundation modified and extended the agreement which included a fixed rate fee payment of $0.3 million. As of June 30, 2021 and 2020, the total notional amount of the swap was $3.9 and $4.1 million, respectively. As of June 30, 2021 and 2020, the fair value of this interest rate swap was a liability of $1.5 and $2.0 million, respectively. The Foundation recorded a related unrealized gain of $0.5 million and unrealized loss of $0.5 million for the years ended June 30, 2021 and 2020, respectively.

The Foundation has an outstanding interest rate swap agreement effectively converting the interest rate exposure on the $12.5 million note payable from variable to a 3.37% fixed rate over the term of the note payable. As of June 30, 2021 and 2020, the total notional amount of the swap was $10.1 and $10.5 million, respectively. As of June 30, 2021 and 2020, the fair value of this interest rate swap was a liability of $1.2 and $1.9 million, respectively. The Foundation recorded a related unrealized gain of $0.7 and unrealized loss of $1.1 million for the years ended June 30, 2021 and 2020, respectively.

## Component Unit - FASB Organizations Derivative Investments

| | Change in Fair Value | | Fair Value at 06/30/21 | | |
|---|---|---|---|---|---|
| | Classification | Amount | Classification | Amount | Notional |
| **Component unit activities - FASB** | | | | | |
| Georgia Tech Foundation, Inc. | Investment Revenue | $ 7,474 | Investment | $ 7,333 | $ 54,710 |
| | Investment Revenue | 4,036 | Investment | 492 | 119,988 |
| | | | | **$ 7,825** | |

## NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

| | Change in Fair Value | | Fair Value at 06/30/20 | | |
|---|---|---|---|---|---|
| | Classification | Amount | Classification | Amount | Notional |
| **Component unit activities - FASB** | | | | | |
| Georgia Tech Foundation, Inc. | Investment Revenue | $ (753) | Investment | $ (141) | $ 101,098 |
| | Investment Revenue | (4,357) | Investment | (3,544) | 89,818 |
| | | | | **$ (3,685)** | |

Amounts in the table are in thousands.

*Georgia Tech Foundation, Inc.*

The Foundation directly invests in derivatives associated with market risk. The purpose of these investment derivatives is to gain additional exposure to U.S. and foreign fixed income and equity markets.

Futures and forward contracts obligate the buyer to purchase an asset (and the seller to sell an asset), such as a physical commodity or financial instrument, at a premium price.

During 2021, the Foundation recognized net realized/unrealized gains on direct positions in Equity Index Futures derivatives and U.S. Treasury Futures derivatives of $28.3 million and ($7.3) million, respectively. As of June 30, 2021, the Foundation held direct positions in derivatives as shown in the following table (amounts in thousands):

| Investment | Fair Value at 06/30/21 | Notional Exposure |
|---|---|---|
| Equity Index Futures | $ 7,333 | $ 54,710 |
| U.S. Treasury Futures | 492 | 119,988 |
| **Total** | **$ 7,825** | **$ 174,698** |

## NOTE 7 - RECEIVABLES

Receivables at June 30, 2021, consisted of the following (amounts in thousands):

| | Taxes | Notes and Loans | Other | Inter-governmental Receivables | Gross Receivables | Allowance for Uncollectibles | Total Receivables (Net) |
|---|---|---|---|---|---|---|---|
| **Governmental Activities** | | | | | | | |
| General Fund | $ 4,352,438 | $ — | $ 825,217 | $ 3,046,306 | $ 8,223,961 | $ (1,734,111) | $ 6,489,850 |
| Nonmajor Governmental Funds | — | — | 34,662 | — | 34,662 | — | 34,662 |
| Total - Governmental Funds | 4,352,438 | — | 859,879 | 3,046,306 | 8,258,623 | (1,734,111) | 6,524,512 |
| Government-wide adjustments: | | | | | | | |
| Internal Service Funds | — | — | 112,623 | 3,922 | 116,545 | (726) | 115,819 |
| **Total - Governmental Activities** | **$ 4,352,438** | **$ —** | **$ 972,502** | **$ 3,050,228** | **$ 8,375,168** | **$ (1,734,837)** | **$ 6,640,331** |
| **Business-type Activities** | | | | | | | |
| Higher Education Fund | $ — | $ 28,701 | $ 283,225 | $ 197,379 | $ 509,305 | $ (63,152) | $ 446,153 |
| State Health Benefit Plan | — | — | 64,971 | — | 64,971 | (26,725) | 38,246 |
| Unemployment Compensation Fund | — | — | 219,837 | 183,167 | 403,004 | (13,296) | 389,708 |
| Georgia Higher Education Facilities Authority | — | — | 320 | — | 320 | — | 320 |
| State Road and Tollway Authority | — | — | 2,120 | — | 2,120 | (2) | 2,118 |
| Government-wide adjustments: | | | | | | | |
| Other | — | — | 61 | — | 61 | — | 61 |
| **Total - Business-type Activities** | **$ —** | **$ 28,701** | **$ 570,534** | **$ 380,546** | **$ 979,781** | **$ (103,175)** | **$ 876,606** |
| **Component Units** | | | | | | | |
| Unrestricted: | | | | | | | |
| AU Health Systems, Inc. | $ — | $ — | $ 313,258 | $ — | $ 313,258 | $ (92,031) | $ 221,227 |
| Georgia Environmental Finance Authority | — | 1,519,195 | 9,389 | 3,221 | 1,531,805 | — | 1,531,805 |
| Georgia Geo. L. Smith II | | | | | | | |
| World Congress Center Authority | 2,852 | — | 7,311 | — | 10,163 | — | 10,163 |
| Georgia Housing and Finance Authority | — | 595,158 | 685 | — | 595,843 | (4,737) | 591,106 |
| Georgia Lottery Corporation | — | — | 205,852 | — | 205,852 | (1,898) | 203,954 |
| Georgia Ports Authority | — | — | 96,801 | — | 96,801 | (6,174) | 90,627 |
| Georgia Tech Foundation, Incorporated | — | 828 | 113,033 | — | 113,861 | (1,523) | 112,338 |
| Nonmajor Component Units | 1,162 | 398,842 | 2,547,451 | 80,964 | 3,028,419 | (67,620) | 2,960,799 |
| Total - Unrestricted | 4,014 | 2,514,023 | 3,293,780 | 84,185 | 5,896,002 | (173,983) | 5,722,019 |
| Government-wide adjustments: | | | | | | | |
| Addition of Fiduciary Fund Receivable | — | — | 225 | — | 225 | — | 225 |
| Total Unrestricted Goverment-wide | 4,014 | 2,514,023 | 3,294,005 | 84,185 | 5,896,227 | (173,983) | 5,722,244 |
| Restricted: | | | | | | | |
| Georgia Geo. L. Smith II | | | | | | | |
| World Congress Center Authority | — | — | 84,657 | — | 84,657 | (35,204) | 49,453 |
| Georgia Housing and Finance Authority | — | 1,315,588 | 9,029 | — | 1,324,617 | (4,500) | 1,320,117 |
| Georgia Tech Foundation, Incorporated | — | — | 73,094 | — | 73,094 | (1,706) | 71,388 |
| Nonmajor Component Units | — | — | 127,159 | — | 127,159 | (5,119) | 122,040 |
| Total - Restricted | — | 1,315,588 | 293,939 | — | 1,609,527 | (46,529) | 1,562,998 |
| **Total - Component Units (Government-wide)** | **$ 4,014** | **$ 3,829,611** | **$ 3,587,944** | **$ 84,185** | **$ 7,505,754** | **$ (220,512)** | **$ 7,285,242** |

## NOTE 8 - INTERFUND BALANCES AND TRANSFERS

### *A. Due To/From Other Funds*

Due To/From Other Funds at June 30, 2021, consist of the following (amounts in thousands):

| | Due From Other Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | General Fund | Nonmajor Governmental Fund | Higher Education Funds | Nonmajor Enterprise Funds | Internal Service Funds | Fiduciary Funds | Total Due To Other Funds |
| **Due To Other Funds** | | | | | | | |
| General Fund | $ — | $ — | $ — | $ — | $ 663,673 | $ — | $ 663,673 |
| General Obligation Bond Projects Fund | — | — | 17,550 | — | — | — | 17,550 |
| Nonmajor Governmental Funds | 13,849 | — | — | — | 8 | — | 13,857 |
| Higher Education Fund | — | — | — | — | 265,986 | — | 265,986 |
| State Health Benefit Plan | — | — | — | — | — | 28,285 | 28,285 |
| Nonmajor Enterprise Funds | — | 676 | — | — | — | — | 676 |
| Internal Service Funds | 1,277 | — | — | — | 10 | — | 1,287 |
| Fiduciary Funds | — | — | — | 61 | 9 | 412 | 482 |
| **Total Due From Other Funds** | **$ 15,126** | **$ 676** | **$ 17,550** | **$ 61** | **$ 929,686** | **$ 28,697** | **$ 991,796** |

Interfund receivables and payables result from billings for goods/services provided between funds.

## NOTE 8 - INTERFUND BALANCES AND TRANSFERS (continued)

### *B. Interfund Transfers*

Interfund transfers at June 30, 2021, consist of the following (amounts in thousands):

| | Transfers In | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Governmental Funds | | | Proprietary Funds | | | | |
| | General Fund | General Obligation Bond Projects Fund | Nonmajor Governmental Funds | Higher Education Fund | Nonmajor Enterprise Funds | Internal Service Funds | Fiduciary Funds | Total Transfers Out |
| **Transfers Out:** | | | | | | | | |
| General Fund | $ — | $ 14,770 | $ 1,497,457 | $2,717,977 | $ 14,854 | $ 4,130 | $ 2,857 | $4,252,045 |
| General Obligation Bond Projects Fund | 15,000 | — | 175,266 | — | — | — | — | 190,266 |
| Nonmajor Governmental Funds | 51,340 | — | — | — | 5,288 | — | — | 56,628 |
| Higher Education Fund | 5,011 | — | — | — | — | — | — | 5,011 |
| Unemployment Compensation Fund | 23,326 | — | — | — | — | — | — | 23,326 |
| Internal Service Funds | — | — | — | 2,851 | — | — | — | 2,851 |
| Fiduciary Funds | — | — | — | — | — | 5,775 | — | 5,775 |
| **Total Transfers In** | **$ 94,677** | **$ 14,770** | **$ 1,672,723** | **$2,720,828** | **$ 20,142** | **$ 9,905** | **$ 2,857** | **$4,535,902** |

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTE 9 - CAPITAL ASSETS

### *A. Primary Government*

Capital Asset activity for the fiscal year-ended June 30, 2021, was as follows (amounts in thousands):

| | Balance 7/1/2020 (Restated - Note 3) | Increases | Decreases | Balance 6/30/2021 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | $ 4,654,832 | $ 228,688 | $ (2,414) | $ 4,881,106 |
| Works of Art and Collections | 1,400 | — | — | 1,400 |
| Intangibles - Other Than Software | 132,910 | 1,816 | (1,500) | 133,226 |
| Construction in Progress | 4,010,734 | 2,807,029 | (2,509,878) | 4,307,885 |
| Total Capital Assets, Not Being Depreciated | 8,799,876 | 3,037,533 | (2,513,792) | 9,323,617 |
| Capital Assets Being Depreciated: | | | | |
| Infrastructure | 33,922,023 | 1,246,773 | (1,489) | 35,167,307 |
| Buildings and Building Improvements | 4,663,095 | 189,462 | (55,673) | 4,796,884 |
| Improvements Other Than Buildings | 187,823 | 10,514 | — | 198,337 |
| Intangibles - Other than Software | 1,644 | 114 | — | 1,758 |
| Machinery and Equipment | 1,331,872 | 205,510 | (58,782) | 1,478,600 |
| Software | 603,611 | 36,589 | (2,742) | 637,458 |
| Total Capital Assets Being Depreciated | 40,710,068 | 1,688,962 | (118,686) | 42,280,344 |
| Less Accumulated Depreciation For: | | | | |
| Infrastructure | 20,532,741 | 939,362 | (28) | 21,472,075 |
| Buildings and Building Improvements | 2,283,237 | 127,848 | (27,445) | 2,383,640 |
| Improvements Other Than Buildings | 66,979 | 4,718 | — | 71,697 |
| Intangibles - Other Than Software | 1,435 | 122 | — | 1,557 |
| Machinery and Equipment | 903,638 | 146,497 | (53,713) | 996,422 |
| Software | 353,456 | 36,670 | (2,742) | 387,384 |
| Total Accumulated Depreciation | 24,141,486 | 1,255,217 | (83,928) | 25,312,775 |
| Total Capital Assets, Being Depreciated, Net | 16,568,582 | 433,745 | (34,758) | 16,967,569 |
| **Governmental Activities Capital Assets, Net** | **$ 25,368,458** | **$ 3,471,278** | **$ (2,548,550)** | **$ 26,291,186** |

## NOTE 9 - CAPITAL ASSETS (continued)

| | Balance 7/1/2020 (Restated - Note 3) | Increases | Decreases | Balance 6/30/2021 |
|---|---|---|---|---|
| **Business-type Activities** | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | $ 520,608 | $ 4,142 | $ (17,018) | $ 507,732 |
| Works of Art and Collections | 55,818 | 1,781 | (18) | 57,581 |
| Construction in Progress | 256,778 | 233,025 | (335,319) | 154,484 |
| Total Capital Assets, Not Being Depreciated | 833,204 | 238,948 | (352,355) | 719,797 |
| Capital Assets Being Depreciated: | | | | |
| Infrastructure | 422,902 | 17,692 | (27,683) | 412,911 |
| Buildings and Building Improvements | 14,669,200 | 441,814 | (40,785) | 15,070,229 |
| Improvements Other Than Buildings | 407,560 | 50,179 | (1,979) | 455,760 |
| Machinery and Equipment | 2,404,620 | 169,513 | (232,720) | 2,341,413 |
| Software | 204,886 | 4,601 | — | 209,487 |
| Library Collections | 1,009,252 | 31,836 | (9,596) | 1,031,492 |
| Works of Art and Collections | 6,765 | 101 | (11) | 6,855 |
| Total Capital Assets Being Depreciated | 19,125,185 | 715,736 | (312,774) | 19,528,147 |
| Less Accumulated Depreciation For: | | | | |
| Infrastructure | 180,401 | 16,351 | (18,063) | 178,689 |
| Buildings and Building Improvements | 5,208,205 | 375,302 | (17,735) | 5,565,772 |
| Improvements Other Than Buildings | 205,750 | 16,556 | (603) | 221,703 |
| Machinery and Equipment | 1,768,409 | 158,905 | (161,518) | 1,765,796 |
| Software | 80,751 | 18,475 | — | 99,226 |
| Library Collections | 840,133 | 33,678 | (9,562) | 864,249 |
| Works of Art and Collections | 1,991 | 163 | (2) | 2,152 |
| Total Accumulated Depreciation | 8,285,640 | 619,430 | (207,483) | 8,697,587 |
| Total Capital Assets, Being Depreciated, Net | 10,839,545 | 96,306 | (105,291) | 10,830,560 |
| **Business-type Activities, Capital Assets, Net** | **$ 11,672,749** | **$ 335,254** | **$ (457,646)** | **$ 11,550,357** |

## NOTE 9 - CAPITAL ASSETS (continued)

Current period depreciation expense was charged to functions of the primary government as follows (amounts in thousands):

**Governmental Activities**

| | | |
|---|---|---|
| General Government | $ | 28,915 |
| Education | | 3,855 |
| Health and Welfare | | 41,262 |
| Transportation | | 1,027,389 |
| Public Safety | | 76,375 |
| Economic Development | | 26,857 |
| Culture and Recreation | | 20,025 |
| Conservation | | 8,148 |
| Internal Service Funds (Depreciation on capital assets held by the State's internal service funds are charged to the various functions based on their usage of assets) | | 22,391 |
| **Depreciation Expense - Governmental Activities** | **$** | **1,255,217** |

**Business-type Activities**

| | | |
|---|---|---|
| Higher Education Fund | $ | 608,416 |
| Nonmajor Enterprise Funds | | 11,015 |
| **Depreciation Expense - Business-type Activities** | **$** | **619,431** |

## NOTE 9 - CAPITAL ASSETS (continued)

### *B. Component Units*

Capital Asset activity for the fiscal year-ended June 30, 2021, was as follows (amounts in thousands):

| | Balance July 1, 2020 (Restated - Note 3) | Increases | Decreases | Balance June 30, 2021 |
|---|---|---|---|---|
| **Component Units** | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | $ 427,840 | $ 29,890 | $ (726) | $ 457,004 |
| Works of Art and Collections | 1,670 | — | — | 1,670 |
| Construction in Progress | 162,755 | 282,660 | (32,192) | 413,223 |
| Total Capital Assets, Not Being Depreciated | 592,265 | 312,550 | (32,918) | 871,897 |
| Capital Assets Being Depreciated: | | | | |
| Infrastructure | 412,907 | 729 | (3,108) | 410,528 |
| Buildings and Building Improvements | 2,915,066 | 22,706 | (3,615) | 2,934,157 |
| Improvements Other Than Buildings | 967,070 | 13,839 | (880) | 980,029 |
| Machinery and Equipment | 1,364,192 | 63,114 | (62,765) | 1,364,541 |
| Patents, Trademarks, and Copyrights | 160 | — | — | 160 |
| Software | 41,417 | 1,319 | — | 42,736 |
| Library Collections | 4,750 | 136 | (13) | 4,873 |
| Works of Art and Collections | 71 | — | — | 71 |
| Total Capital Assets Being Depreciated | 5,705,633 | 101,843 | (70,381) | 5,737,095 |
| Less Accumulated Depreciation For: | | | | |
| Infrastructure | 191,280 | 12,946 | (1,226) | 203,000 |
| Buildings and Building Improvements | 748,501 | 127,622 | (1,292) | 874,831 |
| Improvements Other Than Buildings | 432,020 | 44,046 | (827) | 475,239 |
| Machinery and Equipment | 778,067 | 81,588 | (56,783) | 802,872 |
| Software | 31,928 | 1,751 | — | 33,679 |
| Library Collections | 3,609 | 222 | (13) | 3,818 |
| Works of Art and Collections | 25 | 2 | — | 27 |
| Total Accumulated Depreciation | 2,185,430 | 268,177 | (60,141) | 2,393,466 |
| Total Capital Assets, Being Depreciated, Net | 3,520,203 | (166,334) | (10,240) | 3,343,629 |
| **Component Units Capital Assets, Net*** | **$ 4,112,468** | **$ 146,216** | **$ (43,158)** | **$ 4,215,526** |

*Certain higher education foundations and other similar organizations utilize FASB standards.

## NOTE 9 - CAPITAL ASSETS (continued)

As of June 30, 2021, the capital assets balances of FASB organizations are as follows (amounts in thousands):

| | | |
|---|---|---|
| Capital Assets Not Being Depreciated: | | |
| Land | $ | 149,520 |
| Works of Art and Collections | | 8,069 |
| Construction in Progress | | 76,816 |
| Total Capital Assets, Not Being Depreciated | | 234,405 |
| | | |
| Capital Assets Being Depreciated | | |
| Infrastructure | | 4,281 |
| Buildings and Building Improvements | | 366,266 |
| Improvements Other Than Buildings | | 14,334 |
| Machinery and Equipment | | 37,213 |
| Software | | 3,357 |
| Total Capital Assets Being Depreciated | | 425,451 |
| | | |
| Less: Accumulated Depreciation | | (166,135) |
| | | |
| Total Capital Assets, Being Depreciated, Net | | 259,316 |
| | | |
| Capital Assets, Net (FASB presentation) | | 493,721 |
| | | |
| **Total Capital Assets, Net - All Component Units** | **$** | **4,709,247** |

## NOTE 10 - LONG-TERM LIABILITIES

### *A. Changes in Long-term Liabilities*

**Primary Government**

Changes in long-term liabilities for the fiscal year ended June 30, 2021, are as follows (amounts in thousands):

| | Balance 7/1/2020 (Restated - Note 3) | Additions | Reductions | Balance 6/30/2021 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| General Obligation Bonds Payable | $ 9,439,470 | $ 1,132,515 | $ (943,835) | $ 9,628,150 | $ 864,990 |
| Revenue Bonds Payable | 112,135 | — | (48,675) | 63,460 | 21,545 |
| GARVEE Bonds Payable | 115,300 | 484,160 | (110,785) | 488,675 | 36,020 |
| Net Unamortized Premiums: | | | | | |
| General Obligation Bonds | 958,374 | 183,801 | (73,757) | 1,068,418 | — |
| Revenue Bonds | 5,242 | — | (2,517) | 2,725 | — |
| GARVEE Bonds | 9,424 | 117,790 | (11,843) | 115,371 | — |
| Total Bonds Payable | 10,639,945 | 1,918,266 | (1,191,412) | 11,366,799 | 922,555 |
| Notes and Loans Payable - Direct Borrowings | 56,393 | — | (4,094) | 52,299 | 4,286 |
| Notes and Loans Payable - Other | 5,971 | — | (2,971) | 3,000 | 3,000 |
| Capital Lease Obligations | 316,463 | 28,248 | (22,838) | 321,873 | 28,110 |
| Compensated Absences Payable | 382,471 | 151,411 | (164,670) | 369,212 | 169,822 |
| **Total Governmental Activities** | **$ 11,401,243** | **$ 2,097,925** | **$ (1,385,985)** | **$ 12,113,183** | **$ 1,127,773** |
| **Business-type Activities** | | | | | |
| Revenue Bonds Payable | $ 220,470 | $ 2,649 | $ (7,035) | $ 216,084 | $ 7,768 |
| Net Unamortized Premiums: | | | | | |
| Revenue Bonds | 17,813 | — | (1,560) | 16,253 | — |
| Total Bonds Payable | 238,283 | 2,649 | (8,595) | 232,337 | 7,768 |
| Notes and Loans Payable | 290,019 | 1,106,558 | (1,097,258) | 299,319 | 1,860 |
| Capital Lease Obligations | 2,810,666 | 113,380 | (247,423) | 2,676,623 | 128,690 |
| Compensated Absences Payable | 299,794 | 212,267 | (199,868) | 312,193 | 184,810 |
| **Total Business-type Activities** | **$ 3,638,762** | **$ 1,434,854** | **$ (1,553,144)** | **$ 3,520,472** | **$ 323,128** |

Other long-term liabilities of Governmental Activities, such as pension, other post-employment benefits (OPEB) and compensated absences, are typically liquidated by the general fund.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above total for governmental activities. The following long-term liabilities of internal service funds were included in the above balance as of June 30, 2021: capital leases of $33.4 million, compensated absences of $5.2 million and notes payable of $4.7 million. Of these amounts, $6.4 million, $2.2 million and $4.0 million, respectively, are due within one year. In general, the capital leases and compensated absences of the governmental activities are liquidated by the general fund.

## NOTE 10 - LONG-TERM LIABILITIES (continued)

### Component Units

Changes in long-term liabilities for the fiscal year ended June 30, 2021, are as follows (amounts in thousands):

| | Balance 7/1/2020 (Restated - Note 3) | Additions | Reductions | Balance 6/30/2021 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Component Units** | | | | | |
| Revenue Bonds Payable | $ 3,040,982 | $ 805,774 | $ (516,174) | $ 3,330,582 | $ 104,163 |
| Mortgage Bonds Payable | 1,592,885 | 110,850 | (174,455) | 1,529,280 | 42,330 |
| Net Unamortized Premiums/(Discounts): | | | | | |
| Revenue Bonds | 167,759 | 73,795 | (18,345) | 223,209 | — |
| Mortgage Bonds | 10,871 | — | (1,264) | 9,607 | — |
| Total Bonds Payable | 4,812,497 | 990,419 | (710,238) | 5,092,678 | 146,493 |
| Notes and Loans Payable | 293,255 | 9,945 | (15,387) | 287,813 | 50,364 |
| Net Unamortized Discounts | (1,815) | 58 | 168 | (1,589) | — |
| Capital Lease Obligations | 85,869 | 18,540 | (15,713) | 88,696 | 9,372 |
| Compensated Absences Payable | 38,871 | 15,218 | (11,757) | 42,332 | 33,246 |
| Grand Prizes Payable | 173,080 | 21,320 | (19,999) | 174,401 | 5,007 |
| Derivative Instruments Payable | 43,945 | — | (16,908) | 27,037 | — |
| Other Liabilities | 29,883 | 40,279 | (5,935) | 64,227 | 12,552 |
| **Total Component Units** | **$ 5,475,585** | **$ 1,095,779** | **$ (795,769)** | **$ 5,775,595** | **$ 257,034** |

### *B. Bonds and Notes Payable*

At June 30, 2021, bonds and notes payable currently outstanding are as follows (amounts in thousands):

| | Interest Rates | Maturing Through Year | Original Issue Amount | Outstanding Amount |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| General Obligation Bonds | | | | |
| General Government | 0.26% - 5.11% | 2040 | $ 12,787,705 | $ 7,713,480 |
| General Government - Refunding | 1.50% - 5.00% | 2039 | 3,663,560 | 1,914,670 |
| Revenue Bonds | | | | |
| Transportation Projects | 5.00% | 2024 | 204,035 | 63,460 |
| GARVEE Bonds | 4.00% - 5.00% | 2032 | 548,010 | 488,675 |
| Notes and Loans Payable | 1.00% - 5.92% | 2034 | 88,390 | 55,299 |
| **Business-type Activities** | | | | |
| Revenue Bonds | | | | |
| Georgia Higher Education Facilities Authority | 2.00% - 5.00% | 2041 | 191,605 | 176,560 |
| Transportation Projects | 6.25% - 7.00% | 2049 | 26,070 | 39,524 |
| Notes and Loans Payable | 2.04% - 5.50% | 2054 | 264,286 | 299,319 |

## NOTE 10 - LONG-TERM LIABILITIES (continued)

| | Interest Rates | Maturing Through Year | Original Issue Amount | Outstanding Amount |
|---|---|---|---|---|
| **Component Units** | | | | |
| Revenue Bonds | | | | |
| Higher Education Foundations | 0.01% - 5.75% | 2053 | $ 3,005,185 | $ 2,453,888 |
| A U Health Systems, Inc. | 1.05% - 5.00% | 2041 | 203,520 | 198,190 |
| Georgia Tech Foundation | 1.76% - 6.66% | 2049 | 375,685 | 233,645 |
| Geo. L. Smith, II Georgia World Congress Center Authority | 2.38% - 5.00% | 2054 | 439,595 | 439,595 |
| Other Revenue Bonds | 4.16% - 5.28% | 2028 | 15,750 | 5,264 |
| Mortgage Bonds | | | | |
| Georgia Housing and Financing Authority | 0.15% - 5.00% | 2051 | 2,312,260 | 1,529,280 |
| Notes and Loans Payable | | | | |
| Higher Education Foundations | 0.00% - 6.55% | 2042 | 237,646 | 147,909 |
| Georgia Tech Foundation | 2.96% - 5.04% | 2029 | 104,152 | 87,105 |
| Geo. L. Smith, II Georgia World Congress Center Authority | 4.50% | 2045 | 46,158 | 44,716 |
| Other Notes and Loans Payable | 1.57% - 4.50% | 2027 | 24,431 | 8,083 |

### *C. General Obligation Bonds*

**Primary Government**

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. On August 27, 2020, the State issued general obligation bonds, (Series 2020A and 2020B), totaling $1.1 billion to provide funds for various capital outlay projects of the State, for county and independent school systems through the Department of Education, for county and local libraries through the Board of Regents, and to provide loans through the Georgia Environmental Finance Authority (GEFA) to local governments and local government entities for water and sewerage facilities. General obligation bonds are direct obligations of the State to which the full faith and credit of the State are pledged.

**Bonds Authorized but Unissued**

Authorized but unissued general obligation bonds as of June 30, 2021, are as follows (amounts in thousands):

| Purpose | Authorized Unissued Debt |
|---|---|
| K-12 Education | $ 327,405 |

**Defeasance and Refunding of General Obligation Bonds**

During fiscal year 2021 the State did not issue any refunding bonds. Original issue premium proceeds totaling $174.4 million from the issuance of the Series 2020A general obligation bonds were deposited into an escrow fund to defease a total of $171.7 million from ten different series of general obligation bonds with interest rates ranging from 1.00% to 5.00%.

As of June 30, 2021, the State had total outstanding advance refunded bonds of $216.2 million. The debt service for the refunded bonds is paid by a combination of cash and U.S. Treasury securities held irrevocably in escrow accounts. The escrow account assets and the liability for the defeased bonds are not included in the State's financial statements.

## NOTE 10 - LONG-TERM LIABILITIES (continued)

**Early Retirement of Debt**

From funds received from the sale of state property and from interest earnings available for the advance retirement of debt, the State made purchases of various series of State of Georgia General Obligation Bonds in the secondary market with a par value of $0.9 million. The early retirements of the bonds will save the State $0.9 million in future principal and interest appropriations. Since July 1, 2000 the early retirement program has saved the State over $1.1 billion in future principal and interest appropriations.

***D. Revenue Bonds***

**Governmental Activities**

State Road and Tollway Authority (SRTA) has issued Guaranteed Revenue Bonds for the purpose of financing certain road and bridge projects in the State. The guaranteed revenue bonds are secured by a joint resolution between the Georgia Department of Transportation (GDOT) (General Fund) and SRTA (Nonmajor Governmental Fund) whereby GDOT has pledged to provide sufficient motor fuel tax funds to pay the principal and interest of the revenue bonds. According to the State Constitution, motor fuel tax funds are imposed and appropriated for all activities incident to maintaining an adequate system of roads and bridges in the State. In fiscal year 2021, the State collected $1.8 billion of motor fuel tax funds, which exceeds the principal and interest due on the revenue bonds of $53.8 million for the same fiscal year. Further, the State has guaranteed the full payment of the bonds and the interest. The outstanding principal amount for fiscal year 2021 is $63.5 million.

SRTA has issued Federal Highway Grant Anticipation Revenue Bonds and Federal Highway Reimbursement Revenue Bonds (GARVEE) of $548.0 million. Of these bonds issued, $484.2 million were new bonds issued during fiscal year 2021. These bond proceeds will be used for the purpose of providing funds for approved public transportation projects. All GARVEE bonds are pledged and payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA or the State.

**Business-type Activities**

SRTA has issued toll revenue bonds of $26.1 million for the purpose of paying the costs of certain tolling infrastructure relating to the I-75 South Metro Express Lanes Project, financing a debt service reserve and paying the costs of issuance of the bonds. The bonds consist of both capital appreciation bonds and convertible capital appreciation bonds. For both sets of bonds, interest on the bonds will not be paid on a current basis but will be added to the principal amount of such bonds on each "accretion date," which is each June 1 and December 1, commencing December 1, 2014. The convertible capital appreciation bonds convert after June 1, 2024. After conversion, the bonds will no longer accrete interest to the principal and begin interest payments while the capital appreciation bonds continue to accrete interest. Interest on the toll revenue bonds range from 6.25% to 7.00%. As of June 30, 2021, the outstanding principal balance is $39.5 million. These bonds are pledged and payable solely from I-75 South Metro Express Lanes toll revenue.

Georgia Higher Education Facilities Authority (GHEFA) has issued revenue bonds for the purpose of acquiring, constructing and equipping several projects on college campuses throughout the State. The bonds are secured solely by the related security deed and related assignment of contract documents. As of June 30, 2021, the outstanding principal for these revenue bonds is $176.6 million.

## NOTE 10 - LONG-TERM LIABILITIES (continued)

### Component Units

Higher Education Foundations have issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campuses of the University System of Georgia. The bond issues have interest rates ranging from 0.01% to 5.75% with maturity dates through fiscal year 2052. As of June 30, 2021, the outstanding principal for these revenue bonds was $2.5 billion. These bonds are secured by lease arrangements for these various facilities with the Board of Regents.

In March 2021, the George L. Smith II Georgia World Congress Center Authority (GWCC) issued revenue bonds in the amounts of $439.6 million. The proceeds of the bonds, together with the original issue premiums and other amounts contributed by GWCC, will be used to finance the construction of a convention center hotel, provide funds to make the interest payments on the bonds until the hotel opening, and to pay the costs of issuing the bonds. The bonds are special limited obligations of GWCC payable solely from and secured by a pledge of and lien on all operating revenues derived by GWCC from the operation of the convention center hotel, remaining after the payment of expenses to operate the convention center hotel. These revenues are pledged to secure the bonds until such time that all outstanding principal has been satisfied on the bonds. The bonds bear interest at rates ranging from 2.375% to 5.000% and interest is due semiannually beginning on July 1, 2021, until maturity on January 1, 2054. As of June 30, 2021 the outstanding principal was $439.6 million.

Georgia Tech Foundation, Inc. has issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campus of The Georgia Institute of Technology. The bond issues have interest rates ranging from 1.76% to 6.66% with maturity dates through fiscal year 2049. As of June 30, 2021, the outstanding principal for these revenue bonds was $233.6 million. These bonds are secured by lease arrangements for these various facilities with the Board of Regents.

AU Health Systems, Inc. (AUHS) has issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campus of AUHS. The bond issues have interest rates ranging from 1.05% to 5.00% with maturity dates through fiscal year 2041. As of June 30, 2021, the outstanding principal for these revenue bonds was $198.2 million. These bonds are secured by gross revenues of AUHS.

Other component units had revenue bonds payable outstanding at June 30, 2021, of $5.3 million as detailed below (amounts in thousands):

| | Amount |
|---|---|
| Lake Lanier Islands Development Authority | $ 4,739 |
| Regional Educational Service Agencies (RESA) | 525 |
| **Total** | **$ 5,264** |

## NOTE 10 - LONG-TERM LIABILITIES (continued)

### *E. Mortgage Bonds*

**Component Units**

Mortgage bonds outstanding of $1.5 billion at June 30, 2021, were issued by the Georgia Housing and Finance Authority for financing the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State. The bonds are secured by certain assets, which include mortgage loans purchased and certain cash and cash equivalents and investment securities in mortgage bond accounts, and any interest earned thereon.

### *F. Notes and Loans Payable*

**Governmental Activities**

Notes and loans payable for direct borrowings in governmental activities as of June 30, 2021, were $52.3 million.

- Of this amount, Energy Performance Contracts for the Department of Economic Development, the Department of Corrections and the Department of Natural Resources, attributed $25.2 million, $21.7 million, and $3.6 million, respectively. These contracts contain provisions related to events of default. Significant to these provisions, an event of default occurs when: (a) the Primary Government fails to pay any payment of purchase price or other payment required to be paid when due, (b) the Primary Government has a breach in any material respect of the contract or failure of the Primary Government to observe or perform contract covenants for a period of 30 days after written notice, or (c) initiation by or against the Primary Government of a proceeding under any federal or state bankruptcy or insolvency seeking relief under such laws. Upon the occurrence of any event of default, the seller shall have the right to proceed by court action to enforce performance by the Primary Government of the applicable contract covenants or to recover for the the breach. The Primary Government would be responsible for attorney fees and expenses incurred by seller.

- Georgia Technology Authority has total notes payable of $1.8 million related to the Cyber Center Audio Visual with interest rates ranging from 3.25% to 5.92%, and matures in 2023. Default occurs when payment is not made, at which point the assets revert back to the seller and additional penalties may be incurred.

Notes and loans payable - Other in governmental activities as of June 30, 2021, were $3.0 million.

- Georgia Technology Authority has total notes payable $3.0 million related to the Statewide Cost Allocation Plan for the fiscal years 2004 to 2009, and is payable to the U.S. Department of Health and Human Services with a 1.0% interest rate, and matures in 2022.

## NOTE 10 - LONG-TERM LIABILITIES (continued)

### Business-type Activities

Notes and loans payable for business-type activities as of June 30, 2021, were as follows (amounts in thousands):

| | Amount |
|---|---|
| Transportation Projects | $ 290,169 |
| Georgia Institute of Technology | 8,843 |
| Georgia Southern University | 307 |
| **Total** | **$ 299,319** |

**Transportation Projects Notes and Loans**

The notes and loans payable balance in Transportation Projects consists of a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan which is related to the I-75 Northwest Corridor Express Lanes Project. In November 2013, SRTA executed a TIFIA loan of up to $275.0 million which proceeds, when drawn upon, will finance a portion of the costs for the project. During construction and for a period of up to five years following substantial completion, interest is compounded and added to the initial TIFIA loan. The TIFIA loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent additional funds are available. TIFIA debt service payments are expected to commence in 2023, which is five years after substantial completion. The interest rate of the TIFIA loan is 3.79%. $249.7 million was drawn on the TIFIA loan as of fiscal year 2021. The outstanding balance as of June 30, 2021 was $290.2 million which included $40.5 million in accreted interest.

**Other Notes and Loans activity**

During the fiscal year, due to the COVI-19 pandemic the Unemployment Compensation Fund was depleted, and therefore loans totaling $1.1 billion were taken from the U.S. Department of Labor in order to continue paying claims. These loans were repaid prior to fiscal year end using CARES Act funds, and no loans were outstanding at June 30, 2021.

### Component Units

Notes and loans payable for component units as of June 30, 2021, were as follows (amounts in thousands):

| | Amount |
|---|---|
| Higher Education Foundations | $ 147,909 |
| Georgia Tech Foundation, Inc. | 87,105 |
| Geo. L. Smith II World Congress Center Authority | 44,716 |
| Lake Lanier Islands Development Authority | 6,089 |
| Pioneer RESA | 1,994 |
| **Total** | **$ 287,813** |

## NOTE 10 - LONG-TERM LIABILITIES (continued)

### Higher Education Foundations Notes and Loans

The Georgia Tech Athletic Association has an unsecured revolving line of credit in the amount of $12 million with a regional bank. The line of credit is due on demand, but if no demand for payment is made, the line matures on May 13, 2022. Accrued interest is due on the 15th day of each month. The interest rate on the line of credit is the higher of one-month LIBOR plus 1.00% or a fixed rate of 1.75%. A fee of 0.20% will be charged quarterly on the unused portion of the revolving credit facility. There was a $12 million balance outstanding on the line of credit at June 30, 2021.
As of June 30, 2021 Georgia Tech Athletic Association has notes payable secured by real property, interest payable quarterly at a variable rate of 30-day LIBOR plus 1.85% per annum (1.94% at June 30, 2021) for a $1.8 million outstanding balance and interest payable quarterly at a variable rate of 30-day LIBOR plus 0.70% per annum (0.79% at June 30, 2021) for $10 million outstanding balance. Quarterly principal payments of $0.9 million beginning July 2014 thru July 2028. The outstanding balance as of June 30, 2021 was $11.8 million.

During the year ended June 30, 2013, the Medical College of Georgia Foundation, Inc. entered into a non-revolving secured draw loan not to exceed $3.0 million with a financial institution to provide financing to obtain land located around Augusta University. The note was modified on May 27, 2020 to lower the interest rate to 3.50% and raise the maximum draw amount to $12.0 million. The note is collateralized by various real property owned by Resurgens Properties, LLC funded by the draw note. The note matures in September 2021. The outstanding balance at June 30, 2021 was $12.0 million.

During October 2014, the University of Georgia Foundation entered into a series of transactions, as follows: (1) The Foundation entered into a tax-exempt financing project with the Washington D.C. District Council for $12.5 million involving tax-exempt bonds, which expire on November 1, 2039 and accrue interest at a per annum rate equal to 75.00% of the sum of one-month LIBOR plus 1.60% payable monthly; (2) The Foundation entered into a loan agreement with a bank in which the Foundation fully repaid its obligation under the newly acquired tax-exempt bonds in exchange for a promissory loan relating to the same principal. The promissory loan agreement expires on November 1, 2039 and includes certain debt covenants and restrictions. Interest on the promissory loan agreement is charged at 75.00% of the sum of one-month LIBOR plus 1.60%; such rate was 1.27% at June 30, 2021. Principal and interest on the promissory loan agreement are payable quarterly. The outstanding balance at June 30, 2021 was $10.0 million.

In November 2018, the Real Estate Foundation, a blended component unit with the University of Georgia Research Foundation, Inc., entered into a $25.0 million revolving credit agreement with a bank, for a five-year term to expire on November 30, 2023. Borrowings under the revolving credit agreement bear interest at the bank's 30-day LIBOR plus 0.48%. At June 30, 2021, the rate applicable to the borrowings was 0.57%. The outstanding balance at June 30, 2021 was 14.0 million.

In September 2018, the University System of Georgia Foundation, Inc. and Affiliates refinanced a Bond Anticipation Note (BAN) with five individual, 19-year low-interest fixed rate notes payable with the USDA. The real estate on which the facilities are constructed will be leased to University System of Georgia Real Estate Foundation IV, LLC by the Board of Regents pursuant to a ground lease for minimal rent. The USDA notes payable will all mature on September 20, 2037, with a fixed interest rate of 2.75%, and are payable annually. The outstanding balance at June 30, 2021 is $37.1 million.

In November 2019, the University System of Georgia Foundation, Inc. and Affiliates refinanced a BAN with four individual, 22 year low-interest fixed rate notes payable with the USDA. The real estate on which the facilities are constructed will be leased to University System of Georgia Real Estate Foundation V, LLC by the Board of Regents

## NOTE 10 - LONG-TERM LIABILITIES (continued)

pursuant to a ground lease for minimal rent. The USDA notes payable will all mature on November 18, 2041, with a fixed interest rate of 3.00%, and are payable annually. The outstanding balance at June 30, 2021 is $34.4 million.
In addition to the notes and loans discussed in the previous paragraphs, as of June 30, 2021, an additional $16.4 million in notes were held by various higher education foundations.

**Other Component Units Notes and Loans**

The Georgia Tech Foundation, Inc. has guaranteed lines of credit in the name of the Georgia Tech Foundation Funding Corporation (GTFFC) totaling $26.0 million. The Georgia Tech Foundation, Inc has one line of credit in the name of the Foundation totaling to $25.0 million. Interest is calculated using the LIBOR rate. This resulted in an average effective interest rate of 0.75% at June 30, 2021. As of June 30, 2021, the outstanding balance on the note was $16.6 million.

In October 2016, the Georgia Tech Foundation, Inc. entered into a loan assumption and substitution agreement with the previous borrower and assumed a $35.7 million note payable from a third party lender under terms of the existing loan agreement. The effective rate of interest at June 30, 2021 was 5.04%. As of June 30, 2021, the outstanding balance on the note was $33.0 million.

In May 2017, the Georgia Tech Foundation, Inc. entered into a loan agreement with a bank, borrowing $13.0 million. The effective interest rate at June 30, 2021 was 4.75%. As of June 30, 2021, the outstanding balance on the loan was $11.8 million.

In September 2018, the Georgia Tech Foundation, Inc. entered into a loan agreement with a bank, borrowing $25.1 million initially and may borrow an additional $4.1 million increasing the loan to $29.2 million. The effective interest rate at June 30, 2021 was 4.75%. As of June 30, 2021, the outstanding balance on the loan was $25.7 million.

On May 15, 2020, the Georgia Geo. L. Smith World Congress Center Authority entered into a non-recourse note purchase agreement with Northwestern Mutual. Under this agreement, the Authority received $46.2 million in cash and will pay interest at a rate of 4.50% due semi-annually through fiscal year 2045. The liability is a direct borrowing and the Mercedes Benz Stadium license agreement payments were used as collateral. The outstanding balance as of June 30, 2021 was $44.7 million.

In addition to the notes and loans discussed in the previous paragraphs, as of June 30, 2021, an additional $8.1 million in notes were held by other component units of the State.

### *G. Interest Rate Swaps*

As a means of interest rate management, various higher education foundations have entered into interest rate swap agreements. For further details on these agreements, please refer to *Note 6 - Derivative Instruments.*

## NOTE 10 - LONG-TERM LIABILITIES (continued)

### *H. Pollution Remediation*

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

**Governmental Activities**

**Department of Natural Resources**

Department of Natural Resources has recorded liabilities totaling $77.3 million at June 30, 2021 for pollution remediation primarily related to sites included in the hazardous site inventory, Superfund sites where only operations and maintenance remains, and site containing underground storage tanks that are enrolled for remediation coverage in the Georgia Underground Storage Tank Program. The liabilities were determined by previous experience. Pollution remediation liability activity in fiscal year 2021 was as follows (amounts in thousands):

| 7/1/2020 | Additions | Reductions | 6/30/2021 | Amounts Due Within One Year |
|---|---|---|---|---|
| $ 80,220 | $ 16,991 | $ 19,926 | $ 77,284 | $ — |

## NOTE 10 - LONG-TERM LIABILITIES (continued)

### *I. Debt Service Requirements*

Annual debt service requirements to maturity for general obligation bonds, revenue bonds, GARVEE bonds, mortgage bonds, and notes and loans payable are as follows (amounts in thousands):

**Primary Government**

| | Governmental Activities | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | General Obligation Bonds | | Revenue Bonds | | GARVEE Bonds | | Notes and Loans Payable - Direct Borrowings | |
| Year | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $ 864,990 | $ 383,292 | $ 21,545 | $ 2,634 | $ 36,020 | $ 24,423 | $ 4,286 | $ 1,996 |
| 2023 | 823,935 | 346,515 | 22,650 | 1,530 | 37,810 | 22,622 | 4,124 | 1,820 |
| 2024 | 809,535 | 311,340 | 19,265 | 482 | 39,715 | 20,731 | 3,571 | 1,674 |
| 2025 | 751,890 | 278,079 | — | — | 41,685 | 18,757 | 3,763 | 1,539 |
| 2026 | 694,560 | 245,851 | — | — | 43,770 | 16,672 | 3,876 | 1,398 |
| 2027-2031 | 2,946,215 | 814,766 | — | — | 239,035 | 48,627 | 22,543 | 4,606 |
| 2032-2036 | 1,952,030 | 295,221 | — | — | 50,640 | 2,532 | 10,136 | 611 |
| 2037-2041 | 784,995 | 47,298 | — | — | — | — | — | — |
| **Total** | **$ 9,628,150** | **$ 2,722,362** | **$ 63,460** | **$ 4,646** | **$ 488,675** | **$ 154,364** | **$ 52,299** | **$ 13,644** |

| | Governmental Activities | | Business-type Activities | | | |
|---|---|---|---|---|---|---|
| | Notes and Loans Payable - Other | | Revenue Bonds | | Notes and Loans Payable | |
| Year | Principal | Interest | Principal * | Interest | Principal * | Interest |
| 2022 | $ 3,000 | $ 30 | $ 7,768 | $ 7,692 | $ 1,860 | $ 201 |
| 2023 | — | — | 8,515 | 7,386 | 1,899 | 162 |
| 2024 | — | — | 9,190 | 7,063 | 1,266 | 11,743 |
| 2025 | — | — | 7,521 | 9,108 | 615 | 11,755 |
| 2026 | — | — | 8,224 | 8,751 | 1,736 | 11,713 |
| 2027-2031 | — | — | 48,712 | 38,520 | 26,847 | 56,622 |
| 2032-2036 | — | — | 59,992 | 27,860 | 43,486 | 49,844 |
| 2037-2041 | — | — | 55,620 | 14,212 | 53,006 | 40,844 |
| 2042-2046 | — | — | 12,400 | 6,232 | 63,947 | 29,872 |
| 2047-2051 | — | — | 10,030 | 1,458 | 77,153 | 16,666 |
| 2052-2056 | — | — | — | — | 44,361 | 2,549 |
| **Total** | **$ 3,000** | **$ 30** | **227,972** | **$ 128,282** | **316,176** | **$ 231,971** |
| | ***Less Unaccreted Interest** | | (11,888) | | (16,857) | |
| | | | **$ 216,084** | | **$ 299,319** | |

## NOTE 10 - LONG-TERM LIABILITIES (continued)

### Component Units

| | Higher Education Foundations | | Augusta Health Systems Incorporated | | Georgia Tech Foundation | | Geo. L. Smith, II Georgia World Congress Center Authority | |
|---|---|---|---|---|---|---|---|---|
| | Revenue Bonds | | Revenue Bonds | | Revenue Bonds | | Revenue Bonds | |
| Year | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $ 88,073 | $ 127,322 | $ 1,010 | $ 8,735 | $ 13,980 | $ 10,102 | $ — | $ 13,640 |
| 2023 | 91,806 | 124,756 | 7,970 | 8,684 | 12,505 | 9,513 | — | 19,106 |
| 2024 | 98,274 | 119,524 | 8,900 | 8,315 | 13,130 | 8,945 | — | 19,106 |
| 2025 | 104,985 | 113,896 | 9,980 | 7,898 | 13,995 | 8,334 | — | 19,106 |
| 2026 | 109,425 | 107,878 | 11,035 | 7,429 | 14,190 | 7,674 | — | 19,106 |
| 2027-2031 | 611,675 | 441,605 | 55,735 | 29,321 | 70,055 | 27,848 | 41,070 | 93,045 |
| 2032-2036 | 599,790 | 272,585 | 55,355 | 17,021 | 20,005 | 14,866 | 55,350 | 84,151 |
| 2037-2041 | 467,330 | 115,920 | 48,205 | 4,113 | 12,560 | 12,489 | 70,060 | 70,186 |
| 2042-2046 | 162,510 | 37,824 | — | — | 17,490 | 9,467 | 87,315 | 52,939 |
| 2047-2051 | 109,010 | 12,861 | — | — | 45,735 | 3,298 | 108,520 | 31,724 |
| 2052-2056 | 11,010 | 539 | — | — | — | — | 77,280 | 6,871 |
| **Total** | **$ 2,453,888** | **$ 1,474,710** | **$ 198,190** | **$ 91,516** | **$ 233,645** | **$ 112,536** | **$ 439,595** | **$ 428,980** |

| | Other Component Units | | Higher Education Foundations | | Georgia Tech Foundation | | Geo. L. Smith, II Georgia World Congress Center Authority | |
|---|---|---|---|---|---|---|---|---|
| | Revenue Bonds | | Notes and Loans Payable | | Notes and Loans Payable | | Notes and Loans Payable | |
| Year | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $ 1,100 | $ 239 | $ 30,863 | $ 3,882 | $ 17,586 | $ 3,445 | $ 477 | $ 2,007 |
| 2023 | 606 | 208 | 6,472 | 3,119 | 1,457 | 3,387 | 549 | 1,985 |
| 2024 | 639 | 175 | 19,770 | 3,000 | 43,305 | 2,609 | 626 | 1,959 |
| 2025 | 673 | 141 | 10,901 | 2,819 | 598 | 1,163 | 707 | 1,930 |
| 2026 | 710 | 105 | 5,972 | 2,624 | 627 | 1,134 | 792 | 1,898 |
| 2027-2031 | 1,536 | 92 | 27,149 | 10,194 | 23,532 | 2,351 | 5,424 | 8,852 |
| 2032-2036 | — | — | 26,813 | 5,511 | — | — | 8,419 | 7,344 |
| 2037-2041 | — | — | 17,804 | 1,595 | — | — | 12,330 | 5,073 |
| 2042-2046 | — | — | 2,165 | 65 | — | — | 15,392 | 1,809 |
| **Total** | **$ 5,264** | **$ 960** | **$ 147,909** | **$ 32,809** | **$ 87,105** | **$ 14,089** | **$ 44,716** | **$ 32,857** |

| | Other Component Units | | Georgia Housing and Finance Authority | |
|---|---|---|---|---|
| | Notes and Loans Payable | | Mortgage Bonds | |
| Year | Principal | Interest | Principal | Interest |
| 2022 | $ 1,438 | $ 87 | $ 42,330 | $ 48,778 |
| 2023 | 1,504 | 70 | 44,345 | 47,690 |
| 2024 | 1,531 | 52 | 43,370 | 46,576 |
| 2025 | 1,561 | 33 | 43,670 | 45,490 |
| 2026 | 1,589 | 13 | 43,770 | 44,312 |
| 2027-2031 | 460 | 1 | 245,985 | 202,455 |
| 2032-2036 | — | — | 287,615 | 159,956 |
| 2037-2041 | — | — | 309,295 | 110,111 |
| 2042-2046 | — | — | 274,320 | 57,850 |
| 2047-2051 | — | — | 194,580 | 12,884 |
| **Total** | **$ 8,083** | **$ 256** | **$ 1,529,280** | **$ 776,102** |

## NOTE 11 - LEASES

### *A. Operating Leases*

The State leases land, office 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 State 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.

