

AUGUSTA UNIVERSITY



Annual Financial Report Fiscal Year 2022

Including Independent Auditor's Report

AUGUSTA UNIVERSITY
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Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the Augusta University (University), a unit of the University System of Georgia, which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the University as of June 30, 2022, 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.

The financial statements of the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The other auditors audited the financial statements of the aggregate discretely presented component units in accordance with GAAS but not in accordance with *Government Auditing Standards*, except for the Augusta University Foundation, Inc., Augusta University Research Institute, Inc., and AU Health Systems, Inc.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the State of Georgia that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2022, the changes in its financial position or, where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As described in Note 1 to the financial statements, in 2022, the University adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The University restated beginning balances for the effect of GASB Statement No. 87. Our opinions are not modified with respect to this matter.

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 is the responsibility of management and, 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 GAAS, 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 appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

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

The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin
State Auditor

December 19, 2022

AUGUSTA UNIVERSITY

Management's Discussion and Analysis

Introduction

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

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

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

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

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

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

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

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

	STUDENT HEADCOUNT	STUDENT FTE
FY2022	9,606	8,846
FY 2021	9,565	8,848
FY 2020	9,274	8,575

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2022. The emphasis of discussion about these statements will be on current year data. There are five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2022 and fiscal year 2021 for business-type activities only.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2022 and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both current and noncurrent. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

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

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

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

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

Statement of Net Position for the Years Ended June 30, 2022 and June 30, 2021, Condensed

CONDENSED STATEMENT OF NET POSITION	June 30, 2022	June 30, 2021<1>	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	\$ 231,077,943	\$ 201,590,061	\$ 29,487,882	14.63 %
Capital Assets, Net	720,716,155	726,281,298	(5,565,143)	(0.77)%
Intangible Right-to-Use Assets, Net	3,391,181	—	3,391,181	100.00 %
Other Assets	84,955,234	79,818,651	5,136,583	6.44 %
TOTAL ASSETS	1,040,140,513	1,007,690,010	32,450,503	3.22 %
DEFERRED OUTFLOWS	212,642,530	225,622,139	(12,979,609)	(5.75)%
LIABILITIES				
Current Liabilities	98,395,801	92,615,228	5,780,573	6.24 %
Non-Current Liabilities	818,516,125	1,133,103,746	(314,587,621)	(27.76)%
TOTAL LIABILITIES	916,911,926	1,225,718,974	(308,807,048)	(25.19)%
DEFERRED INFLOWS	323,228,120	72,030,680	251,197,440	348.74 %
NET POSITION				
Net Investment in Capital Assets	681,708,695	684,548,429	(2,839,734)	(0.41)%
Restricted, Non-Expendable	3,295,949	3,329,041	(33,092)	(0.99)%
Restricted, Expendable	42,922,177	41,931,410	990,767	2.36 %
Unrestricted (Deficit)	(715,283,824)	(794,246,385)	78,962,561	9.94 %
TOTAL NET POSITION	\$ 12,642,997	\$ (64,437,505)	\$ 77,080,502	119.62 %

<1> The amounts reported for June 30, 2021, were not adjusted for the effects of the restatement of net position. See note 1 in the Notes to the Financial Statements for additional information.

Total assets increased \$32,450,503 which was due to an increase in current assets of \$29,487,882, a decrease in net capital assets of \$(5,565,143), net increase in intangible right-to-use \$3,391,181 and an increase in other assets of \$5,136,583. Cash and cash equivalents increased by \$10,574,913 as a result of an effort to build cash reserves by controlled spending and increased payment by component units during the fiscal year.

Investments increased by \$28,224,678 as a result of \$20,662,644 in additions and unrealized investment losses of \$4,472,795. Accounts receivable had an overall increase of \$3,382,246 which was primarily due to an increase in amounts due from federal financial assistance related to increased research activities and affiliated organizations. The increases were offset somewhat by decreases in component units and other receivables. Prepaid Items resulted in a decrease of \$(7,008,309) largely attributed to the use of funds held by Georgia State Financing and Investment Commission (GSFIC) managed project for the College and Science and Math Building additions. Under the Master Lease Agreement, the Health System is required to pay an annual performance-based service fee to support the delivery of services described in the Master Affiliation Agreement and provide the many resources needed to continue operation. The performance-based service fee is based on the percentage of Augusta University Health System's net income to operating revenue and for fiscal year 2022, there is no payment expected.

The Georgia State Financing and Investment Commission (GSFIC) managed project for the design and building of a College of Science and Math Building on the Augusta University campus was substantially completed and transferred to the University in fiscal year 2021. The capital assets decrease in the current year compared to the prior year is largely attributed to no large scale GSFIC projects completed and transferred to the University in fiscal year 2022 and due to GASB Statement 87 intangible right-to-use assets and depreciation expense.

Total deferred outflows of resources decreased by \$(12,979,609) primarily due to the University's change in actuarial assumptions for the Other Post Employment Benefits and Augusta University's Early Retirement Pension Plan.

Total liabilities decreased \$(308,807,048) which was the net effect of an increase in current liabilities of \$5,780,573 and a decrease in non-current liabilities of \$(314,587,621). In current liabilities, Advances increased \$7,744,551 primarily due to an increase in federal, state, and non-governmental grants and contracts unearned research revenue. Accounts Payable decreased \$(2,398,511) as a result of prudent processing of payments to vendors. In non-current liabilities the largest decrease was a change in the net pension liability of \$(272,182,492). This decrease was primarily due to a change in the proportionate share of Augusta University's TRS pension liability. The second largest decrease in non-current liabilities was in net other post employment benefits liability of \$(40,526,040) or (6.92)% and was attributable to the change in liability related to actuarial assumption changes for fiscal year 2021.