Total lease payments for the State's governmental activities, business-type activities, and component units were $18.9 million, $74.8 million, and $45.9 million, respectively, for the year ended June 30, 2021. Future minimum commitments for operating leases as of June 30, 2021, are listed below (amounts in thousands):

| | Primary Government | | |
|---|---|---|---|
| **Fiscal Year Ended June 30** | **Governmental Activities** | **Business-type Activities** | **Component Units** |
| 2022 | $ 16,641 | $ 61,633 | $ 36,560 |
| 2023 | 13,534 | 46,995 | 31,643 |
| 2024 | 10,207 | 39,872 | 28,076 |
| 2025 | 8,972 | 34,961 | 20,828 |
| 2026 | 7,142 | 33,054 | 20,230 |
| 2027-2031 | 26,230 | 141,726 | 81,167 |
| 2032-2036 | 10,911 | 46,097 | 42,015 |
| 2037-2041 | 3,102 | 5,523 | 20,226 |
| 2042-2046 | — | 824 | 701 |
| 2047-2051 | — | 695 | 47 |
| **Total Future Minimum Commitments** | **$ 96,739** | **$ 411,380** | **$ 281,493** |

## NOTE 11 - LEASES (continued)

### *B. Capital Leases*

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. In accordance with OCGA § 50-5-64, the majority of 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 State. The agreements shall terminate immediately at such time as appropriated and otherwise unobligated funds are no longer available to satisfy the obligations of the State.

The expense resulting from the amortization of assets recorded under capital leases is included in depreciation expense. At June 30, 2021, the historical cost of assets acquired through capital leases was as follows (amounts in thousands):

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Component Units |
| Land | $ — | $ 43,650 | $ — |
| Infrastructure | — | 39,926 | — |
| Buildings | 408,443 | 3,448,715 | 67,104 |
| Improvements Other Than Buildings | — | 6,458 | — |
| Machinery and Equipment | 33,446 | 17,791 | 564 |
| Software | 3,164 | — | — |
| Less: Accumulated Depreciation | (212,004) | (1,273,307) | (21,800) |
| **Total Assets Held Under Capital Lease** | **$ 233,049** | **$ 2,283,233** | **$ 45,868** |

**NOTE 11 - LEASES (continued)**

At June 30, 2021, future commitments under capital leases were as follows (amounts in thousands):

| | Primary Government | | |
|---|---|---|---|
| **Fiscal Year Ended June 30** | **Governmental Activities** | **Business-type Activities** | **Component Units** |
| 2022 | $ 75,495 | $ 271,214 | $ 13,662 |
| 2023 | 70,813 | 259,065 | 13,141 |
| 2024 | 67,462 | 256,548 | 12,149 |
| 2025 | 63,208 | 257,296 | 12,298 |
| 2026 | 57,193 | 267,663 | 9,340 |
| 2027-2031 | 256,274 | 1,248,967 | 37,631 |
| 2032-2036 | 142,134 | 974,773 | 16,543 |
| 2037-2041 | 59,677 | 575,886 | — |
| 2042-2046 | 6,424 | 100,853 | — |
| 2047-2051 | 30 | 39,401 | — |
| 2052-2056 | 30 | 1,372 | — |
| 2057-2061 | 18 | — | — |
| Total Capital Lease Payments | 798,758 | 4,253,038 | 114,764 |
| Less: Interest | (472,767) | (1,191,397) | (26,066) |
| Executory Costs | (4,118) | (385,018) | (2) |
| **Present Value of Capital Lease Payments** | **$ 321,873** | **$ 2,676,623** | **$ 88,696** |

The future commitments for capital leases of the business-type activities include leases payable to higher education foundations (component units) for various facilities located on the campuses of the University System of Georgia.

## NOTE 11 - LEASES (continued)

### *C. Leases Receivable*

The State leases certain facilities and land for use by others for terms varying from 1 to 60 years. The leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned.

Total revenues from rental of land and facilities for the State's governmental activities and component units were $7.6 million, and $77.8 million, respectively, for the year ended June 30, 2021. Minimum future revenues and rentals to be received under operating leases as of June 30, 2021, are as follows (amounts in thousands):

| | Primary Government | | |
|---|---|---|---|
| **Fiscal Year Ended June 30** | **Governmental Activities** | **Business-type Activities** | **Component Units** |
| 2022 | $ 20,855 | $ — | $ 63,380 |
| 2023 | 21,169 | — | 35,920 |
| 2024 | 21,842 | — | 34,594 |
| 2025 | 19,602 | — | 32,322 |
| 2026 | 17,209 | — | 44,720 |
| 2027-2031 | 83,419 | — | 130,401 |
| 2032-2036 | 89,009 | — | 84,526 |
| 2037-2041 | 100,053 | — | 68,936 |
| 2042-2046 | 111,821 | — | 58,914 |
| 2047-2051 | 125,040 | — | 50,225 |
| 2052-2056 | 141,037 | — | 45,804 |
| 2057-2061 | 159,230 | — | 289,713 |
| 2061-2065 | 179,789 | — | 19,022 |
| 2066-2070 | 139,677 | — | 19,593 |
| 2071-2075 | 4 | — | 20,181 |
| 2076-2080 | 4 | — | — |
| **Total Minimum Revenues** | **$ 1,229,760** | **$ —** | **$ 998,251** |

## NOTE 11 - LEASES (continued)

**Component Units**

Foundations related to Higher Education have lease operations consisting of real estate leases to the Board of Regents. Minimum future payments to be received from these capital leases as of June 30, 2021, are as follows amounts in thousands):

| Fiscal Year Ended June 30 | Amount |
|---|---|
| 2022 | $ 201,174 |
| 2023 | 196,562 |
| 2024 | 196,912 |
| 2025 | 197,661 |
| 2026 | 197,206 |
| Thereafter | 2,335,593 |
| Total Minimum Revenues | 3,325,108 |
| Less: Unearned Income | (1,049,721) |
| **Net Revenue** | **$ 2,275,387** |

### *D. Related Parties*

**Primary Government**

**University System of Georgia Foundations**

During fiscal year 2021, various foundations that are not included in the government-wide financial statements have entered into transactions with institutions of the University System of Georgia. The University System of Georgia institutions have capital leases payable to these foundations that are not included as component units in the amount of $252.1 million as of June 30, 2021.

## NOTE 12 - ENDOWMENTS

The State's donor restricted endowment funds reside primarily within the higher education institutions. The funds are pooled at the individual member institution level, unless required to be separately invested by the donor. There is no state law that governs endowment spending; rather, for University System of Georgia member institution controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits the individual member institution to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determine to be prudent. Current year net appreciation for the endowment accounts was $49.8 million and is reflected as restricted net position.

Changes in the endowment net position for the year ended June 30, 2021, are as follows (amounts in thousands):

| **Component Units** | **Without Donor Restriction** | **With Donor Restriction** | **Total** |
|---|---|---|---|
| Endowment net position, July 1 | $ 294,772 | $ 2,869,974 | $ 3,164,746 |
| Contributions | 6,509 | 136,200 | 142,709 |
| Net realized and unrealized gains | 109,915 | 1,023,632 | 1,133,547 |
| Appropriation of endowment assets for expenditure | (7,701) | (120,897) | (128,598) |
| Transfers to comply with donor intent | 9,198 | 11,409 | 20,607 |
| Other | (2,057) | 5,906 | 3,849 |
| Endowment net position, June 30 | **$ 410,636** | **$ 3,926,224** | **$ 4,336,860** |

## NOTE 13 - SERVICE CONCESSION ARRANGEMENTS

### *A. Primary Government*

**University System of Georgia**

During fiscal year ended June 30, 2015, the Board of Regents of the University System of Georgia (BOR) entered into a Service Concession Arrangement (SCA) with Corvias Campus Living-USG,LLC (Corvias), whereby Corvias Campus Living-USG,LLC, manages, maintains and operates certain existing student housing resources on the campuses of nine institutions: Abraham Baldwin Agricultural College; Armstrong State University; Augusta University; College of Coastal Georgia; Columbus State University; Dalton State College; East Georgia State College; Georgia State University; and the University of North Georgia.

Pursuant to the contractual stipulations of this SCA, whereby the BOR and Corvias are the "parties" participating in this agreement, as of May 14, 2015, the institutions noted above transferred the housing resources covered by this SCA, along with associated capital lease obligations to the University System Office (USO) in fiscal year 2015 through special item transfer. In accordance with the SCA, in May 2015, Corvias provided $311.6 million which the BOR used to retire the capital lease obligations transferred to the USO.

On February 23, 2018, the SCA contractual agreement with Corvias was amended. While performance measures and the operating agreement remain intact, the term of the agreement has changed. The SCA, which was originally for 65 years (780 months) to end in June 2080, will now end on June 30, 2055. This contract modification accelerates the amortization of the Deferred Inflows.

For the $311.6 million that was originally received from Corvias Campus Living-USG, LLC, in fiscal year 2015, $8.0 million was amortized at June 30, 2021, leaving a remaining Deferred Inflow of Resources balance of $271.7 million at year end.

In addition to the existing student housing arrangement, Corvias designs and constructs authorized new housing projects that, once constructed, are similarly managed, maintained and operated on seven of the nine campuses with existing student housing resources. Two of these projects were completed in fiscal year 2016 and their fair market values were capitalized increasing Capital Assets by $23.1 million. In fiscal year 2017, five additional housing projects were completed and their fair market values were capitalized increasing Capital Assets by $154.4 million. A deferred inflow of resources was recorded as the offset to the Capital Asset additions. The deferred inflows associated with these projects are being amortized over the remaining life of the SCA in accordance with the term revision noted above. At June 30, 2021, the University System Office amortized $4.6 million of Deferred Inflows related to these seven projects, leaving a remaining Deferred Inflow of Resources balance of $157.6 million at year end.

Also, as part of this SCA, and beginning in fiscal year 2016, the USO receives $8.0 million in Ground Rent and $0.5 million in Supplemental Capital Repair and Replacement funds each year for the next ten years, with each amount escalating by 3% annually. The USO recorded accounts receivable and deferred inflow of resources in the amount of $73.2 million representing the present value of this revenue stream based on the agreement terms and will amortize the deferred inflows over a ten-year period. For the year ended June 30, 2021, the University System Office amortized $7.2 million and recognized $2.6 million in associated interest income, leaving a Deferred Inflow balance of $27.4 million as of June 30, 2021.

The USO also receives retained services funds each year as a percentage of gross revenues for that year.

The USO has no reportable future obligation for these services.

## NOTE 13 - SERVICE CONCESSION ARRANGEMENTS (continued)

**Kennesaw State University**

At June 30, 2021, Kennesaw State University (KSU) was a participant in four Service Concession Arrangements.

1. In August 2001, KSU entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the residence hall ("University Place") in accordance with a contractual agreement between the two parties. Under the terms of the agreement, the University received no funds upfront from KSUF, but will take full ownership of the residence hall at the end of the operating agreement in August 2037.

2. In August 2003, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Village") in accordance with a contractual agreement between the parties. Under the terms of the agreement, the University received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in July 2036.

3. In August 2007, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Suites") in accordance with a contractual agreement between the parties. Under the terms of the agreement, the University received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in September 2038.

4. In July 2017, KSU entered into a lease agreement with a food service provider whereby the vendor will operate a restaurant in accordance with a contractual agreement between the two parties. Under the terms of the agreement, the University received no funds upfront, but will take full ownership of the equipment and lease improvements at the end of the operating agreement in June 2027.

For fiscal year 2020, the University increased beginning deferred inflows by $3.5 million related to the re-evaluation of SCA with the KSUF. The agreement terms were revised which reduced annual and accumulated amortization.

At June 30, 2021, the KSU reports the three housing residences and one retail space as capital assets with a net carrying value of $54.0 million. For fiscal year 2021, the KSU reported a remaining deferred inflows of resources of $54.0 million and amortized revenue of $3.5 million.

## NOTE 14 - DEFERRED INFLOWS AND OUTFLOWS

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2021, consisted of the following (amounts in thousands):

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| **Deferred Outflows of Resources** | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | $ — | $ — | $ — | $ 6,581 |
| Deferred Amount on Refundings of Bonded Debt | 21,774 | 56,451 | 78,225 | 39,994 |
| Deferred Outflows Relating to Other Postemployment Benefits: | | | | |
| Difference between expected and actual experience | 63 | 270,857 | 270,920 | 693 |
| Change of assumptions | 16,531 | 491,898 | 508,429 | 29,838 |
| Net difference between projected and actual earnings on pension plan investments | 93,918 | 12,400 | 106,318 | 2,343 |
| Change in proportion | 105,567 | 11,549 | 117,116 | 13,600 |
| State contribution subsequent to the measurement date | 121,903 | 134,211 | 256,114 | 5,017 |
| Deferred Outflows Relating to Pensions: | | | | |
| Difference between expected and actual experience | 71,707 | 177,011 | 248,718 | 11,045 |
| Change of assumptions | 47,933 | 411,720 | 459,653 | 22,788 |
| Net difference between projected and actual earnings on pension plan investments | 103,252 | 99,777 | 203,029 | 8,267 |
| Change in proportion | 58,576 | 76,116 | 134,692 | 7,540 |
| State contribution subsequent to the measurement date | 615,550 | 432,731 | 1,048,281 | 38,527 |
| **Total Deferred Outflows of Resources** | **$ 1,256,774** | **$ 2,174,721** | **$ 3,431,495** | **$ 186,233** |
| **Deferred Inflows of Resources** | | | | |
| Deferred Amount on Refundings of Bonded Debt | $ 427 | $ 80,176 | $ 80,603 | $ — |
| Deferred Service Concession Arrangement Receipts | — | 510,697 | 510,697 | — |
| Deferred Inflows Relating to Other Postemployment Benefits: | | | | |
| Difference between expected and actual experience | 347,492 | 68,312 | 415,804 | 21,739 |
| Change of assumptions | 561,868 | 456,377 | 1,018,245 | 13,222 |
| Net difference between projected and actual earnings on pension plan investments | 14 | 1,677 | 1,691 | 1,927 |
| Change in proportion | 94,461 | 12,465 | 106,926 | 4,060 |
| Deferred Inflows Relating to Pensions: | | | | |
| Difference between expected and actual experience | 41,916 | — | 41,916 | 536 |
| Change of assumptions | 18,920 | — | 18,920 | 535 |
| Net difference between projected and actual earnings on pension plan investments | 6,517 | 15,656 | 22,173 | — |
| Change in proportion | 85,844 | 88,628 | 174,472 | 4,630 |
| Unavailable Revenue | 40,030 | 12,280 | 52,310 | 7,880 |
| **Total Deferred Inflows of Resources** | **$ 1,197,489** | **$ 1,246,268** | **$ 2,443,757** | **$ 54,529** |

## NOTE 14 - DEFERRED INFLOWS AND OUTFLOWS (continued)

Of the $1.3 billion of deferred outflows of resources reported in the governmental activities, $338.0 million represent deferred outflows related to other postemployment benefits, of which $5.0 million are reported in the internal service funds and $897.0 million represent deferred outflows relating to pensions, of which $11.1 million are reported in the internal service funds. The remaining $21.8 million represent deferred amounts on refundings of bonded debt.

Of the $1.2 billion of deferred inflows of resources reported in the governmental activities, $1,003.8 billion represent deferred inflows related to other postemployment benefits, of which $14.1 million are reported in the internal service funds and $153.2 million represent deferred inflows relating to pensions, of which $290.0 thousand are reported in the internal service funds. Additionally, the U.S. Department of Justice settled an agreement with the Volkswagen Corporation in which an Environmental Mitigation Trust was established. The State has $28.8 million in unavailable revenues to fund future eligible mitigation actions. The remaining $0.4 million represent deferred amounts on refundings of bonded debt.

Deferred outflows reported in business-type activities include $2.2 billion which represent $920.9 million relating to other postemployment benefits, $1.2 billion which represent deferred outflows relating to pensions and $56.5 million, which represent deferred amounts on refundings of bonded debt.

Of the $1.2 billion of deferred inflows of resources reported in the business-type activities, $538.8 million represent deferred inflows relating to other postemployment benefits, $104.3 million represent deferred inflows relating to pensions, $510.7 million represent deferred service concession arrangement receipts described in *Note 13 - Service Concession Arrangements*, $80.2 million represent deferred amounts on refundings of bonded debt and $12.3 million in unavailable revenue represent grant funds received before the period when those resources are permitted to be used.

Of the $186.2 million of deferred outflows of resources reported in the component units, $51.5 million represent deferred outflows relating to other postemployment benefits, $88.2 million represent deferred outflows relating to pensions and $40.0 million represent deferred amounts on refundings of bonded debt. The remaining $6.6 million represent accumulated decrease in fair value of hedging derivatives.

Of the $54.5 million of deferred inflows of resources reported in the component units, $40.9 million represent deferred inflows relating to other postemployment benefits, $5.7 million represent deferred inflows relating to pensions, and $7.9 million in unavailable revenue represent grants funds received before the period when those resources are permitted to be used.

Under the modified accrual basis of accounting, governmental funds reported $1.1 billion in unavailable revenue as deferred inflows of resources, which consisted primarily of taxes and interest received more than 30 days after close of the current fiscal year.

## NOTE 15 - RETIREMENT SYSTEMS

The State administers various retirement plans. The State is the plan sponsor (Plan) of these plans and in many cases the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as Plan sponsor and the State as Employer. In addition, the State is the only entity with a statutory requirement to contribute on behalf of the employer directly to many of these Plans creating a situation defined as a Nonemployer Contributing Entity in a Special Funding Situation (SFS).

The State's significant retirement plans are:

- Teachers Retirement System (TRS) (www.trsga.com)
- Employees' Retirement System (ERS), which is part of the Employees' Retirement System of Georgia (the System) (www.ers.ga.gov)

Each of these systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. 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.

There are other retirement plans deemed to be not significant, which are presented in the Fiduciary Funds section of this report, but are not included in the notes to the financial statements and required supplementary information, as follows:

- Plans included in the System (www.ers.ga.gov):
  - Public School Employees Retirement System
  - Georgia Judicial Retirement System
  - Legislative Retirement System
  - Georgia Military Pension Fund
- Peace Officers' Annuity and Benefit Fund of Georgia (www.poab.georgia.gov)
- Georgia Firefighters' Pension Fund (www.gfpf.org)
- Plans of the Georgia Ports Authority (www.gaports.com)
  - Retirement Plan for Employees of Georgia Ports Authority
  - Georgia Ports Authority Supplemental Retirement Plan
- Augusta University Early Retirement Pension Plan (www.usg.edu/regents)
- Magistrates Retirement Fund (www.mrf.georgia.gov)
- Judges of the Probate Courts Retirement Fund (www.jpc.georgia.gov)
- Superior Court Clerks' Retirement Fund (www.scc.georgia.gov)
- Sheriffs' Retirement Fund (www.georgiasheriffs.org)

In addition, the State administers the Regents Retirement Plan, which is an optional retirement plan for certain university employees. (www.usg.edu/regents)

### *A. Basis of Accounting*

Retirement plan financial statements are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement benefits and refund payments are recognized as deductions when due and payable. The retirement plans' fiduciary net positions have been determined on the same basis as they are reported by the various plans.

**NOTE 15 - RETIREMENT SYSTEMS (continued)**

***B. Investments***

Investments are reported at fair value and net asset value (NAV) as a practical expedient to fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

For the fiscal year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for the System, is represented below, along with the TRS plan.

| Pension Plans | Net Annual Money-Weighted Rate |
|---|---|
| ERS | 19.40 % |
| Teacher's Retirement System | 25.08 % |

For all plans mentioned above, the money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

ERS and TRS have investment policies regarding the allocation of invested assets.

The ERS and TRS policies are established on a cost basis in compliance with Georgia Statute. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through each pension plan.

The following table summarizes the adopted asset allocation policy by plan at June 30, 2021:

| | Target Allocation | |
|---|---|---|
| **Asset Class** | **ERS** | **TRS** |
| Fixed Income | 25% - 45% | 25% - 45% |
| Equities | 55% - 75% | 55% - 75% |
| Alternative Investments | 0% - 5% | 0% - 5% |
| **Total** | **100.0 %** | **100.0 %** |

***C. Defined Benefit Plans Descriptions and Funding Policies***

**Employees' Retirement System of Georgia (The System)**

The System is comprised of individual retirement systems and plans covering substantially all employees of the State except for teachers and other employees covered by TRS. The System is administrated by a Board of Trustees that is comprised of active and retired members, ex-officio state employees, and appointees by the Governor.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

### Employees' Retirement System (ERS)

***Plan Description:*** One of the plans within the System, also titled ERS, is a cost-sharing multiple-employer defined benefit pension plan that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

***Benefits Provided:*** The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the 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 the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). Members of the GSEPS plan may also participate in the GSEPS 401(k) defined contribution component described below. ERS members hired prior to January 1, 2009, also have the option to irrevocably change their membership to the GSEPS plan.

Under the old plan, 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 a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member's highest 24 consecutive calendar months of salary, the number of years of creditable service, the applicable benefit factor, and the member's age at retirement. Postretirement cost-of-living adjustments may 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 contribution rates are set by law. 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 State is required to contribute at a specified percentage of active member payroll established by the Board of Trustees and determined annually in accordance with an actuarial valuation and minimum funding standards as provided by law. These State contributions are not at any time refundable to the member or his/her beneficiary.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

Employer and nonemployer contributions required, as a percentage of covered payroll, for fiscal year 2021 were based on the June 30, 2018 actuarial valuation as follows:

| Plan Segment | Contribution Rate 2021 |
|---|---|
| Old Plan* | 24.66 % |
| New Plan | 24.66 % |
| GSEPS | 21.57 % |

* 4.75% of which was paid by the State on behalf of old plan members.

The State makes contributions to ERS on behalf of certain non-State employers as follows: Pursuant to The Official Code of Georgia Annotated OCGA § 47-2-292 (a) the Department of Revenue receives an annual appropriation from the Georgia General Assembly to be used to fund the employer contributions for certain local county tax commissioners and employees. Pursuant to OCGA § 47-2-290(a) the Council of State Courts (CSC) and the Prosecuting Attorneys' Council (PAC) receive annual appropriations from the Georgia General Assembly for employer contributions of certain local employees in State Courts.

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions the member forfeits all rights to retirement benefits.

### Teachers Retirement System of Georgia (TRS)

***Plan Description:*** TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of two appointees by the Board, two ex-officio State employees, five appointees by the Governor, and one appointee of the Board of Regents is ultimately responsible for the administration of TRS. All teachers in the state public schools, the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and certain other designated employees in educational-related work are eligible for membership.

***Benefits Provided:*** TRS provides service retirement, disability retirement, and survivor's benefits. Title 47 of the OCGA assigns the authority to establish and amend the provisions of TRS to the State Legislature. A member 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. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, may be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Options are available for distribution of the member's monthly pension, at a reduced rate, to a designated beneficiary on the member's death. Death, disability, and spousal benefits are also available.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

***Contributions:*** TRS is funded by member, employer and nonemployer contributing entity (Nonemployer) contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation.

The State makes contributions to TRS on behalf of certain non-State employers as follows: Pursuant to OCGA § 47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employers by the State of Georgia.

Member contributions as adopted by the Board of Trustees for fiscal year 2021 were 6% of covered payroll. Employer and Nonemployer contributions required for fiscal year 2021 were 19.06% of annual salary as required by the June 30, 2018, actuarial valuation.

### *D. Defined Benefit Plans Membership and Participating Employers*

The following table summarizes the participating membership and participating employers at June 30, 2021:

**Participating Membership by Plan**
**June 30, 2021**

| Plan Membership | ERS | TRS |
|---|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 54,059 | 139,813 |
| Inactive plan members entitled to but not yet receiving benefits | 66,774 | 14,366 |
| Inactive plan members not entitled to benefits | — | 107,650 |
| Active plan members | 53,330 | 227,953 |
| **Total** | **174,163** | **489,782** |
| **Number of Employers** | 406 | 321 |

These counts treat each legal entity in the State reporting entity as one employer.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

### *E. Defined Benefit Plans Net Pension Liability/(Asset) of Participating Employers and Nonemployer Contributing Entities*

The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the components of the Net Pension Liability of the participating employers and nonemployer contributing entities, as of June 30, 2021, by Plan (amounts in thousands):

| Components of the Net Pension Liability | ERS | TRS |
|---|---|---|
| Total Pension Liability | $ 18,886,809 | $ 110,991,021 |
| Plan Fiduciary Net Position | 16,547,905 | 102,146,688 |
| Employers' and non-employer contributing entity's net pension liability | $ 2,338,904 | $ 8,844,333 |
| Plan fiduciary net position as a percentage of the total pension liability | 87.62 % | 92.03 % |

### *F. Defined Benefit Plans Actuarial Methods and Assumptions*

**Actuarial Valuation Date**

The total pension liability at June 30, 2021 is based upon the June 30, 2020 actuarial valuation for ERS and TRS using generally accepted actuarial procedures/techniques.

**Actuarial Assumptions**

The total pension liability, as of June 30, 2021, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement:

***(chart on next page)***

## NOTE 15 - RETIREMENT SYSTEMS (continued)

**Actuarial Assumptions**

| Plan | Valuation date | Inflation | Salary increases | Investment rate of return[1] | Cost of Living Adjustment | Mortality | Actuarial experience study |
|---|---|---|---|---|---|---|---|
| **ERS** | 6/30/2020 | 2.50% | 3.00% - 6.75%* | 7.00% | N/A | Post-retirement mortality rates for were based on the Pub-2010 Family of Tables, with the MP-2019 projection scale applied generationally, as follows: service retirees - General Healthy Annuitant mortality table with further adjustments (set forward one year and adjusted 105% and 108% respectively for males and females); disability retirees - General Disabled Table (set back three years for males, and adjusted 103% and 106% for males and females, respectively); beneficiaries - General Contingent Survivors Table (set forward two years for both males and females and adjusted 106% and 105% respectively). | 7/1/2014-6/30/2019 |
| **TRS** | 6/30/2020 | 2.50% | 3.00% - 8.75%* | 7.25% | 1.5% 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 (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 (set forward one year and adjusted 106%) with the MP-2019 Projected scale applied generationally. The rates of improvement were reduced by 20% for all years prior to ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table (set forward one year and adjusted 106%) was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. Rates of improvement were reduced by 20% for all years prior to the ultimate rate. | 7/1/2013-6/30/2018 |

[1]Investment rate of return is net of pension plan investment expense, including inflation.

*Includes respective inflation assumptions.

The actuarial assumptions used in the valuations are based on the results of the most recent actuarial experience studies dates noted in the table, with the exception of the investment rate of return and the annual rate of inflation for the ERS and TRS plans.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

### Long-Term Expected Rate of Return

The long-term expected rate of return on 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.

Summarized by plan in the table below are the target asset allocation and best estimates of arithmetic real rates of return for each major asset class for ERS and TRS plans.

| | Target Allocation | | | |
|---|---|---|---|---|
| Asset Class | ERS | | TRS | |
| | Target allocation | Long-term expected real rate of return* | Target allocation | Long-term expected real rate of return* |
| Fixed Income | 30.0 % | (1.5%) | 30.0 % | (0.8%) |
| Domestic large equities | 46.4 % | 9.2 % | 46.3 % | 9.3 % |
| Domestic small equities | 1.1 % | 13.4 % | 1.2 % | 13.3 % |
| International developed market equities | 11.7 % | 9.2 % | 11.5 % | 9.3 % |
| International emerging market equities | 5.8 % | 10.4 % | 6.0 % | 11.3 % |
| Alternatives | 5.0 % | 10.6 % | 5.0 % | 10.6 % |
| **Total** | **100.0 %** | | **100.0 %** | |

* Rates shown are net of the 2.50% assumed rate of inflation .

### Discount Rate

The discount rate used for ERS to measure the total pension liability, as of June 30, 2021, was 7.00%. The discount rate used for TRS to measure the total pension liability was 7.25%. The projection of cash flows used by each plan to determine the discount rate was assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each 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.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

**Sensitivity of the Participating Employers and Nonemployer Contributing Entities NPL to Changes in the Discount Rate**

The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the NPL of the employer and nonemployer contributing entities, as of June 30, 2021. The NPL is calculated using the determined discount rate as well as what the NPL 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 by the Plan (amounts in thousands):

**Sensitivity of the Plan Participating Employer and Nonemployer Contributing Entities Net Pension Liability to Changes in the Discount Rate**

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| | (6.00%) | (7.00%) | (8.00%) |
| ERS's Net Pension Liability | $ 4,285,987 | $ 2,338,904 | $ 692,212 |
| | (6.25%) | (7.25%) | (8.25%) |
| TRS's Net Pension Liability | $ 23,824,290 | $ 8,844,333 | $ (3,430,708) |

## NOTE 15 - RETIREMENT SYSTEMS (continued)

The following information is from the perspective of the State as the employer.

### *G. State's Proportionate Share of Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

The State reported a liability as the Employer for its proportionate share of the NPL associated with the plans listed below. In addition, the State reported a liability for its proportionate share of the NPL as a result of its statutory requirement to contribute to certain plans. These contributions were made by the State as the Nonemployer Contributing Entity in a Special Funding Situation.

The following schedule is presented from the perspective of the State as the Employer and/or nonemployer contributing entity and details the proportionate share of the pension amounts for each plan as of June 30, 2021 is as follows (amounts in thousands):

**Aggregate Pension Amounts - All Plans**

| | Primary Government | Component Units |
|---|---|---|
| Pension liabilities | $ 8,456,148 | $ 258,182 |
| Pension assets | $ 90,146 | $ — |
| Deferred outflows of resources related to pensions | $ 2,094,373 | $ 88,167 |
| Deferred inflows of resources related to pensions | $ 257,481 | $ 5,701 |
| Pension expense/expenditures | $ 1,460,343 | $ 59,405 |

## NOTE 15 - RETIREMENT SYSTEMS (continued)

The information below includes all significant plans and funds administered by the State of Georgia.

The NPL for each plan was measured as of June 30, 2020. The total pension liability/asset used to calculate the NPL for each plan was based on an actuarial valuation as of June 30, 2019 for ERS and TRS.

### Employees' Retirement System

#### State's Proportionate Share of Net Pension Liability and Pension Expense

***Primary Government:*** At June 30, 2021, the State reported a liability of $3.7 billion, for its proportionate share of the net pension liability. 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, with standard roll-forward techniques performed to update the total pension liability to June 30, 2020. The State's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2020. At June 30, 2020, the State's proportion for the ERS plan as Employer was 88.814112% which was a decrease of 0.091888% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized pension expense of $632.7 million.

At June 30, 2021, the State reported a liability of $65.8 million, for its proportionate share of the net pension liability, based on contributions to ERS during the fiscal year ended June 30, 2020, for certain Local County Tax Commissioners and the CSC and PAC employees in certain counties. At June 30, 2020, the State's proportion was 1.560184% for certain Local County Tax Commissioners and the CSC and PAC employees in certain counties. For the year ended June 30, 2021, the State recognized expense of $6.8 million.

***Component Units:*** At June 30, 2021, the State reported a liability of $62.8 million, for its proportionate share of the net pension liability. 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, with standard roll-forward techniques performed to update the total pension liability to June 30, 2020. The State's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2020. At June 30, 2020, the State's proportion for the ERS plan as Employer was 1.490203%, which was an increase of 0.016737% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized pension expense of $10.9 million.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

### State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

| | Primary Government | | | | Component Units | |
|---|---|---|---|---|---|---|
| | State as Employer | | State as Nonemployer Contributing Entity | | State as Employer | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 45,600 | $ — | $ 801 | $ — | $ 765 | $ — |
| Changes of assumptions | — | — | — | — | — | — |
| Net difference between projected and actual earnings on pension plan investments | 52,877 | — | 929 | — | 887 | — |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 57,218 | 59,826 | 785 | 3,130 | 1,426 | 346 |
| State contributions subsequent to the measurement date | 524,789 | — | 8,931 | — | 8,004 | — |
| **Total** | **$ 680,484** | **$ 59,826** | **$ 11,446** | **$ 3,130** | **$ 11,082** | **$ 346** |

***Primary Government:*** State contributions as employer and nonemployer subsequent to the measurement date of $524.8 million and $8.9 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2022.

***Component Units:*** State contributions as employer subsequent to the measurement date of $8.0 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2022.

**NOTE 15 - RETIREMENT SYSTEMS (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

| | Primary Government | | Component Units |
|---|---|---|---|
| **Year ended June 30:** | **State as Employer** | **State as Nonemployer Contributing Entity** | **State as Employer** |
| 2022 | $ (39,342) | $ (2,410) | $ 438 |
| 2023 | 27,599 | (96) | 489 |
| 2024 | 61,367 | 1,078 | 1,030 |
| 2025 | 46,245 | 813 | 775 |
| 2026 | — | — | — |
| Thereafter | — | — | — |

**Teachers Retirement System of Georgia**

**State's Proportionate Share of Net Pension Liability and Pension Expense**

***Primary Government:*** At June 30, 2021, the State reported a liability of $4.1 billion, for its proportionate share of the net pension liability. 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, with standard roll-forward techniques performed to update the total pension liability to June 30, 2020. The State's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2020. At June 30, 2020, the State's proportion for the TRS plan as Employer was 16.800653%, which was a decrease of 0.244613% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized pension expense of $687.6 million.

At June 30, 2021, the State reported a liability of $50.9 million, for its proportionate share of the net pension liability, based on contributions to TRS during the fiscal year ended June 30, 2020. At June 30, 2020, the State's proportion was 0.210185% for certain full-time public school support personnel. For the year ended June 30, 2021, the State recognized expense of $(1.6) million.

***Component Units:*** At June 30, 2021, the State reported a liability of $139.9 million, for its proportionate share of the net pension liability. 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, with standard roll-forward techniques performed to update the total pension liability to June 30, 2020. The State's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2020. At June 30, 2020, the State's proportion for the TRS plan as Employer was 0.577537%, which was an increase of 0.015261% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized pension expense of $23.9 million.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

### State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

| | Primary Government | | | | Component Units | |
|---|---|---|---|---|---|---|
| | State as Employer | | State as Nonemployer Contributing Entity | | State as Employer | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 177,233 | $ — | $ 2,217 | $ — | $ 6,093 | $ — |
| Changes of assumptions | 419,175 | — | 5,244 | — | 14,410 | — |
| Net difference between projected and actual earnings on pension plan investments | 98,018 | — | 1,226 | — | 3,370 | — |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 71,647 | 89,090 | 3,471 | 20,853 | 6,115 | 4,285 |
| State contributions subsequent to the measurement date | 403,678 | — | 5,123 | — | 14,031 | — |
| **Total** | **$ 1,169,751** | **$ 89,090** | **$ 17,281** | **$ 20,853** | **$ 44,019** | **$ 4,285** |

***Primary Government:*** State contributions as employer and nonemployer subsequent to the measurement date of $403.7 million and $5.1 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2022.

***Component Units:*** State contributions as employer subsequent to the measurement date of $14.0 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2022.

**NOTE 15 - RETIREMENT SYSTEMS (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

| | Primary Government | | Component Units |
|---|---|---|---|
| Year ended June 30: | State as Employer | State as Nonemployer Contributing Entity | State as Employer |
| 2022 | $ 145,522 | $ (8,409) | $ 5,142 |
| 2023 | 222,432 | (3,363) | 8,254 |
| 2024 | 222,295 | 1,965 | 8,624 |
| 2025 | 86,734 | 1,112 | 3,683 |
| 2026 | — | — | — |
| Thereafter | — | — | — |

*H. Actuarial Methods and Assumptions (GASB 68)*

The total pension liability, as of June 30, 2020, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement:

***(chart on next page)***

## NOTE 15 - RETIREMENT SYSTEMS (continued)

**Actuarial Assumptions**

| Plan | Valuation date | Inflation | Salary increases | Investment rate of return[1] | Cost of Living Adjustment | Mortality | Actuarial experience study |
|---|---|---|---|---|---|---|---|
| **ERS** | 6/30/2019 | 2.75% | 3.25% - 7.00%* | 7.30% | N/A | 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 (set forward two years for both males and females) for service retirements and dependents beneficiaries. The RP-2000 Disabled Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set back seven years for males and set forward three years for females) was used for death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan. | 7/1/2009-6/30/2014 |
| **TRS** | 6/30/2019 | 2.50% | 3.00% - 8.75%* | 7.25% | 1.5% 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 (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 (set forward one year and adjusted 106%) with the MP-2019 Projected scale applied generationally. The rates of improvement were reduced by 20% for all years prior to ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table (set forward one year and adjusted 106%) was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. Rates of improvement were reduced by 20% for all years prior to the ultimate rate. | 7/1/2013-6/30/2018 |

[1]Investment rate of return is net of pension plan investment expense, including inflation.

*Includes respective inflation assumptions.

### Long-Term Expected Rate of Return

The long-term expected rate of return on 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.

## NOTE 15 - RETIREMENT SYSTEMS (continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized by plan in the table below:

| Asset Class | Target Allocation | | | |
|---|---|---|---|---|
| | ERS | | TRS | |
| | Target allocation | Long-term expected real rate of return* | Target allocation | Long-term expected real rate of return* |
| Fixed Income | 30.0 % | (0.1%) | 30.0 % | (0.1%) |
| Domestic large equities | 46.2 % | 8.9 % | 51.0 % | 8.9 % |
| Domestic small equities | 1.3 % | 13.2 % | 1.5 % | 13.2 % |
| International developed market equities | 12.4 % | 8.9 % | 12.4 % | 8.9 % |
| International emerging market equities | 5.1 % | 10.9 % | 5.1 % | 10.9 % |
| Alternatives | 5.0 % | 12.0 % | — | — |
| Total | 100.0 % | | 100.0 % | |

* Rates shown are net of the 2.75% assumed rate of inflation for ERS and assumed rate of 2.50% rate of inflation for TRS.

### Discount Rate

The discount rate used for ERS to measure the total pension liability, as of June 30, 2020, was 7.30%. The discount rate used for TRS to measure the total pension liability was 7.25%. The projection of cash flows used by each plan to determine the discount rate was assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each 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.

**NOTE 15 - RETIREMENT SYSTEMS (continued)**

The following schedule is presented from the perspective of the State as the employer and nonemployer contributing entity and details the State's proportionate share of the NPL, as of June 30, 2020. The NPL is calculated using the discount rate detailed below, as well as what the State's proportionate share of the NPL 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 (amounts in thousands):

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

| | Primary Government | | | Component Units | | |
|---|---|---|---|---|---|---|
| | 1% Decrease | Current Discount Rate | 1% Increase | 1% Decrease | Current Discount Rate | 1% Increase |
| | (6.30%) | (7.30%) | (8.30%) | (6.30%) | (7.30%) | (8.30%) |
| ERS's Net Pension Liability | $ 5,266,414 | $ 3,743,477 | $ 2,443,828 | $ 88,365 | $ 62,811 | $ 41,005 |
| SFS | 92,514 | 65,761 | 42,930 | — | — | — |
| Total ERS Net Pension Liability | $ 5,358,928 | $ 3,809,238 | $ 2,486,758 | $ 88,365 | $ 62,811 | $ 41,005 |
| | (6.25%) | (7.25%) | (8.25%) | (6.25%) | (7.25%) | (8.25%) |
| TRS's Net Pension Liability | $ 6,453,693 | $ 4,069,621 | $ 2,115,647 | $ 221,851 | $ 139,902 | $ 72,727 |
| SFS | 80,739 | 50,915 | 26,468 | — | — | — |
| Total TRS's Net Pension Liability | $ 6,534,432 | $ 4,120,536 | $ 2,142,115 | $ 221,851 | $ 139,902 | $ 72,727 |

***I. Defined Contribution Plans***

**GSEPS 401(k) Component of ERS Plan**

In addition to the ERS defined benefit pension described above, GSEPS members may also participate in the Peach State Reserves 401(k) defined contribution plan and receive an employer matching contribution. The 401(k) plan is administered by the System and was established by the Georgia Employee Benefit Plan Council in accordance with State law and Section 401(k) of the IRC. The GSEPS segment of the 401(k) plan was established by State law effective January 1, 2009. Plan provisions and contribution requirements specific to GSEPS can be amended by State law. Other general 401(k) plan provisions can be amended by the ERS Board of Trustees as required by changes in federal tax law or for administrative purposes. The State was not required to make significant contributions to the 401(k) plan prior to GSEPS because most members under other segments of the plan either were not State employees or were not eligible to receive an employer match on their contributions.

The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 5% of salary unless the participating member elects otherwise. The member may change such level of participation at any time. In addition, the member may make such additional contributions as he or she desires, subject to limitations imposed by federal law. The State will match 100% of the employee's initial 1% contribution and 50% of contribution percents two through five. Therefore, the State will match 3% of salary when an employee contributes at least 5% to the 401(k) plan. Employee contributions greater than 5% of salary do not receive any matching funds.

**NOTE 15 - RETIREMENT SYSTEMS (continued)**

GSEPS employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all State service. Vesting is determined based on the table below:

| | |
|---|---|
| Less than 1 year | 0% |
| 1 year | 20% |
| 2 years | 40% |
| 3 years | 60% |
| 4 years | 80% |
| 5 or more years | 100% |

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) plan on approval of the 401(k) plan administrator. Such rollovers are 100% vested at the time of transfer. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

The participants may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or 30 days after retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Employees who die while actively employed and eligible for 401(k) employer matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

There were 71,722 plan members and 459 participating employers in the plan at June 30, 2021. For the fiscal year ended June 30, 2021, the State's employer and employee GSEPS contributions were $35.2 million and $71.9 million, respectively. Additionally, the State made contributions of $0.1 million on behalf of employers that are not in the reporting entity. Employer contributions may be partially funded from non-vested contributions that were forfeited by employees.

**Regents Retirement Plan**

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the Georgia General Assembly in OCGA § 47-21-1. It is administered and may be amended by the Board of Regents of the University System of Georgia (Board of Regents). A participant in the plan is an "eligible university system employee" defined as a faculty member or all exempt full and partial benefit eligible employees as designated by the regulations of the Board. Under the 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. The approved vendors have separately issued financial reports that may be obtained through their respective corporate offices.

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.

The institutions of the University System of Georgia make monthly employer contributions for the Regents Retirement Plan at rates determined by the Board of Regents in accordance with State statute and as advised by their

## NOTE 15 - RETIREMENT SYSTEMS (continued)

independent actuary. For the fiscal year ended June 30, 2021, the employer contribution was 9.24% of the participating employee's earned compensation, and employees contributed 6% of their earned compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. For the fiscal year ended June 30, 2021, employer and employee contributions were $137.8 million and $89.5 million, respectively.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS

The State administers various multiple-employer other postemployment benefit (OPEB) plans. The State is the plan sponsor (Plan) of these plans and in many cases the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as Plan sponsor and the State as Employer.

The State's multiple-employer OPEB plans are:

- Plans Administered by Department of Community Health (DCH):
  - Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)
  - Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund)
- State Employees' Assurance Department (SEAD-OPEB Plan), which is administered by Employees' Retirement System (ERS) (www.ers.ga.gov):

The financial statements for the State OPEB Fund, School OPEB Fund, and SEAD-OPEB Plan are presented in the Fiduciary Funds section of this report. The SEAD-OPEB Plan issues separate publicly available financial reports that include the applicable financial statements and required supplementary information.

### *A. Basis of Accounting*

The financial statements of these plans are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions from employers and members are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The OPEB plan's fiduciary net positions have been determined on the same basis as they are reported by the various plans.

### *B. Investments*

Investments are reported at market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

For the fiscal year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense are represented below:

| OPEB Plans | Net Annual Money-Weighted Rate |
|---|---|
| State OPEB Fund | 16.23 % |
| School OPEB Fund | 15.91 % |
| SEAD-OPEB Plan | 19.40% |

For all plans mentioned above the money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. These three plans have investment policies regarding the allocation of invested assets, established on a cost basis in compliance with Georgia Statute. Plan assets are managed on a total return basis with a short-term objective of stability of principal while allowing for liquidity and a long-term objective of achieving and maintaining a fully funded status for the benefits provided through each OPEB plan. During fiscal year 2018, the State and School OPEB funds updated their investment strategy to a more long-term approach.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The following table summarizes the adopted asset allocation policy by plan at June 30, 2021:

| | Target Allocation | | |
|---|---|---|---|
| **Asset Class** | **State OPEB** | **School OPEB** | **SEAD-OPEB** |
| Fixed Income | 30 % | 30 % | 25% - 45% |
| Equities | 70 % | 70 % | 55% - 75% |
| Alternative Investments | — % | — % | 0% - 5% |
| **Total** | **100.0 %** | **100.0 %** | **100.0 %** |

### *C. Plans Descriptions and Funding Policies*

**State OPEB Fund and School OPEB Fund**

***Plan Description:*** The State OPEB Fund and School OPEB Fund are cost-sharing multiple-employer defined benefit postemployment healthcare plans and are reported as employee benefit trust funds. The Funds are administered by a Board of Community Health (Board) that is comprised of nine members, including two former State of Georgia employees and seven industry professionals. The OCGA § 45-18-25 and § 20-2-875, for the State and School OPEB funds respectively, assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees to the Board.

***Benefits Provided:*** The State OPEB Fund provides postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with DCH for inclusion in the plan. Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from one of the State's retirement plans. If elected, dependent coverage starts on the same day as retiree coverage. It also pays administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted. The plan designs offered for the 2021 plan year include various plan options. For Medicare-eligible members there are Medicare Advantage plan options (UnitedHealthcare and Blue Cross and Blue Shield of Georgia) Standard and Premium Plans. Alternatively, for non-Medicare eligible members the plan options include Health Reimbursement Arrangement Plan Options (Blue Cross and Blue Shield of Georgia Gold, Silver, Bronze), Health Maintenance Organization Plan Options (Blue Cross and Blue Shield of Georgia, Kaiser Permanente, and UnitedHealthcare), and a High Deductible Health Plan Option (UnitedHealthcare).

The School OPEB Fund provides postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and non-certified public school employees. Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from one of the State's retirement plans. If elected, dependent coverage starts on the same day as retiree coverage. It also pays administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted. The plan designs offered for the 2021 plan year include various plan options, which are the same options offered for the State OPEB fund as described in the previous paragraph.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

***Contributions:*** The State OPEB Fund and School OPEB Fund are currently funded on a pay-as-you-go basis. That is, annual costs of providing benefits will be financed in the same year as claims occur, with historically, no significant assets accumulating, as would occur in an advance funding strategy.

The contribution requirements of plan members and participating employers are established by the Board in accordance with the 2021 Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. As of January 1, 2012, for members with fewer than five years of service, contributions also vary based on years of service. As of January 1, 2012, on average, members with five years or more of service pay approximately 25% of the cost of health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

The combined required employer contribution rates established by the Board for the active and retiree plans for the fiscal years ended June 30, 2021, were as follows:

**Combined Active and State OPEB Fund Contribution Rates as a Percentage of Covered Payroll**

State organizations, including technical colleges, and certain other eligible participating employers:

| | | |
|---|---|---|
| July 2020 - June 2021 | 29.454% | for August 2020 - July 2021 coverage |

**Combined Active and School OPEB Fund Contribution Rates per Member per Month**

Certificated teachers, librarians, regional educational service agencies, certain other eligible participating employers:

| | | |
|---|---|---|
| July 2020 - June 2021 | $945.00 | for August 2020 - July 2021 coverage |

Library employees:

| | | |
|---|---|---|
| July 2020 - June 2021 | $843.00 | for August 2020 - July 2021 coverage |

Non-certificated school personnel:

| | | |
|---|---|---|
| July 2020 - June 2021 | $945.00 | for August 2020 - July 2021 coverage |

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## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

### SEAD-OPEB Plan

***Plan Description:*** The SEAD-OPEB Plan is a cost-sharing multiple-employer defined benefit other postemployment plan created by the 2007 Georgia General Assembly to provide term life insurance to eligible members of the ERS, Georgia Judicial Retirement System (JRS), and Legislative Retirement System (LRS). The SEAD-OPEB Plan provides benefits for retired and vested inactive members. Effective July 1, 2009, no newly hired members of any State public retirement system are eligible for term life insurance under the SEAD-OPEB Plan. The SEAD-OPEB Plan is administered by the SEAD Board that is comprised of six members, the State Auditor, State Treasurer, Department of Administrative Services Commissioner, Labor Commissioner, and two members appointed by the Governor. Pursuant to Title 47 of the OCGA, benefit provisions of the plan was established and can be amended by State statute.

***Benefits Provided:*** The SEAD-OPEB Plan provides postemployment insurance coverage on a monthly, renewable term basis, with no return premiums or cash value available to be earned. The amount of insurance for a retiree with creditable service prior to April 1, 1964, is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964, is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses and is held as a reserve for payment of death benefits under existing policies. Administrative costs for the plan are determined based on the plan's share of overhead costs to accumulate and invest funds, actuarial services, and to process benefit payments to beneficiaries. Administrative fees are financed from the assets of the plan.

***Contributions:*** Contributions by plan members are established by the SEAD Board, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The SEAD Board establishes employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. There were no employer contributions required for fiscal year ended June 30, 2021. Contributions were based on actuarial valuations, and for fiscal year 2021 were as follows:

| | **SEAD-OPEB Plan** |
|---|---|
| | Percentage |
| **Member Rates:** | |
| ERS Old Plan | 0.45 % |
| Less: Offset Paid by Employer | (0.22%) |
| Net ERS Old Plan | 0.23 % |
| ERS New Plan, JRS, and LRS | 0.23 % |
| **Employer Rates/Amounts** | 0.00 % |

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

### *D. Plan Membership and Participating Employers*

The following table summarizes the participating membership and participating employers at June 30, 2021:

**Participating Membership by Plan**
**June 30, 2021**

| Plan Membership | State OPEB Fund | School OPEB Fund | SEAD-OPEB Plan |
|---|---|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 38,470 | 86,993 | 44,377 |
| Inactive plan members entitled to but not yet receiving benefits | — | — | 1,034 |
| Active plan members | 49,544 | 181,301 | 18,772 |
| **Total** | **88,014** | **268,294** | **64,183** |
| | | | |
| **Open to New Members (Yes/No)** | Yes | Yes | No |
| **Number of Employers** | 193 | 253 | 412 |

These counts treat each legal entity in the State reporting entity as one employer.

### *E. Net OPEB Liability/(Asset)*

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 74 requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability is actuarially determined. The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the components of the Net OPEB Liability (NOL)/ Net OPEB Asset (NOA), as of June 30, 2021, by Plan (amounts in thousands):

| Components of the Net OPEB Liability/ (Asset) | State OPEB Fund | School OPEB Fund | SEAD-OPEB Plan |
|---|---|---|---|
| Total OPEB Liability | $ 2,213,298 | $ 11,539,870 | $ 950,995 |
| Plan Fiduciary Net Position | 1,938,443 | 709,042 | 1,566,821 |
| Net OPEB liability/(asset) | $ 274,855 | $ 10,830,828 | $ (615,826) |
| | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 87.58 % | 6.14 % | 164.76 % |

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

### *F. Actuarial Methods and Assumptions*

For the State OPEB fund and School OPEB fund, the impact of the Affordable Care Act (ACA) was addressed in the valuations. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claim costs. Continued monitoring of the ACA's impact on the Plan's liability will be required. Additionally, the impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Continued monitoring of the COVID-19 impact on the Plan's liability will also be required.

For the SEAD-OPEB Plan, the annual actuarial valuations providing the measures to assess funding progress will utilize the actuarial methods and assumptions last adopted by the SEAD Board based upon the advice and recommendations of the actuary. The SEAD Board will periodically have actuarial projections of the valuation results performed to assess the current and expected future progress towards the overall funding goals of the Plan.

Projections of benefits for financial reporting purposes for all plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

**Actuarial Valuation Date**

The total OPEB liability at June 30, 2021, is based upon the June 30, 2020 actuarial valuation for State OPEB Fund, School OPEB Fund and the SEAD-OPEB Plan, using generally accepted actuarial procedures/techniques.

**Actuarial Assumptions**

The total OPEB liability, as of June 30, 2021, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

*(chart on next page)*

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

**Actuarial Assumptions**

| | State OPEB Fund | School OPEB Fund | SEAD-OPEB Plan |
|---|---|---|---|
| **Valuation date** | 6/30/2020 | 6/30/2020 | 6/30/2020 |
| **Inflation** | 2.50% | 2.50% | 2.50% |
| **Salary increases** | 3.00% - 6.75%* | 3.00% - 8.75%* | 3.00% - 6.75%* |
| **Long-term expected rate of return** [1] | 7.00% | 7.00% | 7.00% |
| **Initial Healthcare Cost Trend** | | | |
| **Pre-Medicare Eligible** | 6.75% | 6.75% | N/A |
| **Medicare Eligible** | 5.13% | 5.13% | N/A |
| **Ultimate Trend Rate** | | | |
| **Pre-Medicare Eligible** | 4.50% | 4.50% | N/A |
| **Medicare Eligible** | 4.50% | 4.50% | N/A |
| **Year Ultimate Trend is Reached** | | | |
| **Pre-Medicare Eligible** | 2029 | 2029 | N/A |
| **Medicare Eligible** | 2023 | 2023 | N/A |
| **Mortality** | Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 158% for females) with the MP-2019 Projection scale applied generationally. | For Teachers Retirement System (TRS): 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% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate. For Public School Employees Retirement System (PSERS): Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 158% for females) with the MP-2019 Projection scale applied generationally. | The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service. Post-retirement mortality rates for were based on the Pub-2010 Family of Tables, with the MP-2019 projection scale applied generationally, as follows: service retirees - General Healthy Annuitant mortality table with further adjustments (set forward one year and adjusted 105% and 108% respectively for males and females); disability retirees - General Disabled Table (set back three years for males, and adjusted 103% and 106% for males and females, respectively); beneficiaries - General Contingent Survivors Table (set forward two years for both males and females and adjusted 106% and 105% respectively). |
| **Actuarial experience study** | 7/1/2014 - 6/30/2019 | 7/1/2013 - 6/30/2018 | 7/1/2014 - 6/30/2019 |

[1] Long-term expected rate of return is net of investment expense, including inflation

*Includes respective inflation assumption.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The actuarial assumptions used in the valuations, for the State and School OPEB funds, are based on the results of the most recent actuarial experience studies which covered the five year period ending June 30, 2019, and June 30, 2018, respectively. Various assumptions and methods have been revised to reflect the results of the TRS experience study for the five-year period ending June 30, 2018. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation for the State and School OPEB funds were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

The actuarial assumptions used in the valuation for the SEAD-OPEB Plan were based on the results of an actuarial experience study, which covered the five year period ending June 30, 2019. The assumed investment rate of return was lowered from 7.30% to 7.00%, and the assumed annual rate of inflation from 2.75% to 2.50% in the experience study.

### Long-Term Expected Rate of Return

For all plans, the long-term expected rate of return on OPEB plan investments were determined using a log-normal distribution analysis, in which 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized by plan in the table below:

| | Target Allocation | | | | | |
|---|---|---|---|---|---|---|
| | State-OPEB Fund | | School-OPEB Fund | | SEAD-OPEB Plan | |
| **Asset Class** | **Target allocation** | **Long-term expected real rate of return*** | **Target allocation** | **Long-term expected real rate of return*** | **Target allocation** | **Long-term expected real rate of return*** |
| Fixed Income | 30.0 % | 0.1% | 30.0 % | 0.1% | 30.0 % | (1.5%) |
| Domestic large equities | 70.0 % | 9.2 % | 70.0 % | 9.2 % | 46.4 % | 9.2 % |
| Domestic small equities | — | — | — | — | 1.1 % | 13.4 % |
| International developed market equities | — | — | — | — | 11.7 % | 9.2 % |
| International emerging market equities | — | — | — | — | 5.8 % | 10.4 % |
| Alternatives | — | — | — | — | 5.0 % | 10.6 % |
| **Total** | **100.0 %** | | **100.0 %** | | **100.0 %** | |

* Rates shown are net of the respective assumed rates of inflation.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

**Discount Rate**

In order to measure the total OPEB liability, as of June 30, 2021, for the State OPEB fund, a discount rate of 7.00% was used, as compared with last year's single equivalent interest rate of 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Based on those assumptions, the 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 investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Projected future benefit payments for all current plan members were projected through 2145.

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 2.20% was used as the discount rate, as compared with last year's rate of 2.22%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (2.16% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

The discount rate used to measure the total OPEB liability for the SEAD-OPEB Plan was 7.00%, as compared to last year's rate of 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member insurance premiums will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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 investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate**

The following schedule summarizes the NOL/(NOA) of the employers, as of June 30, 2021. The NOL/(NOA) is calculated using the determined discount rate as well as what the NOL/(NOA) 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 by the Plan (amounts in thousands):

**Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability/(Asset) to Changes in the Discount Rate**

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| | (6.00%) | (7.00%) | (8.00%) |
| State's Net OPEB Liability | $ 483,685 | $ 274,855 | $ 94,385 |
| | (1.20%) | (2.20%) | (3.20%) |
| School's Net OPEB Liability | $ 12,382,065 | $ 10,830,828 | $ 9,532,295 |
| | (6.00%) | (7.00%) | (8.00%) |
| SEAD-OPEB Plan's Net OPEB (Asset) | $ (484,342) | $ (615,826) | $ (723,187) |

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trends**

The following schedule summarizes the NOL/(NOA) of the employers, as of June 30, 2021. The NOL/(NOA) is calculated using the determined healthcare cost trends as well as what the NOL/(NOA) would be if it were calculated using healthcare cost trends that are 1-percentage-point lower or 1-percentage-point higher than the current rate by the Plan (amounts in thousands):

**Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability/(Asset) to Changes in Healthcare Cost Trends**

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| State's Net OPEB Liability | $ 64,163 | $ 274,855 | $ 521,912 |
| School's Net OPEB Liability | $ 9,190,377 | $ 10,830,828 | $ 12,881,519 |
| SEAD-OPEB Plan's Net (Asset) | N/A | N/A | N/A |

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The following information is from the perspective of the State as the employer.

### *G. State's Proportionate Share of OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

The State reported a liability as the Employer for its proportionate share of the NOL associated with the plans listed below.

The following schedule is presented from the perspective of the State as the Employer details the proportionate share of the OPEB amounts for each plan as of June 30, 2021 is as follows (amounts in thousands):

**Aggregate OPEB Amounts - All Plans**

| | Primary Government | Component Units |
|---|---|---|
| OPEB liabilities | $ 1,036,929 | $ 102,555 |
| OPEB assets | $ 254,679 | $ 3,377 |
| Deferred outflows of resources related to OPEBs | $ 381,012 | $ 33,519 |
| Deferred inflows of resources related to OPEBs | $ 1,139,284 | $ 26,017 |
| OPEB expense/expenditures | $ (457,304) | $ 4,916 |

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The information below includes all multi-employer plans and funds administered by the State of Georgia.

The NOL/NOA for each plan was measured as of June 30, 2020. The total OPEB liability/asset used to calculate the NOL/NOA for each plan was based on an actuarial valuation as of June 30, 2019 for State, School, and SEAD.

### State OPEB Fund

#### State's Proportionate Share of Net OPEB Liability and OPEB Expense

***Primary Government:*** At June 30, 2021, the State reported a liability of $1.0 billion for it's proportionate share of 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 June 30, 2019, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2020. The State's proportion of the net OPEB liability was based on the State's proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2020, the State's proportion for the State plan as employer was 92.138890%, which was a decrease of 0.291055% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized OPEB expense of $ (437.2)million.
***Component Units:*** At June 30, 2021, the State reported a liability of $2.0 million, for it's proportionate share of 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 June 30, 2019, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2020. The State's proportion of the net OPEB liability was based on the State's proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2020, the State's proportion for the State plan as Employer was 0.196236%, which was a decrease of 0.000854% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized OPEB expense of $(1.2) million.

#### State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

| | Primary Government | | Component Units | |
|---|---|---|---|---|
| | State as Employer | | State as Employer | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ — | $ 392,068 | $ — | $ 763 |
| Changes of assumptions | 18,778 | 637,892 | 37 | 1,241 |
| Net difference between projected and actual earnings on OPEB plan investments | 101,805 | — | 198 | — |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 113,435 | 103,507 | 31 | 449 |
| State contributions subsequent to the measurement date | 138,733 | — | 264 | — |
| **Total** | **$ 372,751** | **$ 1,133,467** | **$ 530** | **$ 2,453** |

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

***Primary Government:*** State contributions as employer subsequent to the measurement date of $138.7 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2022.

***Component Units:*** State contributions as employer subsequent to the measurement date of $0.3 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

| | Primary Government | Component Units |
|---|---|---|
| **Year ended June 30:** | **State as Employer** | **State as Employer** |
| 2022 | $ (499,632) | $ (1,281) |
| 2023 | (312,126) | (801) |
| 2024 | (89,106) | (231) |
| 2025 | 1,415 | 126 |
| 2026 | — | — |
| Thereafter | — | — |

**<u>School OPEB Fund</u>**

### State's Proportionate Share of Net OPEB Liability and OPEB Expense

***Component Units:*** At June 30, 2021, the State reported a liability of $100.5 million, for it's proportionate share of 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 June 30, 2019, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2020. The State's proportion of the net OPEB liability was based on the State’s proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2020, the State’s proportion for the School plan as Employer was 0.684502% which was an increase of 0.034350% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized OPEB expense of $6.4 million.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

**State's Proportionate Share of Deferred Outflows/Inflows of Resources**

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

| | Component Units | |
|---|---|---|
| | State as Employer | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ — | $ 10,976 |
| Changes of assumptions | 16,627 | 8,946 |
| Net difference between projected and actual earnings on OPEB plan investments | 262 | — |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 13,546 | 3,510 |
| State contributions subsequent to the measurement date | 2,470 | — |
| **Total** | **$ 32,905** | **$ 23,432** |

***Component Units:*** State contributions as employer subsequent to the measurement date of $2.5 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

| | Component Units |
|---|---|
| **Year ended June 30:** | **State as Employer** |
| 2022 | $ 396 |
| 2023 | 389 |
| 2024 | 778 |
| 2025 | 1,896 |
| 2026 | 2,696 |
| Thereafter | 848 |

**<u>State Employees' Assurance Department (SEAD-OPEB Plan)</u>**

**State's Proportionate Share of Net OPEB Asset and OPEB Expense**

***Primary Government:*** At June 30, 2021, the State reported an asset of $254.7 million, for it's proportionate share of net OPEB asset. The net OPEB asset was measured as of June 30, 2020. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2019, with standard roll-forward techniques performed to update the total OPEB asset to June 30, 2020. The State's proportion of the net OPEB asset was based on the State's proportion of the prior year payroll of SEAD members. At June 30, 2020, the State's proportion for

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

the SEAD plan as Employer was 89.669956%, which was a decrease of 0.160219% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized OPEB expense of $(20.1) million.

***Component Units***: At June 30, 2021, the State reported an asset of $3.4 million, for it's proportionate share of net OPEB asset. The net OPEB asset was measured as of June 30, 2020. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2019, with standard roll-forward techniques performed to update the total OPEB asset to June 30, 2020. The State's proportion of the net OPEB asset was based on the State's proportion of the prior year payroll of SEAD members. At June 30, 2020, the State's proportion for the SEAD plan as Employer was 1.200696%, which was an increase of 0.045136% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the State recognized OPEB expense of $(0.3) million.

**State's Proportionate Share of Deferred Outflows/Inflows of Resources**

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

| | Primary Government | | Component Units | |
|---|---|---|---|---|
| | State as Employer | | State as Employer | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 66 | $ 2,367 | $ 1 | $ 31 |
| Changes of assumptions | — | — | — | — |
| Net difference between projected and actual earnings on OPEB plan investments | 4,514 | 31 | 60 | — |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 3,681 | 3,419 | 23 | 101 |
| State contributions subsequent to the measurement date | — | — | — | — |
| Total | $ 8,261 | $ 5,817 | $ 84 | $ 132 |

There were no State contributions as employer subsequent to the measurement date.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

| | Primary Government | Component Units |
|---|---|---|
| **Year ended June 30:** | **State as Employer** | **State as Employer** |
| 2022 | $ (8,519) | $ (182) |
| 2023 | 1,473 | 5 |
| 2024 | 5,315 | 71 |
| 2025 | 4,175 | 58 |
| 2026 | — | — |
| Thereafter | — | — |

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

### *H. Actuarial Methods and Assumptions (GASB 75)*

The total OPEB liability for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

**Actuarial Assumptions**

| | State OPEB Fund | School OPEB Fund | SEAD-OPEB Plan |
|---|---|---|---|
| **Valuation date** | 6/30/2019 | 6/30/2019 | 6/30/2019 |
| **Inflation** | 2.50% | 2.50% | 2.75% |
| **Salary increases** | 3.25% - 7.00%* | 3.00% - 8.75%* | 3.25% - 7.00%* |
| **Long-term expected rate of return** [1] | 7.30% | 7.30% | 7.30% |
| **Initial Healthcare Cost Trend** | | | |
| **Pre-Medicare Eligible** | 7.00% | 7.00% | N/A |
| **Medicare Eligible** | 5.25% | 5.25% | N/A |
| **Ultimate Trend Rate** | | | |
| **Pre-Medicare Eligible** | 4.50% | 4.50% | N/A |
| **Medicare Eligible** | 4.50% | 4.50% | N/A |
| **Year Ultimate Trend is Reached** | | | |
| **Pre-Medicare Eligible** | 2029 | 2029 | N/A |
| **Medicare Eligible** | 2023 | 2023 | N/A |
| **Mortality** | The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward two years for both males and females) is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set back seven years for males and set forward three years for females) is used for the period after disability retirement. There is a margin for future mortality improvement in the tables used by the plan. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. | For Teachers Retirement System (TRS) members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with the MP-2019 projection scale (set forward one year and adjusted 106%) is used for death after service retirement and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with the MP-2019 Projection scale (set forward one year and adjusted 106%) is used for death prior to retirement. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate.<br>For Public School Employees Retirement System (PSERS) members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward five years for both males and females) is used for the period after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan. | The RP-2000 Combined Mortality Table projected to 2025 with the Society of Actuaries' projection scale BB (set forward two years for both males and females) is used for the period after service retirement and for dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan. |
| **Actuarial Experience Study** | 7/1/2009 - 6/30/2014 | 7/1/2009 - 6/30/2014 | 7/1/2009 - 6/30/2014 |

[1] Long-term expected rate of return is net of investment expense, including inflation

*Includes respective inflation assumption.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The actuarial assumptions used in the valuations, for the State and School OPEB funds, are based on the results of the most recent actuarial experience studies, which covered the last five year period ending June 30, 2014, and June 30, 2018, respectively. Various assumptions and methods have been revised to reflect the results of the TRS experience study for the five-year period ending June 30, 2018. The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rates of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation for the State and School OPEB funds were based on a review of the recent plan experience done concurrently with the June 30, 2019 valuation.

The actuarial assumptions used in the valuation for the SEAD-OPEB Plan were based on the results of an actuarial experience study, which covered the five year period ending June 30, 2014, with the exception of the long-term expected rate of return. The assumed investment rate was decreased as reported in the June 30, 2017 and June 30, 2018 actuarial valuations, based on a funding policy change. The assumed investment rate of return remained at 7.30% for June 30, 2019 actuarial valuations.

### Long-Term Expected Rate of Return

For all plans, the long-term expected rate of return on OPEB plan investments were determined using a log-normal distribution analysis, in which 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below:

| | Target Allocation | | | | | |
|---|---|---|---|---|---|---|
| | State-OPEB Fund | | School-OPEB Fund | | SEAD-OPEB Plan | |
| **Asset Class** | **Target allocation** | **Long-term expected real rate of return*** | **Target allocation** | **Long-term expected real rate of return*** | **Target allocation** | **Long-term expected real rate of return*** |
| Fixed Income | 30.0 % | 0.5% | 30.0 % | 0.5% | 30.0 % | (0.1%) |
| Domestic large equities | 70.0 % | 9.2 % | 70.0 % | 9.2 % | 46.2 % | 8.9 % |
| Domestic small equities | — | — | — | — | 1.3 % | 13.2 % |
| International developed market equities | — | — | — | — | 12.4 % | 8.9 % |
| International emerging market equities | — | — | — | — | 5.1 % | 10.9 % |
| Alternatives | — | — | — | — | 5.0 % | 12.0 % |
| **Total** | **100.0 %** | | **100.0 %** | | **100.0 %** | |

* Rates shown are net of the respective assumed rates of inflation.

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

**Discount Rate**

In order to measure the total OPEB liability for the State OPEB, a single equivalent rate of 7.06% was used as the discount rate, as compared with last year's discount rate of 7.30%. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Projected future benefit payments for all current plan members were projected through 2118.

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest of 2.22% was used as the discount rate, as compared with the prior measurement period date rate of 3.58%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (2.21% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in head count. Projected future benefit payments for all current plan members were projected through 2118.

The discount rate used to measure the total OPEB liability for the SEAD-OPEB plan was 7.30%, the same as last year's rate. The projection of cash flow used to determine the discount rate assumed that plan member insurance premiums will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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 investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the State's proportionate share of the NOL/(NOA) to changes in the discount rate**

The following schedule is presented from the perspective of the State as the employer details the State's proportionate share of the NOL/(NOA) calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL/(NOA) 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 (amounts in thousands):

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate**

| | Primary Government | | | Component Units | | |
|---|---|---|---|---|---|---|
| | 1% Decrease | Current Rate | 1% Increase | 1% Decrease | Current Rate | 1% Increase |
| | (6.06%) | (7.06%) | (8.06%) | (6.06%) | (7.06%) | (8.06%) |
| State's Net OPEB Liability | $ 1,299,699 | $ 1,036,929 | $ 812,893 | $ 2,768 | $ 2,018 | $ 1,731 |
| | (1.22%) | (2.22%) | (3.22%) | (1.22%) | (2.22%) | (3.22%) |
| School's Net OPEB Liability | $ — | $ — | $ — | $ 118,115 | $ 100,537 | $ 86,480 |
| | (6.30%) | (7.30%) | (8.30%) | (6.30%) | (7.30%) | (8.30%) |
| SEAD Plan's Net OPEB (Asset) | $ (141,271) | $ (254,679) | $ (348,170) | $ (1,892) | $ (3,377) | $ (4,662) |

## NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

**Sensitivity of the State's proportionate share of the NOL/(NOA) to changes in the Healthcare Cost Trends**

The following schedule is presented from the perspective of the State as the employer details the State's proportionate share of the NOL/(NOA) calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL/(NOA) 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 (amounts in thousands):

**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trends**

| | Primary Government | | | Component Units | | |
|---|---|---|---|---|---|---|
| | 1% Decrease | Current Rate | 1% Increase | 1% Decrease | Current Rate | 1% Increase |
| State's Net OPEB Liability | $ 779,230 | $ 1,036,929 | $ 1,342,294 | $ 1,660 | $ 2,018 | $ 2,859 |
| School's Net OPEB Liability | $ — | $ — | $ — | $ 83,707 | $ 100,537 | $ 122,327 |
| SEAD Plan's Net OPEB (Asset) | N/A | N/A | N/A | N/A | N/A | N/A |

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS

The State administers various single-employer other postemployment benefit (OPEB) plans. The State is the plan sponsor (Plan) of these plans and in many cases the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as Plan sponsor and the State as Employer.

The State's significant single-employer OPEB plan is:

- Board of Regents Retiree Health Benefit Fund (Regents Plan), which is administered by the Board of Regents of the University System of Georgia (Board of Regents) (www.usg.edu/regents)

Each of these plans issue separate publicly available financial reports that include the applicable financial statements and required supplementary information.

There are other single-employer OPEB plans deemed to be not significant, in which the related OPEB activities are presented in the Component Unit financial statements of this report. However, these other plans are not included in the notes to the financial statements and required supplementary information, as follows:

- Augusta University (AU) Medical Associates Retiree Plan (www.usg.edu/regents)
- Georgia Ports Authority Retiree Medical and Dental Plan (www.gaports.com)
- Georgia World Congress Center Authority Post-Employment Health Benefit Plan (www.gwcca.org)
- Georgia Public Telecommunications Commission Post-Employment Health Benefits Plan (www.gpb.org)

### *A. Basis of Accounting*

The financial statements of this plan are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions from the employer are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The OPEB plan's fiduciary net position has been determined on the same basis as reported by the plan.

### *B. Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

For the fiscal year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, for the Regents Plan was 12.00%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The Regents Plan has an investment policy regarding the allocation of invested assets. The assets are invested in the Board of Regents' Balanced Income pooled investment fund, which is not subject to state regulations concerning investments. Plan assets are managed on a total return basis with a short-term objective of achieving the highest quality per stable and a long-term objective of a more conservative investment strategy.

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The following table summarizes the adopted asset allocation policy by plan at June 30, 2021:

| Asset Class | Target Allocation |
|---|---|
| Fixed Income | 70.0 % |
| Equities | 30.0 % |
| **Total** | **100.0 %** |

### *C. Plan Description and Funding Policy*

**Regents Plan**

***Plan Description:*** The Regents Plan is a single-employer, defined benefit, postemployment healthcare plan administered by the University System Office, an organizational unit of the University System of Georgia (USG). The Regents Plan was authorized pursuant to OCGA § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree postemployment health insurance benefits. The Plan is administered by the Board of Regents that is comprised of 19 members, all appointed by the Governor (five from state-at-large and one from each of the State's 14 congressional districts). Benefit provisions of the plans were established and can be amended by the Board of Regents.

***Benefits Provided:*** Pursuant to the general powers conferred by 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, Consumer Choice HSA plan (Blue Cross and Blue Shield of Georgia), and the Comprehensive Care plan (Blue Cross and Blue Shield of Georgia). The USG also 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.

***Contributions***: The contribution requirements of plan members and the employer are established and may be amended by the Board of Regents. The Regents 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 of Regents designation. Organizational units of the USG pay 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 of Regents for the upcoming plan year. For the 2021 plan year, the employer rate was approximately 85% of the total health insurance cost for eligible retirees, and the retiree rate was approximately 15%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to year of service, which ranges from 0% to 100%. 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 ended June 30, 2021, the USG contributed approximately $117.4 million to the plan for current premiums or claims.

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

### *D. Plan Membership and Participating Employers*

The following table summarizes the participating membership and participating employers, for the Regents Plan at June 30, 2021:

| Plan Membership | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 21,300 | 20,427 |
| Inactive plan members entitled to but not yet receiving benefits | — | — |
| Active plan members | 46,365 | 48,739 |
| **Total** | **67,665** | **69,166** |
| | | |
| **Open to New Members (Yes/No)** | Yes | Yes |
| **Number of Employers** | 1 | 1 |

This count treats each legal entity in the State reporting entity as one employer.

### *E. Net OPEB Liability of Participating Employers*

**Net OPEB Liability**

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 74 requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability is actuarially determined. The following schedule is presented from the perspective of the State as the sponsor of the Regents Plan and summarizes the components of the Net OPEB Liability (NOL) of the employer, as of June 30, 2021 (amounts in thousands):

| Components of the Net OPEB Liability | | |
|---|---|---|
| Total OPEB Liability | $ | 5,228,380 |
| Plan Fiduciary Net Position | | 195,299 |
| Net OPEB liability | $ | 5,033,081 |
| | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 3.74 % |

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

### *F. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes for this Plan is based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

#### Actuarial Valuation Date

The total OPEB liability at June 30, 2021, is based upon May 1, 2021 actuarial valuation for the Regents Plan, using generally accepted actuarial procedures/techniques. Update procedures were used to roll forward the total OPEB liability to June 30, 2021.

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

### Actuarial Assumptions

The total OPEB liability for the Regents Plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

| | |
|---|---|
| **Valuation date** | 5/1/2021 |
| **Inflation** | 2.10% |
| **Salary increases** | 3.75% |
| **Long-term expected rate of return** [1] | 4.37% |
| **Initial Healthcare Cost Trend** | |
| **Pre-Medicare Eligible** | 6.40% |
| **Medicare Eligible** | 4.00% |
| **Ultimate Trend Rate** | |
| **Pre-Medicare Eligible** | 4.50% |
| **Medicare Eligible** | 4.00% |
| **Year Ultimate Trend is Reached** | |
| **Pre-Medicare Eligible** | 2031 |
| **Medicare Eligible** | 2021 |
| **Mortality** | Healthy: Pub-2010 for Teachers headcount weighted projected with scale MP-2020. |
| **Actuarial experience study** | |
| **Economic and demographic assumptions** | 7/1/2017 - 6/30/2019 |
| **All other assumptions** | 7/1/2013- 6/30/2018 |

[1] Long-term expected rate of return is net of investment expense, including inflation

The 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 actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience studies, which covered the five-year period ending June 30, 2018.

### Long-Term Expected Rate of Return

For the Regents Plan, the long-term expected rate of return on OPEB plan investments were determined using a building-block method in which 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.

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table below:

| Asset Class | Target allocation | Long-term expected real rate of return* |
|---|---|---|
| Fixed Income | 70.0 % | 0.69 % |
| Equity Allocation | 30.0 % | 4.21 % |
| Total | 100.0 % | 2.22 % |

* Rates shown are net of the 2.10% assumed rate inflation.

### Discount Rate

In order to measure the total OPEB liability for the Regents Plan, as of June 30, 2021, a single equivalent interest rate of 2.18% was used as the discount rate, as compared with last year's yield or index rate of 2.21%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (2.16% per the Bond Buyers Index). Assumed contributions are based on the contribution policy, and projected total contributions are the pay as you go costs of the plan. The current contribution policy is not designed to pre-fund the plan, and the unfunded liability is not expected to be paid off at any point in the future. Projected future benefit payments for all current plan members were projected through 2119.

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following schedule summarizes the NOL, as of June 30, 2021, of the employer. The NOL is calculated using the determined discount rate as well as what the NOL 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 by the Regents Plan (amounts in thousands):

**Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability to Changes in the Discount Rate**

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| | 1.18% | 2.18% | 3.18% |
| Regents OPEB Liability | $ 6,092,171 | $ 5,033,081 | $ 4,216,366 |

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends**

The following schedule summarizes the NOL of the employer, as of June 30, 2021. The NOL is calculated using the determined healthcare cost trends as well as what the NOL would be if it were calculated using healthcare cost trends that are 1-percentage-point lower or 1-percentage-point higher than the current rate by the Regents Plan (amounts in thousands):

**Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability to Changes in Healthcare Cost Trends**

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| Regents OPEB Liability | $ 4,246,884 | $ 5,033,081 | $ 6,067,992 |

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The following information is from the perspective of the State as the employer.

### *G. State's Proportionate Share of OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

The State reported a liability as the Employer for its proportionate share of the NOL associated with the plans listed below.

The following schedule is presented from the perspective of the State as the Employer details the proportionate share of the OPEB amounts for each plan as of June 30, 2021 is as follows (amounts in thousands):

**Aggregate OPEB Amounts - All Plans**

| | Primary Government | Component Units |
|---|---|---|
| OPEB liabilities | $ 5,333,719 | $ 60,207 |
| Deferred outflows of resources related to OPEBs | $ 877,887 | $ 17,974 |
| Deferred inflows of resources related to OPEBs | $ 403,383 | $ 14,932 |
| OPEB expense/expenditures | $ 326,808 | $ 4,550 |

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The information below includes all significant plans and funds administered by the State of Georgia.

The NOL for the Regents Plan was measured as of June 30, 2020. The total OPEB liability used to calculate the NOL was based on an actuarial valuation as of May 1, 2020.

**Regents Plan**

**State's Proportionate Share of Net OPEB Liability and OPEB Expense**

***Primary Government:*** At June 30, 2021, the State reported a net OPEB liability of $5.3 billion, for the Regents Plan. 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, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2020. The net OPEB liability was based on contributions during the fiscal year ended June 30, 2020. For the year ended June 30, 2021, the State recognized OPEB expense of $326.8 million.

**State's Proportionate Share of Deferred Outflows/Inflows of Resources**

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to the Regents Plan from the following sources (amounts in thousands):

| | Primary Government | |
|---|---|---|
| | State as Employer | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 270,854 | $ 21,369 |
| Changes of assumptions | 489,652 | 380,354 |
| Net difference between projected and actual earnings on OPEB plan investments | — | 1,660 |
| State contributions subsequent to the measurement date | 117,381 | — |
| **Total** | **$ 877,887** | **$ 403,383** |

***Primary Government:*** State contributions as Employer subsequent to the measurement date of $117.4 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2022.

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

| | Primary Government | |
|---|---|---|
| Year ended June 30: | State as Employer | |
| 2022 | $ | 20,106 |
| 2023 | | 21,957 |
| 2024 | | 57,549 |
| 2025 | | 59,284 |
| 2026 | | 64,858 |
| Thereafter | | 133,369 |

**Changes in the Net OPEB Liability**

For single-employer, defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 75 requires a schedule of the changes in the net OPEB liability, for the current reporting period. The following schedule is presented from the perspective of the State as the Employer of the Regents Plan and summarizes the changes the Net OPEB Liability (NOL) of the employer (amounts in thousands):

| | | |
|---|---|---|
| Total OPEB liability: | | |
| Service cost | $ | 226,810 |
| Interest | | 167,864 |
| Benefit changes | | (81,917) |
| Differences between expected and actual experience | | 94,948 |
| Changes of assumptions | | 564,180 |
| Benefit payments/refunds | | (94,211) |
| Net change in total OPEB liability | | 877,674 |
| Total OPEB liability-beginning | | 4,616,023 |
| Total OPEB liability-ending (a) | | 5,493,697 |
| Plan fiduciary net position: | | |
| Contributions-employer | | 102,792 |
| Net investment income | | 7,528 |
| Benefit payments/refunds | | (94,211) |
| Administrative expense | | (586) |
| Net change in plan fiduciary net position | | 15,523 |
| Plan fiduciary net position-beginning | | 144,455 |
| Plan fiduciary net position-ending (b) | | 159,978 |
| Net OPEB liability-ending (a)-(b) | $ | 5,333,719 |

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

### *H. Actuarial Methods and Assumptions (GASB 75)*

The "Further Consolidated Appropriations Act, 2020" signed into law on December 20, 2019 included permanent repeal of the excise tax on high-cost plans originally imposed by the Affordable Care Act in 2010. The impact of the change was included as a change in assumption which decreased the net OPEB liability by about $173.5 million.

Projections of benefits for financial reporting purposes for this Plan is based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

**Actuarial Valuation Date**

The total OPEB liability at June 30, 2020, is based upon the actuarial valuation for May 1, 2020 for the Regents Plan, using generally accepted actuarial procedures/techniques. Update procedures were used to roll forward the total OPEB liability to June 30, 2020.

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

### Actuarial Assumptions

The total OPEB liability for the Regents Plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions:

| | |
|---|---|
| **Valuation date** | 5/1/2020 |
| **Inflation** | 2.10% |
| **Salary increases** | 4.00% |
| **Long-term expected rate of return** [1] | 3.75% |
| **Initial Healthcare Cost Trend** | |
| **Pre-Medicare Eligible** | 6.70% |
| **Medicare Eligible** | 4.50% |
| **Ultimate Trend Rate** | |
| **Pre-Medicare Eligible** | 4.50% |
| **Medicare Eligible** | 4.50% |
| **Year Ultimate Trend is Reached** | |
| **Pre-Medicare Eligible** | 2031 |
| **Medicare Eligible** | 2020 |
| **Mortality** | Healthy: Pub-2010 for Teachers (as appropriate) headcount weighted project with scale MP-2019 |
| **Actuarial experience study** | |
| **Economic and demographic assumptions** | 7/1/2017 - 6/30/2019 |
| **All other assumptions** | 7/1/2009 - 6/30/2014 |

[1] Long-term expected rate of return is net of investment expense, including inflation

The 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 Teacher's Retirement System of Georgia, which covered the five year period ending June 30, 2014.

### Long-Term Expected Rate of Return

For the Regents Plan, the long-term expected rate of return on OPEB plan investments was determined using a building-block method, in which 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.

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table below:

| Asset Class | Target allocation | Long-term expected real expected rate of return* |
|---|---|---|
| Fixed Income | 70% | — % |
| Equity Allocation | 30% | 4.51 % |
| Total | 100.0 % | 1.61 % |

* Rates shown are net of the 2.10% assumed rate of inflation.

**Discount Rate**

In order to measure the total OPEB liability for the Regents Plan, as of June 30, 2020, a yield or index rate of 2.21% was used as the discount rate, as compared with the prior measurement period date rate of 3.50%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (2.21% per the Bond Buyers Index). Assumed contributions are based on the contribution policy, and projected total contributions are the pay as you go costs of the plan. The current contribution policy is not designed to pre-fund the plan, and the unfunded liability is not expected to be paid off at any point in the future. Projected future benefit payments for all current plan members were projected through 2117.

**Sensitivity of the State's proportionate share of the NOL to changes in the Discount Rate**

The following schedule is presented from the perspective of the State as the Employer and details the State's proportionate share of the NOL, as of June 30, 2020. The NOL was calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL 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 (amounts in thousands):

**Sensitivity of the Employer Net OPEB Liability to Changes in the Discount Rate**

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| | (1.21%) | (2.21%) | (3.21%) |
| Regents Net OPEB Liability | $ 6,502,284 | $ 5,333,719 | $ 4,398,498 |

## NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

**Sensitivity of the State's proportionate share of the NOL to changes in Healthcare Cost Trends**

The following schedule is presented from the perspective of the State as the Employer and details the State's proportionate share of the NOL, as of June 30, 2020. The NOL was calculated using the healthcare cost trends detailed below, as well as what the State's proportionate share of the NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

**Sensitivity of the Employer Net OPEB Liability to Changes in the Health Care Cost Trends**

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| Regents Net OPEB Liability | $ 4,422,484 | $ 5,333,719 | $ 6,489,162 |

## NOTE 18 - RISK MANAGEMENT

### *A. Public Entity Risk Pool*

The Department of Community Health (DCH) administers the State Health Benefit Plan (SHBP) for the State. Under OCGA § 45-18-2, the DCH Board has the authority to establish a health insurance plan; provide rules and regulations; and general provisions of the plan. The plan is comprised of three health insurance plans: (1) a plan primarily for State employees OCGA § 45-18-2, (2) a plan for teachers OCGA § 20-2-881, and (3) a plan for non-certificated public school employees OCGA § 20-2-911. The SHBP acts as the plan administrator for approximately 450 organizations (state, county and local educational agencies) and provides health coverage to more than 0.6 million employees, teachers, retirees and their dependents. All employees become members of the plan unless coverage is rejected or waived. An employee may withdraw from the plan if they become eligible for coverage under the aged program of the Social Security Administration OCGA § 45-18-17. SHBP accepts all of the risk of insuring its employees.

SHBP is accounted for on the accrual basis. Claim liabilities are based on estimates for claims that have been incurred, but not reported. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimates of liabilities for incurred, (both reported and unreported) but unpaid are actuarially determined based on estimates of the ultimate cost of settling claims, using past experience adjusted for current trends and any other factors that would modify past experience. Because actual claim liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claim liabilities may not result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

SHBP's general objectives as required under Georgia Compensation Rules & Regulations OCGA § 111-4-1 are to collect enrollment information from covered employer groups, collect health premiums and employer contributions, and provide management and planning of health benefits.

DCH utilizes third party administrators to process Medicaid, PeachCare, and State employee health benefit claims. Agreements between individual administrators and DCH are for the processing of specific claim types. If an administrator was unable to continue processing claims for DCH under such an agreement, the DCH's ability to adjudicate such claims in the short-term could be threatened.

The following table provides information about the changes in the reported claims liabilities for the past two years (amounts in thousands):

***(Table on next page)***

## NOTE 18 - RISK MANAGEMENT (continued)

| | Public Entity Risk Pool | |
|---|---|---|
| | Fiscal Year Ended 6/30/2021 | Fiscal Year Ended 6/30/2020 |
| **Unpaid Claims and Claim Adjustments July 1** | **$ 230,898** | **$ 195,355** |
| Incurred claims and claim adjustment expenses: | | |
| Provision for insured events of the current fiscal year | 3,109,758 | 2,699,185 |
| Decrease in provision for insured events of the prior fiscal year | (52,400) | (84,444) |
| Total incurred claims and claim adjustment expenses | 3,057,358 | 2,614,741 |
| Payments: | | |
| Claims and claim adjustment attributable to insured events of the current year | (2,858,424) | (2,472,442) |
| Claims and claim adjustment attributable to insured events of the prior year | (178,181) | (106,756) |
| Total Payments | (3,036,605) | (2,579,198) |
| **Total Unpaid Claims and Claim Adjustments June 30** | **$ 251,651** | **$ 230,898** |

### *B. Board of Regents Employee Health Benefits Plan*

The University System of Georgia (USG) maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents (BOR) and its organizational units. A self–insured program of professional liability for its employees was established by the BOR of the USG under powers authorized by the OCGA § 45-9-1. All units of the USG share the risk of loss for claims of the plan.

The following table represents changes in the balances of claims liabilities for the past two years (amounts in thousands):

| | Board of Regents Employee Health Benefits Plan | |
|---|---|---|
| | Fiscal Year Ended 6/30/2021 | Fiscal Year Ended 6/30/2020 |
| **Unpaid Claims and Claim Adjustments July 1** | **$ 46,894** | **$ 45,014** |
| Current Year Claims and Changes in Estimates | 416,897 | 423,784 |
| Claims Payments | (427,462) | (421,904) |
| **Unpaid Claims and Claim Adjustments June 30** | **$ 36,329** | **$ 46,894** |

## NOTE 18 - RISK MANAGEMENT (continued)

### *C. Other Risk Management*

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' and teachers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The BOR 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.

Charges by the workers' compensation risk management fund and the liability insurance risk management fund to other funds have failed to recover the full cost of claims over a reasonable period of time. Therefore, the unadjusted deficit at June 30, 2021, of $1.0 billion both for workers' compensation and liability was charged back to the contributing funds. Expenditures of $635.9 million are reported in the General Fund, and expenses of $265.6 million are reported in the Higher Education Fund (enterprise fund) relating to this charge-back.

The following table represents changes in the balances of claims liabilities for the past two years (amounts in thousands):

| | Risk Management Fund | |
|---|---|---|
| | Fiscal Year Ended 6/30/2021 | Fiscal Year Ended 6/30/2020 |
| **Unpaid Claims and Claim Adjustments July 1 (restated)** | **$ 1,023,636** | **$ 916,988** |
| Current Year Claims and Changes in Estimates | 166,976 | 272,097 |
| Claims Payments | (155,956) | (149,298) |
| **Unpaid Claims and Claim Adjustments June 30** | **$ 1,034,656** | **$ 1,039,787** |

## NOTE 19 - TAX ABATEMENT

As of June 30, 2021, the State had three tax abatement programs, the Mega Project Tax Credit, the Tourism Development Act, and Projects that were designated as a Competitive Project of Regional Significance. However, given the limited number of recipients under each of these programs, the State is legally prohibited from disclosing detailed information relating to the tax abatement programs and amounts abated.

### *A. Tax Abatement Programs*

**Mega Project Tax Credit**

The Mega Project Tax Credit provides tax abatements to encourage job creation under Official Code of Georgia OCGA § 48-7-40.24. This abatement is obtained through application by the business enterprise and certification by a panel composed of the commissioner of Community Affairs, the commissioner of Economic Development, and the director of the Office of Planning and Budget. In order to receive the tax abatements projects must create a certain level of new full-time employee jobs with average wages above a percentage of average wage projects within the county, and meet other requirements. The tax abatement equals $5,250 per new eligible full-time employee job for five years beginning with the year in which such job is created through year five after such creation; provided, however, that where the amount of such credit exceeds a business enterprise's liability for such taxes in a taxable year, the excess may be taken as a credit against such business enterprise's quarterly or monthly tax payment. Additionally, there are various recapture provisions such as forfeiting the right to the claim or a percentage of the credit, with allowances for relief from recapture based on certain major events.

**Tourism Development Act**

The Tourism Development Act provides tax abatements to encourage the creation of tourism attractions or expansion of existing tourism attractions under OCGA § 48-8-270. This abatement is obtained through the discretion of the commissioner of Economic Development and the commissioner of Community Affairs, in consideration of the execution of the agreement and subject to the approved company's compliance with the terms of the agreement. The term of the agreement granting the tax abatement (sales and use tax refund for new projects or an incremental sales and use tax refund for expansions of existing tourism attractions) is ten years, commencing on the date the tourism attraction opens for business and begins to collect sales and use taxes or for an expansion, the date construction is complete. Additionally, there are various recapture provisions if an approved company fails to abide by the terms of the agreement, such as voiding of the agreement and all sales and use tax proceeds that were refunded shall become immediately due and payable back to the State.

**Competitive Project of Regional Significance**

The Competitive Project of Regional Significance designation provides tax abatements to a business enterprise whose location or expansion of some or all of the operations in this state would have a significant regional impact under OCGA § 48-8-3(93)(D). This abatement is obtained in accordance with the regulations promulgated by the commissioner of Economic Development. The tax abatement indicates that sales and use taxes levied by or imposed by the State shall not apply to sales of personal property used for and in the construction of these designated projects.

### *B. Legal Prohibition*

The State is legally prohibited from providing more detailed information relating to the tax abatement programs and amounts abated. The restrictions relating to reporting of confidential income tax information and other tax types are generally covered under OCGA § 48-7-60 and § 48-2-15, respectively.

## NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS

### *A. Grants and Contracts*

The amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, including CARES Act funds related to COVID-19 pandemic, principally the federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms.

### *B. Litigation and Contingencies*

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, it is not believed that the ultimate disposition of these proceedings would have a material adverse effect on the financial condition of the State. The following are significant active litigation, claims and assessments involving the State:

**Primary Government**

*David M. Curry, Commissioner, Georgia Department of Revenue v. T-Mobile South, LLC*, - Fulton County Superior Court Civil Case 2020-CV-340221, September 8, 2020, on appeal from Ga. Tax Tribunal Docket Nos. 1732418, 1800700 (consolidated). T-Mobile South seeks refunds of sales and use taxes allegedly paid on purchases of certain tangible personal property for tax periods May 30, 2012 through December 31, 2016, which T-Mobile South asserts to be subject to computer equipment related sales and use tax exemptions pursuant to O.C.G.A. § 48-8-3(68). The total of the sales and use tax refunds claimed by T-Mobile South for such periods is approximately $11.5 million. The Department of Revenue (“DOR”) ruled that the cell phone towers and the wireless network equipment purchased by T-Mobile South are “voice data transport technology,” which is specifically excluded from the exemption, and therefore do not qualify for the sales tax exemption. T-Mobile South appealed these decisions with the Georgia Tax Tribunal. Following a trial on all issues, on August 6, 2020, the Georgia Tax Tribunal ruled in favor of T-Mobile South and found that the equipment qualified as computer equipment under O.C.G.A. § 48-8-3(68) and, therefore, qualified for the sales tax exemption. The Georgia Tax Tribunal reversed DOR’s denial of T-Mobile South’s refund claims and granted all of T-Mobile South’s refund claims for a total amount of $11.4 million. DOR filed a petition for judicial review in Fulton County Superior Court on September 8, 2020. The parties have filed briefs and a hearing was held on May 12, 2021. On May 20, 2021, the Fulton County Superior Court issued a Final Order ruling in favor of DOR and found that the T-Mobile South equipment in the refund claim is voice transport technology and excluded from the sales tax exemption pursuant to O.C.G.A. § 48-8-3(68)(C)(ii)(I). T-Mobile South’s application for discretionary appeal of the Superior Court’s ruling was granted by the Georgia Court of Appeals. T-Mobile South’s initial appellate brief was filed on September 7, 2021 and DOR’s response brief was filed on October 12, 2021. Thereafter, T-Mobile South filed a reply brief on November 1, 2021. T-Mobile South’s request for oral argument was denied by the Court of Appeals and the parties are now awaiting a ruling. At this stage of litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either “probable” or “remote”; however, the State believes it has meritorious defenses and is vigorously defending this action.

*David M. Curry, Commissioner, Georgia Department of Revenue,-* Ga. Tax Tribunal Docket No. 1622264. CSX has filed multiple appeals of constructive denials of refunds for sales and use tax imposed on diesel fuel starting in 2013. DOR did not act on the refund claims due to the pendency of litigation on a comparable issue in the U.S. Supreme Court against the state of Alabama. The issue is whether the sales and use tax imposed on diesel fuel purchased by rail carriers violates Section 306 of the Railroad Revitalization and Regulatory Reform Act of 1976 (the “4-R Act”), prohibiting discriminatory treatment of rail carriers. CSX contends that the application of a four

## NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

percent (4%) sales tax rate to its purchase of diesel fuel violates Section 306 of the 4-R Act because motor carriers are subject to state and local taxes but are exempt from the first three percent (3%) of the four percent (4%) sales tax rate under O.C.G.A. § 48-8-31, and because interstate water carriers are exempt from sales and use tax under O.C.G.A. § 48-8-3(17). The total of the sales and use tax refunds claimed by CSX for tax periods October 2010 through June 2015 is approximately $38.5 million.

The Georgia Tax Tribunal cases have been stayed pending the outcome of pending litigation in Alabama in CSX Trans., Inc. v. Alabama Department of Revenue, Case No. 17-11705-G. The Eleventh Circuit ruled in CSX Transp., Inc. v. Ala. Department of Revenue, 888 F.3d 1163 (11th Cir. 2018) that Alabama's sales and use tax did not discriminate against railroads when compared to motor carriers but did discriminate against railroads when compared to water carriers. Alabama's petition for certiorari to the U.S. Supreme Court was filed on October 8, 2018. CSX also has filed a conditional petition for certiorari. The U.S. Supreme Court denied the petitions for certiorari on June 24, 2019. Therefore, the Eleventh Circuit's decision was affirmed and the case was remanded to the District Court in Alabama to conclude proceedings. At this stage of litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is vigorously defending this action.

Following an onsite review in 2014 of Georgia's nursing facility funding arrangements by the United States Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS), CMS issued a draft report in December 2014 which summarily stated that a portion of funding used for the State share of the UPL payments was transferred to DCH from private companies and that UPL payments were made to 34 private nursing facilities in violation of federal law and the State's Medicaid Plan. CMS instructed Georgia to return all federal funds made to the 34 facilities from SFY 2010 to present day. DCH responded to CMS in February 2015, arguing at minimum incorrect factual and legal conclusions by CMS, violations of law, inequity, and unjust enrichment. In November 2015, CMS issued its final report that did not change its initial conclusion summarized above. In DCH's CMS 64 Report filing for quarter ending December 31, 2015, DCH did not return approximately $76 million in federal financial participation funds for SFY 2010 and 2011 or any upper payment limit payments made to such nursing homes in subsequent fiscal years, which DCH estimates to be in an aggregate amount of approximately $94.0 million for both fiscal year 2012 and fiscal year 2013 as requested by CMS. A response was received from CMS on November 20, 2018 reaffirming its position. DCH continues its opposition and has requested reconsideration of the disallowance through the available CMS administrative appeal channels. The matter is pending with the CMS Departmental Appeals Board for resolution, which is the final regulatory level of administrative appeal.

CMS informed DCH that as of October 17, 2016, negative PMS balances accruing between FFY 2005 through FFY 2013 totaling approximately $50 million should be returned by DCH to CMS. According to an executive summary in an HHS-OIG report issued in March 2016, prior to FFY 2010, States had PMS grant award accounts that combined Medicaid funds from every year resulting in yearly balances that were not distinguishable. CMS used the PMS to record grant award amounts and process the States' withdrawals from the U.S. Department of Treasury. Beginning in FFY 2010, CMS began annualized grant award accounts with beginning and ending balances to improve Medicaid funding transparency. DCH shared two prepared reports with CMS comparing federal draws to reported expenditures for FFY 2005 through FFY 2013; DCH determined that while its analysis does indicate negative PMS balances exist, it has not been able to identify the root cause or options to address the balances due to the rolling grant funding process used prior to FFY 2010. In CMS's March 2016 report, it was acknowledged by CMS that it had "not issued guidance instructing States on the appropriate extent and timing of Medicaid withdrawals", and "did not publish formal guidance instructing States on how to handle the funds in annualized PMS accounts." This matter remains pending as unresolved between CMS and DCH.

## NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

***C. Guarantees and Financial Risk***

**Component Units**

Georgia Housing Finance Authority (GHFA) has uninsured single-family mortgage loans of approximately $49.8 million as of June 30, 2021. All of these loans are for home mortgages in the State of Georgia. Current economic conditions in Georgia have a direct impact on foreclosures and the higher rate of loss on foreclosed loans. If the economy declines, one impact of these conditions could be a decline in housing values and an increase in unemployment and underemployment. GHFA could incur a higher rate of foreclosure and a higher rate of loss on foreclosed loans as a result of the impact of their economic factors and the decline in the value of its underlying collateral on uninsured loans. If the economy declines and, as a result, GHFA could experience a dramatic increase in foreclosures, it is possible that the combination of such an increase combined with lower housing prices could result in increased losses of loan assets that could have adverse impacts on the GHFA's ability to repay its outstanding bonds.

***D. Other Significant Commitments***

**Primary Government**

**Contractual Commitments**

The Georgia Constitution permits State organizations to enter into contractual commitments provided they have funds available (statutory basis) at the time of the execution of the contract. At June 30, 2021, the fund balances of the primary government include encumbrances of $9.4 billion (amounts in thousands):

| | Encumbrances | |
|---|---|---|
| **Function** | | |
| Conservation | $ | 2,616 |
| Culture and Recreation | | 57,739 |
| Economic Development and Assistance | | 105,311 |
| Education | | 4,166,394 |
| General Government | | 236,008 |
| Health and Welfare | | 1,080,379 |
| Public Safety | | 230,745 |
| Transportation | | 3,480,304 |
| **Total Investments** | **$** | **9,359,496** |

The University System of Georgia (Higher Education Fund) had significant, unearned, outstanding construction or renovation contracts executed in the amount of $2.2 million as of June 30, 2021. This amount is not reflected in the financial statements.

As of June 30, 2021, Employees' Retirement System of Georgia committed to fund certain private equity partnerships for a total capital commitment of $683.3 million. Of this amount, $255.4 million remained unfunded and is not recorded on the *Combining Statement of Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds - Defined Benefit Pension Plans*.

## NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

On August 24, 2015, Georgia Technology Authority(GTA) entered into an agreement with Capgemini to provide service integration processes and systems, including billing, service desk, service catalog and request management, risk and security management, among other services. This agreement is a seven year contract with three optional years for a total contract amount of $300.5 million, and a remaining balance of $98.8 million as of June 30, 2021.

On December 1, 2017, GTA entered into an $90.0 million services contract with ATOS. This is a four year contract with five optional years, and has a remaining balance of $38.4 million as of June 30, 2021.

On June 1, 2018, GTA entered into an $84.1 million services contract with Xerox. This is a three year contract with three optional years, and has a remaining balance of $66.2 million as of June 30, 2021.

On January 1, 2019, GTA entered into a $219.0 million services contract with Unisys. This is a three year contract with three optional years, and has a remaining balance of $142.3 million June 30, 2021.

State Road and Tollway Authority (SRTA) has contractual commitments on uncompleted contracts of $298.2 million, the majority of which are for the I-16 at I-95 Interchange and I-16 Widening from I-95 to I-516 Reconstruction Project and the I-285 at SR 400 Interchange Reconstruction Project. In addition, $14.2 million of loans were awarded to local governments and community improvements districts.

### Component Units

**Contractual Commitments**

As of June 30, 2021, Georgia Environmental Finance Authority (GEFA) had commitments to fund projects, excluding the undisbursed portion of loans in process, totaling $105.5 million.

As of June 30, 2021, Georgia Ports Authority (GPA) had commitments for construction projects of approximately $309 million.

During the fiscal year ended June 30, 2013, the GPA entered into a compromise and settlement agreement with the U.S. Army Corps of Engineers, the State of South Carolina and several nongovernmental environmental organizations relative to the project by the U.S. Army Corps of Engineers to deepen the Savannah River federal navigation channel. The project is commonly referred to as the Savannah Harbor Expansion Project (SHEP).

The respective SHEP agreement, approved by the U.S. Federal District Court for the District of South Carolina, resulted in a commitment by GPA in the amount of $35.5 million, of which GPA had paid $16.1 million through the year ended June 30, 2021, which includes the following provisions to be funded by the GPA subject to satisfaction of certain conditions that at this time are based on all known and expected factors, and therefore, considered to be "probable" as defined by respective and authoritative financial reporting standards (GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*):

1) The GPA will establish a letter of credit or escrow account within six months of the commencement of inner harbor dredging in the amount of $2.0 million to serve as a contingency fund should the operation of the dissolved oxygen injection system not receive funding by the federal government. This letter of credit or escrow account will be maintained at a minimum of $2.0 million for fifty years after completion of the SHEP.

## NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

2) The GPA will contribute $3.0 million for water quality monitoring in the Lower Savannah River Basin, $3.0 million for monitoring and research of Shortnose and Atlantic Sturgeon, $15.0 million for conservation, wetlands preservation, acquisitions of easements and/or upland buffers, and creation, restoration or enhancement of wetlands to benefit the Lower Savannah River watershed.

3) The GPA will contribute $12.5 million for environmental and conservation projects in the Savannah River Basin to the Savannah River Restoration Board whose membership is prescribed in the agreement.

## NOTE 21 - SEGMENT INFORMATION

Segments are identifiable activities reported within or as part of an enterprise fund by which some form of revenue-supported debt is outstanding. Furthermore, to qualify as a segment, an activity must meet an external requirement to separately account for a specific revenue stream and the associated expenses, gains, and losses. The State maintains two enterprise funds that qualify as a segment. Financial information for each segment is included within the nonmajor enterprise funds. The following paragraphs describe the State's segments.

**State Road and Tollway Authority - I-75 Northwest Corridor Express Lane Project**, received loan funds from the Transportation Infrastructure Finance and Innovation Act (TIFIA). The TIFIA loan funds used to build various express lanes.

**State Road and Tollway Authority - I-75 South Metro Express Lane Fund**, issued revenue bonds to pay the costs of certain tolling infrastructure, finance a debt service reserve, and pay the costs of issuance of the bonds.

*(Table on next page)*

## NOTE 21 - SEGMENT INFORMATION (continued)

Summary financial information for the State's segments for the year ended June 30, 2021 is presented below (amounts in thousands):

| | I-75 Northwest Corridor Express Lanes Project | I-75 South Metro Express Lanes Fund |
|---|---|---|
| **Condensed Statement of Net Position** | | |
| Assets | | |
| Current Assets | $ 37,811 | $ 23,023 |
| Noncurrent Assets | 593 | 63 |
| Due from Other Funds | — | 578 |
| Capital Assets | 16,778 | 2,694 |
| Total Assets | 55,182 | 26,358 |
| Deferred Outflows | 647 | 432 |
| Liabilities | | |
| Current Liabilities | 1,360 | 2,397 |
| Noncurrent Liabilities | 300,362 | 39,427 |
| Due to Other Funds | 58,611 | 546 |
| Total Liabilities | 360,333 | 42,370 |
| Deferred Inflows | 815 | 326 |
| Net Position | | |
| Net Investment in Capital Assets | 16,778 | 2,694 |
| Restricted | — | 39,587 |
| Unrestricted | (322,098) | (58,187) |
| Total Net Position | $ (305,320) | $ (15,906) |
| **Condensed Statement of Revenues, Expenses and Changes in Net Position** | | |
| Operating Revenues | $ 13,642 | $ 20,277 |
| Depreciation/Amortization Expense | (2,778) | (2,846) |
| Other Operating Expenses | (3,552) | (3,436) |
| Operating Income (Loss) | 7,312 | 13,995 |
| Nonoperating Revenues (Expenses) | | |
| Investment Income | 20 | 7 |
| Other Nonoperating Revenues | 3,210 | — |
| Interest Expense | (10,693) | (2,649) |
| Net Transfers | 6 | — |
| Change in Net Position | (145) | 11,353 |
| Beginning Net Position (restated) | (305,175) | (27,259) |
| Ending Net Position | $ (305,320) | $ (15,906) |
| **Condensed Statement of Cash Flows** | | |
| Net Cash Provided By (Used In): | | |
| Operating Activities | $ 11,532 | $ 14,909 |
| Noncapital Financing Activities | 786 | (9,001) |
| Capital and Related Financing Activities | (12,017) | (1,305) |
| Investing Activities | 12 | 7 |
| Net Increase (Decrease) | 313 | 4,610 |
| Beginning Cash and Cash Equivalents (restated) | 37,498 | 16,246 |
| Ending Cash and Cash Equivalents | $ 37,811 | $ 20,856 |

## NOTE 22 - SUBSEQUENT EVENTS

***A. Primary Government***

**Long-term Debt Issues**

**General Obligation Bonds Issued**

In July 2021, the State sold General Obligation bonds in the total amount of $1.10 billion for delivery on July 1, 2021 to provide over $1.14 billion in total proceeds for various capital outlay projects. The greatest amount of funding will provide $364.1 million for higher education projects, $304.7 million for K-12 education projects, $155.9 million for public safety projects, and $147.6 million for economic development projects.

The true interest cost on the 2021A and 2021B bonds was 1.742% and the average life is 10.875 years.

**Defeasance of General Obligation Bonds**

Premium proceeds totaling $143.5 million from the issuance of the Series 2021A general obligation bonds were used to defease a total of $141.8 million from four different series of general obligation bonds with interest rates ranging from 4.00% to 5.00%.

**Revenue Bonds**

On July 1, 2020, the State Road and Tollway Authority (SRTA) issued $367.4 million in aggregate principal amount of its Managed Lane System State of Georgia Guaranteed Revenue Bonds, Series 2021A and Series 2021B, for the purpose of providing funds to (i) finance or refinance all or a portion of the costs of land public transportation facilities or systems consisting of the construction of and improvement to toll facilities and adjacent road and bridge structures including related planning, engineering and land acquisition expenses; (ii) repay in full the outstanding amount of a loan from the United States Department of Transportation ("USDOT") incurred pursuant to that certain TIFIA Loan Agreement for the Northwest Corridor Express Lanes between USDOT and the Authority, dated as of November 14, 2013; (iii) together with other lawfully available funds of the Authority, defease the outstanding State Road and Tollway Authority Toll Revenue Bonds (I-75 South Express Lanes Project), Series 2014 and Series 2014B; (iv) fund capitalized interest on the 2021A Bonds equal to a portion of the interest on the 2021A Bonds coming due through January 15, 2024; and (v) pay the costs of issuance of the Series 2021A and Series 2021B Bonds. The true interest cost of the 2021AB Bonds was 2.5027% and the average life is 21.573 years.

**Other Subsequent Events**

**Georgia Technology Authority**

Georgia Technology Authority (GTA) has entered into a five year contract with three optional years with AT&T totaling $378.0 million which was effective July 1, 2021.

**State Properties Commission**

State Properties Commission (SPC) has entered into eight multi-year lease agreements in FY22 totaling $13.0 million.

## NOTE 22 - SUBSEQUENT EVENTS (continued)

**University System of Georgia**

In April 2019, the Board of Regents of the University System of Georgia (BOR) entered into a rental agreement with Georgia Tech Facilities, Inc., a component unit, for the Campus Center at the Georgia Institute of Technology. The Campus Center is a student center complex comprised of a student center, pavilion, exhibition hall, and café. The existing Fred B. Wenn Student Center will undergo related improvements as part of the Campus Center project. This collection of buildings will be a central point of resources, gathering, entertainment and restoration for the Georgia Tech Community. The lease term is for thirty-one years. Total estimated rental payments will be $204.0 million over the lease period. Semi-annual rental payments will include base rent and a repair and replacement contribution. Construction on Phase I was completed in fiscal year 2021. The capital assets and associated capital lease liabilities for Phase I have been recorded on the Institute's books and rental payments commenced for this phase in fiscal year 2021. Construction on Phase II began July 2020 with an estimated completion date of May 2022. Rental payments for Phase II will begin in fiscal year 2023 with total estimated rental payments of $142.0 million over the lease period. The capital assets and associated capital lease liabilities for Phase II will be recorded on the Institute's books once construction is complete and the certificate of occupancy is issued.

### *B. Component Units*

<u>**Other Subsequent Events**</u>

**AU Health Systems, Inc.**

On August 12, 2021, the Health System received a credit rating downgrade. Based on the terms of the variable-to-fixed rate swap on the 2021A Bonds, the downgrade is a termination event and the counterparties can terminate the swap resulting in a termination payment of approximately $21.0 million to the counterparties. The Health System is novating the swap with a new counterparty. The current counterparties are working with the new counterparty where collateral will be returned from the original counterparties and posted with the new counterparty. The new counterparty will have the option to terminate the swap if the Health System were to receive a credit rating downgrade to below BB+ or Ba1.

As a result of the credit rating downgrade, the fixed rate payable by the Health System on the swap increased to 3.36%. The variable rate on the 2021A bonds increased to 3.00 basis points above the SIFMA index, adjusting periodically, as a result of the downgrade.

No adjustments to the accompanying financial statements have been made as a result of this downgrade at June 30, 2021. The future interest payments for the Series 2021A bonds will increase due to the downgrade.

**Georgia Advanced Technology Ventures, Inc. and Subsidiaries**

On July 1, 2021, the Organization entered into a lease for office space at 512 Means Street and subleased the space to Georgia Institute of Technology. The lease includes options to renew on a year-to-year basis for five consecutive one-year periods plus a sixth renewal term of ten months ending April 30, 2027.

**Georgia Health Sciences Foundation, Inc.**

In May of 2021, the Boards of Trustees of the Georgia Health Sciences Foundation and the Augusta University Foundation, Inc. (an Augusta University affiliate foundation) voted to merge. The merger will combine the assets of both foundations into the Augusta University Foundation, Inc. The impact of the merger will increase the assets of the Augusta University Foundation based on the fair market values on the date of the transfer and is expected to occur during fiscal year 2022.

## NOTE 22 - SUBSEQUENT EVENTS (continued)

### Georgia Housing and Finance Authority

Georgia Housing and Finance Authority (GHFA) closed the 2021 Series A bond deal on November 9, 2021 for $101.2 million.

### Georgia Military College

Georgia Military College (GMC), with Georgia State Financing and Investment Commission (GSFIC) as the bidding manager, contracted with RW Allen for the construction of the Center for Leadership. The contract was signed July 16, 2021 for the bid amount of $11.0 million.

### State Road and Tollway Authority

State Road and Tollway Authority (SRTA) closed on a Guaranteed Revenue Bond deal July 1, 2021. As a result of the deal, the TIFIA loan for the Northwest Corridor Project was paid off and the 75 South Toll Revenue Bonds were fully defeased.

### University System of Georgia

Georgia Southern University Housing Foundation Seven, LLC (GSUHF7) issued Series 2020 bonds in June, 2020 to be used for the renovation of a student housing facility, Kennedy Hall. The total estimated cost of the project is $16.5 million. Construction in progress as of June 30, 2021 and 2020 totaled $14.4 million and $0.9 million respectively. It is anticipated that the project will be completed for use in the fall of 2021. In conjunction with the project, GSUHF7 has a rental agreement with the Board of Regents for the student housing facility. The lease began upon substantial completion of the renovation and improvement, as of August 1, 2021.

On September, 1, 2020, Kennesaw State University (KSU) entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) where KSUF would renovate and improve a student housing facility (Howell Hall). This facility will be leased to KSU for a 30-year period through June 30, 2052 with lease payments totaling $20.5 million. At the end of the lease, the ownership of the student housing facility will transfer to KSU. The commencement of the lease will be at the substantial completion of the improvements, which is expected to occur in fiscal year 2022. On September 1, 2020, Kennesaw State University Foundation, Inc. entered into a promissory note agreement to repay $9.6 million Series 2020C bonds issued by the Development Authority of Cobb County. The proceeds of the bonds will be used for the purpose of financing the cost of renovating and improving Howell Hall, a student housing facility located on the Marietta campus of Kennesaw State University, fund capitalized interest for the Series 2020C Bonds and paying all or a portion of the costs of issuing the Series 2020 Bonds.

On December 17, 2020, Kennesaw State University (KSU) entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) where KSUF would construct and equip a student housing facility. This new facility will be leased to KSU for a 30-year period through June 30, 2052 with lease payments totaling $65.3 million. At the end of the lease, the ownership of the student housing facility will transfer to KSU. The commencement of the lease will be at the substantial completion of the improvements, which is expected to occur in fiscal year 2022. On December 17, 2020, Kennesaw State University Foundation, Inc. entered into a promissory note agreement to repay $35.4 million Series 2020 bonds issued by the Development Authority of Cobb County. The proceeds of the bonds will be used for the purpose of (i) financing the cost of acquiring, constructing and equipping a student housing facility consisting of approximately 508 beds to be located on the Kennesaw campus of Kennesaw State University, (ii) fund capitalized interest for the Series 2020 Bonds and (iii) paying all or a portion of the costs of issuing the Series 2020 Bonds.

In June 2021, Kennesaw State University (KSU) amended a lease for an office building with a revised payment schedule. The revised payment schedule called for a payment of $8.7 million in June 2021 and no further payments

## NOTE 22 - SUBSEQUENT EVENTS (continued)

throughout the term of the lease. As a result, the lease obligation related to the building was reduced to zero. In fiscal year 2022, ownership of the building is expected to transfer to the University.

In September 2021, Kennesaw State University (KSU) accepted the Academic Learning Center, a $47.3 million capital project managed by the Georgia State Financing & Investment Commission (GSFIC).

The University System of Georgia (USG) on behalf of the University of North Georgia (UNG), committed to the option to purchasing the property currently being used by the Criminal Justice program and for parking and mail services. The purchase price is $0.6 million and the closing will occur in the fall of fiscal year 2021.

### Georgia Southern University

On August 1, 2021, Georgia Southern University (GSU) entered into a lease agreement with Georgia Southern University Housing Foundation Seven, LLC (GSUHF7) for the student housing facility, Kennedy Hall. The total rental payments will be $33.0 million over the lease period. Rental payments will begin in fiscal year 2022 and the lease term is for thirty years.

# REQUIRED SUPPLEMENTARY INFORMATION

# Required Supplementary Information
# Budgetary Comparison Schedule
# Budget Fund
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Original Appropriation | Amended Appropriation | Final Budget | Actual | Variance |
|---|---|---|---|---|---|
| **Funds Available** | | | | | |
| State Appropriation | | | | | |
| State General Funds | $ 22,141,467 | $ 22,689,135 | $ 22,689,135 | $ 22,689,051 | $ 84 |
| Revenue Shortfall Reserve for K-12 Needs | — | — | — | — | — |
| State Motor Fuel Funds | 1,743,839 | 1,902,958 | 1,902,958 | 1,902,958 | — |
| Lottery Proceeds | 1,301,319 | 1,301,319 | 1,301,319 | 1,301,319 | — |
| Tobacco Settlement Funds | 210,559 | 160,559 | 160,559 | 160,559 | — |
| Brain and Spinal Injury Trust Fund | 1,432 | 1,432 | 1,432 | 1,432 | — |
| Nursing Home Provider Fees | 157,166 | 157,267 | 152,788 | 152,788 | — |
| Hospital Provider Fee | 356,636 | 353,742 | 366,289 | 366,289 | — |
| Safe Harbor for Sexually Exploited Children Fund | — | 300 | 300 | 300 | — |
| State Funds - Prior Year Carry-Over | | | | | |
| State General Fund Prior Year | — | — | 374,709 | 401,053 | (26,344) |
| Brain and Spinal Injury Trust Fund - Prior Year | — | — | 3,016 | 3,061 | (45) |
| State Motor Fuel Funds - Prior Year | — | — | 670,100 | 2,186,598 | (1,516,498) |
| Federal Funds | | | | | |
| CCDF Mandatory & Matching Funds | 97,618 | 92,549 | 113,873 | 113,873 | — |
| Child Care and Development Block Grant | 138,020 | 224,846 | 205,175 | 204,890 | 285 |
| Community Mental Health Services Block Grant | 14,164 | 14,164 | 18,714 | 16,390 | 2,324 |
| Community Services Block Grant | 16,282 | 16,347 | 22,590 | 22,178 | 412 |
| Federal Highway Administration - Highway Planning and Construction | 1,514,696 | 1,514,696 | 1,766,211 | 1,545,287 | 220,924 |
| Foster Care Title IV-E | 97,028 | 98,066 | 109,567 | 107,279 | 2,288 |
| Low-Income Home Energy Assistance | 56,164 | 56,317 | 81,073 | 79,910 | 1,163 |
| Maternal and Child Health Services Block Grant | 16,977 | 16,977 | 17,696 | 17,218 | 478 |
| Medical Assistance Program | 8,273,272 | 8,704,695 | 10,076,214 | 9,874,522 | 201,692 |
| Prevention and Treatment of Substance Abuse Block Grant | 47,852 | 47,852 | 50,960 | 47,441 | 3,519 |
| Preventive Health and Health Services Block Grant | 2,207 | 2,207 | 4,447 | 3,856 | 591 |
| Revenue Shortfall Reserve | — | — | — | — | — |
| Social Services Block Grant | 52,582 | 52,582 | 46,731 | 43,997 | 2,734 |
| State Children's Insurance Program | 418,320 | 453,490 | 624,731 | 462,298 | 162,433 |
| Temporary Assistance for Needy Families Block Grant | 315,250 | 325,690 | 303,185 | 284,651 | 18,534 |
| TANF Transfer to SSBG | 1,802 | 2,189 | 1,206 | 1,206 | — |
| Federal Funds Not Itemized | 4,100,462 | 4,048,074 | 4,553,309 | 4,350,156 | 203,153 |
| Federal Funds-COVID-19 | | | | | |
| Child Care & Development Block Grant - COVID-19 | — | — | 174,150 | 174,150 | — |
| Community Services Block Grant - COVID-19 | — | — | 24,669 | 19,148 | 5,521 |
| Federal Funds Not Itemized – COVID-19 | — | — | 14,207,159 | 7,652,407 | 6,554,752 |
| Low-Income Home Energy Assistance - COVID-19 | — | — | 6,936 | 4,614 | 2,322 |
| American Recovery and Reinvestment Act of 2009 | | | | | |
| Medical Assistance Program | — | — | — | 6,854 | (6,854) |
| Federal Recovery Funds Not Specifically Identified | 21,219 | 20,308 | 38,805 | 34,821 | 3,984 |
| Other Funds | 11,408,509 | 11,489,883 | 16,595,827 | 16,338,547 | 257,280 |
| **Total Funds Available** | 52,504,842 | 53,747,644 | 76,665,833 | 70,571,101 | 6,094,732 |
| **Expenditures** | | | | | |
| Georgia Senate | 10,940 | 11,774 | 12,334 | 9,735 | 2,599 |
| Georgia House of Representatives | 18,356 | 19,002 | 20,562 | 17,580 | 2,982 |
| Georgia General Assembly Joint Offices | 12,631 | 13,332 | 19,525 | 13,686 | 5,839 |
| Audits and Accounts, Department of | 32,764 | 32,971 | 32,972 | 32,947 | 25 |
| Appeals, Court of | 23,506 | 23,868 | 24,009 | 23,996 | 13 |
| Judicial Council | 18,683 | 18,789 | 21,715 | 21,180 | 535 |
| Juvenile Courts | 8,734 | 8,771 | 8,884 | 8,636 | 248 |
| Prosecuting Attorneys | 84,425 | 86,420 | 126,421 | 114,815 | 11,606 |
| Superior Courts | 72,347 | 73,060 | 73,000 | 72,993 | 7 |
| Supreme Court | 16,052 | 16,183 | 16,396 | 16,396 | — |
| Accounting Office, State | 28,372 | 28,623 | 31,512 | 31,246 | 266 |
| Administrative Services, Department of | 231,513 | 231,779 | 277,794 | 255,643 | 22,151 |
| Agriculture, Department of | 58,096 | 62,099 | 225,227 | 224,979 | 248 |
| Banking and Finance, Department of | 12,134 | 12,215 | 12,231 | 12,114 | 117 |

(continued)

| | Original Appropriation | Amended Appropriation | Final Budget | Actual | Variance |
|---|---|---|---|---|---|
| **Expenditures** | | | | | |
| Behavioral Health & Developmental Disabilities, Department of | 1,316,836 | 1,324,733 | 1,398,915 | 1,379,814 | 19,101 |
| Community Affairs, Department of | 252,416 | 272,768 | 305,432 | 292,032 | 13,400 |
| Community Health, Department of | 16,629,142 | 16,661,039 | 22,193,860 | 18,061,844 | 4,132,016 |
| Community Supervision, Department of | 166,894 | 170,391 | 175,742 | 175,333 | 409 |
| Corrections, Department of | 1,141,346 | 1,152,770 | 1,222,721 | 1,221,712 | 1,009 |
| Defense, Department of | 77,649 | 123,359 | 108,202 | 74,512 | 33,690 |
| Driver Services, Department of | 65,971 | 67,964 | 74,253 | 72,834 | 1,419 |
| Early Care and Learning, Department of | 826,082 | 905,552 | 1,084,165 | 1,081,077 | 3,088 |
| Economic Development, Department of | 31,701 | 35,879 | 40,556 | 40,053 | 503 |
| Education, Department of | 11,756,670 | 12,369,581 | 17,331,204 | 16,876,580 | 454,624 |
| Employees' Retirement System of Georgia | 61,547 | 61,909 | 61,807 | 59,146 | 2,661 |
| Forestry Commission, State | 52,052 | 52,973 | 61,776 | 61,667 | 109 |
| Governor, Office of the | 89,069 | 95,419 | 7,822,131 | 2,037,533 | 5,784,598 |
| Human Services, Department of | 1,856,435 | 1,891,373 | 2,018,828 | 1,892,576 | 126,252 |
| Insurance, Department of | 19,006 | 19,369 | 27,385 | 25,100 | 2,285 |
| Investigation, Georgia Bureau of | 296,089 | 289,288 | 343,894 | 329,527 | 14,367 |
| Juvenile Justice, Department of | 319,861 | 325,183 | 339,634 | 319,264 | 20,370 |
| Labor, Department of | 114,238 | 115,325 | 170,875 | 165,892 | 4,983 |
| Law, Department of | 71,172 | 93,122 | 101,093 | 99,514 | 1,579 |
| Natural Resources, Department of | 293,006 | 302,853 | 396,860 | 339,492 | 57,368 |
| Pardons and Paroles, State Board of | 16,550 | 17,113 | 17,278 | 17,204 | 74 |
| Properties Commission, State | 2,481 | 3,208 | 3,221 | 2,221 | 1,000 |
| Public Defender Council, Georgia | 92,145 | 93,103 | 93,293 | 91,983 | 1,310 |
| Public Health, Department of | 690,141 | 747,343 | 1,229,978 | 1,112,130 | 117,848 |
| Public Safety, Department of | 258,301 | 255,842 | 288,212 | 272,291 | 15,921 |
| Public Service Commission | 10,837 | 10,928 | 10,815 | 10,853 | (38) |
| Regents, University System of Georgia | 8,200,232 | 8,306,774 | 9,989,819 | 8,530,164 | 1,459,655 |
| Revenue, Department of | 175,276 | 200,691 | 216,461 | 214,470 | 1,991 |
| Secretary of State | 28,076 | 28,590 | 57,863 | 71,509 | (13,646) |
| Student Finance Commission and Authority, Georgia | 1,058,558 | 1,051,783 | 1,045,343 | 967,897 | 77,446 |
| Teachers' Retirement System | 41,817 | 43,707 | 43,563 | 39,567 | 3,996 |
| Technical College System of Georgia | 1,010,978 | 950,280 | 1,171,906 | 920,515 | 251,391 |
| Transportation, Department of | 3,436,428 | 3,636,354 | 4,813,232 | 4,203,303 | 609,929 |
| Veterans' Services, Department of | 40,898 | 50,179 | 53,348 | 52,777 | 571 |
| Workers' Compensation, State Board of | 21,392 | 21,477 | 21,351 | 17,150 | 4,201 |
| State of Georgia General Obligation Debt Sinking Fund | 1,354,997 | 1,360,536 | 1,428,235 | 1,169,655 | 258,580 |
| **Total Expenditures** | 52,504,842 | 53,747,644 | 76,665,833 | 63,155,137 | 13,510,696 |
| Excess of Funds Available over Expenditures | $ — | $ — | $ — | $ 7,415,964 | $ (7,415,964) |

# Required Supplementary Information
# Budget to GAAP Reconciliation
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | General Fund |
|---|---|
| **Sources/Inflows of Resources** | |
| **Summary** | |
| Actual amounts (budgetary basis) “Total Funds Available” from the budgetary comparison schedule | $ 70,571,101 |
| Differences - budget to GAAP | |
| *Perspective Differences:* | |
| Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes. | (10,340,267) |
| Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes. | 30,403,415 |
| State appropriations revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes. | (26,574,627) |
| *Basis Differences:* | |
| Accrual of taxpayer assessed receivables and revenues. | 135,980 |
| Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes. | (145,523) |
| Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes. | (7,080,994) |
| Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes. | (2,364,001) |
| Receivables and revenues accrued based on encumbrances reported for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for GAAP reporting. | (3,157,517) |
| Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes. | (100,560) |
| Revenue reported for nonbudgetary food stamp program and donated commodities. | 4,597,993 |
| Revenue reported for on-behalf payments related to pensions. | 67,437 |
| Other net accrued receivables and revenues. | (634,334) |
| Total Revenues (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds | $ 55,378,103 |

(continued)

| Uses/Outflows of Resources | | General Fund |
|---|---|---|
| **Summary** | | |
| Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule | $ | 63,155,137 |
| Differences - budget to GAAP | | |
| *Perspective Differences:* | | |
| Expenditures of Budgeted Funds for organizations not reported in the General Fund. | | (13,110,211) |
| Expenditures of nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes. | | 98,346 |
| *Basis Differences:* | | |
| Accrual of teacher salaries not included in current budget year. | | 64,548 |
| Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting. | | 25,084 |
| Change in expenditure accrual for nonbudgetary Medicaid claims. | | 9,900 |
| Encumbrances for goods and services ordered but not received are reported as budgetary expenditures in the year the order is placed, but are reported as GAAP expenditures in the year the goods and services are received. | | (3,475,267) |
| Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes. | | (2,364,001) |
| Expenditures reported for nonbudgetary food stamp program and donated commodities. | | 4,597,993 |
| Expenditures reported for on-behalf payments related to pensions. | | 67,437 |
| Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes. | | (517,330) |
| Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes. | | (1,627,409) |
| Other net accrued liabilities and expenditures. | | (410,212) |
| Total Expenditures (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds | $ | 46,514,015 |

# Required Supplementary Information
# Notes to Required Supplementary Information
# Budgetary Comparison
# For the Fiscal Year Ended June 30, 2021

## Budgetary Reporting

### Budgetary Process

OCGA § 45-12-4 sets forth the process for the development and monitoring of an appropriated budget for the State. Not later than September 1 of each year, the head of each executive branch budget unit (e.g. agencies, departments, and commissions) must submit estimates of the financial requirements for the subsequent fiscal year to Office of Planning and Budget (OPB), which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to OPB for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by OPB.

The Governor, through the OPB, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor also possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Georgia Constitution, Article III, Section IX, Paragraph IV, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." The Constitution also authorizes the passage of additional Supplementary Appropriation Acts, provided sufficient surplus is available or additional revenue measures have been enacted. Finally, the Governor may withhold allotments of funds to budget units in order to maintain this balance of revenues and expenditures. Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through OPB, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit periodic allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to OPB.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Budgetary Comparison
# For the Fiscal Year Ended June 30, 2021

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.

Budget units of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate *Budgetary Compliance Report* is published each year to report on compliance at the legal level of budgetary control.

**Budgetary Basis of Accounting**

The annual budget of the State is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental (budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year-end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

**Budgetary Compliance Exceptions**

Expenditures of State funds may not exceed the amount appropriated at the legal level of control as provided by the Constitution. For the year ended June 30, 2021, total State funds expenditures did not exceed appropriated amounts.

For more information on budgetary exceptions, please refer to the *Budgetary Compliance Report* issued under separate cover. This report can be found on website of the State Accounting Office at http://sao.georgia.gov/.

**Budgetary Presentation**

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.

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# Required Supplementary Information
# Public Entity Risk Pool
# For the Fiscal Year Ended June 30, 2021

**(amounts in thousands)**

## Claims Development Information

The table below illustrates how the State Health Benefit Plan's (SHBP) earned revenues and investment income compare to related costs of loss and other expenses assumed by the SHBP as of the end of the current fiscal year. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operating costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the fund's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (policy year). (4) This section shows the cumulative net amounts paid as of the end of the policy year. (5) This section shows how current year's net incurred claims increased or decreased as of the end of the year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

***(Table on next page)***

# Required Supplementary Information
## Public Entity Risk Pool
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Fiscal and Policy Year Ended | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| (1) Required contribution and investment revenue earned (fiscal year) | $2,336,582 | $2,429,079 | $2,365,612 | $2,124,039 | $2,193,674 | $2,975,710 | $2,545,692 |
| (2) Unallocated expenses | 119,439 | 152,369 | 143,050 | 139,630 | 137,874 | 132,059 | 117,675 |
| (3) Estimated claims and expenses, end of policy year, net incurred | 2,074,390 | 1,880,541 | 1,882,588 | 2,013,443 | 2,158,188 | 2,269,151 | 2,495,517 |
| (4) Net paid (cumulative) as of: | | | | | | | |
| End of policy year | 2,053,332 | 1,927,919 | 1,882,765 | 2,009,809 | 2,120,983 | 2,286,603 | 2,500,454 |
| One year later | 2,089,484 | 1,931,895 | 1,871,509 | 1,915,972 | 2,151,121 | 2,340,034 | 2,454,871 |
| Two years later | 2,089,484 | 1,931,895 | 1,871,509 | 1,915,972 | 2,151,121 | 2,340,034 | 2,454,871 |
| Three years later | 2,089,484 | 1,931,895 | 1,871,509 | 1,915,972 | 2,151,121 | 2,340,034 | |
| Four years later | 2,089,484 | 1,931,895 | 1,871,509 | 1,915,972 | 2,151,121 | | |
| Five years later | 2,089,484 | 1,931,895 | 1,871,509 | 1,915,972 | | | |
| Six years later | 2,089,484 | 1,931,895 | 1,871,509 | | | | |
| Seven years later | 2,089,484 | 1,931,895 | | | | | |
| Eight years later (1) | 2,089,484 | | | | | | |
| (5) Reestimated net incurred claims and expenses: | | | | | | | |
| End of policy year | 2,074,390 | 1,880,541 | 1,882,588 | 2,013,443 | 2,158,188 | 2,269,151 | 2,495,517 |
| One year later | 2,068,566 | 1,879,800 | 1,871,599 | 1,915,823 | 2,150,162 | 2,340,850 | 2,458,806 |
| Two years later | 2,014,054 | 1,934,321 | 1,871,599 | 1,915,823 | 2,148,700 | 2,340,255 | 2,454,871 |
| Three years later | 2,019,869 | 1,934,321 | 1,871,599 | 1,915,846 | 2,148,678 | 2,340,034 | |
| Four years later | 2,019,869 | 1,934,321 | 1,871,599 | 1,915,846 | 2,148,678 | | |
| Five years later | 2,019,869 | 1,934,321 | 1,871,599 | 1,915,846 | | | |
| Six years later | 2,019,869 | 1,934,321 | 1,871,599 | | | | |
| Seven years later | 2,019,869 | 1,934,321 | | | | | |
| Eight years later (1) | 2,019,869 | | | | | | |
| (6) Increase (decrease) in estimated net incurred claims and expenses from the end of policy year | (54,521) | 53,780 | (10,989) | (97,597) | (9,510) | 70,883 | (40,646) |

(1) Data not available prior to fiscal year 2013

| | 2020 | 2021 |
|---|---|---|
| | $ 2,837,988 | $ 3,080,118 |
| | 120,588 | 116,308 |
| | 2,614,741 | 3,057,358 |
| | 2,579,198 | 3,036,605 |
| | 2,650,623 | |
| | 2,614,741 | 3,057,357 |
| | 2,650,939 | |
| | 36,198 | — |

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# REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS


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# Required Supplementary Information
## Schedules of Employers' and Nonemployers' Contributions
## Defined Benefit Pension Plans
## For the Last Ten Fiscal Years
**(amounts in thousands)**

| | Year Ended | Actuarially determined contribution (a) | Contributions in relation to the actuarially determined contribution (b) | Contribution deficiency (excess) (a-b) | Covered payroll (c) | Contributions as a percentage of covered payroll (b/c) |
|---|---|---|---|---|---|---|
| **Employees' Retirement System** | 6/30/2012 | $ 273,623 | $ 274,034 | $ (411) | $ 2,414,884 | 11.35 % |
| | 6/30/2013 | 358,376 | 358,992 | (616) | 2,335,773 | 15.37 % |
| | 6/30/2014 | 428,982 | 429,752 | (770) | 2,335,773 | 18.40 % |
| | 6/30/2015 | 517,220 | 519,163 | (943) | 2,353,225 | 22.06 % |
| | 6/30/2016 | 595,124 | 595,566 | (442) | 2,390,457 | 24.91 % |
| | 6/30/2017 | 624,623 | 625,281 | (658) | 2,565,918 | 24.37 % |
| | 6/30/2018 | 650,073 | 652,167 | (2,094) | 2,635,896 | 24.74 % |
| | 6/30/2019 | 649,209 | 649,209 | — | 2,615,491 | 24.82 % |
| | 6/30/2020 | 643,857 | 643,857 | — | 2,614,856 | 24.62 % |
| | 6/30/2021 | 615,967 | 615,967 | — | 2,480,422 | 24.83 % |
| **Teachers Retirement System of Georgia** | 6/30/2012 | $ 1,082,224 | $ 1,082,224 | $ — | $10,527,471 | 10.28 % |
| | 6/30/2013 | 1,180,469 | 1,180,469 | — | 10,345,916 | 11.41 % |
| | 6/30/2014 | 1,270,963 | 1,270,963 | — | 10,349,862 | 12.28 % |
| | 6/30/2015 | 1,406,706 | 1,406,706 | — | 10,697,384 | 13.15 % |
| | 6/30/2016 | 1,580,532 | 1,580,532 | — | 11,075,907 | 14.27 % |
| | 6/30/2017 | 1,654,844 | 1,654,844 | — | 11,596,664 | 14.27 % |
| | 6/30/2018 | 2,018,724 | 2,018,724 | — | 12,009,066 | 16.81 % |
| | 6/30/2019 | 2,566,403 | 2,566,403 | — | 12,279,440 | 20.90 % |
| | 6/30/2020 | 2,738,818 | 2,738,818 | — | 12,955,620 | 21.14 % |
| | 6/30/2021 | 2,495,527 | 2,495,527 | — | 13,093,006 | 19.06 % |

This data, except for annual covered payroll, was provided by each plan's actuary.

Schedule includes all significant plans and funds administered by the State of Georgia.

# Required Supplementary Information
## Schedules of Employers' and Nonemployers' Net Pension Liability
## Defined Benefit Pension Plans
## For the Last Seven Fiscal Years
(dollars in thousands)

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Employees' Retirement System:** | | | | |
| Total pension liability | $ 18,886,809 | $ 17,717,243 | $ 17,744,003 | $ 17,628,219 |
| Plan fiduciary net position | 16,547,905 | 13,502,286 | 13,617,472 | 13,517,186 |
| Employers' and nonemployers' net pension liability | $ 2,338,904 | $ 4,214,957 | $ 4,126,531 | $ 4,111,033 |
| Plan fiduciary net position as a percentage of the total pension liability | 87.62 % | 76.21 % | 76.74 % | 76.68 % |
| Covered payroll | $ 2,480,422 | $ 2,614,856 | $ 2,615,491 | $ 2,635,896 |
| Employers' and nonemployers' net pension liability as a percentage of covered payroll | 94.29 % | 161.19 % | 157.77 % | 155.96 % |
| **Teachers Retirement System:** | | | | |
| Total pension liability | $ 110,991,021 | $ 105,385,472 | $ 100,291,641 | $ 94,095,067 |
| Plan fiduciary net position | 102,146,688 | 81,161,558 | 78,788,937 | 75,532,925 |
| Employers' and nonemployers' net pension liability | $ 8,844,333 | $ 24,223,914 | $ 21,502,704 | $ 18,562,142 |
| Plan fiduciary net position as a percentage of the total pension liability | 92.03 % | 77.01 % | 78.56 % | 80.27 % |
| Covered payroll | $ 13,093,006 | $ 12,955,620 | $ 12,279,440 | $ 12,009,066 |
| Employers' and nonemployers' net pension liability as a percentage of covered payroll | 67.55 % | 186.98 % | 175.11 % | 154.57 % |

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

Schedule includes all significant plans and funds administered by the State of Georgia.

| 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|
| $ 17,159,634 | $ 17,103,987 | $ 17,019,362 | $ 17,042,149 |
| 13,098,299 | 12,373,567 | 12,967,964 | 13,291,531 |
| $ 4,061,335 | $ 4,730,420 | $ 4,051,398 | $ 3,750,618 |
| 76.33 % | 72.34 % | 76.20 % | 77.99 % |
| $ 2,565,918 | $ 2,390,457 | $ 2,353,225 | $ 2,335,773 |
| 158.28 % | 197.89 % | 172.16 % | 160.57 % |
| $ 89,926,280 | $ 86,183,526 | $ 82,023,120 | $ 79,099,772 |
| 71,340,972 | 65,552,411 | 66,799,111 | 66,466,091 |
| $ 18,585,308 | $ 20,631,115 | $ 15,224,009 | $ 12,633,681 |
| 79.33 % | 76.06 % | 81.44 % | 84.03 % |
| $ 11,596,664 | $ 11,075,907 | $ 10,697,384 | $ 10,349,862 |
| 160.26 % | 186.27 % | 142.32 % | 122.07 % |

# Required Supplementary Information
# Schedules of Changes in Employers' and Nonemployers' Net Pension Liability
# Defined Benefit Pension Plans
# For the Last Seven Fiscal Years
**(dollars in thousands)**

| **Employees' Retirement System:** | **2021** | **2020** | **2019** | **2018** |
|---|---|---|---|---|
| Total pension liability: | | | | |
| Service cost | $ 129,500 | $ 132,004 | $ 135,679 | $ 129,294 |
| Interest | 1,240,748 | 1,240,887 | 1,233,882 | 1,233,689 |
| Benefit changes | — | 65,702 | 42,097 | 31,097 |
| Differences between expected and actual experience | 86,061 | 25,736 | 155,573 | 180,655 |
| Changes of assumptions | 1,154,636 | — | — | 314,733 |
| Benefit payments | (1,434,775) | (1,484,445) | (1,443,756) | (1,413,298) |
| Refunds of contributions | (6,604) | (6,644) | (7,691) | (7,585) |
| Net change in total pension liability | 1,169,566 | (26,760) | 115,784 | 468,585 |
| Total pension liability-beginning | 17,717,243 | 17,744,003 | 17,628,219 | 17,159,634 |
| Total pension liability-ending (a) | 18,886,809 | 17,717,243 | 17,744,003 | 17,628,219 |
| Plan fiduciary net position: | | | | |
| Contributions-employer | 606,893 | 634,108 | 638,989 | 639,302 |
| Contributions-nonemployer | 9,048 | 9,749 | 10,220 | 12,865 |
| Contributions-member | 35,027 | 35,837 | 36,252 | 37,130 |
| Administrative expense allotment | — | 10 | 10 | 10 |
| Net investment income | 3,843,581 | 703,840 | 873,404 | 1,166,013 |
| Benefit payments | (1,434,775) | (1,484,445) | (1,443,756) | (1,413,298) |
| Administrative expense | (7,587) | (7,641) | (7,142) | (8,056) |
| Refunds of contributions | (6,604) | (6,644) | (7,691) | (7,585) |
| Transfers from Other Funds* | 36 | | | |
| Other** | — | — | — | (7,494) |
| Net change in plan fiduciary net position | 3,045,619 | (115,186) | 100,286 | 418,887 |
| Plan fiduciary net position-beginning | 13,502,286 | 13,617,472 | 13,517,186 | 13,098,299 |
| Plan fiduciary net position-ending (b) | 16,547,905 | 13,502,286 | 13,617,472 | 13,517,186 |
| Net pension liability-ending (a)-(b) | $ 2,338,904 | $ 4,214,957 | $ 4,126,531 | $ 4,111,033 |
| **Teachers Retirement System:** | | | | |
| Total pension liability: | | | | |
| Service cost | $ 1,734,145 | $ 1,597,714 | $ 1,536,336 | $ 1,484,705 |
| Interest | 7,440,942 | 7,080,133 | 6,868,617 | 6,565,372 |
| Differences between expected and actual experience | 1,934,042 | 368,463 | 430,272 | 894,691 |
| Changes of assumptions | — | 1,316,780 | 2,388,357 | — |
| Benefit payments | (5,434,414) | (5,192,283) | (4,950,465) | (4,699,920) |
| Refunds of contributions | (69,166) | (76,976) | (76,543) | (76,061) |
| Net change in total pension liability | 5,605,549 | 5,093,831 | 6,196,574 | 4,168,787 |
| Total pension liability-beginning | 105,385,472 | 100,291,641 | 94,095,067 | 89,926,280 |
| Total pension liability-ending (a) | 110,991,021 | 105,385,472 | 100,291,641 | 94,095,067 |
| Plan fiduciary net position: | | | | |
| Contributions - employer | 2,490,267 | 2,732,925 | 2,560,810 | 2,014,088 |
| Contributions-nonemployer | 5,123 | 5,729 | 5,414 | 4,416 |
| Contributions-member | 817,090 | 800,864 | 759,474 | 745,574 |
| Net investment income | 23,192,761 | 4,119,609 | 4,972,419 | 6,247,155 |
| Benefit payments | (5,434,414) | (5,192,283) | (4,950,465) | (4,699,920) |
| Administrative expense | (16,668) | (17,411) | (15,276) | (15,865) |
| Refunds of contributions | (69,166) | (76,976) | (76,543) | (76,061) |
| Transfers from Other Funds* | 137 | 164 | 179 | 220 |
| Other** | — | — | — | (27,654) |
| Net change in plan fiduciary net position | 20,985,130 | 2,372,621 | 3,256,012 | 4,191,953 |
| Plan fiduciary net position-beginning | 81,161,558 | 78,788,937 | 75,532,925 | 71,340,972 |
| Plan fiduciary net position-ending (b) | 102,146,688 | 81,161,558 | 78,788,937 | 75,532,925 |
| Net pension liability-ending (a)-(b) | $ 8,844,333 | $ 24,223,914 | $ 21,502,704 | $ 18,562,142 |

Schedule includes all significant plans and funds administered by the State of Georgia.

*A change in reporting was implemented beginning with fiscal year June 30, 2021 to separately report internal transfer amounts.

**Pursuant to the requirements of GASB Statement 75, the fiscal year 2018 beginning Fiduciary Net Position was restated, to reflect the impact of recording the initial Deferred Outflows of Resources and the Net OPEB liabilities and OPEB asset. Also, pursuant to the requirements of GASB Statement 68, the fiscal year 2015 beginning Fiduciary Net Position was restated.

| 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|
| $ 125,910 | $ 143,043 | $ 145,045 | $ 150,075 |
| 1,230,175 | 1,225,650 | 1,227,846 | 1,224,380 |
| 30,563 | — | — | — |
| 72,315 | (238) | (53,950) | — |
| — | 70,890 | — | — |
| (1,394,283) | (1,347,633) | (1,334,278) | (1,305,998) |
| (9,033) | (7,087) | (7,450) | (8,757) |
| 55,647 | 84,625 | (22,787) | 59,700 |
| 17,103,987 | 17,019,362 | 17,042,149 | 16,982,449 |
| 17,159,634 | 17,103,987 | 17,019,362 | 17,042,149 |
| | | | |
| 613,191 | 583,082 | 505,668 | 418,807 |
| 12,080 | 12,484 | 12,495 | 10,945 |
| 35,863 | 31,961 | 33,713 | 32,423 |
| 10 | 10 | 10 | — |
| 1,475,626 | 141,292 | 474,147 | 2,021,748 |
| (1,394,283) | (1,347,633) | (1,334,278) | (1,305,998) |
| (8,732) | (8,506) | (7,872) | (7,440) |
| (9,033) | (7,087) | (7,450) | (8,757) |
| 10 | | | |
| — | — | — | — |
| 724,732 | (594,397) | (323,567) | 1,161,728 |
| 12,373,567 | 12,967,964 | 13,291,531 | 12,129,803 |
| 13,098,299 | 12,373,567 | 12,967,964 | 13,291,531 |
| $ 4,061,335 | $ 4,730,420 | $ 4,051,398 | $ 3,750,618 |
| | | | |
| $ 1,413,080 | $ 1,435,808 | $ 1,386,498 | $ 1,374,556 |
| 6,293,611 | 5,990,178 | 5,779,597 | 5,557,046 |
| 573,483 | 380,526 | (165,785) | — |
| — | 662,047 | — | — |
| (4,461,124) | (4,228,819) | (3,996,879) | (3,764,452) |
| (76,296) | (79,334) | (80,083) | (87,095) |
| 3,742,754 | 4,160,406 | 2,923,348 | 3,080,055 |
| 86,183,526 | 82,023,120 | 79,099,772 | 76,019,717 |
| 89,926,280 | 86,183,526 | 82,023,120 | 79,099,772 |
| | | | |
| 1,648,411 | 1,572,624 | 1,399,668 | 1,264,546 |
| 6,175 | 7,908 | 7,038 | 6,417 |
| 716,233 | 685,626 | 661,835 | 640,120 |
| 7,971,677 | 810,574 | 2,384,145 | 9,826,743 |
| (4,461,124) | (4,228,819) | (3,996,879) | (3,764,452) |
| (16,773) | (15,281) | (14,996) | (15,025) |
| (76,296) | (79,334) | (80,085) | (87,095) |
| 258 | | 321 | |
| — | — | (28,027) | — |
| 5,788,561 | (1,246,702) | 333,020 | 7,871,254 |
| 65,552,411 | 66,799,113 | 66,466,091 | 58,594,837 |
| 71,340,972 | 65,552,411 | 66,799,113 | 66,466,091 |
| $ 18,585,308 | $ 20,631,115 | $ 15,224,007 | $ 12,633,681 |

# Required Supplementary Information
# Schedules of Investment Returns
# Defined Benefit Pension Plans
# For the Last Eight Fiscal Years

| | Annual money-weighted rate of return, net of investment expense | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Pooled Investment Fund (ERS): **Employees' Retirement System** | 19.40% | (3.60%) | (1.80%) | 0.60% | 2.90% | (7.23%) | (5.32%) | (5.95%) |
| **Teachers Retirement System** | 25.08% | 2.91% | 4.08% | 5.05% | 7.62% | (2.92%) | (0.45%) | 12.17% |

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

Schedule includes all significant plans and funds administered by the State of Georgia.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Defined Benefit Pension Plans
# Methods and Assumptions
# For the Fiscal Year Ended June 30, 2021

**Actuarial Methods and Assumptions - Plan Perspective:**

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

**Employees' Retirement System**

*Changes of benefit terms:* 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.

*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, withdrawal, and salary increases. Subsequent to the June 30, 2017 measurement date, the ERS 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 the June 30, 2018 actuarial valuation. In addition, based on the ERS board's new funding policy the assumed investment rate of return was reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date, and remained unchanged for June 30, 2019. On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%.

**Teachers Retirement System**

*Changes of benefit terms:* There were no changes in benefits terms that affect the measurement of the total pension liability since the prior measurement date.

*Changes of assumptions:* On November 18, 2015, the Board adopted recommend 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. Based on the funding policy adopted by the Board on May 15, 2019, the investment rate of return assumption was changed to 7.25%. In addition, the assumed rate of inflation was changed to 2.50%. On May 13, 2020, 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, and withdrawal.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Defined Benefit Pension Plans
# Methods and Assumptions
# For the Fiscal Year Ended June 30, 2021

**Actuarial Methods and Assumptions - Plan Perspective:**

*Methods and assumptions used in calculations of actuarially determined contributions:* The actuarially determined contribution rates in the schedules of employers' and non-employers' contributions are calculated as of June 30, one to three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

| | ERS | TRS |
|---|---|---|
| Valuation date | June 30, 2018 | June 30, 2018 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, closed | Level percent of payroll, closed |
| Remaining amortization period | 15.3 years | 25.6 years |
| Asset valuation method | 5-year smoothed fair | 5-year smoothed fair |
| Inflation | 2.75% | 2.50% |
| Salary increases: | 3.25 - 7.0% | 3.00 -8.75%, including inflation |
| Investment rate of return | 7.30%, net of pension plan investment expense, including inflation | 7.25%, net of pension plan investment expense, including inflation |
| Cost-of-living adjustment | None | |
| Post-retirement benefit increases: | | 1.50%, semi-annually |

Schedule includes all significant plans and funds administered by the State of Georgia.

## Required Supplementary Information
## Schedules of State's Contributions - As Employer
## Defined Benefit Pension Plans
## For the Last Seven Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Primary Government** | | | | |
| **Employees' Retirement System:** | | | | |
| Statutorily required contribution | $ 524,789 | $ 578,020 | $ 578,876 | $ 582,189 |
| Contributions in relation to the statutorily required contribution | (524,789) | (578,020) | (578,876) | (582,189) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered payroll | $ 2,299,629 | $ 2,389,515 | $ 2,378,687 | $ 2,403,879 |
| Contributions as a percentage of the covered payroll | 22.82 % | 24.19 % | 24.34 % | 24.22 % |
| **Teachers Retirement System:** | | | | |
| Statutorily required contribution | $ 403,678 | $ 457,759 | $ 434,861 | $ 339,634 |
| Contributions in relation to the statutorily required contribution | (403,678) | (457,759) | (434,861) | (339,634) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered payroll | $ 2,125,117 | $ 2,169,964 | $ 2,075,231 | $ 2,016,415 |
| Contributions as a percentage of the covered payroll | 19.00 % | 21.10 % | 20.95 % | 16.84 % |
| **Component Units** | | | | |
| **Employees' Retirement System:** | | | | |
| Statutorily required contribution | $ 8,004 | $ 9,324 | $ 9,369 | $ 9,184 |
| Contributions in relation to the statutorily required contribution | (8,004) | (9,324) | (9,369) | (9,184) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered payroll | $ 34,178 | $ 40,397 | $ 40,121 | $ 37,649 |
| Contributions as a percentage of the covered payroll | 23.42 % | 23.08 % | 23.35 % | 24.39 % |
| **Teachers Retirement System:** | | | | |
| Statutorily required contribution | $ 14,031 | $ 15,748 | $ 14,338 | $ 11,195 |
| Contributions in relation to the statutorily required contribution | (14,031) | (15,748) | (14,338) | (11,195) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered payroll | $ 73,640 | $ 74,484 | $ 68,606 | $ 66,582 |
| Contributions as a percentage of the covered payroll | 19.05 % | 21.14 % | 20.90 % | 16.81 % |

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

Schedule includes all significant plans and funds administered by the State of Georgia.

| 2017 | 2016 | 2015 |
|---|---|---|
| | | |
| $ 554,976 | $ 505,411 | $ 440,602 |
| (554,976) | (505,411) | (440,602) |
| $ — | $ — | $ — |
| $ 2,257,282 | $ 2,103,422 | $ 1,875,953 |
| 24.59 % | 24.03 % | 23.49 % |
| | | |
| $ 276,210 | $ 261,758 | $ 230,939 |
| 276,210 | (261,758) | (230,939) |
| $ — | $ — | $ — |
| $ 1,934,055 | $ 1,832,311 | $ 1,756,586 |
| 14.28 % | 14.29 % | 13.15 % |
| | | |
| $ 9,576 | $ 9,425 | $ 8,304 |
| (9,576) | (9,425) | (8,304) |
| $ — | $ — | $ — |
| $ 36,171 | $ 39,238 | $ 35,265 |
| 26.47 % | 24.02 % | 23.55 % |
| | | |
| $ 9,248 | $ 8,616 | $ 8,231 |
| (9,248) | (8,616) | (8,231) |
| $ — | $ — | $ — |
| $ 64,715 | $ 63,339 | $ 62,558 |
| 14.29 % | 13.60 % | 13.16 % |

# Required Supplementary Information
## Schedules of State's Contributions - As Nonemployer Contributing Entity
## Defined Benefit Pension Plans
## For the Last Seven Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Employees' Retirement System:** | | | | |
| Statutorily required contribution | $ 8,931 | $ 9,840 | $ 10,404 | $ 10,781 |
| Contributions in relation to the statutorily required contribution | (8,931) | (9,840) | (10,404) | (10,781) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| **Teachers Retirement System:** | | | | |
| Statutorily required contribution | $ 5,123 | $ 5,729 | $ 5,414 | $ 4,420 |
| Contributions in relation to the statutorily required contribution | (5,123) | (5,729) | (5,414) | (4,420) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |

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

Schedule includes all significant plans and funds administered by the State of Georgia.

| 2017 | | 2016 | | 2015 | |
|---|---|---|---|---|---|
| $ | 11,967 | $ | 12,138 | $ | 11,174 |
| | (11,967) | | (12,138) | | (11,174) |
| $ | — | $ | — | $ | — |
| $ | 6,152 | $ | 7,944 | $ | 7,038 |
| | (6,152) | | (7,944) | | (7,038) |
| $ | — | $ | — | $ | — |

# Required Supplementary Information

## Schedules of State's Proportionate Share of the Net Pension Liability - As Employer

## Defined Benefit Pension Plans

## For the Last Six Fiscal Years

**(dollars in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Primary Government** | | | | |
| **Employees' Retirement System:** | | | | |
| State's proportion of the net pension liability | 88.814112 % | 88.906000 % | 88.948204 % | 88.415594 % |
| State's proportionate share of the net pension liability | $ 3,743,477 | $ 3,667,433 | $ 3,656,194 | $ 3,590,854 |
| State's Covered payroll | $ 2,389,515 | $ 2,378,687 | $ 2,403,879 | $ 2,257,282 |
| State's proportionate share of the net pension liability as a percentage of its covered payroll | 156.66 % | 154.18 % | 152.10 % | 159.08 % |
| Plan fiduciary net position as a percentage of the total pension liability | 76.21 % | 76.74 % | 76.68 % | 76.33 % |
| **Teachers Retirement System:** | | | | |
| State's proportion of the net pension liability | 16.800653 % | 17.045266 % | 17.011357 % | 16.885665 % |
| State's proportionate share of the net pension liability | $ 4,069,621 | $ 3,664,958 | $ 3,157,367 | $ 3,137,798 |
| State's Covered payroll | $ 2,169,964 | $ 2,075,231 | $ 2,016,415 | $ 1,934,055 |
| State's proportionate share of the net pension liability as a percentage of its covered payroll | 187.54 % | 176.60 % | 156.58 % | 162.24 % |
| Plan fiduciary net position as a percentage of the total pension liability | 77.01 % | 78.56 % | 80.27 % | 79.33 % |
| **Component Units** | | | | |
| **Employees' Retirement System:** | | | | |
| State's proportion of the net pension liability | 1.490203 % | 1.473466 % | 1.369623 % | 1.501635 % |
| State's proportionate share of the net pension liability | $ 62,811 | $ 60,803 | $ 56,305 | $ 60,985 |
| State's Covered payroll | $ 40,397 | $ 40,121 | $ 37,649 | $ 36,171 |
| State's proportionate share of the net pension liability as a percentage of its covered payroll | 155.48 % | 151.55 % | 149.55 % | 168.60 % |
| Plan fiduciary net position as a percentage of the total pension liability | 76.21 % | 76.74 % | 76.68 % | 76.33 % |
| **Teachers Retirement System:** | | | | |
| State's proportion of the net pension liability | 0.577537 % | 0.562276 % | 0.558992 % | 0.564739 % |
| State's proportionate share of the net pension liability | $ 139,902 | $ 120,905 | $ 103,761 | $ 104,910 |
| State's Covered payroll | $ 74,484 | $ 68,606 | $ 66,582 | $ 64,715 |
| State's proportionate share of the net pension liability as a percentage of its covered payroll | 187.83 % | 176.23 % | 155.84 % | 162.11 % |
| Plan fiduciary net position as a percentage of the total pension liability | 77.01 % | 78.56 % | 80.27 % | 79.33 % |

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

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

Schedule includes all significant plans and funds administered by the State of Georgia.

| 2017 | 2016 | 2015 |
| --- | --- | --- |
| 87.798535 % | 87.682412 % | 87.266834 % |
| $ 4,153,237 | $ 3,552,363 | $ 3,273,046 |
| $ 2,103,422 | $ 1,875,953 | $ 1,615,070 |
| 197.45 % | 189.36 % | 202.66 % |
| 72.34 % | 76.20 % | 77.99 % |
| 16.741530 % | 16.687812 % | 16.517474 % |
| $ 3,453,291 | $ 2,540,211 | $ 2,086,629 |
| $ 1,832,311 | $ 1,756,586 | $ 1,683,292 |
| 188.47 % | 144.61 % | 123.96 % |
| 76.06 % | 81.44 % | 84.03 % |
| 1.639295 % | 1.557127 % | 1.543905 % |
| $ 77,545 | $ 63,085 | $ 57,906 |
| $ 39,238 | $ 35,265 | $ 28,075 |
| 197.63 % | 178.89 % | 206.25 % |
| 72.34 % | 76.20 % | 77.99 % |
| 0.577541 % | 0.564109 % | 0.590520 % |
| $ 119 | $ 85,798 | $ 74,604 |
| $ 63,339 | $ 62,558 | $ 60,180 |
| 187.83 % | 137.15 % | 123.97 % |
| 76.06 % | 81.44 % | 84.03 % |

# Required Supplementary Information
# Schedules of State's Proportionate Share of the Net Pension Liability - As Nonemployer Contributing Entity
# Defined Benefit Pension Plans
# For the Last Seven Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Employees' Retirement System:** | | | | |
| State's proportion of the net pension liability | 1.560184 % | 1.633579 % | 1.696518 % | 1.891959 % |
| State's proportionate share of the net pension liability | $ 65,761 | $ 67,410 | $ 69,744 | $ 76,839 |
| Plan fiduciary net position as a percentage of the total pension liability | 76.21 % | 76.74 % | 76.68 % | 76.33 % |
| **Teachers Retirement System:** | | | | |
| State's proportion of the net pension liability (asset) | 0.210185 % | 0.212260 % | 0.220738 % | 0.375432 % |
| State's proportionate share of the net pension liability (asset) | $ 50,915 | $ 45,642 | $ 40,974 | $ 69,775 |
| Plan fiduciary net position as a percentage of the total pension liability | 77.01 % | 78.56 % | 80.27 % | 79.33 % |

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

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

Schedule includes all significant plans and funds administered by the State of Georgia.

| 2017 | | 2016 | | 2015 | |
|---|---|---|---|---|---|
| | 2.111751 % | | 2.225584 % | | 2.410713 % |
| $ | 99,895 | $ | 90,167 | $ | 90,417 |
| | 72.34 % | | 76.20 % | | 77.99 % |
| | 0.507487 % | | 0.507036 % | | 0.504588 % |
| $ | 104,700 | $ | 77,191 | $ | 63,748 |
| | 76.06 % | | 81.44 % | | 84.03 % |

# Required Supplementary Information
# Notes to Required Supplementary Information
# Defined Benefit Pension Plans
# Methods and Assumptions
# For the Fiscal Year Ended June 30, 2021

**Actuarial Methods and Assumptions - State as Employer Perspective**

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

**Employees' Retirement System**

*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. 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 payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

*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, and withdrawal. On March 15, 2018, the ERS 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 ERS 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 June 30, 2018 measurement date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

**Teachers Retirement System**

*Changes of benefit terms:* There were no changes in benefits terms that affect the measurement of the total pension liability since the prior measurement date.

*Changes of assumptions:* 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, withdrawal, and salary increases. Effective with the June 30, 2018 valuation, the long-term assumed rate of return on assets (discount rate) was changed from 7.50% to 7.25%, and the assumed annual rate of inflation was changed 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, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Defined Benefit Pension Plans
# Methods and Assumptions
# For the Fiscal Year Ended June 30, 2021

## Actuarial Methods and Assumptions - State as Employer Perspective

*Methods and assumptions used in calculations of actuarially determined contributions:* The actuarially determined contribution rates in the schedules of employers' and non-employers' contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

| | ERS | TRS |
|---|---|---|
| Valuation date | June 30, 2017 | June 30, 2017 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, closed | Level percent of payroll, closed |
| Remaining amortization period | 16.5 years | 27.1 years |
| Asset valuation method | 5-year smoothed market | 5-year smoothed fair |
| Inflation | 2.75% | 2.75% |
| Salary increases: | 3.25 - 7.00%, including inflation | 3.25 - 9.00%, including inflation |
| Investment rate of return | 7.40%, net of pension plan investment expense, including inflation | 7.50%, net of pension plan investment expense, including inflation |
| Post-Retirement Benefit Increases | | 1.50% semi-annually |

Schedule includes all significant plans and funds administered by the State of Georgia

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

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# REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

# Required Supplementary Information
## Schedule of Employers' Contributions
## Multi-Employer and Single-Employer OPEB Plans
## For the Last Ten Fiscal Years
**(amounts in thousands)**

| | Year Ended | Actuarially Determined Contribution (a) | Contributions in Relation to the Actuarially Determined Contribution (b) | Contribution Deficiency/ (Excess) (a - b) | Covered Payroll | Contributions as a Percentage of Covered Payroll (b/c) |
|---|---|---|---|---|---|---|
| State OPEB[1] | 6/30/2012 | $ 317,100 | $ 181,899 | $ 135,201 | $ 2,408,000 | 7.55 % |
| | 6/30/2013 | 338,819 | 181,504 | 157,315 | 2,328,334 | 7.80 % |
| | 6/30/2014 | 321,456 | 177,045 | 144,411 | 2,293,104 | 7.72 % |
| | 6/30/2015 | 275,681 | 267,235 | 8,446 | 2,333,060 | 11.45 % |
| | 6/30/2016 | 259,250 | 574,015 | (314,765) | 2,404,901 | 23.87 % |
| | 6/30/2017 | 202,092 | 498,202 | (296,110) | 2,483,060 | 20.06 % |
| | 6/30/2018 | 232,161 | 501,574 | (269,413) | 2,535,722 | 19.78 % |
| | 6/30/2019 | 218,962 | 534,673 | (315,711) | 2,802,815 | 19.08 % |
| | 6/30/2020 | 210,034 | 150,489 | 59,545 | 2,797,241 | 5.38 % |
| | 6/30/2021 | 178,423 | 151,709 | 26,714 | 2,815,892 | 5.39 % |
| School OPEB[1] | 6/30/2012 | $ 1,054,708 | $ 380,859 | $ 673,849 | N/A | N/A |
| | 6/30/2013 | 982,120 | 362,527 | 619,593 | N/A | N/A |
| | 6/30/2014 | 943,310 | 408,422 | 534,888 | N/A | N/A |
| | 6/30/2015 | 873,278 | 408,538 | 464,740 | N/A | N/A |
| | 6/30/2016 | 873,736 | 432,438 | 441,298 | N/A | N/A |
| | 6/30/2017 | 669,894 | 521,408 | 148,486 | N/A | N/A |
| | 6/30/2018 | 824,872 | 518,290 | 306,582 | N/A | N/A |
| | 6/30/2019 | 833,291 | 538,569 | 294,722 | N/A | N/A |
| | 6/30/2020 | 786,912 | 338,177 | 448,735 | N/A | N/A |
| | 6/30/2021 | 754,013 | 371,855 | 382,158 | N/A | N/A |

(continued)

1 Refer to the "Notes to the Required Supplementary Information" (Plan Perspective) for additional information regarding OPEB funding.

Schedule includes all significant plans and funds administered by the State of Georgia.

## Required Supplementary Information
## Schedule of Employers' Contributions
## Multi-Employer and Single-Employer OPEB Plans
## For the Last Ten Fiscal Years
**(amounts in thousands)**

| | Year Ended | Actuarially Determined Contribution (a) | Contributions in Relation to the Actuarially Determined Contribution (b) | Contribution Deficiency/ (Excess) (a - b) | Covered Payroll | Contributions as a Percentage of Covered Employee Payroll (b/c) |
|---|---|---|---|---|---|---|
| Regents Plan[2,4,5] | 6/30/2012 | $ 345,298 | $ 88,836 | $ 256,462 | $ 2,526,212 | 3.52 % |
| | 6/30/2013 | 362,426 | 83,414 | 279,012 | 2,466,314 | 3.58 % |
| | 6/30/2014 | 403,314 | 120,926 | 282,388 | 2,594,800 | 4.66 % |
| | 6/30/2015 | 442,359 | 129,823 | 312,536 | 2,608,757 | 4.98 % |
| | 6/30/2016 | 295,192 | 111,814 | 183,378 | 3,087,013 | 3.62 % |
| | 6/30/2017 | 349,859 | 99,584 | 250,275 | 3,122,694 [3] | 3.19 % |
| | 6/30/2018 | 467,338 | 158,420 | 308,918 | 3,218,771 | 4.92 % |
| | 6/30/2019 | 484,599 | 160,383 | 324,216 | 3,375,246 | 4.75 % |
| | 6/30/2020 | 417,744 | 102,792 | 314,952 | 3,622,124 | 2.84 % |
| | 6/30/2021 | 387,020 | 117,381 | 269,639 | 3,610,622 | 3.25 % |
| SEAD-OPEB[5] | 6/30/2012 | $ 12,724 | $ 12,724 | $ — | $ 2,085,902 | 0.61 % |
| | 6/30/2013 | 5,009 | 5,009 | — | 1,855,185 | 0.27 % |
| | 6/30/2014 | — | — | — | N/A | N/A |
| | 6/30/2015 | — | — | — | N/A | N/A |
| | 6/30/2016 | — | — | — | N/A | N/A |
| | 6/30/2017 | — | — | — | N/A | N/A |
| | 6/30/2018 | — | — | — | N/A | N/A |
| | 6/30/2019 | — | — | — | N/A | N/A |
| | 6/30/2020 | — | — | — | N/A | N/A |
| | 6/30/2021 | — | — | — | N/A | N/A |

2 For purposes of GASB 75, the Regents plans present Covered-Employee Payroll.

3 June 30, 2017 covered employee payroll for the Board of Regents Retiree Health Benefit Plan was restated.

4 Refer to the "Notes to the Required Supplementary Information" (Plan Perspective) for additional information regarding OPEB funding.

5 This data, except for annual covered payroll, was provided by each plan's actuary.

Schedule includes all significant plans and funds administered by the State of Georgia.

# Required Supplementary Information
## Schedule of Employers' Net OPEB Liability
## Multi-Employer and Single-Employer OPEB Plans
## For the Last Five Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **State OPEB Fund:** | | | | |
| Total OPEB liability | $ 2,213,298 | $ 2,792,919 | $ 2,858,521 | $ 3,817,453 |
| Plan fiduciary net position | 1,938,443 | 1,667,521 | 1,617,207 | 1,201,865 |
| Employers’ net OPEB liability | $ 274,855 | $ 1,125,398 | $ 1,241,314 | $ 2,615,588 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 87.58 % | 59.71 % | 56.57 % | 31.48 % |
| Covered payroll | $ 2,815,892 | $ 2,797,241 | $ 2,802,815 | $ 2,535,722 |
| Employers’ net OPEB liability as a percentage of covered payroll | 9.76 % | 40.23 % | 44.29 % | 103.15 % |
| **School OPEB Fund:** | | | | |
| Total OPEB liability | $ 11,539,870 | $ 15,298,688 | $ 12,867,274 | $ 13,092,956 |
| Plan fiduciary net position | 709,042 | 611,017 | 595,129 | 383,263 |
| Employers’ net OPEB liability | $ 10,830,828 | $ 14,687,671 | $ 12,272,145 | $ 12,709,693 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 6.14 % | 3.99 % | 4.63 % | 2.93 % |
| Covered payroll | N/A | N/A | N/A | N/A |
| Employers’ net OPEB liability as a percentage of covered payroll | N/A | N/A | N/A | N/A |
| **SEAD-OPEB Plan:** | | | | |
| Total OPEB liability | $ 950,995 | $ 972,700 | $ 951,091 | $ 918,816 |
| Plan fiduciary net position | 1,566,821 | 1,256,718 | 1,233,856 | 1,189,462 |
| Employers’ net OPEB (asset) | $ (615,826) | $ (284,018) | $ (282,765) | $ (270,646) |
| Plan fiduciary net position as a percentage of the total OPEB liability | 164.76 % | 129.20 % | 129.73 % | 129.46 % |
| Covered payroll | $ 1,030,717 | $ 1,135,433 | $ 1,211,274 | $ 1,328,485 |
| Employers’ net OPEB (asset) as a percentage of covered payroll | (59.75%) | (25.01%) | (23.34%) | (20.37%) |
| **Regents Plan:** | | | | |
| Total OPEB liability | $ 5,228,380 | $ 5,493,697 | $ 4,616,023 | $ 4,486,796 |
| Plan fiduciary net position | 195,299 | 159,978 | 144,455 | 76,045 |
| Employers’ net OPEB liability | $ 5,033,081 | $ 5,333,719 | $ 4,471,568 | $ 4,410,751 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 3.74 % | 2.91 % | 3.13 % | 1.69 % |
| Covered payroll* | $ 3,610,622 | $ 3,622,124 | $ 3,375,246 | $ 3,218,771 |
| Employers’ net OPEB liability as a percentage of covered payroll | 139.40 % | 147.25 % | 132.48 % | 137.03 % |

* June 30, 2017 covered employee payroll for the Board of Regents Retiree Health Benefit Plan was restated.

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

Schedule includes all significant plans and funds administered by the State of Georgia.

| 2017 |
|---|
| |
| $ 4,929,142 |
| 854,937 |
| $ 4,074,205 |
| 17.34 % |
| $ 2,483,060 |
| 164.08 % |
| |
| $14,279,644 |
| 229,685 |
| $14,049,959 |
| 1.61 % |
| N/A |
| N/A |
| |
| $ 861,346 |
| 1,121,251 |
| $ (259,905) |
| 130.17 % |
| $ 1,383,860 |
| (18.78%) |
| |
| $ 4,227,583 |
| 7,857 |
| $ 4,219,726 |
| 0.19 % |
| $ 3,122,694 |
| 135.13 % |

## Required Supplementary Information
## Schedule of Changes in Employers' Net OPEB Liability
## Multi-Employer and Single-Employer OPEB Plans
## For the Last Five Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **State OPEB Fund:** | | | | |
| Total OPEB liability: | | | | |
| Service cost | $ 40,439 | $ 39,825 | $ 63,724 | $ 112,297 |
| Interest | 191,884 | 203,201 | 194,860 | 174,427 |
| Differences between expected and actual experience | (657,643) | (185,261) | (371,757) | (267,124) |
| Changes of assumptions | (4,268) | 26,555 | (676,765) | (963,394) |
| Benefit payments | (150,033) | (149,922) | (168,993) | (167,896) |
| Net change in total OPEB liability | (579,621) | (65,602) | (958,931) | (1,111,690) |
| Total OPEB liability-beginning | 2,792,919 | 2,858,521 | 3,817,452 | 4,929,142 |
| Total OPEB liability-ending (a) | 2,213,298 | 2,792,919 | 2,858,521 | 3,817,452 |
| Plan fiduciary net position: | | | | |
| Contributions-employer | 151,709 | 150,489 | 534,673 | 501,574 |
| Net investment income | 270,803 | 51,938 | 51,687 | 15,300 |
| Benefit payments | (150,033) | (149,922) | (168,993) | (167,896) |
| Administrative expense | (1,557) | (2,191) | (2,025) | (2,052) |
| Net change in plan fiduciary net position | 270,922 | 50,314 | 415,342 | 346,926 |
| Plan fiduciary net position-beginning | 1,667,521 | 1,617,207 | 1,201,865 | 854,939 |
| Plan fiduciary net position-ending (b) | 1,938,443 | 1,667,521 | 1,617,207 | 1,201,865 |
| Net OPEB liability-ending (a)-(b) | $ 274,855 | $ 1,125,398 | $ 1,241,314 | $ 2,615,587 |
| **School OPEB Fund:** | | | | |
| Total OPEB liability: | | | | |
| Service cost | $ 639,070 | $ 458,802 | $ 408,667 | $ 521,135 |
| Interest | 335,549 | 454,637 | 500,123 | 504,681 |
| Differences between expected and actual experience | (4,394,955) | (619,357) | (1,298,677) | (341,373) |
| Changes of assumptions | 29,294 | 2,473,164 | 503,959 | (1,506,313) |
| Benefit payments | (367,776) | (335,832) | (339,754) | (364,818) |
| Net change in total OPEB liability | (3,758,818) | 2,431,414 | (225,682) | (1,186,688) |
| Total OPEB liability-beginning | 15,298,688 | 12,867,274 | 13,092,956 | 14,279,644 |
| Total OPEB liability-ending (a) | 11,539,870 | 15,298,688 | 12,867,274 | 13,092,956 |
| Plan fiduciary net position: | | | | |
| Contributions-employer | 371,855 | 338,177 | 538,569 | 518,290 |
| Net investment income | 97,704 | 18,795 | 17,468 | 4,563 |
| Benefit payments | (367,776) | (335,832) | (339,754) | (364,818) |
| Administrative expense | (3,758) | (5,252) | (4,417) | (4,457) |
| Net change in plan fiduciary net position | 98,025 | 15,888 | 211,866 | 153,578 |
| Plan fiduciary net position-beginning | 611,017 | 595,129 | 383,263 | 229,685 |
| Plan fiduciary net position-ending (b) | 709,042 | 611,017 | 595,129 | 383,263 |
| Net OPEB liability-ending (a)-(b) | $ 10,830,828 | $ 14,687,671 | $ 12,272,145 | $ 12,709,693 |

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

Schedule includes all significant plans and funds administered by the State of Georgia

| 2017 |
|---|
| |
| $ 119,686 |
| 158,096 |
| — |
| (383,932) |
| (162,145) |
| (268,295) |
| 5,197,437 |
| 4,929,142 |
| |
| 498,202 |
| 4,696 |
| (162,145) |
| (2,077) |
| 338,676 |
| 516,261 |
| 854,937 |
| $ 4,074,205 |
| |
| $ 557,770 |
| 452,024 |
| — |
| (1,262,291) |
| (383,556) |
| (636,053) |
| 14,915,697 |
| 14,279,644 |
| |
| 521,408 |
| 1,148 |
| (383,556) |
| (4,727) |
| 134,273 |
| 95,412 |
| 229,685 |
| $ 14,049,959 |

(continued)

# Required Supplementary Information
## Schedule of Changes in Employers' Net OPEB Liability
## Multi-Employer and Single-Employer OPEB Plans
## For the Last Five Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **SEAD-OPEB Plan:** | | | | |
| Total OPEB liability: | | | | |
| Service cost | $ 2,957 | $ 3,237 | $ 3,617 | $ 3,695 |
| Interest | 69,011 | 67,796 | 65,708 | 63,242 |
| Differences between expected and actual experience | (2,342) | (4,670) | 366 | 4,697 |
| Changes of assumptions | (36,651) | — | — | 22,085 |
| Benefit payments | (54,680) | (44,754) | (37,416) | (36,249) |
| Net change in total OPEB liability | (21,705) | 21,609 | 32,275 | 57,470 |
| Total OPEB liability-beginning | 972,700 | 951,091 | 918,816 | 861,346 |
| Total OPEB liability-ending (a) | 950,995 | 972,700 | 951,091 | 918,816 |
| Plan fiduciary net position: | | | | |
| Insurance premiums-member | 2,817 | 3,088 | 3,328 | 3,599 |
| Net investment income | 362,663 | 65,248 | 79,193 | 101,542 |
| Benefit payments | (54,680) | (44,754) | (37,416) | (36,249) |
| Administrative expense | (697) | (720) | (716) | (681) |
| Other | — | — | 5 | — |
| Net change in plan fiduciary net position | 310,103 | 22,862 | 44,394 | 68,211 |
| Plan fiduciary net position-beginning | 1,256,718 | 1,233,856 | 1,189,462 | 1,121,251 |
| Plan fiduciary net position-ending (b) | 1,566,821 | 1,256,718 | 1,233,856 | 1,189,462 |
| Net OPEB (asset)-ending (a)-(b) | $ (615,826) | $ (284,018) | $ (282,765) | $ (270,646) |
| **Regents Plan:** | | | | |
| Total OPEB liability: | | | | |
| Service cost | $ 161,299 | $ 226,810 | $ 217,648 | $ 236,917 |
| Interest | 123,861 | 167,864 | 180,173 | 158,223 |
| Benefit changes | — | (81,917) | (11,211) | — |
| Differences between expected and actual experience | 89,218 | 94,948 | (29,667) | 264,729 |
| Changes of assumptions | (538,325) | 564,180 | (129,153) | (310,107) |
| Benefit payments | (101,370) | (94,211) | (98,563) | (90,549) |
| Net change in total OPEB liability | (265,317) | 877,674 | 129,227 | 259,213 |
| Total OPEB liability-beginning | 5,493,697 | 4,616,023 | 4,486,796 | 4,227,583 |
| Total OPEB liability-ending (a) | 5,228,380 | 5,493,697 | 4,616,023 | 4,486,796 |
| Plan fiduciary net position: | | | | |
| Contributions-employer | 117,381 | 102,792 | 160,383 | 158,420 |
| Net investment income | 20,259 | 7,528 | 7,126 | 802 |
| Benefit payments | (101,370) | (94,211) | (98,563) | (90,549) |
| Administrative expense | (949) | (586) | (536) | (485) |
| Net change in plan fiduciary net position | 35,321 | 15,523 | 68,410 | 68,188 |
| Plan fiduciary net position-beginning | 159,978 | 144,455 | 76,045 | 7,857 |
| Plan fiduciary net position-ending (b) | 195,299 | 159,978 | 144,455 | 76,045 |
| Net OPEB liability-ending (a)-(b) | $ 5,033,081 | $ 5,333,719 | $ 4,471,568 | $ 4,410,751 |

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

Schedule includes all significant plans and funds administered by the State of Georgia.

| 2017 |
| ---: |
| |
| $ 3,959 |
| 61,076 |
| — |
| — |
| (36,058) |
| 28,977 |
| 832,369 |
| 861,346 |
| |
| 3,793 |
| 125,550 |
| (36,058) |
| (576) |
| 1 |
| 92,710 |
| 1,028,541 |
| 1,121,251 |
| $ (259,905) |
| |
| $ 211,513 |
| 124,612 |
| — |
| 123,090 |
| (347,331) |
| (89,653) |
| 22,231 |
| 4,205,352 |
| 4,227,583 |
| |
| 99,584 |
| 72 |
| (89,653) |
| (5,045) |
| 4,958 |
| 2,899 |
| 7,857 |
| $ 4,219,726 |

## Required Supplementary Information
## Schedule of Investment Returns
## Multi-Employer and Single-Employer OPEB Plans
## For the Last Five Fiscal Years

| | Annual money-weighted rate of return, net of investment expense | | | | |
|---|---|---|---|---|---|
| | **2021** | **2020** | **2019** | **2018** | **2017** |
| **State OPEB Fund** | 16.23% | 3.21% | 3.85% | 1.54% | 0.74% |
| **School OPEB Fund** | 15.91% | 3.16% | 3.80% | 1.57% | 0.78% |
| **SEAD-OPEB Plan** | 19.40% | (3.60%) | (1.80%) | 0.60% | 2.90% |
| **Regents Plan** | 12.00% | 5.27% | 7.99% | 2.85% | 0.99% |

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

Schedule includes all significant plans and funds administered by the State of Georgia.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Methods and Assumptions
# Multi-Employer and Single-Employer OPEB Plans
# For the Fiscal Year Ended June 30, 2021

**Actuarial Methods and Assumptions - Plan Perspective:**

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of the OPEB liability/asset and required contributions.

**State OPEB Fund**

*Changes of benefit terms:* There have been no changes in benefit terms.

*Changes of assumptions:*

- June 30, 2020 valuation: Decremental assumptions were changed to reflect the ERS experience study.
- June 30, 2019 valuation: The inflation assumption was lowered from 2.75% to 2.5% in anticipation of the upcoming ERS Experience Study. Additionally, decremental assumptions were changed to reflect the TRS experience study. Approximately 6% of State OPEB employees are members of TRS.
- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised. The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation. Additionally, there were changes the discount rate and an increase in the investment rate of return due to a longer term investment strategy.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

**School OPEB Fund**

*Changes of benefit terms:* There have been no changes in benefit terms.

*Changes of assumptions:*

- June 30, 2020 valuation: Decremental assumptions were changed to reflect the ERS experience study. Approximately 0.10% of employees are members of ERS.
- June 30, 2019 valuation: Decremental assumptions were changed to reflect the TRS experience study.
- June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.5%.
- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised. The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation. Additionally, there were changes the discount rate and an increase in the investment rate of return due to a longer term investment strategy.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Methods and Assumptions
# Multi-Employer and Single-Employer OPEB Plans
# For the Fiscal Year Ended June 30, 2021

**Actuarial Methods and Assumptions - Plan Perspective:**

**SEAD-OPEB Plan**

*Changes of benefit terms:* There have been no changes in benefit terms.

*Changes of assumptions:*

- On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%.
- Subsequent to the June 30, 2018 measurement date, the SEAD 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, 2018 actuarial valuation. In addition, based on the SEAD 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, 2019 measurement date, and remained unchanged for June 30, 2020.

**Regents Plan**

*Changes of benefit terms:* HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 2018 is based on a policy that ties years of service to the amount the University System of Georgia 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.

*Changes of assumptions:*

- Expected claims were updated to reflect actual claims experience.
- Mortality improvement scale was updated from MP-2019 to MP-2020.
- The discount rate was updated from 2.21% as June 30, 2020 to 2.18% as of June 30, 2021.
- The disability rates were changed to be consistent with the Teacher's Retirement System of Georgia Pension June 30, 2019 valuation report.
- The salary scale was changed from 4.00% to 3.75% to be consistent with the Teacher's Retirement System of Georgia Pension June 30, 2019 valuation report.
- The HRA annual increase assumption was updated from 4.50% to 4.00% to reflect general long term HRA employer marketplace trends that show HRA amounts increasing slightly lower than long term medical trends but higher than inflation.
- The Expected Return on Assets was changed from 3.75% to 4.37%.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Methods and Assumptions
# Multi-Employer and Single-Employer OPEB Plans
# For the Fiscal Year Ended June 30, 2021

**Actuarial Methods and Assumptions - Plan Perspective:**

*Methods and assumptions used in calculations of actuarially determined contributions:* The actuarially determined contribution rates in the schedule of employers' contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported for State, School, and SEAD-OPEB Plan, and as of June 30, 2019 for the Regents Plan. The following actuarial methods and assumptions were used to determine the most recent contribution rates in the schedule:

| | State OPEB | School OPEB |
|---|---|---|
| Valuation date | June 30, 2018 | June 30, 2018 |
| Actuarial cost method | Projected unit credit | Projected unit credit |
| Amortization method | Level percent of pay, open | Level percent of pay, open |
| Remaining amortization period | 30 years | 30 years |
| Asset Valuation method | Market Value | Market Value |
| Inflation | 2.75% | 2.75% |
| Healthcare cost trend rate | | |
| Pre-Medicare Eligible | 7.25% | 7.25% |
| Medicare Eligible | 5.375% | 5.375% |
| Ultimate Trend Rate | | |
| Pre-Medicare Eligible | 4.75% | 4.75% |
| Medicare Eligible | 4.75% | 4.75% |
| Year of ultimate trend rate | 2028 Pre-Medicare Eligible | 2028 Pre-Medicare Eligible |
| | 2022 Medicare Eligible | 2022 Medicare Eligible |
| Investment Rate of return* | 4.50% | 4.50% |

| | SEAD-OPEB Plan | Regents Plan |
|---|---|---|
| Valuation date | June 30, 2018 | May 1, 2021 |
| Actuarial cost method | Entry Age | Entry Age Normal |
| Amortization method | Level percent, open | Closed amortization period for initial unfunded and subsequent actuarial gains/ losses |
| Remaining amortization period | Infinite | |
| Asset Valuation method | Fair Value | Fair Value |
| Inflation | 2.75% | 2.10% |
| Salary Increases | 3.25 - 7.00% | 3.75% |
| Healthcare cost trend rate | | |
| Pre-Medicare Eligible | N/A | 6.40% |
| Medicare Eligible | N/A | 4.50% |
| Ultimate Trend Rate | | |
| Pre-Medicare Eligible | N/A | 4.00% |
| Medicare Eligible | N/A | 4.50% |
| Year of ultimate trend rate | N/A | 2031 Pre-Medicare Eligible |
| | | 2020 Medicare Eligible |
| Investment Rate of return* | 7.30% | 4.37% |

* Includes respective rates of inflation, net of investment expense.

The State OPEB Fund, School OPEB Fund, and the Regents Plan are funded on a pay-as-you go basis, and not funded based on the actuarially determined contributions.

Schedule includes all significant plans and funds administered by the State of Georgia.

# Required Supplementary Information
# Schedules of State's Contributions - As Employer
# Multi-Employer OPEB Plans
## For the last Four Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Primary Government** | | | | |
| **State OPEB Fund:** | | | | |
| Statutorily required contribution | $ 138,733 | $ 139,402 | $ 493,986 | $ 461,566 |
| Contributions in relation to the statutorily required contribution | (138,733) | (139,402) | (493,986) | (461,566) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered payroll* | $ 2,456,217 | $ 2,588,350 | $ 2,636,539 | $ 2,454,971 |
| Contributions as a percentage of the covered payroll | 5.65 % | 5.39 % | 18.74 % | 18.80 % |
| **SEAD-OPEB Plan:** | | | | |
| Actuarially determined contribution | $ — | $ — | $ — | $ — |
| Contributions in relation to the statutorily required contribution | — | — | — | — |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered payroll* | $ 972,290 | $ 1,068,459 | $ 1,145,756 | $ 1,247,936 |
| Contributions as a percentage of the covered payroll | N/A | N/A | N/A | N/A |
| **Component Units** | | | | |
| **State OPEB Fund:** | | | | |
| Statutorily required contribution | $ 264 | $ 270 | $ 971 | $ 979 |
| Contributions in relation to the statutorily required contribution | (264) | (270) | (971) | (979) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered payroll* | $ 11,766 | $ 12,240 | $ 12,585 | $ 13,038 |
| Contributions as a percentage of the covered payroll | 2.24 % | 2.21 % | 7.72 % | 7.51 % |
| **School OPEB Fund:** | | | | |
| Statutorily required contribution | $ 2,470 | $ 2,315 | $ 3,501 | $ 3,243 |
| Contributions in relation to the statutorily required contribution | (2,470) | (2,315) | (3,501) | (3,243) |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered-employee payroll* | $ 73,098 | $ 74,439 | $ 68,679 | $ 65,272 |
| Contributions as a percentage of the covered-employee payroll | 3.38 % | 3.11 % | 5.10 % | 4.97 % |
| **SEAD-OPEB Plan:** | | | | |
| Actuarially determined contribution | $ — | $ — | $ — | $ — |
| Contributions in relation to the statutorily required contribution | — | — | — | — |
| Contribution Deficiency (excess) | $ — | $ — | $ — | $ — |
| State's covered payroll* | $ 11,450 | $ 14,304 | $ 14,739 | $ 15,496 |
| Contributions as a percentage of the covered payroll | N/A | N/A | N/A | N/A |

* current year amounts are estimates

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

Schedule includes all significant plans and funds administered by the State of Georgia.

## Required Supplementary Information

### Schedules of State's Proportionate Share of the Net OPEB Liability - As Employer

### For the last Four Fiscal Years

**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Primary Government** | | | | |
| **Multi-Employer Plans** | | | | |
| **State OPEB Fund:** | | | | |
| State's proportion of the net OPEB liability | 92.138890 % | 92.429945 % | 92.022957 % | 91.476285 % |
| State's proportionate share of the net OPEB liability | $ 1,036,929 | $ 1,152,855 | $ 2,409,618 | $ 3,726,929 |
| State's covered payroll | $ 2,588,350 | $ 2,636,539 | $ 2,454,971 | $ 2,305,259 |
| State's proportionate share of the net OPEB liability as a percentage of its covered payroll | 40.06 % | 43.73 % | 98.15 % | 161.67 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 59.71 % | 56.57 % | 31.48 % | 17.34 % |
| **SEAD-OPEB Plan:** | | | | |
| State's proportion of the net OPEB liability | 89.669956 % | 89.830175 % | 89.813400% [1] | 89.559271 % |
| State's proportionate share of the net OPEB liability (asset) | $ (254,679) | $ (253,962) | $ (243,103) | $ (232,195) |
| State's covered payroll | $ 1,068,459 | $ 1,145,756 | $ 1,247,936 | $ 1,247,936 |
| State's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | (23.84%) | (22.17%) | (19.48%) | (18.61%) |
| Plan fiduciary net position as a percentage of the total OPEB liability | 129.20 % | 129.73 % | 129.46 % | 130.17 % |
| **Single-Employer Plan** | | | | |
| **Regents Plan:** | | | | |
| State's proportion of the net OPEB liability | 100.000000 % | 100.000000 % | 100.000000 % | 100.000000 % |
| State's proportionate share of the net OPEB liability | $ 5,333,719 | $ 4,471,568 | $ 4,410,751 | $ 4,219,726 |
| State's covered-employee payroll | $ 3,622,124 | $ 3,375,246 | $ 3,218,771 | $ 3,122,694 |
| State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 147.25 % | 132.48 % | 137.03 % | 135.13 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.91 % | 3.13 % | 1.69 % | 0.19 % |

(continued)

[1] Prior year percentage calculation was updated.

## Required Supplementary Information

### Schedules of State's Proportionate Share of the Net OPEB Liability - As Employer

### For the last Four Fiscal Years

**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Component Units** | | | | |
| **Multi-Employer Plans** | | | | |
| **State OPEB Fund:** | | | | |
| State's proportion of the net OPEB liability | 0.196236 % | 0.197090 % | 0.209969 % | 0.213868 % |
| State's proportionate share of the net OPEB liability | $ 2,018 | $ 2,253 | $ 5,107 | $ 8,097 |
| State's covered payroll | $ 12,240 | $ 12,585 | $ 13,038 | $ 12,526 |
| State's proportionate share of the net OPEB liability as a percentage of its covered payroll | 16.49 % | 17.90 % | 39.17 % | 64.64 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 59.71 % | 56.57 % | 31.48 % | 17.34 % |
| **School OPEB Fund:** | | | | |
| State's proportion of the net OPEB liability | 0.684502 % | 0.650152 % | 0.625763 % | 0.598651 % |
| State's proportionate share of the net OPEB liability | $ 100,537 | $ 79,788 | $ 79,533 | $ 84,110 |
| State's covered-employee payroll | $ 74,439 | $ 68,679 | $ 65,272 | $ 63,442 |
| State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 135.06 % | 116.18 % | 121.85 % | 132.58 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 3.99 % | 4.63 % | 2.93 % | 1.61 % |
| **SEAD-OPEB Plan:** | | | | |
| State's proportion of the net OPEB liability | 1.200696 % | 1.155560 % | 1.119336 % | 1.245396 % |
| State's proportionate share of the net OPEB liability (asset) | $ (3,377) | $ (3,237) | $ (3,000) | $ (3,195) |
| State's covered payroll | $ 14,304 | $ 14,739 | $ 15,496 | $ 15,496 |
| State's proportionate share of the net OPEB liability as a percentage of its covered payroll | (23.61%) | (21.96%) | (19.36%) | (20.62%) |
| Plan fiduciary net position as a percentage of the total OPEB liability | 129.20 % | 129.73 % | 129.46 % | 130.17 % |

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

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

Schedule includes all significant plans and funds administered by the State of Georgia.

# Required Supplementary Information
## Schedules of Employers' Net OPEB Liability - As Employer
## Single-Employer OPEB Plans
## For the last Four Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Regents Plan:** | | | | |
| Total OPEB liability | $ 5,493,697 | $ 4,616,023 | $ 4,486,796 | $ 4,227,583 |
| Plan fiduciary net position | 159,978 | 144,455 | 76,045 | 7,857 |
| Employers' net OPEB liability | $ 5,333,719 | $ 4,471,568 | $ 4,410,751 | $ 4,219,726 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.91 % | 3.13 % | 1.69 % | 0.19 % |
| Covered-employee payroll | $ 3,622,124 | $ 3,375,246 | $ 3,218,771 | $ 3,122,694 |
| Employers' net OPEB liability as a percentage of covered-employee payroll | 147.25 % | 132.48 % | 137.03 % | 135.13 % |

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

Schedule includes all significant plans and funds administered by the State of Georgia.

## Required Supplementary Information
## Schedule of Changes in Employers' Net OPEB Liability - As Employer
## Single-Employer OPEB Plans
## For the Last Four Fiscal Years
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Regents Plan:** | | | | |
| Total OPEB liability: | | | | |
| Service cost | $ 226,810 | $ 217,648 | $ 236,917 | $ 211,513 |
| Interest | 167,864 | 180,173 | 158,223 | 124,612 |
| Benefit changes | (81,917) | (11,211) | — | — |
| Differences between expected and actual experience | 94,948 | (29,667) | 264,729 | 123,090 |
| Changes of assumptions | 564,180 | (129,153) | (310,107) | (347,331) |
| Benefit payments/Refunds | (94,211) | (98,563) | (90,549) | (89,653) |
| Net change in total OPEB liability | 877,674 | 129,227 | 259,213 | 22,231 |
| Total OPEB liability-beginning | 4,616,023 | 4,486,796 | 4,227,583 | 4,205,352 |
| Total OPEB liability-ending (a) | 5,493,697 | 4,616,023 | 4,486,796 | 4,227,583 |
| Plan fiduciary net position: | | | | |
| Contributions-employer | 102,792 | 160,383 | 158,420 | 99,584 |
| Net investment income | 7,528 | 7,126 | 802 | 72 |
| Benefit payments/Refunds | (94,211) | (98,563) | (90,549) | (89,653) |
| Administrative expense | (586) | (536) | (485) | (5,045) |
| Net change in plan fiduciary net position | 15,523 | 68,410 | 68,188 | 4,958 |
| Plan fiduciary net position-beginning | 144,455 | 76,045 | 7,857 | 2,899 |
| Plan fiduciary net position-ending (b) | 159,978 | 144,455 | 76,045 | 7,857 |
| Net OPEB liability-ending (a)-(b) | $ 5,333,719 | $ 4,471,568 | $ 4,410,751 | $ 4,219,726 |

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

Schedule includes all significant plans and funds administered by the State of Georgia.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Methods and Assumptions
# Multi-Employer and Single-Employer OPEB Plans
# For the Fiscal Year Ended June 30, 2021

**Actuarial Methods and Assumptions - State as Employer Perspective**

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of the OPEB liability/asset and required contributions.

**State OPEB Fund**

*Changes of benefit terms:* There have been no changes in benefit terms.

*Changes of assumptions:*
- June 30, 2019 valuation: The inflation assumption was lowered from 2.75% to 2.5% in anticipation of the upcoming ERS Experience Study. Additionally, decremental assumptions were changed to reflect the TRS experience study. Approximately 6% of State OPEB employees are members of TRS.
- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

**School OPEB Fund**

*Changes of benefit terms:* There have been no changes in benefit terms.

*Changes of assumptions:*
- June 30, 2019 valuation: Decremental assumptions were changed to reflect the TRS experience study.
- June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.5%.
- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Methods and Assumptions
# Multi-Employer and Single-Employer OPEB Plans
# For the Fiscal Year Ended June 30, 2021

**Actuarial Methods and Assumptions - State as Employer Perspective**

**SEAD-OPEB Plan**

*Changes of benefit terms:* There have been no changes in benefit terms.

*Changes of assumptions:*

- 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, and remained unchanged for the June 30, 2019 actuarial valuation.
- On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Plan. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. The expectation of retired life mortality was changed to RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

**Regents Plan**

*Changes of benefit terms:* 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 who retiree with 30 years of service to 21% for employees retiring with 10 years of service.

*Changes of assumptions:*

- Expected claims costs were updated to reflect actual claims experience.
- Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption.
- Mortality improvement scales 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.

# Required Supplementary Information
# Notes to Required Supplementary Information
# Methods and Assumptions
# Multi-Employer and Single-Employer OPEB Plans
# For the Fiscal Year Ended June 30, 2021

## Actuarial Methods and Assumptions - State as Employer Perspective

*Methods and assumptions used in calculations of actuarially determined contributions:* The actuarially determined contribution rates in the schedules of employers' contributions are calculated as of June 30, as listed for all plans. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

| | State OPEB | School OPEB |
|---|---|---|
| Valuation date | June 30, 2017 | June 30, 2017 |
| Actuarial cost method | Projected Unit Credit | Projected Unit Credit |
| Amortization method | Level percent of pay, open | Level percent of pay open |
| Remaining amortization period | 30 years | 30 years |
| Asset Valuation method | Market Value | Market Value |
| Inflation | 2.75% | 2.75% |
| Healthcare cost trend rate | | |
| Pre-Medicare | 7.50% | 7.50% |
| Medicare Eligible | 5.50% | 5.50% |
| Investment Rate of return* | 4.50% | 4.50% |

| | SEAD-OPEB Plan | Regents Plan |
|---|---|---|
| Valuation date | June 30, 2017 | May 1, 2020 |
| Actuarial cost method | Entry Age | Entry Age Normal |
| Amortization method | Level percent, open | Closed amortization period for initial unfunded and subsequent actuarial gains/losses |
| Remaining amortization period | Infinite | 30 year closed |
| Asset valuation method | Fair value | |
| Inflation | 2.75% | 2.10% |
| Salary Increases | 3.25 - 7.00% | 4.00% |
| Healthcare cost trend rate | | |
| Pre-Medicare | N/A | 6.70% |
| Medicare Eligible | N/A | 4.50% |
| Investment Rate of return* | 7.40% | 3.75% |

* Includes respective rates of inflation, net of investment expense.

The State OPEB Fund, School OPEB Fund, and the Regents Plan are funded on a pay-as-you go basis, and not funded based on the actuarially determined contributions.

Schedule includes all significant plans and funds administered by the State of Georgia.

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# COMBINING AND INDIVIDUAL FUND STATEMENTS


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# NONMAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds, other than the Transportation Investment Act Fund, include the blended component units that conduct general governmental functions as described below:

The **Georgia Aviation Authority** was created to provide oversight and efficient operation of state aircrafts and aviation operations, and ensure the safety of state air travelers and aviation property.

The **State Road and Tollway Authority** (SRTA) is a legally separate public corporation created to finance transportation projects and operate toll facilities in the State of Georgia.

The **Transportation Investment Act Fund** (TIA) accounts for funds collected by the State and dispensed to the Department of Transportation for TIA projects in the relevant special tax districts.

## DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal and interest.

The **General Obligation Debt Sinking Fund** accounts for the payment of principal and interest on the State's general long-term debt.

The **State Road and Tollway Authority Debt Service Fund** accounts for the payment of principal and interest on the debt of the Authority's governmental funds. The Authority issues bonded debt which finances State transportation infrastructure construction. Debt service payments due on outstanding bonds are paid by the Authority from redirected funds from the U. S. Department of Transportation and/or State motor fuel tax funds.

# Combining Balance Sheet
# Nonmajor Governmental Funds
# June 30, 2021

**(amounts in thousands)**

| | Special Revenue | | | Debt Service | | |
|---|---|---|---|---|---|---|
| | Georgia Aviation Authority | State Road and Tollway Authority | Transportation Investment Act Fund | General Obligation Debt Sinking Fund | State Road and Tollway Authority | Total |
| **Assets** | | | | | | |
| Cash and Cash Equivalents | $ 1,259 | $ 4,381 | $ 370,080 | $ — | $ 621,032 | $ 996,752 |
| Pooled Investments with State Treasury | — | 11,626 | — | — | — | 11,626 |
| Investments | — | — | 90,118 | — | — | 90,118 |
| Accounts Receivable | 47 | 17,764 | 16,851 | — | — | 34,662 |
| Due From Other Funds | — | 586 | — | — | 90 | 676 |
| Restricted Assets | | | | | | |
| Pooled Investments with State Treasury | — | 358,549 | — | — | 676 | 359,225 |
| Total Assets | $ 1,306 | $ 392,907 | $ 477,049 | $ — | $ 621,798 | $ 1,493,060 |
| **Liabilities and Fund Balances** | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable and Other Accruals | $ 48 | $ 32,910 | $ 14,216 | $ — | $ 3,531 | $ 50,705 |
| Due to Other Funds | — | 8 | 13,849 | — | — | 13,857 |
| Total Liabilities | 48 | 305,909 | 28,065 | — | 3,531 | 337,553 |
| Fund Balances: | | | | | | |
| Restricted | — | 76,307 | 448,984 | — | 618,267 | 1,143,558 |
| Unrestricted | | | | | | |
| Assigned | 1,258 | 10,691 | — | — | — | 11,949 |
| Total Fund Balances | 1,258 | 86,998 | 448,984 | — | 618,267 | 1,155,507 |
| Total Liabilities and Fund Balances | $ 1,306 | $ 392,907 | $ 477,049 | $ — | $ 621,798 | $ 1,493,060 |

# Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
## Nonmajor Governmental Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Special Revenue | | | Debt Service | | |
|---|---|---|---|---|---|---|
| | Georgia Aviation Authority | State Road and Tollway Authority | Transportation Investment Act Fund | General Obligation Debt Sinking Fund | State Road and Tollway Authority | Total |
| **Revenues** | | | | | | |
| Intergovernmental - Other | $ — | $ 54,722 | $ 195,158 | $ — | $ — | $ 249,880 |
| Sales and Services | 112 | — | — | — | — | 112 |
| Interest and Other Investment Income | — | 576 | 15,316 | — | 98 | 15,990 |
| Total Revenues | 112 | 55,393 | 210,474 | — | 98 | 266,077 |
| **Expenditures** | | | | | | |
| General Government | 883 | — | — | — | — | 883 |
| Transportation | — | 183,782 | 64,331 | — | 22,940 | 271,053 |
| Debt Service | | | | | | |
| Principal | — | — | — | 772,095 | 159,460 | 931,555 |
| Interest | — | — | — | 398,430 | 21,531 | 419,961 |
| Accrued Interest on Bonds Retired in Advance | — | — | — | 3 | — | 3 |
| Discount on Bonds Retired in Advance | — | — | — | 7 | — | 7 |
| Other Debt Service Expenditures | — | — | — | 174,386 | 1,908 | 176,294 |
| Total Expenditures | 883 | 183,782 | 64,331 | 1,344,921 | 205,839 | 1,799,756 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (771) | (128,389) | 146,143 | (1,344,921) | (205,741) | (1,533,679) |
| **Other Financing Sources (Uses)** | | | | | | |
| Debt Issuance - GARVEE Bonds | — | — | — | — | 484,160 | 484,160 |
| Debt Issuance - GARVEE Bonds - Premium | — | — | — | — | 117,790 | 117,790 |
| Transfers In | — | 146,811 | — | 1,344,921 | 180,991 | 1,672,723 |
| Transfers Out | — | (5,288) | (51,340) | — | — | (56,628) |
| Net Other Financing Sources (Uses) | — | 141,523 | (51,340) | 1,344,921 | 782,941 | 2,218,045 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (771) | 13,134 | 94,803 | — | 577,200 | 684,366 |
| Fund Balances, July 1 - Restated (Note 3) | 2,029 | 73,864 | 354,181 | — | 41,067 | 471,141 |
| Fund Balances, June 30 | $ 1,258 | $ 86,998 | $ 448,984 | $ — | $ 618,267 | $ 1,155,507 |


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# NONMAJOR ENTERPRISE FUNDS

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## Description of Nonmajor Enterprise Funds

The Enterprise Funds account for the business type activities of smaller governmental agencies that are funded by the issuance of debt or fees charged to external customers. The State's Nonmajor Enterprise Funds are described below:

**The State Employees' Assurance Department - Active** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, and Legislative Retirement Systems. SEAD - Active is a cost-sharing multiple employer life insurance plan created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to active members of ERS, LRS, and GJRS.

**The Georgia Higher Education Facilities Authority** is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the Board of Regents of the University System of Georgia and the Technical College System of the State of Georgia through the issuance of revenue bonds. The Authority issues debt and enters into lease agreements. The current lease agreements outstanding are with an affiliate of the University System of Georgia Foundation, Inc. (nonmajor enterprise fund). The costs of the Authority's debt are recovered through lease payments from the Higher Education Foundations.

The **State Road and Tollway Authority (SRTA)** is a legally separate public corporation created to finance transportation projects and operate toll facilities in the State of Georgia. SRTA uses an enterprise fund to account for all tolling activities, including the including the I-75 South Metro Express Lanes, and all other facilities of the tolling system (i.e. the I-85 Express Lanes, the I-85 Extension Express Lanes, the I-75 Northwest Corridor Express Lanes, and five future toll facilities under planning and/or construction).

# Combining Statement of Net Position
## Nonmajor Enterprise Funds
## June 30, 2021
**(amounts in thousands)**

| | State Employees' Assurance Department - Active | Georgia Higher Education Facilities Authority | State Road and Tollway Authority | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets:** | | | | |
| Cash and Cash Equivalents | $ 183 | $ 3 | $ 89,876 | $ 90,062 |
| Pooled Investments with State Treasury | — | 474 | 16,689 | 17,163 |
| Investments | 408,125 | — | — | 408,125 |
| Accounts Receivable (Net) | — | 320 | 2,118 | 2,438 |
| Due from Other Funds | 61 | — | — | 61 |
| Due from Component Units | — | 176,560 | — | 176,560 |
| Inventories | — | — | 126 | 126 |
| Other Assets | — | — | 11 | 11 |
| Restricted Assets: | | | | |
| Pooled Investments with State Treasury | — | — | 34,380 | 34,380 |
| Total Current Assets | 408,369 | 177,357 | 143,200 | 728,926 |
| **Noncurrent Assets:** | | | | |
| Restricted Assets: | | | | |
| Net OPEB Asset | — | — | 530 | 530 |
| Nondepreciable Capital Assets | — | — | 22,154 | 22,154 |
| Depreciable Capital Assets, net | — | — | 21,501 | 21,501 |
| Total Noncurrent Assets | — | — | 44,185 | 44,185 |
| Total Assets | 408,369 | 177,357 | 187,385 | 773,111 |
| **Deferred Outflows of Resources** | — | 17,108 | 3,613 | 20,721 |
| **Liabilities** | | | | |
| **Current Liabilities:** | | | | |
| Accounts Payable and Other Accruals | 46 | — | 7,473 | 7,519 |
| Due to Other Funds | — | — | 676 | 676 |
| Compensated Absences Payable | — | — | 538 | 538 |
| Revenue Bonds Payable | — | 6,110 | 1,658 | 7,768 |
| Other Current Liabilities | — | 320 | 29 | 349 |
| Current Liabilities Payable from Restricted Assets | — | — | 29,801 | 29,801 |
| Total current Liabilities | 46 | 6,430 | 40,175 | 46,651 |
| **Noncurrent Liabilities:** | | | | |
| Compensated Absences Payable | — | — | 359 | 359 |
| Revenue Bonds Payable | — | 186,703 | 37,866 | 224,569 |
| Notes and Loans Payable | — | — | 290,169 | 290,169 |
| Net OPEB Liability | — | — | 2,662 | 2,662 |
| Net Pension Liability | — | — | 10,033 | 10,033 |
| Total Noncurrent Liabilities | — | 186,703 | 341,089 | 527,792 |
| Total Liabilities | 46 | 193,133 | 381,264 | 574,443 |
| **Deferred Inflows of Resources** | — | — | 2,724 | 2,724 |
| **Net Position** | | | | |
| Net Investment in Capital Assets | — | — | 43,655 | 43,655 |
| Restricted for: | | | | |
| Bond Covenants/Debt Service | — | — | 329,693 | 329,693 |
| Other Benefits | 408,323 | — | — | 408,323 |
| Other Purposes | — | — | 530 | 530 |
| Unrestricted | — | 1,332 | (566,868) | (565,536) |
| Total Net Position | $ 408,323 | $ 1,332 | $ (192,990) | $ 216,665 |

# Combining Statement of Revenues, Expenses, and Changes in Net Position
## Nonmajor Enterprise Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | State Employees' Assurance Department-Active | Georgia Higher Education Facilities Authority | State Road and Tollway Authority | Total |
|---|---|---|---|---|
| **Operating Revenues:** | | | | |
| Operating Contributions/Premiums | $ 521 | $ — | $ — | $ 521 |
| Operating Grants | — | — | 29,633 | 29,633 |
| Sales and Services | — | 7,966 | 31,920 | 39,886 |
| Total Operating Revenues | 521 | 7,966 | 61,553 | 70,040 |
| **Operating Expenses:** | | | | |
| Personal Services | 77 | — | 8,619 | 8,696 |
| Services and Supplies | — | 10 | 15,227 | 15,237 |
| Interest Expense | — | 7,965 | — | 7,965 |
| Benefits | 4,870 | — | — | 4,870 |
| Depreciation | — | — | 11,015 | 11,015 |
| Amortization | — | (679) | — | (679) |
| Total Operating Expenses | 4,947 | 7,296 | 34,861 | 47,104 |
| Operating Income | (4,426) | 670 | 26,692 | 22,936 |
| **Nonoperating Revenues (Expenses):** | | | | |
| Interest and Other Investment Income | 93,479 | — | 279 | 93,758 |
| Interest Expense | (70) | — | (13,341) | (13,411) |
| Other | — | — | (119,606) | (119,606) |
| Total Nonoperating Revenues (Expenses) | 93,409 | — | (132,668) | (39,259) |
| Income (Loss) Before Contributions and Transfers | 88,983 | 670 | (105,976) | (16,323) |
| Transfers: | | | | |
| Transfers In | — | — | 20,142 | 20,142 |
| Change in Net Position | 88,983 | 670 | (85,834) | 3,819 |
| Net Position, July 1 - Restated (Note 3) | 319,340 | 662 | (107,156) | 212,846 |
| Net Position, June 30 | $ 408,323 | $ 1,332 | $ (192,990) | $ 216,665 |

# Combining Statement of Cash Flows
# Nonmajor Enterprise Funds
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | State Employees' Assurance Department-Active | Georgia Higher Education Facilities Authority | State Road and Tollway Authority | Total |
|---|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | | |
| Cash Received from Customers | $ 529 | $ — | $ 56,600 | $ 57,129 |
| Cash Paid to Vendors | (4,948) | (10) | (13,240) | (18,198) |
| Cash Paid to Employees | — | — | (6,915) | (6,915) |
| Net Cash Provided by Operating Activities | (4,419) | (10) | 36,445 | 32,016 |
| **Cash Flows from Noncapital Financing Activities:** | | | | |
| Interest Paid on Bonds/Long-Term Debt | — | (7,978) | — | (7,978) |
| Transfers from Other Funds | — | — | 14,854 | 14,854 |
| Payments on Noncapital Financing Debt | — | (5,730) | — | (5,730) |
| Other Noncapital Payments | — | — | (45,443) | (45,443) |
| Net Cash Used in Noncapital Financing Activities | — | (13,708) | (30,589) | (44,297) |
| **Cash Flows from Capital and Related Financing Activities:** | | | | |
| Acquisition and Construction of Capital Assets | — | — | (10,781) | (10,781) |
| Principal Paid on Capital Debt | — | — | (1,305) | (1,305) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | — | — | (12,086) | (12,086) |
| **Cash Flows from Investing Activities:** | | | | |
| Purchase of Investments | (88,979) | — | — | (88,979) |
| Interest and Dividends Received | 93,409 | — | 279 | 93,688 |
| Other Investing Activities | — | 13,708 | — | 13,708 |
| Net Cash Provided by (Used in) Investing Activities | 4,430 | 13,708 | 279 | 18,417 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 11 | (10) | (5,951) | (5,950) |
| Cash and Cash Equivalents, July 1 - Restated (Note 3) | 172 | 487 | 146,896 | 147,555 |
| Cash and Cash Equivalents, June 30 | $ 183 | $ 477 | $ 140,945 | $ 141,605 |
| **Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:** | | | | |
| Operating Income | $ (4,426) | $ 670 | $ 26,692 | $ 22,936 |
| **Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:** | | | | |
| Depreciation/Amortization Expense | — | — | 11,015 | 11,015 |
| Other | — | (680) | — | (680) |
| Changes in Assets and Liabilities: | | | | |
| Deferred Inflows of Resources: | | | | |
| Accounts Receivable | — | 12 | (3,385) | (3,373) |
| Due from Other Funds | 8 | — | 104 | 112 |
| Net OPEB Asset | — | — | (116) | (116) |
| Deferred Outflows of Resources | — | — | (394) | (394) |
| Accounts Payable and Other Accruals | (1) | (12) | 1,895 | 1,882 |
| Unearned Revenue | — | — | (1,517) | (1,517) |
| Net OPEB Liability | — | — | 2,186 | 2,186 |
| Net Pension Liability | — | — | 580 | 580 |
| Deferred Inflows of Resources | — | — | (615) | (615) |
| **Net Cash Provided by (Used in) Operating Activities** | $ (4,419) | $ (10) | $ 36,445 | $ 32,016 |
| **Noncash Investing, Capital, and Financing Activities:** | | | | |
| Special Item - Equipment-Capital Asset Transfer | $ — | $ — | $ (92,293) | $ (92,293) |
| Other | — | — | (13,341) | (13,341) |
| **Total Noncash Investing, Capital and Financing Activities** | $ — | $ — | $ (105,634) | $ (105,634) |

# INTERNAL SERVICE FUNDS


STATE OF GEORGIA
CONSTITUTION
WIS DOM
JUSTICE
MODER ATION
1776

## Description of Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing (procurement), surplus property transactions, document services, fleet management, and human resources administration.

The **Georgia Building Authority** is responsible for all services associated with the management of State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Georgia Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **Risk Management** column is an accumulation of the funds used to account for the State’s self-insurance programs established by individual agreement, statute or administrative action:

> The **Cyber Insurance Coverage Fund** was created for the development of a cyber insurance product for direct loss and out of pocket expenses incurred as a result of damage to data, systems or income defense and liability incurred as a result of employees' actions. Department of Administrative Services (DOAS) engaged with an insurance broker to develop an underwriting submission to present to the commercial insurance underwriters. DOAS Risk Management Services manages the insurance product with assistance from Georgia Technology Authority.
>
> The **Liability Insurance Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.
>
> The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marine insurance.
>
> The **State Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.
>
> The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.
>
> The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.
>
> The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments.

# Combining Statement of Net Position
# Internal Service Funds
# June 30, 2021
### (amounts in thousands)

| | Department of Administrative Services | Georgia Building Authority | Georgia Correctional Industries Administration |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets:** | | | |
| Cash and Cash Equivalents | $ 4,668 | $ 51 | $ 4,109 |
| Pooled Investments with State Treasury | 561 | 35,797 | 1,065 |
| Investments | — | — | — |
| Accounts Receivable (Net) | 1,214 | 627 | 2,939 |
| Due from Other Funds | 284 | — | 1,331 |
| Due from Component Units | — | — | — |
| Inventories | — | 555 | 19,041 |
| Other Assets | — | 146 | 2 |
| Total Current Assets | 6,727 | 37,176 | 28,487 |
| **Noncurrent Assets:** | | | |
| Investments | — | — | — |
| Restricted Assets: | | | |
| Net OPEB Asset | 303 | 721 | 934 |
| Capital Assets: | | | |
| Construction in Progress | — | 375 | 6,494 |
| Land | — | 21,883 | — |
| Buildings and Building Improvements | — | 654,179 | 12,923 |
| Improvements Other Than Buildings | — | 28,393 | — |
| Machinery and Equipment | — | 11,149 | 31,357 |
| Software | — | — | — |
| Works of Art and Collections | — | 1,274 | — |
| Accumulated Depreciation | — | (361,051) | (36,153) |
| Total Noncurrent Assets | 303 | 356,923 | 15,555 |
| Total Assets | 7,030 | 394,099 | 44,042 |
| **Deferred Outflows of Resources** | 1,639 | 3,349 | 4,545 |
| **Liabilities** | | | |
| **Current Liabilities:** | | | |
| Cash Overdraft | — | — | — |
| Accounts Payable and Other Accruals | 295 | 2,628 | 2,679 |
| Due to Other Funds | 14 | 769 | 504 |
| Unearned Revenue | — | 101 | — |
| Notes and Loans Payable | — | — | — |
| Claims and Judgments Payable | — | — | — |
| Compensated Absences Payable | — | 808 | 444 |
| Capital Leases Payable | — | 3,424 | 301 |
| Other Current Liabilities | 839 | — | — |
| Total Current Liabilities | 1,148 | 7,730 | 3,928 |
| **Noncurrent Liabilities:** | | | |
| Compensated Absences Payable | — | — | 1,178 |
| Capital Leases Payable | — | 26,505 | 559 |
| Notes and Loans Payable | — | — | — |
| Net OPEB Liability | 1,085 | 2,801 | 3,395 |
| Net Pension Liability | 5,257 | 11,174 | 13,365 |
| Total Noncurrent Liabilities | 6,342 | 40,480 | 18,497 |
| Total Liabilities | 7,490 | 48,210 | 22,425 |
| **Deferred Inflows of Resources** | 1,179 | 2,950 | 3,589 |
| **Net Position** | | | |
| Net Investment in Capital Assets | — | 326,272 | 13,761 |
| Restricted for: | | | |
| Other Purpose | — | 761 | 896 |
| Unrestricted | — | 19,255 | 7,916 |
| Total Net Position | $ — | $ 346,288 | $ 22,573 |

| Risk Management (see combining) | Georgia Technology Authority | Total |
|---|---|---|
| $ — | $ 7,743 | $ 16,571 |
| 59,209 | 60,318 | 156,950 |
| 19,490 | — | 19,490 |
| 109,204 | 1,826 | 115,810 |
| 901,512 | 26,559 | 929,686 |
| — | 68 | 68 |
| — | — | 19,596 |
| 1,600 | 366 | 2,114 |
| 1,091,015 | 96,880 | 1,260,285 |
| 2,436 | — | 2,436 |
| 139 | 2,063 | 4,160 |
| — | — | 6,869 |
| — | 13 | 21,896 |
| — | 13,230 | 680,332 |
| — | — | 28,393 |
| — | 32,031 | 74,537 |
| — | 55,079 | 55,079 |
| — | — | 1,274 |
| — | (98,203) | (495,407) |
| 2,575 | 4,213 | 379,569 |
| 1,093,590 | 101,093 | 1,639,854 |
| 610 | 5,970 | 16,113 |
| 1,074 | — | 1,074 |
| 5,946 | 35,433 | 46,981 |
| — | — | 1,287 |
| — | — | 101 |
| — | 4,024 | 4,024 |
| 1,034,656 | — | 1,034,656 |
| — | 935 | 2,187 |
| — | 2,633 | 6,358 |
| 22 | 577 | 1,438 |
| 1,041,698 | 43,602 | 1,098,106 |
| — | 1,802 | 2,980 |
| — | — | 27,064 |
| — | 697 | 697 |
| 497 | 5,327 | 13,105 |
| 1,966 | 22,156 | 53,918 |
| 2,463 | 29,982 | 97,764 |
| 1,044,161 | 73,584 | 1,195,870 |
| 527 | 6,191 | 14,436 |
| — | (2,203) | 337,830 |
| 38 | 2,081 | 3,776 |
| 49,474 | 27,410 | 104,055 |
| $ 49,512 | $ 27,288 | $ 445,661 |

# Combining Statement of Revenues, Expenses, and Changes in Net Position
# Internal Service Funds
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Department of Administrative Services | Georgia Building Authority | Georgia Correctional Industries Administration |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Operating Contributions/Premiums | $ — | $ — | $ — |
| Operating Grants | — | — | — |
| Rents and Royalties | — | 40,961 | — |
| Sales and Services | 6,419 | 2,558 | 69,138 |
| Other | 1,339 | 141 | 10 |
| Total Operating Revenues | 7,758 | 43,660 | 69,148 |
| **Operating Expenses:** | | | |
| Personal Services | 4,852 | 10,891 | 13,727 |
| Services and Supplies | 8,567 | 31,102 | 54,463 |
| Claims and Judgments | — | — | — |
| Depreciation | — | 19,774 | 1,535 |
| Other | — | 34 | — |
| Total Operating Expenses | 13,419 | 61,801 | 69,725 |
| Operating Income (Loss) | (5,661) | (18,141) | (577) |
| **Nonoperating Revenues (Expenses):** | | | |
| Interest and Other Investment Income | 2 | 48 | 1 |
| Nonoperating Grants & Contributions | 35,204 | 2,038 | — |
| Other | (35,320) | (14,461) | 208 |
| Total Nonoperating Revenues (Expenses) | (114) | (12,375) | 209 |
| Income (Loss) Before Contributions and Transfers | (5,775) | (30,516) | (368) |
| Capital Contributions | — | 3,996 | — |
| Transfers: | | | |
| Transfers In | 5,775 | — | — |
| Transfers Out | — | — | — |
| Net Transfers | 5,775 | — | — |
| Change in Net Position | — | (26,520) | (368) |
| Net Position, July 1 (restated) | — | 372,808 | 22,941 |
| Net Position, June 30 | $ — | $ 346,288 | $ 22,573 |

| | Risk Management (see combining) | Georgia Technology Authority | Total |
|---|---|---|---|
| | $ 195,388 | $ — | $ 195,388 |
| | 10,335 | 1,274 | 11,609 |
| | — | — | 40,961 |
| | 196 | 231,662 | 309,973 |
| | — | — | 1,490 |
| | 205,919 | 232,936 | 559,421 |
| | 2,340 | 20,181 | 51,991 |
| | 44,379 | 208,968 | 347,479 |
| | 166,976 | — | 166,976 |
| | — | 1,082 | 22,391 |
| | — | — | 34 |
| | 213,695 | 230,231 | 588,871 |
| | (7,776) | 2,705 | (29,450) |
| | 5,322 | 51 | 5,424 |
| | — | — | 37,242 |
| | 3,945 | — | (45,628) |
| | 9,267 | 51 | (2,962) |
| | 1,491 | 2,756 | (32,412) |
| | — | 5,803 | 9,799 |
| | 4,130 | — | 9,905 |
| | — | (2,851) | (2,851) |
| | 4,130 | (2,851) | 7,054 |
| | 5,621 | 5,708 | (15,559) |
| | 43,891 | 21,580 | 461,220 |
| | $ 49,512 | $ 27,288 | $ 445,661 |

# Combining Statement of Cash Flows
## Internal Service Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Department of Administrative Services | Georgia Building Authority | Georgia Correctional Industries Administration |
|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | |
| Cash Received from Customers | $ 106 | $ 39,252 | $ 14,746 |
| Cash Received from Other Funds (Internal Activity) | 9,640 | 4,498 | 56,051 |
| Cash Paid to Vendors | (8,881) | (30,639) | (53,797) |
| Cash Paid to Employees | (4,749) | (12,422) | (14,809) |
| Cash Paid for Claims and Judgments | — | — | — |
| Other Operating Receipts | 295 | — | — |
| Net Cash Provided by (Used in) Operating Activities | (3,589) | 689 | 2,191 |
| **Cash Flows from Noncapital Financing Activities:** | | | |
| Transfers from Other Funds | 5,775 | — | — |
| Other Noncapital Receipts | 35,204 | 2,038 | 97 |
| Other Noncapital Payments | (35,313) | — | — |
| Net Cash Provided by (Used in) Noncapital Financing Activities | 5,666 | 2,038 | 97 |
| **Cash Flows from Capital and Related Financing Activities:** | | | |
| Capital Contributions | — | 3,996 | — |
| Proceeds from Sale of Capital Assets | — | 5,252 | 113 |
| Proceeds from Capital Debt | — | 9,357 | — |
| Acquisition and Construction of Capital Assets | — | (24,384) | (3,018) |
| Principal Paid on Capital Debt | — | — | 516 |
| Net Cash Used in Capital and Related Financing Activities | — | (5,779) | (2,389) |
| **Cash Flows from Investing Activities:** | | | |
| Proceeds from Sales of Investments | — | — | — |
| Purchase of Investments | — | — | — |
| Interest and Dividends Received | 2 | 48 | 1 |
| Other Investing Activities | — | — | — |
| Net Cash Provided by Investing Activities | 2 | 48 | 1 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,079 | (3,004) | (100) |
| Cash and Cash Equivalents, July 1 | 3,150 | 38,852 | 5,274 |
| Cash and Cash Equivalents, June 30 | $ 5,229 | $ 35,848 | $ 5,174 |

| Risk Management (see combining) | Georgia Technology Authority | Total |
|---|---|---|
| $ 33,892 | $ 58,972 | $ 146,968 |
| 157,729 | 170,668 | 398,586 |
| (39,003) | (210,976) | (343,296) |
| (3,942) | (23,701) | (59,623) |
| (155,956) | — | (155,956) |
| — | 420 | 715 |
| (7,280) | (4,617) | (12,606) |
| | | |
| 4,135 | — | 9,910 |
| 3,940 | — | 41,279 |
| — | (3,942) | (39,255) |
| 8,075 | (3,942) | 11,934 |
| | | |
| — | 5,803 | 9,799 |
| — | — | 5,365 |
| — | — | 9,357 |
| — | (2,855) | (30,257) |
| — | (2,064) | (1,548) |
| — | 884 | (7,284) |
| | | |
| 32,980 | — | 32,980 |
| (14,218) | — | (14,218) |
| 95 | 50 | 196 |
| (2,480) | — | (2,480) |
| 16,377 | 50 | 16,478 |
| 17,172 | (7,625) | 8,522 |
| 40,963 | 75,686 | 163,925 |
| $ 58,135 | $ 68,061 | $ 172,447 |

(continued)

# Combining Statement of Cash Flows
## Internal Service Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Department of Administrative Services | Georgia Building Authority | Georgia Correctional Industries Administration |
|---|---|---|---|
| **Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:** | | | |
| Operating Income (Loss) | $ (5,661) | $ (18,141) | $ (577) |
| **Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:** | | | |
| Depreciation Expense | — | 19,774 | 1,535 |
| Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | |
| Accounts Receivable | (1,168) | (137) | 974 |
| Due from Other Funds | 3,156 | 230 | 675 |
| Due from Component Units | — | — | — |
| Other Assets | (26) | 59 | (62) |
| Net OPEB Asset | — | 59 | 3,021 |
| Deferred Outflows of Resources | 241 | (265) | (213) |
| Accounts Payable and Other Accruals | (313) | 459 | (2,874) |
| Due to Other Funds | — | (22) | 501 |
| Unearned Revenue | — | (4) | — |
| Claims and Judgments Payable | — | — | — |
| Compensated Absences Payable | — | 27 | (11) |
| Net OPEB Liability | (32) | (184) | (85) |
| Net Pension Liability | 505 | 527 | 1,129 |
| Other Liabilities | 298 | — | — |
| Deferred Inflows of Resources | (589) | (1,693) | (1,822) |
| Net Cash Provided by (Used in) Operating Activities | $ (3,589) | $ 689 | $ 2,191 |
| **Noncash Investing, Capital, and Financing Activities:** | | | |
| Change in Fair Value of Investments | $ — | $ — | $ — |

| Risk Management (see combining) | Georgia Technology Authority | Total |
|---|---|---|
| $ (7,776) | $ 2,705 | $ (29,450) |
| — | 1,082 | 22,391 |
| (11,363) | (29) | (11,723) |
| (2,938) | (3,238) | (2,115) |
| — | (31) | (31) |
| (12) | 9 | (32) |
| (1,596) | (364) | 1,120 |
| 108 | 489 | 360 |
| 5,434 | (1,641) | 1,065 |
| (6) | — | 473 |
| — | — | (4) |
| 11,019 | — | 11,019 |
| — | 72 | 88 |
| (8) | (594) | (903) |
| 168 | 398 | 2,727 |
| (57) | 420 | 661 |
| (253) | (3,895) | (8,252) |
| $ (7,280) | $ (4,617) | $ (12,606) |
| $ 7,706 | $ — | $ 7,706 |

# Combining Statement of Net Position
# Internal Service Funds
# Risk Management
# June 30, 2021
**(amounts in thousands)**

| | Cyber Liability Insurance Fund | Liability Insurance Fund | Property Insurance Fund |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets:** | | | |
| Cash and Cash Equivalents | $ — | $ — | $ — |
| Pooled Investments with State Treasury | 1,375 | 10,496 | 21,760 |
| Investments | 478 | 3,648 | 6,473 |
| Accounts Receivable (Net) | 35 | 33,172 | 601 |
| Due From Other Funds | — | 200,431 | — |
| Other Assets | — | — | 1,147 |
| Total Current Assets | 1,888 | 247,747 | 29,981 |
| **Noncurrent Assets:** | | | |
| Investments | 60 | 456 | 809 |
| Restricted Assets: | | | |
| Net OPEB Asset | — | 43 | 37 |
| Total Noncurrent Assets | 60 | 499 | 846 |
| Total Assets | 1,948 | 248,246 | 30,827 |
| **Deferred Outflows of Resources** | — | 204 | 145 |
| **Liabilities** | | | |
| **Current Liabilities:** | | | |
| Cash Overdraft | 38 | 292 | 3,656 |
| Accounts Payable and Other Accruals | 90 | 2,325 | — |
| Claims and Judgments Payable | — | 244,791 | 8,359 |
| Other Current Liabilities | — | 6 | 4 |
| Total Current Liabilities | 128 | 247,414 | 12,019 |
| **Noncurrent Liabilities:** | | | |
| Net OPEB Liability | — | 152 | 132 |
| Net Pension Liability | — | 722 | 504 |
| Total Noncurrent Liabilities | — | 874 | 636 |
| Total Liabilities | 128 | 248,288 | 12,655 |
| **Deferred Inflows of Resources** | — | 162 | 140 |
| **Net Position** | | | |
| Restricted for: | | | |
| Other Purpose | — | — | 36 |
| Unrestricted | 1,820 | — | 18,141 |
| Total Net Position | $ 1,820 | $ — | $ 18,177 |

| State Indemnification Fund | Teacher Indemnification Fund | Unemployment Compensation Fund | Workers' Compensation Fund | Total |
|---|---|---|---|---|
| $ 3,941 | $ — | $ — | $ — | $ 3,941 |
| — | 2,577 | 19,776 | 3,225 | 59,209 |
| — | 896 | 6,874 | 1,121 | 19,490 |
| — | — | 3,641 | 71,755 | 109,204 |
| — | — | — | 701,081 | 901,512 |
| — | — | 4 | 449 | 1,600 |
| 3,941 | 3,473 | 30,295 | 777,631 | 1,094,956 |
| — | 112 | 859 | 140 | 2,436 |
| 1 | — | 1 | 57 | 139 |
| 1 | 112 | 860 | 197 | 2,575 |
| 3,942 | 3,585 | 31,155 | 777,828 | 1,097,531 |
| 6 | — | 4 | 251 | 610 |
| — | 72 | 550 | 407 | 5,015 |
| 1 | — | 3,530 | — | 5,946 |
| 1,544 | 4 | 3,427 | 776,531 | 1,034,656 |
| — | — | 1 | 11 | 22 |
| 1,545 | 76 | 7,508 | 776,949 | 1,045,639 |
| 4 | — | 4 | 205 | 497 |
| 17 | — | 15 | 708 | 1,966 |
| 21 | — | 19 | 913 | 2,463 |
| 1,566 | 76 | 7,527 | 777,862 | 1,048,102 |
| 4 | — | 4 | 217 | 527 |
| 1 | — | 1 | — | 38 |
| 2,377 | 3,509 | 23,627 | — | 49,474 |
| $ 2,378 | $ 3,509 | $ 23,628 | $ — | $ 49,512 |

# Combining Statement of Revenues, Expenses, and Changes in Net Position
## Internal Service Funds
## Risk Management
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Cyber Liability Insurance Fund | Liability Insurance Fund | Property Insurance Fund |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Operating Contributions/Premiums | $ 2,320 | $ 59,349 | $ 19,983 |
| Operating Grants | — | — | — |
| Sales and Services | — | — | — |
| Total Operating Revenues | 2,320 | 59,349 | 19,983 |
| **Operating Expenses:** | | | |
| Personal Services | 16 | 476 | 525 |
| Services and Supplies | 1,788 | 6,274 | 25,279 |
| Claims and Judgments | — | 53,638 | 3,929 |
| Total Operating Expenses | 1,804 | 60,388 | 29,733 |
| Operating Income (Loss) | 516 | (1,039) | (9,750) |
| **Nonoperating Revenues (Expenses):** | | | |
| Interest and Other Investment Income | 129 | 1,039 | 1,697 |
| Other | — | — | — |
| Total Nonoperating Revenues (Expenses) | 129 | 1,039 | 1,697 |
| Income (Loss) Before Transfers | 645 | — | (8,053) |
| Transfers: | | | |
| Transfers In | — | — | — |
| Net Transfers | — | — | — |
| Change in Net Position | 645 | — | (8,053) |
| Net Position, July 1 - (restated) | 1,175 | — | 26,230 |
| Net Position, June 30 | $ 1,820 | $ — | $ 18,177 |

| State Indemnification Fund | Teacher Indemnification Fund | Unemployment Compensation Fund | Workers' Compensation Fund | Total |
|---|---|---|---|---|
| $ — | $ — | $ 3,915 | $ 109,821 | $ 195,388 |
| — | — | 9,390 | 945 | 10,335 |
| 196 | — | — | — | 196 |
| 196 | — | 13,305 | 110,766 | 205,919 |
| 17 | — | 80 | 1,226 | 2,340 |
| — | — | 3,530 | 7,508 | 44,379 |
| 1,450 | — | 670 | 107,289 | 166,976 |
| 1,467 | — | 4,280 | 116,023 | 213,695 |
| (1,271) | — | 9,025 | (5,257) | (7,776) |
| 2 | 239 | 1,849 | 367 | 5,322 |
| 5 | — | 50 | 3,890 | 3,945 |
| 7 | 239 | 1,899 | 4,257 | 9,267 |
| (1,264) | 239 | 10,924 | (1,000) | 1,491 |
| 3,130 | — | — | 1,000 | 4,130 |
| 3,130 | — | — | 1,000 | 4,130 |
| 1,866 | 239 | 10,924 | — | 5,621 |
| 512 | 3,270 | 12,704 | — | 43,891 |
| $ 2,378 | $ 3,509 | $ 23,628 | $ — | $ 49,512 |

# Combining Statement of Cash Flows
# Internal Service Funds
# Risk Management
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Cyber Liability Insurance Fund | Liability Insurance Fund | Property Insurance Fund |
|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | |
| Cash Received from Customers | $ 391 | $ 7,731 | $ 3,608 |
| Cash Received from Other Funds (Internal Activity) | 1,894 | 38,807 | 17,494 |
| Cash Paid to Vendors | (1,749) | (4,153) | (25,316) |
| Cash Paid to Employees | (16) | (475) | (1,674) |
| Cash Paid for Claims and Judgments | — | (35,410) | (16,656) |
| Net Cash Provided by (Used in) Operating Activities | 520 | 6,500 | (22,544) |
| **Cash Flows from Noncapital Financing Activities:** | | | |
| Transfers from Other Funds | — | — | — |
| Other Noncapital Receipts | — | — | — |
| Net Cash Provided by (Used in) Noncapital Financing Activities | — | — | — |
| **Cash Flows from Investing Activities:** | | | |
| Proceeds from Sales and Maturities of Investments | 510 | 2,815 | 19,160 |
| Purchase of Investments | (414) | (3,133) | (3,435) |
| Interest and Dividends Received | 5 | 68 | — |
| Other Investing Activities | — | — | (2,150) |
| Net Cash Provided by (Used in) Investing Activities | 101 | (250) | 13,575 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 621 | 6,250 | (8,969) |
| Cash and Cash Equivalents, July 1 | 716 | 3,954 | 27,073 |
| Cash and Cash Equivalents, June 30 | $ 1,337 | $ 10,204 | $ 18,104 |
| **Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:** | | | |
| Operating Income (Loss) | $ 516 | $ (1,039) | $ (9,750) |
| **Adjustments to Reconcile Operating Income (Loss) to** | | | |
| **Net Cash Provided by (Used in) Operating Activities:** | | | |
| Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | |
| Accounts Receivable | (35) | (14,130) | 1,119 |
| Due from Other Funds | — | 1,319 | — |
| Net OPEB Asset | — | (4) | (3) |
| Other Assets | — | — | (1,147) |
| Deferred Outflows of Resources | — | 31 | 29 |
| Accounts Payable and Other Accruals | 88 | 2,129 | (35) |
| Due to Other Funds | — | — | — |
| Claims and Judgments Payable | — | 18,228 | (12,728) |
| Net OPEB Liability | — | (4) | (4) |
| Net Pension Liability | — | 62 | 43 |
| Other Liabilities | (49) | (10) | (1) |
| Deferred Inflows of Resources | — | (82) | (67) |
| **Net Cash Provided by (Used in) Operating Activities** | $ 520 | $ 6,500 | $ (22,544) |
| **Noncash Investing Activities:** | | | |
| Change in Fair Value of Investments | $ 124 | $ 971 | $ 3,847 |

| State Indemnification Fund | Teacher Indemnification Fund | Unemployment Compensation Fund | Workers' Compensation Fund | Total |
|---|---|---|---|---|
| $ 34 | $ — | $ 2,284 | $ 19,844 | $ 33,892 |
| 163 | — | 7,554 | 91,817 | 157,729 |
| — | — | — | (7,785) | (39,003) |
| (16) | — | (84) | (1,677) | (3,942) |
| (982) | (15) | (6,630) | (96,263) | (155,956) |
| (801) | (15) | 3,124 | 5,936 | (7,280) |
| 3,135 | — | — | 1,000 | 4,135 |
| — | — | 50 | 3,890 | 3,940 |
| 3,135 | — | 50 | 4,890 | 8,075 |
| — | 1,372 | 9,123 | — | 32,980 |
| — | (725) | (5,598) | (913) | (14,218) |
| 2 | — | — | 20 | 95 |
| — | (44) | (286) | — | (2,480) |
| 2 | 603 | 3,239 | (893) | 16,377 |
| 2,336 | 588 | 6,413 | 9,933 | 17,172 |
| 1,605 | 1,917 | 12,813 | (7,115) | 40,963 |
| $ 3,941 | $ 2,505 | $ 19,226 | $ 2,818 | $ 58,135 |
| $ (1,271) | $ — | $ 9,025 | $ (5,257) | $ (7,776) |
| — | — | (3,469) | 5,152 | (11,363) |
| — | — | — | (4,257) | (2,938) |
| — | — | — | (5) | (12) |
| — | — | — | (449) | (1,596) |
| 1 | — | 1 | 46 | 108 |
| 1 | — | 3,529 | (278) | 5,434 |
| — | — | — | (6) | (6) |
| 469 | (15) | (5,961) | 11,026 | 11,019 |
| — | — | — | — | (8) |
| 1 | — | 1 | 61 | 168 |
| — | — | — | 3 | (57) |
| (2) | — | (2) | (100) | (253) |
| $ (801) | $ (15) | $ 3,124 | $ 5,936 | $ (7,280) |
| $ — | $ 282 | $ 2,135 | $ 347 | $ 7,706 |


STATE OF GEORGIA
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# FIDUCIARY FUNDS


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Fiduciary funds are used to account for assets held by the State in a fiduciary capacity. The State has the following fiduciary funds.

## PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension and Other Employee Benefit Trust Funds are used to account for activities and balances of the public employee retirement systems and other employee benefit plans. The State's pension and other employee benefit trust funds are described below:

### Pension Trust Funds

#### Defined Benefit Pension Plans

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State and its political subdivisions.

The **Firefighters' Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firefighters of the State.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State, and district attorneys of the State.

**Other Defined Benefit Plans** is comprised of the following smaller plans:

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State.

The **Augusta University Early Retirement Pension Plan** is a single-employer defined benefit pension plan designed to provide eligible participants additional benefits above the amounts payable through Teachers Retirement System of Georgia (TRS). The plan was designed to allow vested employees aged 55 or employees of any age with 25 years of creditable service to retire without penalties as applied by the TRS for early retirement.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for all members of the Georgia General Assembly.

The **Magistrates Retirement Fund** is used to account for the accumulation of resources for the purpose of providing retirement benefits for those serving as duly qualified and commissioned chief magistrates of counties in the State.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits to members of the Georgia National Guard.

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State.

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court clerks of the State.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court judges of the State.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

The **Teachers Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in State public schools and the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and for certain other designated employees in educational-related work.

**Defined Contribution / Deferred Compensation Pension Plans**

The **Georgia Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State and Board of Regents employees and employees of Community Service Boards who elect to defer a portion of their annual salary until future years.

**Other Postemployment Benefit Plans**

The **Board of Regents Retiree Health Benefit Fund** is used to account for the accumulation of resources necessary to meet employer costs of retiree post-employment health insurance benefits.

The **Georgia State Employees Postemployment Health Benefit Fund (State OPEB Fund)** pays postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations and other entities authorized by law to contract with the Department of Community Health for inclusion in the plan. It also pays administrative expenses for the Fund. By law, no other use of assets of the State OPEB Fund is permitted.

The **Georgia School Personnel Postemployment Health Benefit Fund (School OPEB Fund)** pays postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers including librarians and other certified employees of the public schools and regional educational service agencies, postemployment health benefits due under the group health plan for non-certificated public school employees, and administrative expenses of the Fund. By law, no other use of assets of the School OPEB Fund is permitted.

The **State Employees' Assurance Department (SEAD) - OPEB** is used to account for the accumulation of resources for the purpose of providing term life insurance to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems.

## INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Fund 1** (GF1) is an investment pool of the LGIP Trust and an investment pool for the State and local governments, including state agencies, colleges and universities, counties, school districts, special districts, or any department, agency, or board of a political subdivision. The primary objectives of the pool is the prudent management of public funds on behalf of the State and local governments seeking income higher than money market rates.

The **Georgia Fund 1 Plus** (GF1+) is an additional investment option for the State, state agencies, and eligible municipalities looking to benefit from higher yields available by adding credit exposure.

## PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA § 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of education and research programs for the benefit of licensees and the public.

The **Real Estate Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

The **Tuition Guaranty Trust Fund** is to protect students against financial loss when a postsecondary educational institution closes without reimbursing its students and without completing its educational obligations to its students. It is funded by postsecondary education institutions who participate in the trust.

## CUSTODIAL FUNDS

Custodial Funds are used to report balances and activities for deposits and investments entrusted to the State as an agent for others. The State's significant custodial funds are described below:

The **ARPA NEU for Local Governments** accounts for the collection and disbursement of Coronavirus State and Local Fiscal Recovery Funds to Non-entitlement Units of Local Government (NEUs) as directed by the American Rescue Plan Act of 2021 (ARPA) on behalf of the federal government. Amounts received are distributed in conformity with the standards prescribed in the Social Security Act.

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

The **Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court-ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

The **Insurance Premium Tax Collections for Local Governments Fund** accounts for the pro-rata share of premium taxes collected on the behalf of each participating municipality and county. The participating counties and municipalities may have the distributions deposited directly into their Georgia Fund 1 account through the Office of the State Treasurer.

**Revenue Tax Collections for Local Governments Fund** is used to account for the collection and disbursement of sales taxes at the Georgia Department of Revenue on behalf of county and municipal governments. This fund includes activity for Education Local Option Sales Tax, Homestead Option Sales Tax, Local Option Sales Tax, MARTA Sales Tax, Special Purpose Local Option Sales Tax, Ad Valorem Tax, Railroad Tax, Tennessee Valley Tax, E911 Prepaid Tax, E911 non Prepaid, Fireworks Tax, and the Transportation Investment Act.

**Survivor Benefit Fund** is within the Employees Retirement System (ERS) trust and is solely for maintaining group term life insurance coverage for members of the plan. All assets are limited to the payment of benefits and expenses for such coverage and cannot be used to pay pension benefits and expenses of ERS.

The **Student Financial Aid and Support Fund** are accounts for activities from the state acting as an agent or in a fiduciary capacity for various governments, companies, clubs or individuals for student support and financial aid.

**Other Custodial Funds** include custodial funds not considered significant enough to warrant separate presentation.

**External Investment Pool** account for activities of a pooled investment program held by the Board of Regents for affiliate organizations external to the state reporting unit.


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# Combining Statement of Fiduciary Net Position
# Pension and Other Employee Benefit Trust Funds
# June 30, 2021
**(amounts in thousands)**

| | | | Defined Contribution Plans | | |
|---|---|---|---|---|---|
| | Defined Benefit Pension Plans (see combining) | Georgia Defined Contribution Plan | Deferred Compensation Plans | | |
| | | | State of Georgia 401 (K) Plan | State of Georgia 457 Plan | Regents 457 (F) Plan |
| **Assets** | | | | | |
| Cash and Cash Equivalents | $ 3,122,274 | $ 19,379 | $ 20,639 | $ 1,413 | $ 233 |
| Pooled Investments with State Treasury | — | — | — | — | — |
| Receivables, Net | | | | | |
| Interest and Dividends | 217,361 | 411 | 3 | 1 | — |
| Due from Brokers for Securities Sold | 21,034 | — | — | — | — |
| Other | 287,812 | 907 | 4,429 | 657 | — |
| Due from Other Funds | — | — | — | — | — |
| Investments | | | | | |
| Pooled Investments | 18,015,214 | — | — | — | — |
| Mutual Funds | 560,519 | — | 1,669,033 | 761,263 | 3,811 |
| Municipal, U.S. and Foreign Government Obligations | 19,574,496 | 98,615 | — | — | — |
| Corporate Bonds/Notes/Debentures | 6,747,320 | 21,449 | — | — | 259 |
| Stocks | 74,565,442 | — | 21,192 | 12,669 | — |
| Asset-backed Securities | 44,593 | — | — | — | — |
| Exchange Traded Funds | 1,813 | — | — | — | — |
| Mortgage Investments | 106,311 | — | — | — | — |
| Real Estate Investment Trusts | 138,988 | — | — | — | 202 |
| Capital Assets | | | | | |
| Land | 8,883 | — | — | — | — |
| Buildings | 7,793 | — | — | — | — |
| Software | 30,800 | — | — | — | — |
| Machinery and Equipment | 5,398 | — | — | — | — |
| Works of Art | 114 | — | — | — | — |
| Accumulated Depreciation | (37,149) | — | — | — | — |
| Net OPEB Asset | 3,494 | — | — | — | — |
| **Total Assets** | 123,422,510 | 140,761 | 1,715,296 | 776,003 | 4,505 |
| **Deferred Outflows of Resources** | 10,323 | — | — | — | — |
| **Liabilities** | | | | | |
| Accounts Payable and Other Accruals | 40,347 | 525 | 2,623 | 1,330 | — |
| Due to Other Funds | 482 | — | — | — | — |
| Due to Brokers for Securities Purchased | 19,700 | — | — | — | — |
| Benefits Payable | — | — | — | — | — |
| Unearned Revenue | 9 | — | — | — | — |
| Compensated Absences Payable | 80 | — | — | — | — |
| Net OPEB Liability | 10,577 | — | — | — | — |
| Net Pension Liability | 30,500 | — | — | — | — |
| **Total Liabilities** | 101,695 | 525 | 2,623 | 1,330 | — |
| **Deferred Inflows of Resources** | 10,867 | — | — | — | — |
| **Net Position** | | | | | |
| Restricted for: | | | | | |
| Pension Benefits | 123,320,271 | 140,236 | 1,712,673 | 774,673 | 4,505 |
| Other Postemployment Benefits | — | — | — | — | — |
| **Total Net Position** | $ 123,320,271 | $ 140,236 | $ 1,712,673 | $ 774,673 | $ 4,505 |

| Other Post Employment Benefit Plans | | | | |
|---|---|---|---|---|
| Board of Regents Retiree Health Benefit Fund | Georgia State Employees Postemployment Health Benefit Fund | Georgia School Personnel Postemployment Health Benefit Fund | State Employees' Assurance Department - OPEB | Total |
| $ 5,039 | $ 2,797 | $ 898 | $ 431 | $ 3,173,103 |
| — | 882,059 | 326,125 | — | 1,208,184 |
| | | | | |
| — | 614 | 224 | — | 218,614 |
| — | — | — | — | 21,034 |
| 209 | 2,373 | 4,670 | — | 301,057 |
| — | 8,219 | 20,066 | 412 | 28,697 |
| | | | | |
| — | — | — | 1,566,393 | 19,581,607 |
| 173,592 | — | — | — | 3,168,218 |
| — | — | — | — | 19,673,111 |
| — | — | — | — | 6,769,028 |
| 21,185 | 1,054,004 | 384,565 | — | 76,059,057 |
| — | — | — | — | 44,593 |
| — | — | — | — | 1,813 |
| — | — | — | — | 106,311 |
| — | — | — | — | 139,190 |
| | | | | |
| — | — | — | — | 8,883 |
| — | — | — | — | 7,793 |
| — | — | — | — | 30,800 |
| — | — | — | — | 5,398 |
| — | — | — | — | 114 |
| — | — | — | — | (37,149) |
| — | — | — | — | 3,494 |
| 200,025 | 1,950,066 | 736,548 | 1,567,236 | 130,512,950 |
| — | — | — | — | 10,323 |
| | | | | |
| — | 230 | 293 | 415 | 45,763 |
| — | — | — | — | 482 |
| — | — | — | — | 19,700 |
| 4,726 | 11,326 | 26,956 | — | 43,008 |
| — | 66 | 257 | — | 332 |
| — | — | — | — | 80 |
| — | — | — | — | 10,577 |
| — | — | — | — | 30,500 |
| 4,726 | 11,622 | 27,506 | 415 | 150,442 |
| — | — | — | — | 10,867 |
| | | | | |
| — | — | — | — | 125,952,358 |
| 195,299 | 1,938,443 | 709,042 | 1,566,821 | 4,409,605 |
| $ 195,299 | $ 1,938,443 | $ 709,042 | $ 1,566,821 | $ 130,361,963 |

# Combining Statement of Changes in Fiduciary Net Position
## Pension and Other Employee Benefit Trust Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Defined Benefit Pension Plans (see combining) | Defined Contribution Plans: Georgia Defined Contribution Plan | Deferred Compensation Plans: State of Georgia 401 (K) Plan | State of Georgia 457 Plan | Regents 457 (F) Plan |
|---|---|---|---|---|---|
| **Additions:** | | | | | |
| Contributions | | | | | |
| Employer | $ 3,112,164 | $ — | $ 52,023 | $ — | $ 689 |
| Fees | 475 | — | — | — | — |
| Insurance Premiums | — | — | — | — | — |
| NonEmployer | 114,112 | — | — | — | — |
| Plan Members | 869,322 | 15,759 | 132,123 | 19,566 | — |
| Miscellaneous | 1,299 | — | 567 | 61 | — |
| Interest and Other Investment Income | | | | | |
| Dividends and Interest | 2,037,913 | 2,508 | 300 | 1,004 | 264 |
| Net Appreciation (Depreciation) in | | | | | |
| Investments Reported at Fair Value | 26,114,672 | (4,304) | 373,815 | 162,826 | 549 |
| Less: Investment Expense | (95,346) | (71) | (2,340) | (872) | (3) |
| Transfers from Other Funds | 2,857 | — | — | — | — |
| Total Additions | 32,157,468 | 13,892 | 556,488 | 182,585 | 1,499 |
| **Deductions:** | | | | | |
| Distributions | | | | | |
| Benefits | 7,101,579 | 9 | 127,352 | 52,207 | — |
| General and Administrative Expenses | 30,748 | 902 | 3,554 | 671 | — |
| Pool Participant Withdrawals | — | — | — | — | 94 |
| Refunds | 78,063 | 10,701 | — | — | — |
| Total Deductions | 7,210,390 | 11,612 | 130,906 | 52,878 | 94 |
| Net Increase (Decrease) in Fiduciary Net Position | 24,947,078 | 2,280 | 425,582 | 129,707 | 1,405 |
| Net Position, July 1 | 98,373,193 | 137,956 | 1,287,091 | 644,966 | 3,100 |
| Net Position, June 30 | $ 123,320,271 | $ 140,236 | $ 1,712,673 | $ 774,673 | $ 4,505 |

| Other Post Employment Benefit Plans | | | | |
|---|---|---|---|---|
| Board of Regents Retiree Health Benefit Fund | Georgia State Employees Postemployment Health Benefit Fund | Georgia School Personnel Postemployment Health Benefit Fund | State Employees' Assurance Department - OPEB | Total |
| $ 117,381 | $ 151,709 | $ 371,855 | $ — | $ 3,805,821 |
| — | — | — | — | 475 |
| — | — | — | 2,817 | 2,817 |
| — | — | — | — | 114,112 |
| — | — | — | — | 1,036,770 |
| — | — | — | — | 1,927 |
| 13,008 | 21,663 | 7,944 | 25,990 | 2,110,594 |
| 7,430 | 249,568 | 89,915 | 338,095 | 27,332,566 |
| (179) | (428) | (155) | (1,422) | (100,816) |
| — | — | — | — | 2,857 |
| 137,640 | 422,512 | 469,559 | 365,480 | 34,307,123 |
| 101,370 | 150,033 | 367,776 | 54,680 | 7,955,006 |
| 949 | 1,557 | 3,758 | 697 | 42,836 |
| — | — | — | — | 94 |
| — | — | — | — | 88,764 |
| 102,319 | 151,590 | 371,534 | 55,377 | 8,086,700 |
| 35,321 | 270,922 | 98,025 | 310,103 | 26,220,423 |
| 159,978 | 1,667,521 | 611,017 | 1,256,718 | 104,141,540 |
| $ 195,299 | $ 1,938,443 | $ 709,042 | $ 1,566,821 | $ 130,361,963 |

# Combining Statement of Fiduciary Net Position
# Pension and Other Employee Benefit Trust Funds
# Defined Benefit Pension Plans
# June 30, 2021
**(amounts in thousands)**

| | Employees' Retirement System | Firefighters' Pension Fund | Georgia Judicial Retirement System | Other Defined Benefit Plans (see combining) |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 400,691 | $ 53,183 | $ 663 | $ 15,393 |
| Receivables | | | | |
| Interest and Dividends | — | 2,609 | — | 777 |
| Due from Brokers for Securities Sold | — | 2,082 | — | 357 |
| Other | 35,184 | — | 644 | 1 |
| Investments | | | | |
| Pooled Investments | 16,128,480 | — | 604,938 | 81,454 |
| Mutual Funds | — | 427,139 | — | 133,380 |
| Municipal, U.S. and Foreign Government Obligations | — | 47,624 | — | 50,764 |
| Corporate Bonds/Notes/Debentures | — | 105,794 | — | 49,105 |
| Stocks | — | 404,167 | — | 246,486 |
| Asset-backed Securities | — | 16,659 | — | 6,838 |
| Exchange Traded Funds | — | — | — | 1,813 |
| Mortgage Investments | — | 92,601 | — | 5,206 |
| Real Estate Investment Trusts | — | 56,325 | — | 1,049 |
| Capital Assets | | | | |
| Land | 4,350 | 85 | — | — |
| Buildings | 2,800 | 1,535 | — | — |
| Software | 14,345 | — | — | — |
| Machinery and Equipment | 2,085 | 111 | — | — |
| Works of Art | — | 114 | — | — |
| Accumulated Depreciation | (17,192) | (823) | — | — |
| Net OPEB Asset | 602 | — | — | — |
| Total Assets | 16,571,345 | 1,209,205 | 606,245 | 592,623 |
| **Deferred Outflow of Resources** | 764 | — | — | — |
| **Liabilities** | | | | |
| Accounts Payable and Other Accruals | 19,355 | 3,083 | 811 | 1,191 |
| Due to Other Funds | 466 | 7 | 8 | 1 |
| Due to Brokers for Securities Purchased | — | 3,773 | — | — |
| Unearned Revenue | — | — | — | 9 |
| Compensated Absences Payable | — | 80 | — | — |
| Net OPEB Liability | 2,156 | — | — | — |
| Net Pension Liability | — | — | — | — |
| **Total Liabilities** | 21,977 | 6,943 | 819 | 1,201 |
| **Deferred Inflow of Resources** | 2,227 | — | — | — |
| **Net Position** | | | | |
| Restricted for Pension Benefits | $ 16,547,905 | $ 1,202,262 | $ 605,426 | $ 591,422 |

| Peace Officers' Annuity and Benefit Fund | Public School Employees Retirement System | Teachers Retirement System | Total |
|---|---|---|---|
| $ 28,711 | $ 232 | $ 2,623,401 | $ 3,122,274 |
| 1,893 | — | 212,082 | 217,361 |
| 5,590 | — | 13,005 | 21,034 |
| — | 293 | 251,690 | 287,812 |
| — | 1,200,342 | — | 18,015,214 |
| — | — | — | 560,519 |
| 119,013 | — | 19,357,095 | 19,574,496 |
| 86,407 | — | 6,506,014 | 6,747,320 |
| 726,264 | — | 73,188,525 | 74,565,442 |
| 21,096 | — | — | 44,593 |
| — | — | — | 1,813 |
| 8,504 | — | — | 106,311 |
| 31,164 | — | 50,450 | 138,988 |
| 98 | — | 4,350 | 8,883 |
| 658 | — | 2,800 | 7,793 |
| 1,475 | — | 14,980 | 30,800 |
| 65 | — | 3,137 | 5,398 |
| — | — | — | 114 |
| (505) | — | (18,629) | (37,149) |
| — | — | 2,892 | 3,494 |
| 1,030,433 | 1,200,867 | 102,211,792 | 123,422,510 |
| — | — | 9,559 | 10,323 |
| 1,101 | 897 | 13,909 | 40,347 |
| — | — | — | 482 |
| 2,734 | — | 13,193 | 19,700 |
| — | — | — | 9 |
| — | — | — | 80 |
| — | — | 8,421 | 10,577 |
| — | — | 30,500 | 30,500 |
| 3,835 | 897 | 66,023 | 101,695 |
| — | — | 8,640 | 10,867 |
| $ 1,026,598 | $ 1,199,970 | $ 102,146,688 | $ 123,320,271 |

# Combining Statement of Changes in Fiduciary Net Position
# Pension and Other Employee Benefit Trust Funds
# Defined Benefit Pension Plans
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Employees' Retirement System | Firefighters' Pension Fund | Georgia Judicial Retirement System | Other Defined Benefit Plans (see combining) |
|---|---|---|---|---|
| **Additions:** | | | | |
| Contributions/Assessments | | | | |
| Employer | $ 606,893 | $ — | $ 3,830 | $ 11,174 |
| Fees | — | 472 | — | 3 |
| NonEmployer | 9,048 | 43,268 | 2,240 | 7,145 |
| Plan Members | 35,027 | 4,065 | 5,190 | 930 |
| Miscellaneous | — | 960 | — | 67 |
| Interest and Other Investment Income | | | | |
| Dividends and Interest | 275,613 | 16,381 | 10,037 | 27,769 |
| Net Appreciation (Depreciation) in | | | | |
| Investments Reported at Fair Value | 3,585,422 | 277,158 | 130,575 | 68,562 |
| Less: Investment Expense | (17,454) | (5,641) | (509) | (2,432) |
| Transfers from Other Funds | 36 | — | — | 2,684 |
| Total Additions | 4,494,585 | 336,663 | 151,363 | 115,902 |
| **Deductions:** | | | | |
| Distributions | | | | |
| Benefits | 1,434,775 | 56,856 | 30,958 | 35,974 |
| General and Administrative Expenses | 7,587 | 1,487 | 846 | 1,180 |
| Refunds | 6,604 | 963 | 63 | 172 |
| Total Deductions | 1,448,966 | 59,306 | 31,867 | 37,326 |
| Net Increase (Decrease) in Fiduciary Net Position | 3,045,619 | 277,357 | 119,496 | 78,576 |
| Net Position, July 1 | 13,502,286 | 924,905 | 485,930 | 512,846 |
| Net Position, June 30 | $ 16,547,905 | $ 1,202,262 | $ 605,426 | $ 591,422 |

| Peace Officers' Annuity and Benefit Fund | Public School Employees Retirement System | Teachers Retirement System | Total |
|---|---|---|---|
| $ — | $ — | $ 2,490,267 | $ 3,112,164 |
| — | — | — | 475 |
| 17,024 | 30,264 | 5,123 | 114,112 |
| 4,798 | 2,222 | 817,090 | 869,322 |
| 272 | — | — | 1,299 |
| 17,444 | 19,897 | 1,670,772 | 2,037,913 |
| 207,726 | 258,836 | 21,586,393 | 26,114,672 |
| (3,879) | (1,027) | (64,404) | (95,346) |
| — | — | 137 | 2,857 |
| 243,385 | 310,192 | 26,505,378 | 32,157,468 |
| 42,187 | 66,415 | 5,434,414 | 7,101,579 |
| 1,558 | 1,422 | 16,668 | 30,748 |
| 462 | 633 | 69,166 | 78,063 |
| 44,207 | 68,470 | 5,520,248 | 7,210,390 |
| 199,178 | 241,722 | 20,985,130 | 24,947,078 |
| 827,420 | 958,248 | 81,161,558 | 98,373,193 |
| $ 1,026,598 | $ 1,199,970 | $ 102,146,688 | $ 123,320,271 |

# Combining Statement of Fiduciary Net Position
## Pension and Other Employee Benefit Trust Funds
## Defined Benefit Pension Plans
## Other Defined Benefit Pension Plans
## June 30, 2021
**(amounts in thousands)**

| | District Attorneys Retirement Fund | Augusta University Early Retirement Pension Plan | Judges of the Probate Courts Retirement Fund | Legislative Retirement System | Magistrates Retirement Fund |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and Cash Equivalents | $ 2 | $ 5,789 | $ 2,992 | $ 78 | $ 1,131 |
| Receivables, Net | | | | | |
| Interest and Dividends | — | — | 272 | — | 113 |
| Due from Brokers for Securities Sold | — | — | — | — | — |
| Other | — | — | — | 1 | — |
| Investments | | | | | |
| Pooled Investments | — | — | — | 42,744 | — |
| Mutual Funds | — | 81,993 | — | — | — |
| Municipal, U.S. and Foreign Government Obligations | — | — | 8,145 | — | 5,058 |
| Corporate Bonds/Notes/Debentures | — | — | 10,810 | — | 6,297 |
| Stocks | — | 43,828 | 74,583 | — | 20,192 |
| Asset-backed Securities | — | — | 3,647 | — | — |
| Exchange Traded Funds | — | — | — | — | 111 |
| Mortgage Investments | — | — | — | — | 813 |
| Real Estate Investment Trusts | — | — | — | — | 47 |
| **Total Assets** | 2 | 131,610 | 100,449 | 42,823 | 33,762 |
| **Liabilities** | | | | | |
| Accounts Payable and Other Accruals | — | — | 40 | 109 | 8 |
| Due to Other Funds | — | — | — | 1 | — |
| Unearned Revenue | — | — | — | — | — |
| **Total Liabilities** | — | — | 40 | 110 | 8 |
| **Net Position** | | | | | |
| Restricted for Pension Benefits | $ 2 | $ 131,610 | $ 100,409 | $ 42,713 | $ 33,754 |

| Georgia Military Pension Fund | Sheriffs' Retirement Fund | Superior Court Clerks' Retirement Fund | Superior Court Judges Retirement Fund | Total |
|---|---|---|---|---|
| $ 52 | $ 2,600 | $ 2,738 | $ 11 | $ 15,393 |
| — | — | 392 | — | 777 |
| — | — | 357 | — | 357 |
| — | — | — | — | 1 |
| 38,710 | — | — | — | 81,454 |
| — | 31,023 | 20,364 | — | 133,380 |
| — | 10,216 | 27,345 | — | 50,764 |
| — | 6,840 | 25,158 | — | 49,105 |
| — | 71,858 | 36,025 | — | 246,486 |
| — | — | 3,191 | — | 6,838 |
| — | — | 1,702 | — | 1,813 |
| — | — | 4,393 | — | 5,206 |
| — | — | 1,002 | — | 1,049 |
| 38,762 | 122,537 | 122,667 | 11 | 592,623 |
| 85 | 861 | 83 | 5 | 1,191 |
| — | — | — | — | 1 |
| — | 9 | — | — | 9 |
| 85 | 870 | 83 | 5 | 1,201 |
| $ 38,677 | $ 121,667 | $ 122,584 | $ 6 | $ 591,422 |

# Combining Statement of Changes in Fiduciary Net Position
## Pension and Other Employee Benefit Trust Funds
## Defined Benefit Pension Plans
## Other Defined Benefit Pension Plans
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | District Attorneys Retirement Fund | Early Retirement Pension Plan - Augusta University | Judges of the Probate Courts Retirement Fund | Legislative Retirement System | Magistrates Retirement Fund |
|---|---|---|---|---|---|
| **Additions:** | | | | | |
| Contributions/Assessments | | | | | |
| Employer | $ 34 | $ 10,838 | $ — | $ — | $ — |
| Fees | 3 | — | — | — | — |
| NonEmployer | — | — | 1,262 | — | 1,544 |
| Plan Members | — | — | 194 | 290 | 191 |
| Rebates | | | | | |
| Miscellaneous | — | — | — | — | — |
| Interest and Other Investment Income | | | | | |
| Dividends and Interest | — | 1,835 | 1,813 | 711 | 595 |
| Net Appreciation (Depreciation) in Investments Reported at Fair Value | — | 28,209 | 5,950 | 9,255 | 370 |
| Less: Investment Expense | — | (138) | (721) | (39) | (261) |
| Transfers from Other Funds | — | — | — | — | — |
| Total Additions | 37 | 40,744 | 8,498 | 10,217 | 2,439 |
| **Deductions:** | | | | | |
| Distributions | | | | | |
| Benefits | 34 | 14,277 | 4,601 | 1,720 | 425 |
| General and Administrative Expenses | 3 | — | 137 | 310 | 25 |
| Refunds | — | — | — | 42 | 121 |
| Total Deductions | 37 | 14,277 | 4,738 | 2,072 | 571 |
| Net Increase (Decrease) in Fiduciary Net Position | — | 26,467 | 3,760 | 8,145 | 1,868 |
| Net Position, July 1 | 2 | 105,143 | 96,649 | 34,568 | 31,886 |
| Net Position, June 30 | $ 2 | $ 131,610 | $ 100,409 | $ 42,713 | $ 33,754 |

| Georgia Military Pension Fund | Sheriffs' Retirement Fund | Superior Court Clerks' Retirement Fund | Superior Court Judges Retirement Fund | Total |
|---|---|---|---|---|
| $ — | $ — | $ — | $ 302 | $ 11,174 |
| — | — | — | — | 3 |
| — | 1,623 | 2,716 | — | 7,145 |
| — | 123 | 132 | — | 930 |
| — | 67 | — | — | 67 |
| 624 | 18,794 | 3,394 | 3 | 27,769 |
| 8,112 | 13,975 | 2,691 | — | 68,562 |
| (26) | (667) | (580) | — | (2,432) |
| 2,684 | — | — | — | 2,684 |
| 11,394 | 33,915 | 8,353 | 305 | 115,902 |
| 1,428 | 6,675 | 6,512 | 302 | 35,974 |
| 256 | 281 | 165 | 3 | 1,180 |
| — | 4 | 5 | — | 172 |
| 1,684 | 6,960 | 6,682 | 305 | 37,326 |
| 9,710 | 26,955 | 1,671 | — | 78,576 |
| 28,967 | 94,712 | 120,913 | 6 | 512,846 |
| $ 38,677 | $ 121,667 | $ 122,584 | $ 6 | $ 591,422 |

# Combining Statement of Fiduciary Net Position
# Investment Trust Funds
# June 30, 2021
**(amounts in thousands)**

| | Georgia Fund 1 |
|---|---|
| **Assets** | |
| Pooled Investments with State Treasury | $ 12,301,046 |
| Interest Receivable | 1,494 |
| **Total Assets** | 12,302,540 |
| **Liabilities** | |
| Accounts Payable and Other Accruals | — |
| **Total Liabilities** | — |
| **Net Position** | |
| Restricted for Pool Participants | $ 12,302,540 |

# Combining Statement of Changes in Fiduciary Net Position
## Investment Trust Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Georgia Fund 1 |
|---|---|
| **Additions:** | |
| Contributions/Assessments | |
| Pool Participant Deposits | $ 15,374,669 |
| Interest and Other Investment Income | |
| Dividends and Interest | 13,910 |
| Net Appreciation (Depreciation) in Investments | |
| Reported at Fair Value | — |
| Less: Investment Expense | (5,049) |
| Total Additions | 15,383,530 |
| **Deductions:** | |
| Distributions | |
| Pool Participant Withdrawals | 14,136,123 |
| Change in Net Position Restricted for Pool Participants | 1,247,407 |
| Net Position, July 1 | 11,055,133 |
| Net Position, June 30 | $ 12,302,540 |

# Combining Statement of Fiduciary Net Position
## Private Purpose Trust Funds
## June 30, 2021
**(amounts in thousands)**

| | Auctioneers Education, Research and Recovery Fund | Real Estate Education, Research and Recovery Fund | Subsequent Injury Trust Fund | Tuition Guaranty Trust Fund | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and Cash Equivalents | $ 176 | $ — | $ — | $ 1,335 | $ 1,511 |
| Pooled Investments with State Treasury | 577 | 2,346 | 332,527 | 2,906 | 338,356 |
| Receivables, Net | | | | | |
| Other | — | — | 32,298 | — | 32,298 |
| Capital Assets | | | | | |
| Buildings | — | — | 826 | — | 826 |
| Machinery and Equipment | — | — | 94 | — | 94 |
| Accumulated Depreciation | — | — | (809) | — | (809) |
| Net OPEB Asset | — | — | 143 | — | 143 |
| Other Assets | — | 8 | — | — | 8 |
| Total Assets | 753 | 2,354 | 365,079 | 4,241 | 372,427 |
| **Deferred Outflows of Resources** | — | — | 316 | — | 316 |
| **Liabilities** | | | | | |
| Accounts Payable and Other Accruals | — | — | — | 3 | 3 |
| Cash Overdraft | — | 336 | 23,813 | — | 24,149 |
| Compensated Absences Payable | — | — | 68 | — | 68 |
| Net OPEB Liability | — | — | 287 | — | 287 |
| Net Pension Liability | — | — | 1,237 | — | 1,237 |
| Other Liabilities | — | — | 243 | — | 243 |
| Total Liabilities | — | 336 | 25,648 | 3 | 25,987 |
| **Deferred Inflows of Resources** | — | — | 358 | — | 358 |
| **Net Position** | | | | | |
| Restricted for: | | | | | |
| Other Purposes | 753 | 2,018 | 339,389 | 4,238 | 346,398 |
| Total Net Position | $ 753 | $ 2,018 | $ 339,389 | $ 4,238 | $ 346,398 |

# Combining Statement of Changes in Fiduciary Net Position
## Private Purpose Trust Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | Auctioneers Education, Research and Recovery Fund | Real Estate Education, Research and Recovery Fund | Subsequent Injury Trust Fund | Tuition Guaranty Trust Fund | Total |
|---|---|---|---|---|---|
| **Additions:** | | | | | |
| Contributions/Assessments | | | | | |
| Plan Members/Participants | $ 34 | $ 304 | $ — | $ 167 | $ 505 |
| Interest and Other Investment Income | | | | | |
| Dividends and Interest | — | 2 | 344 | 3 | 349 |
| Total Additions | 34 | 306 | 344 | 170 | 854 |
| **Deductions:** | | | | | |
| Distributions | | | | | |
| Benefits | — | — | 21,833 | — | 21,833 |
| General and Administrative Expenses | — | 89 | 1,225 | 21 | 1,335 |
| Refunds | — | — | 10 | 254 | 264 |
| Total Deductions | — | 89 | 23,068 | 275 | 23,432 |
| Net Increase (Decrease) in Fiduciary Net Position | 34 | 217 | (22,724) | (105) | (22,578) |
| Net Position, July 1 | 719 | 1,801 | 362,113 | 4,343 | 368,976 |
| Net Position, June 30 | $ 753 | $ 2,018 | $ 339,389 | $ 4,238 | $ 346,398 |

# Combining Statement of Fiduciary Net Position
## Custodial Funds
## June 30, 2021
**(amounts in thousands)**

| | ARPA NEU for Local Governments | Child Support Recovery Program | Detainees' Accounts | Flexible Benefits Program | Insurance Premium Tax Collections for Local Governments |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and Cash Equivalents | $ 430,914 | $ 44,400 | $ 76,025 | $ 2,414 | $ — |
| Pooled Investments with State Treasury | — | — | — | 11,397 | — |
| Accounts Receivable, Net | | | | | |
| Sales Tax Collected for Other Taxing Units | — | — | — | — | — |
| Other | — | — | — | — | — |
| Investments, at Fair Value | | | | | |
| Certificates of Deposits | — | — | — | — | — |
| Pooled Investments | — | — | — | — | — |
| Mutual Funds | — | — | — | — | — |
| Municipal, U.S. and Foreign Government Obligations | — | — | — | — | — |
| Stocks | — | — | — | — | — |
| Other Assets | — | 1 | — | — | — |
| **Total Assets** | 430,914 | 44,401 | 76,025 | 13,811 | — |
| **Liabilities** | | | | | |
| Accounts Payable and Other Accruals | 184,149 | 26 | — | 4,067 | — |
| Cash Overdraft | — | — | — | — | — |
| Salaries Payable | — | — | — | — | — |
| Due to Component Units | — | — | — | — | — |
| Due to Local Governments | — | — | — | — | — |
| Unearned Revenue | — | — | — | — | — |
| Other Liabilities | — | — | — | — | — |
| **Total Liabilities** | 184,149 | 26 | — | 4,067 | — |
| **Net Position** | | | | | |
| Restricted for: | | | | | |
| Pool Participants | — | — | — | — | — |
| Individuals, Organizations, and Other Governments | 246,765 | 44,375 | 76,025 | 9,744 | — |
| **Total Net Position** | $ 246,765 | $ 44,375 | $ 76,025 | $ 9,744 | $ — |

| Revenue Tax Collections for Local Governments | Survivor's Benefit Fund | Student Financial Aid and Support | Other Custodial Funds | Total | External Investment Pool |
|---|---|---|---|---|---|
| $ 62,116 | $ 86 | $ — | $ 23,254 | $ 639,209 | $ 1,313 |
| (275) | — | — | 15,199 | 26,321 | — |
| 918,374 | — | — | — | 918,374 | — |
| 5,617 | — | 84,185 | 371 | 90,173 | — |
| — | — | — | 1,232 | 1,232 | — |
| — | 216,712 | — | 311 | 217,023 | — |
| — | — | — | 9,537 | 9,537 | 55,460 |
| — | — | — | 28,696 | 28,696 | — |
| — | — | — | — | — | 15,419 |
| — | — | — | 1,087 | 1,088 | — |
| 985,832 | 216,798 | 84,185 | 79,687 | 1,931,653 | 72,192 |
| — | — | 2,246 | 4,629 | 195,117 | — |
| — | — | 68,010 | — | 68,010 | — |
| — | — | — | 30 | 30 | — |
| — | — | 225 | — | 225 | — |
| 985,832 | — | — | — | 985,832 | — |
| — | — | 1,248 | — | 1,248 | — |
| — | — | 874 | — | 874 | — |
| 985,832 | — | 72,603 | 4,659 | 1,251,336 | — |
| — | — | — | — | — | 72,193 |
| — | 216,798 | 11,582 | 75,028 | 680,317 | — |
| $ — | $ 216,798 | $ 11,582 | $ 75,028 | $ 680,317 | $ 72,193 |

# Combining Statement of Changes in Fiduciary Net Position
## Custodial Funds
## For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

| | ARPA NEU for Local Governments | Child Support Recovery Program | Detainees' Accounts | Flexible Benefits Program | Insurance Premium Tax Collections for Local Governments |
|---|---|---|---|---|---|
| **Additions:** | | | | | |
| Contributions/Assessments | | | | | |
| Child Support Recovery Program | $ — | $ 866,792 | $ — | $ — | $ — |
| Collections for Local Governments | — | — | — | — | 740,832 |
| Coronavirus Fiscal Recovery Funds | 430,914 | — | — | — | — |
| Detainees' Accounts | — | — | 167,092 | — | — |
| Plan Members/Participants | — | — | — | 151,221 | — |
| Pool Participant Deposits | — | — | — | — | — |
| Student Financial Aid | — | — | — | — | — |
| Student Support | — | — | — | — | — |
| Miscellaneous | — | — | — | — | — |
| Interest and Other Investment Income | | | | | |
| Dividends and Interest | — | — | — | 11 | — |
| Net Appreciation (Depreciation) in Investments Reported at Fair Value | — | — | — | — | — |
| Less: Investment Expense | — | — | — | — | — |
| Total Additions | 430,914 | 866,792 | 167,092 | 151,232 | 740,832 |
| **Deductions:** | | | | | |
| Distributions | | | | | |
| Benefits | — | — | — | 149,098 | — |
| Child Support Recovery Program | — | 890,877 | — | — | — |
| Detainees' Accounts | — | — | 152,570 | — | — |
| Distributions to Local Governments | 184,149 | — | — | — | 740,832 |
| Pool Participant Withdrawals | — | — | — | — | — |
| Student Financial Aid | — | — | — | — | — |
| Student Support | — | — | — | — | — |
| Miscellaneous | — | — | — | — | — |
| Transfers to Other Funds | — | — | — | 5,775 | — |
| Total Deductions | 184,149 | 890,877 | 152,570 | 154,873 | 740,832 |
| Net Increase (Decrease) in Fiduciary Net Position | 246,765 | (24,085) | 14,522 | (3,641) | — |
| Net Position, July 1 (restated) | — | 68,460 | 61,503 | 13,385 | — |
| Net Position, June 30 | $ 246,765 | $ 44,375 | $ 76,025 | $ 9,744 | $ — |

| Revenue Tax Collections for Local Governments | Survivor's Benefit Fund | Student Financial Aid and Support | Other Custodial Funds | Total | External Investment Pool |
|---|---|---|---|---|---|
| $ — | $ — | $ — | $ — | $ 866,792 | $ — |
| 7,075,248 | — | — | — | 7,816,080 | — |
| — | — | — | — | 430,914 | — |
| — | — | — | — | 167,092 | — |
| — | — | — | — | 151,221 | — |
| — | — | — | — | — | 5,539 |
| — | — | 2,199,555 | — | 2,199,555 | — |
| — | — | 106,894 | — | 106,894 | — |
| — | — | 1,639 | 81,328 | 82,967 | — |
| — | 49,353 | 1 | 118 | 49,483 | 1,080 |
| — | — | — | (4) | (4) | 15,061 |
| — | — | — | (49) | (49) | (70) |
| 7,075,248 | 49,353 | 2,308,089 | 81,393 | 11,870,945 | 21,610 |
| — | — | — | — | 149,098 | — |
| — | — | — | — | 890,877 | — |
| — | — | — | — | 152,570 | — |
| 7,075,248 | — | — | — | 8,000,229 | — |
| — | — | — | — | — | 15,545 |
| — | — | 2,199,129 | — | 2,199,129 | — |
| — | — | 106,459 | — | 106,459 | — |
| — | — | 707 | 71,545 | 72,252 | — |
| — | — | — | — | 5,775 | — |
| 7,075,248 | — | 2,306,295 | 71,545 | 11,576,389 | 15,545 |
| — | 49,353 | 1,794 | 9,848 | 294,556 | 6,065 |
| — | 167,445 | 9,788 | 65,180 | 385,761 | 66,128 |
| $ — | $ 216,798 | $ 11,582 | $ 75,028 | $ 680,317 | $ 72,193 |

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

# NONMAJOR COMPONENT UNITS


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

## Description of Nonmajor Component Units

Component units are legally separate organizations for which the State's elected officials are considered to be financially accountable. Nonmajor component units are described below:

The **The Atlanta-Region Transit Link Authority (ATL)** is a body corporate and politic. The purpose of which is to manage transit and air quality within certain areas of the State of Georgia. The Board of Directors of the Authority consists of 16 members; of which, the primary government appoints or elects a majority.

### Economic Development Organizations

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute.

The **Savannah Georgia Convention Center Authority** a state Authority, effective July 1, 2019, formally Georgia International and Maritime Trade Center Authority is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes, and to construct, operate and maintain the Savannah International Trade and Convention Center. The Authority is governed by a board of directors composed of 11 members; 6 members appointed by the Governor; 3 members appointed by the members of the Georgia General Assembly representing Chatham County; the President of the Savannah Area Convention and Visitors' Bureau; and the President of the Savannah Economic Development Authority.

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The Commission consists of 11 members who are accountable as trustees. Of the 11 members serving on the Board, six members are State officials or are appointed by State officials.

The **Georgia Higher Education Assistance Corporation** is a nonprofit public authority, body corporate and politic. The Corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The Corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of 14 members appointed by the Governor.

The **Georgia Military College** (GMC) is a public authority, body corporate and politic, and is an instrumentality and a public corporation of the State. GMC is dedicated to providing a high-quality military education to the youth of the State. The Board of Trustees consists of the mayor of the City of Milledgeville and six additional members, one of which is elected from each of the six municipal voting districts of the City, as required by statute. The government, control, and management of GMC are vested in the Board of Trustees. GMC receives any designated funds appropriated by the General Assembly through the Board of Regents of the University System of Georgia.

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This Commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the Commission must be approved by the State. The Board consists of nine members appointed by the Governor. Financial information presented for the Commission includes its component unit, Foundation for Public Broadcasting in Georgia, Inc.

The **Georgia Regional Transportation Authority** is a body corporate and politic. Within its jurisdiction, the purpose of the Authority is to manage land transportation and air quality, review all Developments of Regional Impact (DRI), and approve the allocation of state and federal transportation resources in metro Atlanta via the Atlanta Transportation Improvement Program (TIP). The Governor appoints all 15 Board Members of the Authority.

The **Georgia Student Finance Authority** is a body corporate and politic. This Authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the Authority by the State. State officials comprise four of the 14 members of the Board, and the Governor appoints the remaining 10.

The **Higher Education Foundations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities for the University System of Georgia.

The **REACH Georgia Foundation** is a nonprofit organization that was formed to ensure that Georgia's academically promising students have the academic, social and financial support needed to graduate from high school, access college and achieve postsecondary success. The REACH Georgia Program is the State of Georgia's first needs-based mentorship and college scholarship program and the Foundation's mission is to raise and invest funds.

The **Regional Educational Service Agencies** were established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has 16 of these agencies.

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the 10 members of the Board, the Governor appoints four. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

## Tourism / State Attractions

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members.

## Description of Nonmajor Component Units

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor. Financial information presented for the Authority includes its component unit, Jekyll Island Foundation, Inc.

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board.

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the maintaining and operating of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and nine members appointed by the Governor.

# Combining Statement of Net Position
## Nonmajor Component Units
## June 30, 2021
### (amounts in thousands)

| | Atlanta-Region Transit Link Authority | Economic Development Organizations | Georgia Higher Education Assistance Corporation | Higher Education Foundations | Georgia Military College | Georgia Public Telecommunications Commission |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Current Assets:** | | | | | | |
| Cash and Cash Equivalents | $ 3,119 | $ 24,659 | $ 8,918 | $ 387,586 | $ 19,900 | $ 7,502 |
| Pooled Investments with State Treasury | 14,808 | 158,192 | 15,839 | 279 | — | — |
| Investments | — | — | — | 62,609 | — | 15,575 |
| Receivables | | | | | | |
| Accounts (Net) | 17,161 | 790 | — | 328,645 | 5,523 | 1,028 |
| Capital Leases from Primary Government | — | — | — | 100,436 | — | — |
| Interest and Dividends | — | 2,245 | — | — | — | — |
| Notes and Loans (Net) | — | 13,671 | — | — | — | — |
| Taxes | — | 1,162 | — | — | — | — |
| Due from Primary Government | — | 43,825 | 112 | 6,810 | — | 48 |
| Due from Component Units | — | — | — | 4,834 | — | — |
| Intergovernmental Receivables | 203 | 11 | 109 | — | — | — |
| Inventory | — | 703 | — | — | 2,027 | — |
| Other Current Assets | — | 89 | — | 31,032 | 6 | — |
| Restricted Assets | | | | | | |
| Cash and Cash Equivalents | — | — | — | 97,186 | — | — |
| Investments | — | — | — | 143,354 | — | — |
| Other | — | — | — | 51,763 | — | — |
| Total Current Assets | 35,291 | 245,347 | 24,978 | 1,214,534 | 27,456 | 24,153 |
| **Noncurrent Assets:** | | | | | | |
| Investments | — | — | — | 470,900 | — | — |
| Receivables | | | | | | |
| Capital Leases from Primary Government | — | — | — | 2,059,848 | — | — |
| Notes and Loans | — | 172,497 | — | — | — | — |
| Other (Net) | — | — | — | 33,903 | — | — |
| Restricted Assets | | | | | | |
| Cash and Cash Equivalents | — | — | — | 253,821 | — | — |
| Investments | — | — | — | 2,203,492 | — | — |
| Net OPEB Asset | 1 | — | — | — | 44 | 567 |
| Receivables | | | | | | |
| Other | — | — | — | 70,277 | — | — |
| Non-depreciable Capital Assets | — | 11,045 | — | 291,243 | 1,547 | 1,479 |
| Depreciable Capital Assets (Net) | — | 6,526 | — | 647,751 | 88,279 | 3,923 |
| Other Noncurrent Assets | — | — | — | 39,617 | — | — |
| Total Noncurrent Assets | 1 | 190,068 | — | 6,070,852 | 89,870 | 5,969 |
| **Total Assets** | 35,292 | 435,415 | 24,978 | 7,285,386 | 117,326 | 30,122 |
| **Deferred Outflows of Resources** | 655 | — | — | 43,710 | 25,967 | 5,594 |

| REACH Georgia Foundation | Regional Educational Service Agencies | Georgia Regional Transportation Authority | Georgia Student Finance Authority | Superior Court Clerks' Cooperative Authority | Tourism State Attractions | Total |
|---|---|---|---|---|---|---|
| $ 25 | $ 20,651 | $ 21 | $ 32,562 | $ 14,867 | $ 31,373 | $ 551,183 |
| — | 2,655 | 4 | 20,073 | — | 7,687 | 219,537 |
| 54,271 | 406 | — | — | — | — | 132,861 |
| — | 3,222 | 157 | — | 2,100 | 3,879 | 362,505 |
| — | — | — | — | — | — | 100,436 |
| — | — | — | 1,546 | — | — | 3,791 |
| — | — | — | 173,951 | — | — | 187,622 |
| — | — | — | — | — | — | 1,162 |
| — | — | — | 879 | — | — | 51,674 |
| — | — | — | 30,743 | — | — | 35,577 |
| — | 11,627 | 22,225 | — | — | — | 34,175 |
| — | 2,484 | — | — | — | 959 | 6,173 |
| — | 523 | — | 244 | 147 | 1,754 | 33,795 |
| 73 | — | — | — | 11,730 | — | 108,989 |
| — | — | — | — | — | — | 143,354 |
| — | — | — | — | — | — | 51,763 |
| 54,369 | 41,568 | 22,407 | 259,998 | 28,844 | 45,652 | 2,024,597 |
| — | — | — | — | — | — | 470,900 |
| — | — | — | — | — | — | 2,059,848 |
| — | — | — | — | — | 4,860 | 177,357 |
| — | — | — | — | — | — | 33,903 |
| — | — | — | — | — | — | 253,821 |
| — | — | — | — | — | — | 2,203,492 |
| — | 66 | — | — | 151 | 694 | 1,523 |
| — | — | — | — | — | — | 70,277 |
| — | 497 | — | 586 | — | 26,985 | 333,382 |
| — | 7,423 | — | 829 | 2,725 | 207,806 | 965,262 |
| — | — | — | — | — | — | 39,617 |
| — | 7,986 | — | 1,415 | 2,876 | 240,345 | 6,609,382 |
| 54,369 | 49,554 | 22,407 | 261,413 | 31,720 | 285,997 | 8,633,979 |
| — | 50,894 | — | — | 301 | 3,012 | 130,133 |

(continued)

# Combining Statement of Net Position
## Nonmajor Component Units
## June 30, 2021
**(amounts in thousands)**

| | Atlanta-Region Transit Link Authority | Economic Development Organizations | Georgia Higher Education Assistance Corporation | Higher Education Foundations | Georgia Military College | Georgia Public Telecommunications Commission |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| **Current Liabilities:** | | | | | | |
| Accounts Payable and Other Accruals | 4,640 | 10,081 | 82 | 66,865 | 2,909 | 1,062 |
| Due to Primary Government | — | — | — | 425,481 | — | — |
| Due to Component Units | — | — | 115 | 61 | — | — |
| Funds Held for Others | 601 | — | — | 74,726 | — | — |
| Unearned Revenue | — | 42 | — | 162,082 | 4,195 | 2,643 |
| Notes and Loans Payable | — | — | — | 30,863 | — | — |
| Revenue/Mortgage Bonds Payable | — | — | — | 88,073 | — | — |
| Other Current Liabilities | 16 | 3,054 | 34 | 27,797 | 623 | 466 |
| Current Liabilities Payable from Restricted Assets: | | | | | | |
| Other | — | — | — | — | — | — |
| Total Current Liabilities | 5,257 | 13,177 | 231 | 875,948 | 7,727 | 4,171 |
| **Noncurrent Liabilities:** | | | | | | |
| Unearned Revenue | — | — | — | 13,665 | — | — |
| Notes and Loans Payable | — | — | — | 115,750 | — | — |
| Revenue/Mortgage Bonds Payable | — | — | — | 2,544,885 | — | — |
| Derivative Instrument Payable | — | — | — | 6,432 | — | — |
| Net OPEB Liability | — | — | — | — | 35,100 | 15,128 |
| Net Pension Liability | 671 | — | — | — | 45,653 | 13,086 |
| Other Noncurrent Liabilities | 171 | 57,633 | 1,466 | 88,963 | — | 656 |
| Total Noncurrent Liabilities | 842 | 57,633 | 1,466 | 2,769,695 | 80,753 | 28,870 |
| **Total Liabilities** | 6,099 | 70,810 | 1,697 | 3,645,643 | 88,480 | 33,041 |
| **Deferred Inflows of Resources** | 3 | — | — | — | 7,149 | 2,156 |
| **Net Position** | | | | | | |
| Net Investment in Capital Assets, | — | 13,021 | — | 357,740 | 89,826 | 5,402 |
| Restricted for: | | | | | | |
| Bond Covenants/Debt Service | — | — | — | 29,982 | — | — |
| Capital Projects | — | — | — | 223,063 | — | — |
| Permanent Trust Expendable | — | — | — | 1,018,920 | — | — |
| Other Purposes | 30 | 82,285 | — | 99,468 | — | — |
| Nonexpendable: | | | | | | |
| Permanent Trust | — | — | — | 1,186,618 | — | — |
| Other Purposes | — | — | — | 70,000 | — | — |
| Unrestricted | 29,815 | 269,299 | 23,281 | 697,662 | (42,162) | (4,883) |
| **Total Net Position** | $ 29,845 | $ 364,605 | $ 23,281 | $ 3,683,453 | $ 47,664 | $ 519 |

| REACH Georgia Foundation | Regional Educational Service Agencies | Georgia Regional Transportation Authority | Georgia Student Finance Authority | Superior Court Clerks' Cooperative Authority | Tourism State Attractions | Total |
|---|---|---|---|---|---|---|
| — | 9,687 | 16,635 | 187 | 5,126 | 2,930 | 120,204 |
| — | 1 | — | — | — | 6 | 425,488 |
| 30,628 | — | — | — | — | — | 30,804 |
| — | — | — | — | — | — | 75,327 |
| — | 141 | — | 548 | — | 2,407 | 172,058 |
| — | 297 | — | — | — | 1,140 | 32,300 |
| — | 525 | — | — | — | 575 | 89,173 |
| — | 78 | 1 | — | — | 498 | 32,567 |
| — | — | — | — | 6,876 | — | 6,876 |
| 30,628 | 10,729 | 16,636 | 735 | 12,002 | 7,556 | 984,797 |
| — | — | — | — | — | — | 13,665 |
| — | 1,697 | — | — | — | 4,949 | 122,396 |
| — | — | — | — | — | 4,163 | 2,549,048 |
| — | — | — | — | — | — | 6,432 |
| — | 65,437 | — | — | 285 | 905 | 116,855 |
| — | 94,439 | — | — | 1,231 | 14,326 | 169,406 |
| — | 111 | — | 3,425 | — | 831 | 153,256 |
| — | 161,684 | — | 3,425 | 1,516 | 25,174 | 3,131,058 |
| 30,628 | 172,413 | 16,636 | 4,160 | 13,518 | 32,730 | 4,115,855 |
| — | 20,574 | — | — | 352 | 1,001 | 31,235 |
| — | 7,567 | — | 1,415 | 2,725 | 247,252 | 724,948 |
| — | — | — | — | — | — | 29,982 |
| — | — | — | — | — | — | 223,063 |
| — | — | — | — | — | — | 1,018,920 |
| 23,716 | 68 | — | 220,060 | — | 4,898 | 430,525 |
| — | — | — | — | — | — | 1,186,618 |
| — | — | — | — | — | — | 70,000 |
| 25 | (100,174) | 5,771 | 35,778 | 15,426 | 3,128 | 932,966 |
| $ 23,741 | $ (92,539) | $ 5,771 | $ 257,253 | $ 18,151 | $ 255,278 | $ 4,617,022 |

# Combining Statement of Activities
# Nonmajor Component Units
# For the Fiscal Year Ended June 30, 2021
**(amounts in thousands)**

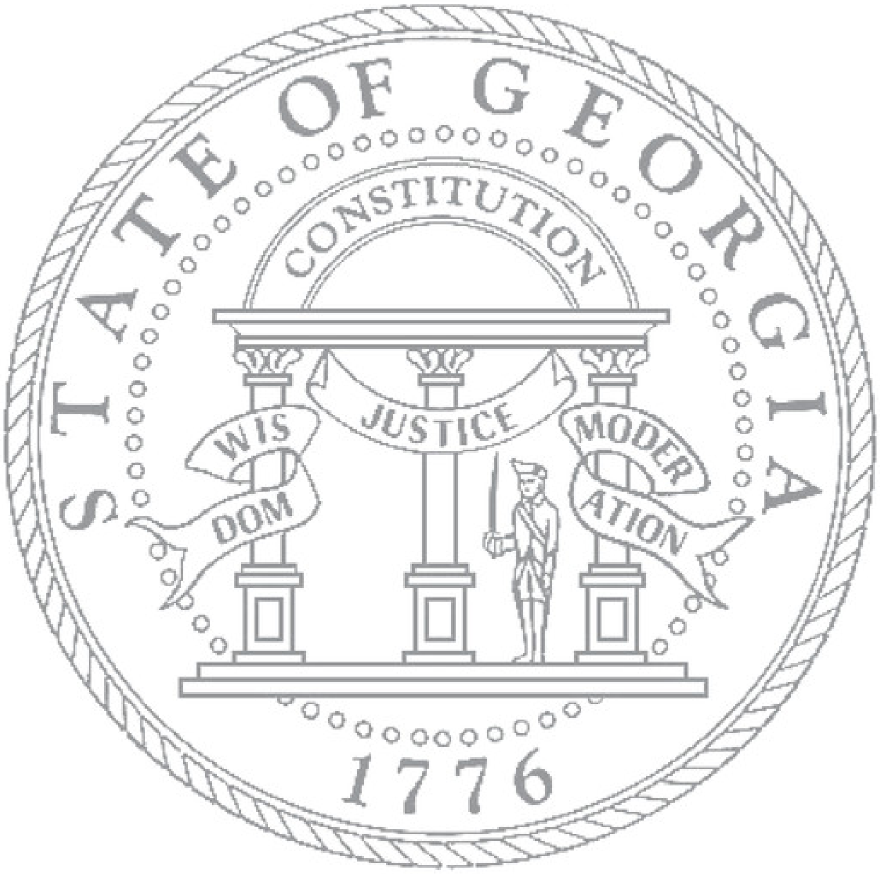
| | Atlanta-Region Transit Link Authority | Economic Development Organizations | Georgia Higher Education Assistance Corporation | Higher Education Foundations | Georgia Military College | Georgia Public Telecommunications Commission |
|---|---|---|---|---|---|---|
| Expenses | $ 36,329 | $ 37,534 | $ 1,545 | $ 1,952,489 | $ 92,332 | $ 38,452 |
| **Program Revenues:** | | | | | | |
| Sales and Charges for Services | 1,127 | 11,203 | 2,142 | 440,254 | 33,535 | 7,217 |
| Operating Grants and Contributions | 35,545 | 312 | 14 | 2,058,790 | 53,299 | 16,766 |
| Capital Grants and Contributions | 15,355 | 396 | — | 4,808 | 1,357 | 2,853 |
| Total Program Revenues | 52,027 | 11,911 | 2,156 | 2,503,852 | 88,191 | 26,836 |
| Net (Expenses) Revenue | 15,698 | (25,623) | 611 | 551,363 | (4,141) | (11,616) |
| **General Revenues:** | | | | | | |
| Taxes | — | 4,041 | — | — | — | — |
| Unrestricted Investment Income | — | 906 | — | 164,740 | — | — |
| Payments from the Primary Government | 12,841 | 43,825 | — | — | — | 13,837 |
| Contributions to Permanent Endowments | — | — | — | 84,835 | — | — |
| Total General Revenues | 12,841 | 48,772 | — | 249,575 | — | 13,837 |
| Change in Net Position | 28,539 | 23,149 | 611 | 800,938 | (4,141) | 2,221 |
| Net Position, July 1 - (Restated) | 1,306 | 341,456 | 22,670 | 2,882,515 | 51,805 | (1,702) |
| Net Position, June 30 | $ 29,845 | $ 364,605 | $ 23,281 | $ 3,683,453 | $ 47,664 | $ 519 |

| REACH Georgia Foundation | Regional Educational Service Agencies | Georgia Regional Transportation Authority | Georgia Student Finance Authority | Superior Court Clerks' Cooperative Authority | Tourism State Attractions | Total |
|---|---|---|---|---|---|---|
| $ 1,147 | $ 117,353 | $ 29,542 | $ 42,924 | $ 22,908 | $ 55,548 | $ 2,428,103 |
| — | 24,560 | — | 41,540 | 27,172 | 49,003 | 637,753 |
| 11,644 | 89,136 | 34,966 | 26,000 | 9 | 4,797 | 2,331,278 |
| — | — | — | — | — | 2,837 | 27,606 |
| 11,644 | 113,696 | 34,966 | 67,540 | 27,181 | 56,637 | 2,996,637 |
| 10,497 | (3,657) | 5,424 | 24,616 | 4,273 | 1,089 | 568,534 |
| — | — | — | — | — | 3,089 | 7,130 |
| 400 | — | — | — | — | — | 166,046 |
| — | — | 330 | — | — | 3,150 | 73,983 |
| — | — | — | — | — | — | 84,835 |
| 400 | — | 330 | — | — | 6,239 | 331,994 |
| 10,897 | (3,657) | 5,754 | 24,616 | 4,273 | 7,328 | 900,528 |
| 12,844 | (88,882) | 17 | 232,637 | 13,878 | 247,950 | 3,716,494 |
| $ 23,741 | $ (92,539) | $ 5,771 | $ 257,253 | $ 18,151 | $ 255,278 | $ 4,617,022 |


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

# STATISTICAL SECTION

*MEMORIAL DAY FLYOVER (2020)*
Georgia Army National Guardsmen
Marietta-Based 78TH Aviation Troop Command
Atlanta, Georgia
U.S. Army National Guard photo by Spc. Tori Miller, Georgia National Guard


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

This part of the *Annual Comprehensive Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

**Index** **Page**

### Financial Trends Information

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.



### Revenue Capacity Information

These schedules contain information to help the reader assess the State's most significant revenue source: personal income tax.



### Debt Capacity Information

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.



### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.



### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.



**Sources:** : Unless otherwise noted, the information in these schedules is derived from the *Annual Comprehensive Financial Reports* for the relevant year.

# Schedule 1
# Net Position by Component
# For the Last Ten Fiscal Years
**(accrual basis of accounting)**
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Governmental Activities** (1) (3) | | | | |
| Net Investment in Capital Assets | $ 23,070,070 | $ 21,408,838 | $ 20,361,680 | $ 19,542,361 |
| Restricted | 7,834,065 | 6,342,472 | 6,275,129 | 5,792,152 |
| Unrestricted | (4,264,983) | (7,609,857) | (7,660,565) | (8,506,350) |
| Total Governmental Activities Net Position | $ 26,639,152 | $ 20,141,453 | $ 18,976,244 | $ 16,828,163 |
| **Business-Type Activities** (1) (2) | | | | |
| Net Investment in Capital Assets | $ 8,593,594 | $ 8,529,759 | $ 8,429,136 | $ 7,849,961 |
| Restricted | 1,689,450 | 1,872,318 | 3,349,557 | 2,955,296 |
| Unrestricted | (6,846,987) | (6,344,267) | (6,201,340) | (6,250,035) |
| Total Business-type Activities Net Position | $ 3,436,057 | $ 4,057,810 | $ 5,577,353 | $ 4,555,222 |
| **Total Primary Government** (1) (2) (3) | | | | |
| Net Investment in Capital Assets | $ 28,290,100 | $ 26,614,216 | $ 25,566,212 | $ 24,372,160 |
| Restricted | 9,523,515 | 8,214,790 | 9,624,686 | 8,747,448 |
| Unrestricted | (7,738,406) | (10,629,743) | (10,637,301) | (11,736,223) |
| Total Primary Government Net Position | $ 30,075,209 | $ 24,199,263 | $ 24,553,597 | $ 21,383,385 |

(1) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit were reported as governmental activities. In fiscal year 2017, SRTA was re-examined again and it was determined that the toll facilities and customer service center (previously part of governmental activities) are now reported as part of business-type activities.

(2) Beginning in fiscal year 2013, the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc., the Georgia State University Foundation, Inc., the Georgia State University Research Foundation, Inc., the Georgia Tech Facilities, Inc., the University System of Georgia Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in the fiscal year 2014, the activity of the Georgia Southern University Housing Foundation, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the North Georgia Real Estate Foundation, Inc., and the UWG Real Estate Foundation, Inc. component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in fiscal year 2015, the activity of the Georgia State University Foundation, Inc. is discretely presented (previously blended) and the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Beginning in fiscal year 2016, the Georgia Tech Facilities, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the University of North Georgia Real Estate Foundation, Inc., and the University System of Georgia Foundation, Inc. are discreetly presented (previously blended) and the activity of the Georgia State University Research Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. In fiscal year 2017 the Georgia Southern University Housing Foundation, Inc., UWG Real Estate Foundation, Inc. and VSU Auxiliary Services Real Estate Foundation, Inc. are reported as discretely presented component units (previously Higher Education Fund).

(3) Beginning in fiscal year 2015, Governmental Activities classification of outstanding general obligation bonds for the purposes of capital acquisition and construction on behalf of Business -Type Activities, previously reported as net investment in capital assets, is presented as unrestricted. For the Primary Government, the presentation of these outstanding general obligation bonds is presented as net investment in capital assets.

Source: Financial Statements included in Current and Prior Years' *Annual Comprehensive Financial Reports*

**Fiscal Year**

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 18,575,368 | $ 17,213,380 | $ 16,562,899 | $ 13,186,605 | $ 13,737,276 | $ 13,355,209 |
| 5,013,504 | 4,499,014 | 3,668,030 | 3,653,903 | 3,301,316 | 3,968,493 |
| (5,210,957) | (5,745,504) | (6,914,616) | (1,644,265) | (1,781,096) | (2,456,411) |
| $ 18,377,915 | $ 15,966,890 | $ 13,316,313 | $ 15,196,243 | $ 15,257,496 | $ 14,867,291 |
| $ 7,773,009 | $ 7,529,660 | $ 7,344,726 | $ 6,575,166 | $ 6,502,029 | $ 6,257,436 |
| 2,639,561 | 1,837,521 | 1,546,723 | 1,367,598 | 816,428 | 457,265 |
| (4,484,701) | (3,857,184) | (3,957,761) | (820,616) | (1,063,406) | (1,293,130) |
| $ 5,927,869 | $ 5,509,997 | $ 4,933,688 | $ 7,122,148 | $ 6,255,051 | $ 5,421,571 |
| $ 23,502,948 | $ 21,892,080 | $ 20,926,469 | $ 19,761,771 | $ 20,239,305 | $ 19,612,645 |
| 7,653,065 | 6,336,535 | 5,214,753 | 5,021,501 | 4,117,744 | 4,425,758 |
| (6,850,229) | (6,751,728) | (7,891,221) | (2,464,881) | (2,844,502) | (3,749,541) |
| $ 24,305,784 | $ 21,476,887 | $ 18,250,001 | $ 22,318,391 | $ 21,512,547 | $ 20,288,862 |

# Schedule 2
# Changes in Net Position
# For the Last Ten Fiscal Years
**(accrual basis of accounting)**
**(dollars in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Governmental Activities | | | | |
| General Government | $ 2,305,031 | $ 1,580,323 | $ 1,262,837 | $ 1,380,132 |
| Education | 16,048,419 | 14,744,905 | 13,892,451 | 13,266,545 |
| Health and Welfare | 22,446,647 | 19,182,338 | 18,015,041 | 18,082,536 |
| Transportation (1) | 2,602,147 | 2,831,753 | 2,668,539 | 2,400,875 |
| Public Safety | 2,196,467 | 2,557,268 | 2,605,402 | 2,525,521 |
| Economic Development and Assistance | 492,212 | 414,177 | 465,465 | 524,516 |
| Culture and Recreation | 296,593 | 291,934 | 309,863 | 308,917 |
| Conservation | 65,701 | 59,402 | 54,758 | 72,135 |
| Interest and Other Charges on Long-Term Debt (1) | 415,166 | 309,200 | 381,895 | 379,211 |
| Total Governmental Activities | 46,868,383 | 41,971,300 | 39,656,251 | 38,940,388 |
| Business-type Activities | | | | |
| Higher Education Fund (2) | 10,208,186 | 10,355,168 | 9,739,025 | 9,300,291 |
| State Health Benefit Plan | 3,173,666 | 2,735,542 | 2,613,192 | 2,882,954 |
| Unemployment Compensation Fund | 12,925,409 | 10,229,884 | 319,367 | 325,523 |
| Nonmajor Enterprise Funds (1) (2) | 87,827 | 204,559 | 205,638 | 207,054 |
| Total Business-type Activities | 26,395,088 | 23,525,153 | 12,877,222 | 12,715,822 |
| Total Primary Government Expenses | $ 73,263,471 | $ 65,496,453 | $ 52,533,473 | $ 51,656,210 |
| **Program Revenues** | | | | |
| Governmental Activities (1) (2) (3) | | | | |
| Sales and Charges for Services | | | | |
| General Government | $ 838,181 | $ 759,685 | $ 761,015 | $ 724,539 |
| Health and Welfare | 97,934 | 70,209 | 75,300 | 78,995 |
| Public Safety | 184,815 | 166,570 | 187,020 | 184,472 |
| Other Sales and Charges for Services | 308,672 | 295,692 | 277,008 | 273,257 |
| Operating Grants and Contributions | 23,237,101 | 17,728,046 | 16,236,248 | 16,277,251 |
| Capital Grants and Contributions | 1,580,949 | 1,730,727 | 1,614,685 | 1,560,745 |
| Total Governmental Activities | 26,247,652 | 20,750,929 | 19,151,276 | 19,099,259 |
| Business-type Activities (1) | | | | |
| Sales and Charges for Services | | | | |
| Higher Education Fund (2) | 3,490,490 | 3,583,317 | 3,730,124 | 3,578,611 |
| State Health Benefit Plan (4) | 3,079,378 | 2,827,312 | 2,523,714 | 2,965,082 |
| Unemployment Compensation Fund (4) | 570,965 | 633,361 | 592,707 | 649,655 |
| Nonmajor Enterprise Funds (1) (2) | 40,407 | 39,844 | 40,566 | 43,124 |
| Operating Grants and Contributions | 15,698,794 | 11,723,271 | 3,354,730 | 3,031,969 |
| Capital Grants and Contributions | 27,227 | 103,004 | 109,838 | 107,167 |
| Total Business-type Activities | 22,907,261 | 18,910,109 | 10,351,679 | 10,375,608 |
| Total Primary Government Program Revenues | $ 49,154,913 | $ 39,661,038 | $ 29,502,955 | $ 29,474,867 |
| **Net (Expense) Revenue** | | | | |
| Governmental Activities (1) | $ (20,620,731) | $ (21,220,371) | $ (20,504,975) | $ (19,841,129) |
| Business-type Activities (2) (3) (4) | (3,487,827) | (4,615,044) | (2,525,543) | (2,340,214) |
| Total Primary Government | $ (24,108,558) | $ (25,835,415) | $ (23,030,518) | $ (22,181,343) |

**Fiscal Year**

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 1,229,891 | $ 1,385,643 | $ 1,735,174 | $ 1,658,846 | $ 1,606,626 | $ 1,326,657 |
| 12,655,824 | 12,024,645 | 11,408,408 | 10,788,262 | 10,770,532 | 10,100,155 |
| 17,238,499 | 16,795,986 | 16,589,708 | 16,107,840 | 16,033,221 | 15,657,704 |
| 1,964,380 | 1,917,223 | 1,904,464 | 1,845,850 | 1,656,662 | 1,519,707 |
| 2,628,645 | 2,145,769 | 1,994,413 | 2,002,615 | 2,012,501 | 1,912,814 |
| 645,604 | 509,074 | 590,676 | 510,338 | 515,874 | 783,308 |
| 279,375 | 279,772 | 236,922 | 247,170 | 240,018 | 233,043 |
| 60,603 | 59,409 | 54,280 | 37,002 | 51,038 | 50,334 |
| 394,388 | 424,595 | 678,888 | 592,668 | 616,328 | 638,775 |
| 37,097,209 | 35,542,116 | 35,192,933 | 33,790,591 | 33,502,800 | 32,222,497 |
| 9,063,716 | 8,576,540 | 8,323,884 | 7,984,962 | 7,931,918 | 7,916,281 |
| 2,296,062 | 2,153,073 | 2,025,638 | 2,032,910 | 2,193,829 | 2,362,677 |
| 328,266 | 379,714 | 458,112 | 1,152,763 | 1,858,989 | 2,240,295 |
| 194,402 | 11,587 | 158,809 | 229,630 | 191,949 | 35,735 |
| 11,882,446 | 11,120,914 | 10,966,443 | 11,400,265 | 12,176,685 | 12,554,988 |
| $ 48,979,655 | $ 46,663,030 | $ 46,159,376 | $ 45,190,856 | $ 45,679,485 | $ 44,777,485 |
| $ 698,096 | $ 799,281 | $ 621,448 | $ 2,770,681 | $ 2,205,860 | $ 1,912,183 |
| 292,832 | 91,838 | 134,140 | 562,606 | 576,110 | 489,289 |
| 186,972 | 167,297 | 157,056 | 154,324 | 161,190 | 162,970 |
| 236,843 | 275,045 | 260,346 | 236,035 | 235,067 | 264,309 |
| 15,611,324 | 15,372,385 | 15,758,799 | 14,780,822 | 15,317,258 | 14,764,360 |
| 1,608,086 | 1,377,654 | 1,182,723 | 1,239,876 | 1,310,696 | 1,142,924 |
| 18,634,153 | 18,083,500 | 18,114,512 | 19,744,344 | 19,806,181 | 18,736,035 |
| 3,552,863 | 3,509,384 | 3,241,333 | 2,993,298 | 2,992,037 | 2,922,710 |
| 2,188,034 | 2,121,100 | 2,363,917 | — | — | — |
| 709,830 | 785,392 | 849,070 | — | — | — |
| 30,181 | 11,640 | 95,020 | 146,407 | 114,152 | 38,716 |
| 2,788,516 | 2,636,285 | 2,611,058 | 6,695,670 | 7,251,162 | 7,245,740 |
| 79,085 | 60,543 | 102,216 | 36,664 | 90,665 | 36,157 |
| 9,348,509 | 9,124,344 | 9,262,614 | 9,872,039 | 10,448,016 | 10,243,323 |
| $ 27,982,662 | $ 27,207,844 | $ 27,377,126 | $ 29,616,383 | $ 30,254,197 | $ 28,979,358 |
| $ (18,463,056) | $ (17,458,616) | $ (17,078,421) | $ (14,046,247) | $ (13,696,619) | $ (13,486,462) |
| (2,533,937) | (1,996,570) | (1,703,829) | (1,528,226) | (1,728,669) | (2,311,665) |
| $ (20,996,993) | $ (19,455,186) | $ (18,782,250) | $ (15,574,473) | $ (15,425,288) | $ (15,798,127) |

(continued)

# Schedule 2
# Changes in Net Position
# For the Last Ten Fiscal Years
**(accrual basis of accounting)**
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **General Revenues and Other Changes in Net Position** | | | | |
| Governmental Activities (1) (2) | | | | |
| General Revenues | | | | |
| Taxes | | | | |
| Individual Income | $ 13,699,488 | $ 12,529,857 | $ 12,255,424 | $ 11,109,361 |
| Sales - General | 7,268,260 | 6,212,812 | 6,226,817 | 5,905,929 |
| Motor Fuel Tax | 1,779,560 | 1,872,628 | 1,836,890 | 1,800,191 |
| Motor Vehicle License and Title Ad Valorem Taxes(4) | 1,139,049 | 1,041,107 | 1,253,113 | 1,314,354 |
| Corporate Tax | 1,741,239 | 1,214,809 | 1,272,157 | 1,004,524 |
| Other Taxes | 1,321,424 | 1,069,632 | 939,419 | 1,124,370 |
| Lottery for Education - Lottery Proceeds(4) | 1,544,954 | 1,237,345 | 1,207,369 | 1,143,515 |
| Nursing Home and Hospital Provider Fees(4) | 519,078 | 513,666 | 488,218 | 465,595 |
| Tobacco Settlement Funds(4) | 175,995 | 157,009 | 163,851 | 168,926 |
| Unrestricted Investment Income | 15,468 | 148,822 | 205,072 | 104,230 |
| Unclaimed Property | 179,098 | 141,925 | 144,841 | 151,462 |
| Other | 171,346 | 185,350 | 221,221 | 184,240 |
| Transfers | (2,871,515) | (3,035,910) | (3,485,850) | (2,993,509) |
| Total Governmental Activities | 26,683,444 | 23,289,052 | 22,728,542 | 21,483,188 |
| Business-type Activities (1) (2) | | | | |
| General Revenues | | | | |
| Contributions to Permanent Endowments | 731 | 964 | 1,300 | 345 |
| Transfers | 2,871,515 | 3,035,910 | 3,485,850 | 2,993,509 |
| Total Business-type Activities | 2,872,246 | 3,036,874 | 3,487,150 | 2,993,854 |
| **Total Primary Government General Revenues and Other Changes in Net Position** | $ 29,555,690 | $ 26,325,926 | $ 26,215,692 | $ 24,477,042 |
| **Changes in Net Position** | | | | |
| Governmental Activities (1) (2) | $ 6,062,713 | $ 2,068,681 | $ 2,223,567 | $ 1,642,059 |
| Business-type Activities (1) (2) (3) | (615,581) | (1,578,170) | 961,607 | 653,640 |
| Total Primary Government | $ 5,447,132 | $ 490,511 | $ 3,185,174 | $ 2,295,699 |

(1) Beginning in fiscal year 2013, the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc., the Georgia State University Foundation, Inc., the Georgia State University Research Foundation, Inc., the Georgia Tech Facilities, Inc., the University System of Georgia Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in the fiscal year 2014, the activity of the Georgia Southern University Housing Foundation, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the North Georgia Real Estate Foundation, Inc., and the UWG Real Estate Foundation, component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in fiscal year 2015, the activity of the Georgia State University Foundation, Inc. is discretely presented (previously blended) and the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Beginning in fiscal year 2016, the Georgia Tech Facilities, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the University of North Georgia Real Estate Foundation, Inc., and the University System of Georgia Foundation, Inc. are discreetly presented (previously blended) and the activity of the Georgia State University Research Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Additionally, Georgia Southern University Housing Foundation, Inc., UWG Real Estate Foundation, Inc., and VSU Auxiliary Services Real Estate Foundation, Inc. are reported in the Higher Education Fund (previously blended nonmajor enterprise funds). Then in fiscal year 2017 these three foundations no longer met the requirements for being reported in the Higher Education Fund and are reported as discretely presented component units.

(2) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit are reported as Governmental Activities. In fiscal year 2017, SRTA was re-examined again and it was determined that the toll facilities and customer service center (previously part of governmental activities) are now reported as part of business-type activities.

**Fiscal Year**

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $ 11,318,052 | $ 9,799,035 | $ 9,769,658 | $ 8,976,720 | $ 8,854,916 | $ 8,196,187 |
| 5,798,400 | 5,730,560 | 5,235,481 | 4,988,620 | 5,082,342 | 5,141,871 |
| 1,741,413 | 1,668,568 | 1,210,079 | 1,196,154 | 1,149,110 | 1,201,532 |
| 1,347,626 | 1,307,054 | 1,167,421 | — | — | — |
| 955,791 | 981,475 | 1,014,290 | 949,815 | 806,881 | 658,303 |
| 607,929 | 1,515,674 | 774,605 | 801,605 | 752,103 | 776,813 |
| 1,101,062 | 1,097,823 | 980,653 | — | — | — |
| 442,576 | 434,126 | 454,372 | — | — | — |
| 140,938 | 137,035 | 138,385 | — | — | — |
| 50,631 | 33,936 | 9,103 | 4,995 | 323 | 6,183 |
| 143,683 | 153,257 | 156,360 | 148,129 | 138,832 | 83,215 |
| 196,046 | 12,916 | 9,646 | 12,112 | 126,862 | 12,909 |
| (2,803,960) | (2,639,131) | (2,657,978) | (2,308,895) | (2,377,595) | (2,346,986) |
| 21,040,187 | 20,232,328 | 18,262,075 | 14,769,255 | 14,533,774 | 13,730,027 |
| 833 | 137 | — | 7,522 | 1,231 | — |
| 2,803,960 | 2,639,131 | 2,657,978 | 2,308,895 | 2,377,595 | 2,346,986 |
| 2,804,793 | 2,639,268 | 2,657,978 | 2,316,417 | 2,378,826 | 2,346,986 |
| $ 23,844,980 | $ 22,871,596 | $ 20,920,053 | $ 17,085,672 | $ 16,912,600 | $ 16,077,013 |
| $ 2,577,131 | $ 2,773,712 | $ 1,183,654 | $ 723,008 | $ 837,155 | $ 243,565 |
| 270,856 | 642,698 | 954,149 | 788,191 | 650,157 | 35,321 |
| $ 2,847,987 | $ 3,416,410 | $ 2,137,803 | $ 1,511,199 | $ 1,487,312 | $ 278,886 |

(3) Beginning in fiscal year 2015, Motor Vehicle License and Title ad valorem Taxes, Lottery for Education - Lottery Proceeds, Nursing Home and Hospital Provider Fees, and Tobacco Settlement Funds, previously reported within the General Government function program revenues, are reported as general revenues of the Governmental Activities.

(4) Beginning in fiscal year 2015, State Health Benefit Plan - Contributions/Premiums and Unemployment Compensation Fund - Contributions, previously reported within Program Revenues, Business-type Activities, Operating Grants and Contributions are reported as Sales and Charges for Services.

Source: Financial Statements included in Current and Prior Years' *Annual Comprehensive Financial Reports* and supporting working papers (certain amounts restated for purposes of comparability)

# Schedule 3
# Fund Balances of Governmental Funds
# For the Last Ten Fiscal Years
**(modified accrual basis of accounting)**
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **General Fund** | | | | | |
| Nonspendable | $ 27,612 | $ 39,561 | $ 20,780 | $ 35,375 | $ 82,570 |
| Restricted | 6,297,540 | 5,440,832 | 5,438,608 | 5,118,497 | 4,652,244 |
| Unrestricted | | | | | |
| Committed | 21,145 | 17,372 | 9,385 | 11,753 | 10,921 |
| Assigned | 818,728 | 494,586 | 522,273 | 437,737 | 418,815 |
| Unassigned | 6,184,089 | 2,414,540 | 2,833,072 | 2,506,449 | 2,211,442 |
| **Total General Fund** | $ 13,349,114 | $ 8,406,891 | $ 8,824,118 | $ 8,109,811 | $ 7,375,992 |
| **All Other Governmental Funds** (1) | | | | | |
| Nonspendable | $ — | $ 16,770 | $ 16,770 | $ 16,770 | $ 15,289 |
| Restricted | 2,548,478 | 1,781,860 | 1,916,578 | 1,475,928 | 1,310,861 |
| Unrestricted | | | | | |
| Assigned | 47,877 | 54,949 | 72,796 | 84,912 | 74,100 |
| **Total All Other Governmental Funds** | $ 2,596,355 | $ 1,853,579 | $ 2,006,144 | $ 1,577,610 | $ 1,400,250 |

(1) Beginning in fiscal year 2015, all activities of SRTA, a blended component unit, are reported as Special Revenue Funds (previously only the balances of its General Fund are included in the State's Special Revenue Funds). In fiscal year 2017, the activities of SRTA were re-examined, and only SRTA's General Fund is included in the State's Special Revenue Funds.

Source: Financial Statements included in Current and Prior Years' *Annual Comprehensive Financial Reports*
(certain amounts restated for purposes of comparability)

**Fiscal Year**

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| | $ 66,744 | $ 50,979 | $ 54,972 | $ 56,937 | $ 74,206 |
| | 4,112,561 | 3,284,676 | 3,371,495 | 3,177,010 | 3,004,697 |
| | 9,287 | 7,713 | 3,232 | 4,954 | 7,695 |
| | 345,667 | 444,077 | 325,552 | 365,985 | 298,557 |
| | 1,795,230 | 1,282,974 | 1,073,662 | 798,630 | 334,655 |
| | $ 6,329,489 | $ 5,070,419 | $ 4,828,913 | $ 4,403,516 | $ 3,719,810 |
| | $ 136 | $ 257 | $ 14 | $ 14 | $ 8,398 |
| | 1,242,119 | 1,074,877 | 1,216,195 | 1,065,153 | 963,782 |
| | 69,288 | 60,062 | 74,489 | 55,061 | 18,227 |
| | $ 1,311,543 | $ 1,135,196 | $ 1,290,698 | $ 1,120,228 | $ 990,407 |

# Schedule 4
# Changes in Fund Balances of Governmental Funds
# For the Last Ten Fiscal Years
**(modified accrual basis of accounting)**
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Revenues** [1] | | | | | |
| Taxes | | | | | |
| Individual Income | $ 14,024,344 | $ 12,545,944 | $ 12,202,473 | $ 11,644,160 | $ 11,023,806 |
| Sales - General | 7,343,273 | 6,230,249 | 6,286,292 | 6,019,297 | 5,781,149 |
| Motor Fuel Tax | 1,779,560 | 1,872,628 | 1,836,890 | 1,800,191 | 1,741,414 |
| Motor Vehicle License and Title ad valorem Taxes[3] | 1,139,049 | 1,041,107 | 1,253,113 | 1,314,354 | 1,347,626 |
| Corporate Tax | 1,741,239 | 1,214,809 | 1,272,157 | 1,004,524 | 955,790 |
| Other Taxes | 1,003,107 | 1,125,499 | 851,105 | 1,057,108 | 977,494 |
| Licenses and Permits | 432,292 | 411,368 | 406,811 | 423,796 | 392,102 |
| Intergovernmental - Federal | 23,892,327 | 18,280,850 | 16,930,680 | 16,926,361 | 16,543,931 |
| Intergovernmental - Other | 732,248 | 618,597 | 663,598 | 637,053 | 519,077 |
| Sales and Services | 535,639 | 444,394 | 429,050 | 426,328 | 608,204 |
| Fines and Forfeits | 483,319 | 482,952 | 523,033 | 475,711 | 475,421 |
| Interest and Other Investment Income | 35,523 | 208,359 | 285,225 | 142,282 | 68,780 |
| Unclaimed Property | 180,361 | 141,925 | 144,841 | 151,462 | 143,683 |
| Lottery Proceeds | 1,544,954 | 1,237,345 | 1,207,369 | 1,143,515 | 1,101,062 |
| Nursing Home Provider Fees | 152,797 | 168,453 | 154,263 | 161,575 | 156,746 |
| Hospital Provider Payments | 366,281 | 345,213 | 333,955 | 304,020 | 285,830 |
| Other | 320,865 | 380,507 | 328,212 | 308,655 | 288,396 |
| **Total Revenues** | 55,707,178 | 46,750,199 | 45,109,067 | 43,940,392 | 42,410,511 |
| **Expenditures** [1] | | | | | |
| Current | | | | | |
| General Government | 1,624,883 | 1,200,665 | 1,018,790 | 963,123 | 915,149 |
| Education | 16,025,139 | 14,693,652 | 13,859,041 | 13,271,141 | 12,605,566 |
| Health and Welfare | 22,530,467 | 19,231,330 | 18,192,601 | 18,205,579 | 17,225,344 |
| Transportation | 3,426,702 | 3,450,047 | 3,239,744 | 2,882,072 | 2,901,428 |
| Public Safety | 2,303,584 | 2,597,921 | 2,697,770 | 2,607,044 | 2,540,030 |
| Economic Development and Assistance | 489,623 | 414,221 | 525,126 | 565,462 | 692,393 |
| Culture and Recreation | 324,340 | 292,628 | 311,170 | 302,262 | 301,768 |
| Conservation | 61,522 | 58,921 | 62,549 | 85,328 | 58,888 |
| Capital Outlay | 793,847 | 959,817 | 890,631 | 902,083 | 889,793 |
| Debt Service | | | | | |
| Principal | 931,555 | 1,056,725 | 1,029,075 | 1,068,590 | 1,042,625 |
| Interest | 420,137 | 440,086 | 436,216 | 430,077 | 419,177 |
| Other Charges | 195,734 | 22,676 | 23,765 | 27,036 | 26,541 |
| Intergovernmental | 230,413 | 276,081 | 178,421 | 246,015 | 175,136 |
| **Total Expenditures** | 49,357,946 | 44,694,770 | 42,464,899 | 41,555,812 | 39,793,838 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 6,349,232 | 2,055,429 | 2,644,168 | 2,384,580 | 2,616,673 |

**Fiscal Year**

| 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| $ 10,078,312 | $ 9,714,090 | $ 8,976,720 | $ 8,854,916 | $ 8,196,187 |
| 5,473,282 | 5,263,011 | 4,988,620 | 5,082,342 | 5,141,871 |
| 1,668,568 | 1,210,079 | 1,196,154 | 1,149,110 | 1,201,532 |
| 1,307,054 | 1,167,421 | — | — | — |
| 981,475 | 1,014,290 | 949,815 | 806,881 | 658,303 |
| 1,186,308 | 871,158 | 801,605 | 752,103 | 776,813 |
| 499,313 | 328,028 | 1,387,113 | 753,517 | 593,541 |
| 15,946,548 | 16,056,116 | 15,359,809 | 15,935,839 | 15,294,531 |
| 547,897 | 646,442 | 590,000 | 626,723 | 505,974 |
| 403,849 | 439,342 | 449,697 | 483,606 | 440,951 |
| 464,064 | 444,301 | 446,646 | 607,862 | 450,457 |
| 50,219 | 26,243 | 23,365 | 7,244 | 18,580 |
| 153,257 | 156,360 | 148,129 | 138,832 | 83,215 |
| 1,097,823 | 980,653 | 945,097 | 927,479 | 901,329 |
| 163,524 | 175,414 | 169,521 | 176,864 | 132,393 |
| 270,602 | 278,958 | 237,978 | 232,080 | 225,260 |
| 130,774 | 129,092 | 68,375 | 75,148 | 72,657 |
| 40,422,869 | 38,900,998 | 36,738,644 | 36,610,546 | 34,693,594 |
| 1,021,257 | 1,059,255 | 1,119,722 | 1,045,120 | 920,513 |
| 12,010,308 | 11,435,031 | 10,787,182 | 10,768,786 | 10,099,224 |
| 16,872,312 | 16,713,851 | 16,106,379 | 16,031,121 | 15,668,820 |
| 2,181,785 | 2,095,554 | 1,847,149 | 1,879,877 | 1,664,812 |
| 2,193,494 | 2,122,905 | 1,969,468 | 2,033,814 | 1,921,717 |
| 600,031 | 610,472 | 512,286 | 494,016 | 782,055 |
| 304,703 | 263,263 | 257,416 | 263,636 | 258,472 |
| 56,514 | 53,394 | 47,471 | 51,314 | 54,694 |
| 765,976 | 1,010,110 | 699,126 | 600,128 | 674,905 |
| 988,145 | 966,445 | 850,290 | 774,855 | 803,600 |
| 449,666 | 460,214 | 466,787 | 461,432 | 475,208 |
| 25,848 | 27,284 | 75,372 | 155,290 | 98,368 |
| 200,373 | 223,531 | 209,097 | 138,161 | 239,879 |
| 37,670,412 | 37,041,309 | 34,947,745 | 34,697,550 | 33,662,267 |
| 2,752,457 | 1,859,689 | 1,790,899 | 1,912,996 | 1,031,327 |

(continued)

# Schedule 4
# Changes in Fund Balances of Governmental Funds
# For the Last Ten Fiscal Years
**(modified accrual basis of accounting)**
**(amounts in thousands)**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Other Financing Sources (Uses)** [(1)] | | | | | |
| General Obligation Bonds Issuance | 1,132,515 | 914,675 | 1,228,625 | 1,041,015 | 920,035 |
| Refunding Bonds Issuance | — | 321,835 | 285,915 | 634,545 | 1,340,265 |
| Revenue Bond Issuance | — | — | — | — | — |
| GARVEE Bond Issuance | 484,160 | — | — | — | — |
| Debt Issuance - Other | — | 63,850 | 63,850 | 63,850 | 52,720 |
| Premium on General Obligation Bonds Sold | 183,801 | 85,090 | 95,163 | 119,498 | 111,054 |
| Premium on Refunding Bonds Sold | — | 29,772 | 27,159 | 91,178 | 283,301 |
| Premium on GARVEE Bonds Sold | 117,790 | 11,455 | 11,455 | 11,455 | — |
| Payment to Refunded Bond Escrow Agent | — | (351,591) | (313,095) | (724,870) | (1,620,595) |
| Capital Leases | 28,248 | 13,300 | 16,304 | 9,625 | 35,155 |
| Transfers In | 1,782,170 | 1,758,836 | 1,653,039 | 1,705,963 | 1,594,219 |
| Transfers Out | (4,498,939) | (4,630,778) | (4,477,445) | (4,425,660) | (4,165,721) |
| **Net Other Financing Sources (Uses)** | (770,255) | (1,783,556) | (1,409,030) | (1,473,401) | (1,449,567) |
| Net Change in Fund Balance | $ 5,578,977 | $ 271,873 | $ 1,235,138 | $ 911,179 | $ 1,167,106 |
| Debt Service Expenditures as a Percentage of Noncapital Expenditures [(2)] | 2.87 % | 3.54 % | 3.60 % | 3.77 % | 3.90 % |

(1) Beginning in fiscal year 2015, all activities of SRTA, a blended component unit, are reported as Special Revenue Funds (previously only the balances of its General Fund are included in the State’s Special Revenue Funds). In fiscal year 2017, the activities of SRTA were re-examined, and only SRTA’s General Fund is included in the State’s Special Revenue Funds.

(2) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

(3) Beginning in fiscal year 2015, Motor Vehicle License and Title ad valorem Taxes previously reported as Licenses and Permits are reported as Taxes.

Source: Financial Statements included in Current and Prior Years' *Annual Comprehensive Financial Reports* and supporting working papers

**Fiscal Year**

| 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| 1,008,355 | 823,555 | 857,670 | 834,870 | 803,615 |
| 275,985 | 159,350 | — | 486,825 | 719,465 |
| — | 11,057 | 32,718 | — | — |
| — | — | — | — | — |
| 20,926 | — | — | — | — |
| 94,194 | 78,602 | 62,075 | 124,742 | 78,781 |
| — | 13,819 | — | 102,681 | 86,523 |
| — | — | — | — | — |
| (302,322) | (173,032) | — | (587,396) | (805,945) |
| 27,617 | 12,825 | 8,207 | 5,847 | 11,179 |
| 1,718,186 | 1,609,361 | 1,550,566 | 1,424,420 | 1,414,093 |
| (4,081,733) | (3,882,868) | (3,706,268) | (3,481,263) | (3,409,603) |
| (1,238,792) | (1,347,331) | (1,195,032) | (1,089,274) | (1,101,892) |
| $ 1,513,665 | $ 512,358 | $ 595,867 | $ 823,722 | $ (70,565) |
| 3.98 % | 3.98 % | 3.91 % | 3.67 % | 3.95 % |

# Schedule 5
# Revenue Base - Personal Income by Industry
# For the Last Ten Calendar Years
**(dollars in millions)**

| | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Accommodation and Food Services | $ 11,381 | $ 11,904 | $ 10,980 | $ 10,507 |
| Administrative and Waste Management Services | 19,288 | 18,895 | 17,805 | 16,932 |
| Arts, Entertainment and Recreation | 2,699 | 2,777 | 2,527 | 2,483 |
| Construction | 23,232 | 21,712 | 21,267 | 18,941 |
| Educational Services | 5,820 | 5,658 | 5,362 | 5,120 |
| Farm Earnings | 1,669 | 1,907 | 2,649 | 1,946 |
| Federal Government - Civilian | 12,536 | 12,262 | 11,313 | 11,183 |
| Federal Government - Military | 7,330 | 7,212 | 6,838 | 6,579 |
| Finance and Insurance | 24,605 | 23,368 | 22,063 | 21,193 |
| Forestry, Fishing and Related Activities | 1,133 | 1,125 | 1,000 | 973 |
| Health Care and Social Assistance | 37,427 | 37,057 | 34,561 | 32,850 |
| Information | 20,926 | 21,721 | 21,089 | 21,069 |
| Management of Companies and Enterprises | 13,895 | 14,117 | 10,529 | 9,189 |
| Manufacturing | 30,848 | 31,096 | 31,805 | 30,423 |
| Mining | 948 | 994 | 862 | 783 |
| Other Services, Except Public Administration | 11,981 | 12,130 | 11,361 | 10,875 |
| Professional, Scientific and Technical Services | 38,693 | 36,339 | 34,522 | 32,809 |
| Real Estate, Rental and Leasing | 12,376 | 9,354 | 7,766 | 7,335 |
| Retail Trade | 23,020 | 21,203 | 20,738 | 20,097 |
| State and Local Government | 37,978 | 39,087 | 37,692 | 37,087 |
| Transportation and Warehousing | 18,484 | 17,170 | 17,980 | 17,013 |
| Utilities | 3,817 | 3,467 | 3,012 | 2,935 |
| Wholesale Trade | 21,559 | 22,951 | 20,846 | 21,385 |
| Other | 166,331 | 138,238 | 126,646 | 120,696 |
| Total Personal Income | $ 547,976 | $ 511,744 | $ 481,213 | $ 460,403 |
| Average Effective Rate (1) | 2.3 % | 2.4 % | 2.4 % | 2.4 % |

(1) The total direct rate for personal income is not available. The average effective rate was calculated by dividing individual income tax collections on a fiscal year basis (see Schedule 4) by total personal income on a calendar year basis.

Source: U. S. Department of Commerce, Bureau of Economic Analysis

**Calendar Year**

| 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| $ 10,209 | $ 9,838 | $ 9,551 | $ 8,969 | $ 8,595 |
| 15,610 | 15,166 | 14,828 | 13,744 | 12,873 |
| 2,171 | 2,231 | 2,379 | 2,277 | 2,162 |
| 17,604 | 15,391 | 14,766 | 13,365 | 12,471 |
| 4,849 | 4,705 | 4,638 | 4,391 | 4,318 |
| 1,814 | 2,476 | 3,230 | 3,640 | 3,429 |
| 10,806 | 10,421 | 9,824 | 9,796 | 10,076 |
| 6,446 | 6,825 | 6,833 | 7,048 | 7,229 |
| 19,269 | 18,663 | 18,200 | 17,386 | 16,492 |
| 1,045 | 1,010 | 1,010 | 872 | 847 |
| 31,688 | 29,914 | 28,658 | 27,487 | 26,127 |
| 18,669 | 15,118 | 12,225 | 11,414 | 10,922 |
| 8,443 | 8,179 | 7,776 | 7,009 | 6,626 |
| 29,125 | 27,921 | 26,822 | 25,876 | 24,977 |
| 787 | 560 | 592 | 558 | 524 |
| 10,528 | 10,309 | 10,460 | 10,055 | 9,619 |
| 31,180 | 30,183 | 28,908 | 26,708 | 25,972 |
| 6,262 | 5,784 | 6,454 | 6,135 | 5,740 |
| 19,375 | 19,046 | 18,127 | 17,303 | 16,415 |
| 35,643 | 33,051 | 32,454 | 32,139 | 32,100 |
| 16,172 | 14,838 | 13,881 | 13,143 | 12,498 |
| 2,902 | 2,657 | 2,435 | 2,401 | 2,294 |
| 21,150 | 20,493 | 19,539 | 18,709 | 17,917 |
| 112,931 | 106,943 | 101,183 | 97,731 | 98,926 |
| $ 434,678 | $ 411,722 | $ 394,773 | $ 378,156 | $ 369,149 |
| 2.3 % | 2.4 % | 2.3 % | 2.3 % | 2.2 % |

# Schedule 6
# Individual Income Tax Rates by Filing Status and Income Level
# For the Last Ten Calendar Years

**Filing Status**

| Income Level | Georgia Taxable Net Income Level 2021 - 2018 | Georgia Taxable Net Income Level 2017 - 2012 |
|---|---|---|
| **Single** | **Tax Rate** | **Tax Rate** |
| Not Over $750 | 1% | 1% |
| Over $750 But Not Over $2,250 | $7.50 Plus 2% of Amount Over $750 | $7.50 Plus 2% of Amount Over $750 |
| Over $2,250 But Not Over $3,750 | $37.50 Plus 3% of Amount Over $2,250 | $37.50 Plus 3% of Amount Over $2,250 |
| Over $3,750 But Not Over $5,250 | $82.50 Plus 4% of Amount Over $3,750 | $82.50 Plus 4% of Amount Over $3,750 |
| Over $5,250 But Not Over $7,000 | $142.50 Plus 5% of Amount Over $5,250 | $142.50 Plus 5% of Amount Over $5,250 |
| Over $7,000 | $230.00 Plus 5.75% of Amount Over $7,000 | $230.00 Plus 6% of Amount Over $7,000 |
| **Married Filing Separately** | | |
| Not Over $500 | 1% | 1% |
| Over $500 But Not Over $1,500 | $5.00 Plus 2% of Amount Over $500 | $5.00 Plus 2% of Amount Over $500 |
| Over $1,500 But Not Over $2,500 | $25.00 Plus 3% of Amount Over $1,500 | $25.00 Plus 3% of Amount Over $1,500 |
| Over $2,500 But Not Over $3,500 | $55.00 Plus 4% of Amount Over $2,500 | $55.00 Plus 4% of Amount Over $2,500 |
| Over $3,500 But Not Over $5,000 | $95.00 Plus 5% of Amount Over $3,500 | $95.00 Plus 5% of Amount Over $3,500 |
| Over $5,000 | $170.00 Plus 5.75% of Amount Over $5,000 | $170.00 Plus 6% of Amount Over $5,000 |
| **Head of Household and Married Filing Jointly** | | |
| Not Over $1,000 | 1% | 1% |
| Over $1,000 But Not Over $3,000 | $10.00 Plus 2% of Amount Over $1,000 | $10.00 Plus 2% of Amount Over $1,000 |
| Over $3,000 But Not Over $5,000 | $50.00 Plus 3% of Amount Over $3,000 | $50.00 Plus 3% of Amount Over $3,000 |
| Over $5,000 But Not Over $7,000 | $110.00 Plus 4% of Amount Over $5,000 | $110.00 Plus 4% of Amount Over $5,000 |
| Over $7,000 But Not Over $10,000 | $190.00 Plus 5% of Amount Over $7,000 | $190.00 Plus 5% of Amount Over $7,000 |
| Over $10,000 | $340.00 Plus 5.75% of Amount Over $10,000 | $340.00 Plus 6% of Amount Over $10,000 |

Source: OCGA § 48-7-20, Paragraph (b)(1)

# Schedule 7
# Individual Income Tax Filers and Liability by Income Level
# For Calendar Years 2019(1) and 2010

**(amounts, except income level, are in thousands)**

**2019(1)**

| Income Level | Number of Filers | Percentage of Total | Personal Income Tax Liability | Percentage of Total |
|---|---|---|---|---|
| $1,000 and under (2) | 918,878 | 19.0 % | $ 886,087 | 7.0 % |
| $1,001 to $5,000 | 224,163 | 4.6 % | 1 | 0.0%. |
| $5,001 to $10,000 | 298,351 | 6.2 % | 2,318 | 0.0%. |
| $10,001 to $15,000 | 358,308 | 7.4 % | 29,094 | 0.2 % |
| $15,001 to $20,000 | 316,628 | 6.6 % | 76,818 | 0.6 % |
| $20,001 to $25,000 | 277,776 | 5.8 % | 133,305 | 1.1 % |
| $25,001 to $30,000 | 256,060 | 5.3 % | 187,923 | 1.5 % |
| $30,001 to $50,000 | 732,165 | 15.2 % | 974,410 | 7.7 % |
| $50,001 to $100,000 | 797,247 | 16.5 % | 2,329,663 | 18.5 % |
| $100,001 to $500,000 | 606,621 | 12.6 % | 5,085,423 | 40.4 % |
| $500,001 to $1,000,000 | 27,419 | 0.6 % | 947,265 | 7.5 % |
| $1,000,001 and higher | 13,213 | 0.3 % | 1,925,817 | 15.3 % |
| Totals | 4,826,829 | 100.0 % | $ 12,578,123 | 100.0 % |

**2010**

| Income Level | Number of Filers | Percentage of Total | Personal Income Tax Liability | Percentage of Total |
|---|---|---|---|---|
| $1,000 and under (2) | 676,319 | 15.9 % | $ 405,483 | 5.3 % |
| $1,001 to $5,000 | 224,888 | 5.3 % | 822 | 0.0%. |
| $5,001 to $10,000 | 372,509 | 8.7 % | 14,543 | 0.2 % |
| $10,001 to $15,000 | 392,300 | 9.2 % | 54,515 | 0.7 % |
| $15,001 to $20,000 | 344,746 | 8.1 % | 109,346 | 1.4 % |
| $20,001 to $25,000 | 288,183 | 6.8 % | 151,403 | 2.0 % |
| $25,001 to $30,000 | 243,416 | 5.7 % | 183,613 | 2.4 % |
| $30,001 to $50,000 | 632,967 | 14.8 % | 807,098 | 10.5 % |
| $50,001 to $100,000 | 681,511 | 16.0 % | 1,843,763 | 24.0 % |
| $100,001 to $500,000 | 390,512 | 9.2 % | 2,860,595 | 37.3 % |
| $500,001 to $1,000,000 | 13,235 | 0.3 % | 455,064 | 5.9 % |
| $1,000,001 and higher | 5,732 | 0.1 % | 783,779 | 10.2 % |
| Totals | 4,266,318 | 100.0 % | $ 7,670,024 | 100.0 % |

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Georgia Department of Revenue

# Schedule 8
# Ratios of Outstanding Debt by Type
# For the Last Ten Fiscal Years
**(amounts in thousands, except per capita amounts)**

| | Governmental Activities (1) | | | |
|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Revenue(2) Bonds | Capital Leases | Notes and Loans |
| 2021 | $ 10,696,568 | $ 670,231 | $ 321,873 | $ 55,299 |
| 2020 | 10,351,636 | 613,770 | 212,709 | 62,364 |
| 2019 | 10,352,603 | 613,770 | 219,259 | 69,262 |
| 2018 | 10,043,489 | 613,770 | 233,398 | 74,141 |
| 2017 | 9,851,713 | 745,477 | 237,505 | 78,450 |
| 2016 | 9,493,441 | 983,947 | 184,689 | 87,228 |
| 2015 | 9,367,381 | 1,200,365 | 221,690 | 21,662 |
| 2014 | 9,437,844 | 1,367,068 | 252,830 | 4,024 |
| 2013 | 9,072,784 | 1,503,925 | 255,763 | 4,000 |
| 2012 | 8,889,868 | 1,678,744 | 262,111 | 14,600 |

(1) In fiscal year 2015, the activities of State Road and Tollway Authority (SRTA), a blended component unit, were reported as Governmental Activities. In fiscal year 2017, a re-examination determined that activities of this blended component unit should be reported in both Governmental Activities and Business-type Activities as was the presentation in fiscal years 2014 and prior.

(2) The Governmental Activities Revenue Bonds include $63.5 million of bonds secured by a joint resolution between the Department of Transportation (DOT) (General Fund) and the SRTA (Nonmajor Governmental Fund) whereby DOT has pledged to provide sufficient motor fuel tax funds to pay the principal and interest of the revenue bonds. According to the State Constitution, motor fuel tax funds are imposed and appropriated for all activities incident to maintaining an adequate system of roads and bridges in the State. In fiscal year 2021, the State collected $1.8 billion of motor fuel tax funds. The principal and interest on the revenue bonds for fiscal year 2021 was $53.8 million. The debt service requirements to maturity on these bonds is included in the Notes to the Financial Statements.

(3) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Annual Comprehensive Financial Reports*

| Business -Type Activities [1] | | | | | |
|---|---|---|---|---|---|
| Revenue Bonds | Capital Leases | Notes and Loans | Total Primary Government | Percentage of Personal Income[3] | Outstanding Debt Per Capita[3] |
| $ 232,337 | $ 2,676,623 | $ 299,319 | $ 14,952,250 | 2.7 % | $ 1,396 |
| 234,234 | 2,810,668 | 267,240 | 14,552,621 | 2.8 % | 1,371 |
| 242,003 | 2,856,209 | 269,459 | 14,612,268 | 3.0 % | 1,389 |
| 266,150 | 2,914,195 | 264,793 | 14,407,067 | 3.1 %) | 1,376 |
| 269,136 | 3,044,125 | 256,768 | 14,483,174 | 3.3 % | 1,400 |
| 756,539 | 2,633,261 | 11,677 | 14,150,782 | 3.4 % | 1,380 |
| 1,384,058 | 1,948,804 | 6,027 | 14,149,987 | 3.6 % | 1,396 |
| 1,781,514 | 1,829,517 | 3,923 | 14,676,720 | 3.9 % | 1,464 |
| 1,211,200 | 2,370,028 | 397,692 | 14,815,392 | 4.0 % | 1,488 |
| 319,247 | 3,436,099 | 751,299 | 15,351,968 | 4.3 % | 1,559 |

## Schedule 9
## Ratios of General Bonded Debt Outstanding
## For the Last Ten Fiscal Years
**(amounts in thousands, except per capita amounts)**

| Fiscal Year | Net General Bonded Debt[1] | Percentage of Personal Income[2] | Outstanding Debt Per Capita[2] |
|---|---|---|---|
| 2021 | $ 10,738,573 | 1.96% | $ 1,002.67 |
| 2020 | 10,449,792 | 2.04% | 984.21 |
| 2019 | 10,450,756 | 2.17% | 993.47 |
| 2018 | 10,141,642 | 2.20% | 972.41 |
| 2017 | 10,061,106 | 2.31% | 975.82 |
| 2016 | 9,720,956 | 2.36% | 951.65 |
| 2015 | 9,620,047 | 2.44% | 952.75 |
| 2014 | 9,767,110 | 2.58% | 977.54 |
| 2013 | 9,427,553 | 2.55% | 950.58 |
| 2012 | 9,278,490 | 2.60% | 945.60 |

(1) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit are reported as Governmental Activities. In fiscal year 2017, SRTA's activities reverted back to the blended presentation, where its activity and balances are included in both Governmental Activities and Business-type Activities.

(2) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Annual Comprehensive Financial Reports*


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

# Schedule 10
# Computation of Legal Debt Margin
# For the Last Ten Fiscal Years
**(in whole dollars)**

| | 2021 (3) | 2020 (3) | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Revenue Base:** | | | | | |
| Treasury Receipts for the Preceding Fiscal Year (1) | $26,900,038,894 | $22,748,258,000 | $25,649,499,261 | $24,519,402,190 | $23,476,964,889 |
| **Debt Limit Amount:** | | | | | |
| Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above) | $ 2,690,003,889 | $ 2,274,825,800 | $ 2,564,949,926 | $2,451,940,219 | $2,347,696,489 |
| **Debt Applicable to the Limit:** | | | | | |
| Highest Total Annual Commitments in Current or any Subsequent Fiscal Year (2) | 1,364,751,098 | 1,452,097,870 | 1,432,215,164 | 1,398,096,186 | 1,405,379,184 |
| **Legal Debt Margin** | $ 1,325,252,791 | $ 822,727,930 | $ 1,132,734,762 | $1,053,844,033 | $ 942,317,305 |
| **Total Debt Applicable to the Limit as Percentage of Debt Limit Amount** | 50.7 % | 63.8 % | 55.8 % | 57.0 % | 59.9 % |

(1) Includes Indigent Care Trust Fund Receipts, Brain and Spinal Injury Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Funds.

(2) Includes issued and outstanding debt as of the end of each fiscal year and appropriated debt service for any authorized but unissued general obligation (and guaranteed revenue) bonds.

(3) The 2020 treasury receipts, debt limit amount and debt applicable to the limit is based on unaudited, preliminary data due to the timing of the series 2020AB bonds issuance in August (fiscal year 2021) and pandemic related impacts on state revenues. Final fiscal year 2020 data was not available as of the date of the 2020AB Official Statement. The unaudited, preliminary treasury receipts used for the legal debt margin calculation includes only those revenues received by the Department of Revenue through July 6, 2020. It does not include receipts of various other state revenues collected by other state agencies which were not available as of the time of the 2020AB Official Statement. Additionally, no provision was made for state individual or corporate income taxes collected in July due to the State's decision to align its tax payment deadlines to coincide with the extended federal income tax payment deadline of July 15, 2020 for calendar year 2019 and the first and second quarters of 2020. The legal debt margin calculation follows the provisions set forward in the State Constitution.

Source: *Prior Year's Annual Comprehensive Financial Reports, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia.*

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10% of the prior year's revenue collections.

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2016 | 2015 | 2014 | 2013 | 2012 |
| $ 21,557,498,541 | $ 20,256,765,494 | $ 19,539,691,058 | $ 18,316,797,048 | $ 17,546,376,094 |
| $ 2,155,749,854 | $ 2,025,676,549 | $ 1,953,969,106 | $ 1,831,679,705 | $ 1,754,637,609 |
| 1,311,486,764 | 1,305,012,971 | 1,320,929,740 | 1,289,411,544 | 1,310,228,303 |
| $ 844,263,090 | $ 720,663,578 | $ 633,039,366 | $ 542,268,161 | $ 444,409,306 |
| 60.8 % | 64.4 % | 67.6 % | 70.4 % | 74.7 % |

## Schedule 11
## Population/Demographics
## For the Last Ten Calendar Years

| Year | Population | Personal Income (in millions) | Per Capita Personal Income | Public School Enrollment | Unemployment Rate |
|---|---|---|---|---|---|
| 2020 | 10,710,017 | $ 547,976 | $ 51,165 | 1,723,127 | 8.4% |
| 2019 | 10,617,423 | 511,744 | 48,236 | 1,760,739 | 3.5% |
| 2018 | 10,519,475 | 481,213 | 45,745 | 1,759,838 | 3.9% |
| 2017 | 10,429,379 | 460,403 | 44,145 | 1,761,472 | 4.7% |
| 2016 | 10,310,371 | 434,678 | 42,159 | 1,757,543 | 5.4% |
| 2015 | 10,214,860 | 411,722 | 40,306 | 1,749,852 | 5.9% |
| 2014 | 10,097,132 | 394,773 | 39,097 | 1,736,416 | 7.1% |
| 2013 | 9,991,562 | 378,156 | 37,845 | 1,716,905 | 8.2% |
| 2012 | 9,917,639 | 369,149 | 37,229 | 1,693,374 | 9.2% |
| 2011 | 9,812,280 | 357,306 | 36,422 | 1,673,740 | 10.2% |
| 2010 | 9,713,454 | 333,559 | 34,341 | 1,665,557 | 10.5% |

Sources:
Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)
Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis
Public School Enrollment - Georgia Department of Education (March of each school year)
Unemployment Rate - U. S. Department of Labor (annual average)

# Schedule 12
# Principal Private Sector Employers
# Fiscal Year 2021 and Nine Years Previous (2012)

| **2021 Employers** | **2012 Employers** |
|---|---|
| Amazon.Com Services, Inc. | Delta Air Lines, Inc. |
| Children's Healthcare | Emory Healthcare, Inc. |
| Delta Air Lines, Inc. | Emory University |
| Emory Healthcare, Inc. | Georgia Power Company |
| Emory University | GMRI, Inc. |
| Lowe's Home Center, Inc. | Lowe's Home Center, Inc. |
| McDonalds | Mohawk Carpet |
| Northside Forsyth Hospital | Publix Supermarkets, Inc. |
| Publix Super Markets, Inc. | Shaw Industries Group, Inc. |
| Shaw Industries Group, Inc. | Target |
| Target | The Home Depot, Inc. |
| The Home Depot, Inc. | The Kroger Company |
| The Kroger Company | United Parcel Service, Inc. |
| United Parcel Service, Inc. | Wal-Mart Stores, Inc. |
| Wal-Mart Stores, Inc. | Wellstar Health System, Inc |
| Wellstar Health System, Inc. | |

To protect employer confidentiality, OCGA § 34-8-121(b)(3) prohibits the release of employee numbers by employer.

Sources: 2021 - Georgia Department of Labor (1st quarter 2020)
2012 - Comprehensive Annual Financial Report - Fiscal Year Ended June 30, 2012

# Schedule 13
# State Government Employment by Function
# For the Last Ten Fiscal Years (1)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| General Government | 8,020 | 8,118 | 8,619 | 8,408 | 8,432 |
| Education | 2,462 | 2,466 | 2,513 | 2,342 | 2,152 |
| Health and Welfare | 21,212 | 21,013 | 20,922 | 21,203 | 21,845 |
| Transportation | 4,335 | 4,618 | 4,883 | 4,863 | 4,872 |
| Public Safety | 21,551 | 24,991 | 26,789 | 28,686 | 27,780 |
| Economic Development and Assistance | 1,998 | 2,026 | 2,092 | 2,258 | 2,421 |
| Culture and Recreation | 3,066 | 3,097 | 3,227 | 3,112 | 3,080 |
| Conservation | 743 | 766 | 808 | 818 | 852 |
| | 63,387 | 67,095 | 69,853 | 71,690 | 71,434 |
| **Business-Type Activities** (2) (5) | | | | | |
| State Road and Tollway Authority (3) | 130 | 132 | 129 | 116 | 107 |
| Higher Education Fund (4) | 89,175 | 85,707 | 82,525 | 80,237 | 79,456 |
| | 89,305 | 85,839 | 82,654 | 80,353 | 79,563 |
| **Total Employment** | 152,692 | 152,934 | 152,507 | 152,043 | 150,997 |

(1) Includes employees that were active at any time during the Fiscal Year. An individual employee may, therefore, be included in multiple functions if the employee transferred among functions during the fiscal year. This does not represent the number of active employees at the end of the year.

(2) Employees of certain Business-Type Activities organizations are included in Governmental Activities as follows:

Employees of the State Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.

Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(3) In fiscal year 2015, the activities of State Road and Tollway Authority (SRTA) were examined and all activity was reported as Governmental Activities. In fiscal year 2017 SRTA, was re-examined and it was determined that the toll facilities and customer service center (previously part of Governmental Activities) are now reported as part of Business-Type Activities.

(4) Beginning in fiscal year 2013, Georgia Military College, formerly a blended component unit included in the Higher Education Fund, is reported as a discretely presented component unit and is no longer included in this schedule.

(5) No employees for the Nonmajor Enterprise Funds (Business-Type Activities) Georgia Higher Education Finance Authority and Higher Education Foundations are included as these organizations either have no employees, their data is not available or their employees are already reported as employees of another organization in either the Governmental Activities or Business-Type Activities.

Source: Open.Georgia.gov

**Fiscal Year**

| 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| 8,722 | 8,402 | 7,848 | 8,194 | 7,729 |
| 2,184 | 1,836 | 1,419 | 1,422 | 1,371 |
| 21,073 | 22,102 | 18,868 | 20,463 | 18,007 |
| 5,023 | 5,102 | 4,379 | 4,385 | 4,577 |
| 25,728 | 25,513 | 23,430 | 21,418 | 20,449 |
| 2,487 | 2,760 | 2,757 | 2,459 | 4,802 |
| 2,982 | 2,838 | 2,284 | 2,403 | 3,169 |
| 820 | 837 | 638 | 647 | 664 |
| 69,019 | 69,390 | 61,623 | 61,391 | 60,768 |
| | | | | |
| — | — | 70 | 79 | 71 |
| 80,004 | 76,972 | 76,594 | 74,503 | 82,109 |
| 80,004 | 76,972 | 76,664 | 74,582 | 82,180 |
| | | | | |
| 149,023 | 146,362 | 138,287 | 135,973 | 142,948 |

# Schedule 14
# Operating Indicators and Capital Assets by Function
# For the Last Ten Years (1)

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| General Government | | | | |
| Department of Revenue | | | | |
| Number of Personal Income Tax Filers | NCA | NCA | 4,826,829 | 4,642,733 |
| Education | | | | |
| Department of Education | | | | |
| Public School Enrollment (March FTE Count) | | | | |
| Pre Kindergarten through Grade 5 | 792,304 | 833,266 | 841,190 | 850,534 |
| Grades 6 through 8 | 413,283 | 415,766 | 409,008 | 400,469 |
| Grades 9 through 12 | 517,540 | 511,707 | 509,640 | 510,469 |
| Board of Regents of the University System of Georgia | | | | |
| Number of Separate Institutions | 26 | 26 | 26 | 29 |
| Number of Active Educators | 14,902 | 15,242 | 15,197 | 15,161 |
| Number of Students | 341,489 | 333,507 | 328,712 | 325,203 |
| Health and Welfare | | | | |
| Department of Human Services | | | | |
| Food Stamp Recipients | 1,690,194 | 1,396,889 | 1,379,463 | 1,564,906 |
| Temporary Assistance for Needy Families Recipients | 15,285 | 15,852 | 18,968 | 21,993 |
| Transportation | | | | |
| Department of Transportation | | | | |
| Miles of State Highway | 17,923 | 17,953 | 17,943 | 17,959 |
| Public Safety | | | | |
| Department of Corrections | | | | |
| Number of Inmates | 46,586 | 51,219 | 54,757 | 54,758 |
| Number of Probationers | NCA | NCA | NCA | NCA |
| Number of Offenders | 210,246 | 223,635 | 221,434 | 275,777 |
| Economic Development and Assistance | | | | |
| Department of Economic Development | | | | |
| Economic Impact of Tourism (in millions): | | | | |
| Domestic Traveler Spending - Direct | NCA | $ 21,057 | $ 29,465 | $ 27,902 |
| Domestic Travel-generated State Tax Revenues | NCA | $ 1,666 | $ 1,497 | $ 1,421 |
| Culture and Recreation: | | | | |
| Department of Natural Resources | | | | |
| Number of State Parks | 51 | 51 | 50 | 49 |
| Number of Historic Sites | 15 | 15 | 15 | 15 |
| Acreage of State Parks and Historic Sites (in acres) | 88,237 | 83,184 | 79,216 | 85,490 |
| Number of Daily Park Passes Sold | 1,170,802 | 962,076 | 871,566 | 875,817 |
| Number of Annual Park Passes Sold | 65,453 | 46,300 | 26,981 | 15,498 |
| Number of Hunting and Fishing Licenses Sold | 1,626,599 | 1,584,133 | 1,443,657 | 1,196,097 |
| Number of Registered Boats | 362,580 | 367,762 | 368,094 | 338,210 |
| Conservation | | | | |
| Forestry Commission | | | | |
| Economic Impact of Forestry Industry | | | | |
| Output (in millions) | NCA | NCA | $ 22,000 | $ 21,500 |
| Employment | NCA | NCA | 55,562 | 55,089 |
| Compensation (in millions) | NCA | NCA | $ 3,900 | $ 4,000 |

(1) Data is presented by either fiscal year or calendar year based on availability of information.

(2) As of 2017 -DCS no longer uses the categories Parolees and Probationers. DCS has one category-Felony Offenders

Source: NCA - Not Currently Available; Information obtained from the individual organizations listed.

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| 4,532,560 | 4,389,981 | 4,423,664 | 4,471,307 | 4,319,711 | 4,226,144 |
| 856,077 | 856,413 | 854,352 | 846,364 | 836,627 | 829,900 |
| 394,565 | 392,095 | 392,433 | 392,381 | 388,542 | 383,553 |
| 506,901 | 500,808 | 489,631 | 478,160 | 468,205 | 460,287 |
| 29 | 29 | 30 | 31 | 31 | 35 |
| 15,012 | 14,606 | 14,478 | 14,309 | 13,903 | 13,855 |
| 321,551 | 318,164 | 312,936 | 309,469 | 314,365 | 318,027 |
| 1,654,152 | 1,745,876 | 1,825,606 | 1,823,017 | 1,957,886 | 1,875,000 |
| 21,876 | 26,635 | 27,219 | 31,598 | 35,185 | 35,887 |
| 17,912 | 17,902 | 17,907 | 17,912 | 17,967 | 17,985 |
| 54,636 | 53,852 | 51,002 | 51,216 | 53,168 | 54,336 |
| 165,635 | 168,088 | 165,926 | 165,560 | 164,051 | 163,265 |
| 258.843 | — | — | — | — | — |
| $ 26,483 | $ 25,558 | $ 24,526 | $ 23,707 | $ 22,354 | $ 21,489 |
| $ 1,356 | $ 1,307 | $ 1,170 | $ 1,059 | $ 989 | $ 949 |
| 49 | 49 | 49 | 49 | 49 | 48 |
| 15 | 15 | 15 | 15 | 15 | 18 |
| 85,430 | 85,430 | 85,647 | 92,880 | 92,880 | 86,000+ |
| 905,504 | 802,267 | 790,020 | 659,391 | 650,651 | 659,860 |
| 11,954 | 9,444 | 7,852 | 6,187 | 5,595 | 8,042 |
| 1,335,703 | 1,346,360 | 1,346,360 | 1,025,782 | 955,340 | 1,004,771 |
| 134,095 | 143,587 | 144,979 | 147,854 | 125,280 | 124,610 |
| $ 21,300 | $ 20,800 | $ 19,200 | $ 16,800 | $ 16,900 | $ 16,313 |
| 53,933 | 51,900 | 50,385 | 48,740 | 50,110 | 49,516 |
| $ 3,840 | $ 3,740 | $ 3,550 | $ 3,030 | $ 3,100 | $ 3,078 |