In fiscal year 2022, the University implemented the GASB Statement 87 Leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The adoption of this statement resulted in reclassifying of leases in both current and non-current liabilities. The largest reclassification is the University's Private Public Ventures of \$39,242,812, previously classified as capital leases in fiscal year 2021 to notes and loans payable and to classify net intangible right-to-use assets in current assets of \$3,391,181.

Total deferred inflows of resources increased by \$251,197,440 which was primarily due to the University's change in proportionate share of the actuarially determined deferred gain on defined benefit pension plans administered by Teachers Retirement System of Georgia, Employees' Retirement System of Georgia, Early Retirement Pension Plan and Other Post Employment Benefits in fiscal year 2022 with the most significant increase attributable to Teacher's Retirement System of Georgia.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$77,080,502. This change in net position was primarily attributed to the increases in investments and cash and cash equivalents. The other significant change was in the category of unrestricted and was largely the result of significant decreases discussed previously related to net pension liability and other post employment benefits liabilities.

Statement of Revenues, Expenses, and Changes in Net Position

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

Statement of Revenue, Expenses, and Changes in Net position for the Years Ended June 30, 2022 and June 30, 2021, Condensed

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	June 30, 2022	June 30, 2021<1>	Increase/ (Decrease)	% Change
Operating Revenue	\$ 567,108,363	\$ 722,914,885	\$ (155,806,522)	(21.55)%
Operating Expense	816,083,499	1,022,221,675	(206,138,176)	(20.17)%
Operating Income/Loss	(248,975,136)	(299,306,790)	50,331,654	16.82 %
Non-Operating Revenue and Expense	315,123,421	264,620,659	50,502,762	19.08 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	66,148,285	(34,686,131)	100,834,416	290.71 %
Other Revenues, Expenses, Gains, Losses, and Special Item	10,728,919	72,493,695	(61,764,776)	(85.20)%
Change in Net Position	76,877,204	37,807,564	39,069,640	103.34 %
Net Position at beginning of year, restated	(64,234,207)	(102,245,069)	38,010,862	37.18 %
Net Position at End of Year	\$ 12,642,997	\$ (64,437,505)	\$ 77,080,502	119.62 %

<1> The amounts reported for June 30, 2021, were not adjusted for the effects of the restatement of net position. See note 1 in the Notes to the Financial Statements for additional information.

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position, which is largely due to liabilities as noted previously. The total increase in net position was \$77,080,502 which represents a 119.62% change. Operating Revenue decreased \$(155,806,522) or (21.55)% in fiscal year 2022 and was mainly the result of decreases in grants and contracts revenue of \$(159,900,484) or \$(27.38)% and sales and service revenue of \$(2,412,117) or (20.39)%. The decrease was offset to some degree by increases in tuition and fees of \$2,428,295 or 2.39% and auxiliary enterprises of \$1,755,957 or 8.04%. The increase in other revenue was mainly attributable to rents from the Georgia Cyber Innovation and Training Center.

Non-operating revenue and expense increased by \$50,502,762 or 19.08% in fiscal year 2022 and was primarily the result of a state appropriations increase of \$39,432,191 or 16.84% and federal grants and contracts increase of \$20,296,228 or 130.13%. The increase in non-operating revenue was offset to some degree by investment income which decreased \$(7,041,812) or (157.38)% due primarily to unrealized losses related to market conditions existing at year-end and other non-operating revenues and expenses for the establishment of the MCG 3+ endowment.

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

Revenues

State appropriations increased by a total of \$39,432,191 or 16.84% which was the result of adjustments made in Teaching, Special Funding Initiative, Georgia Cyber Innovation and Training Center and Augusta University Hospitals and Clinics with total appropriations of \$248,226,284, \$15,010,355, \$5,440,507 and \$5,200,000 respectively. State appropriations were increased in the amended fiscal year (AFY) 2022 appropriation to reflect the addition of \$20,202,995 for cost of living adjustment funds (COLA) and \$6,300,000 for equipment purchase. State appropriation revenue was decreased by a transfer of \$7,677,787 million to the University of Georgia to support the Medical School Expansion and enrollment growth at the AU/UGA Medical Partnership. While the Georgia Cyber Innovation and Training Center program also received additional revenue for the statewide cost of living adjustment, their revenue was also decreased by \$945,000.00 in the AFY 2022 appropriation due to one-time removal of funds for the Rural Coding Initiative. Augusta University Hospitals and Clinics was appropriated \$5,200,000 to provide matching funds for the MCG3+ endowment initiative.

As previously noted, operating grants and contracts revenue decreased by \$(159,900,484) or (27.38)% overall and was a combination of an increase in federal grants and contracts of \$2,458,756 or 3.35%, a decrease in state grants and contracts of \$(164,443,883) or (63.17%) and an increase of other grants and contracts of \$2,084,643 or 0.83%. The significant decrease in revenues was the result of the joint decision to suspend the university's contract with Georgia Department of Corrections to provide health care services for inmates in the first quarter of fiscal year 2022. Non-operating grants and contracts revenue increased in federal grants and contracts by \$20,296,228.00

which was largely due to the Higher Education Emergency Relief Fund (HEERF) established by the American Rescue Plan.

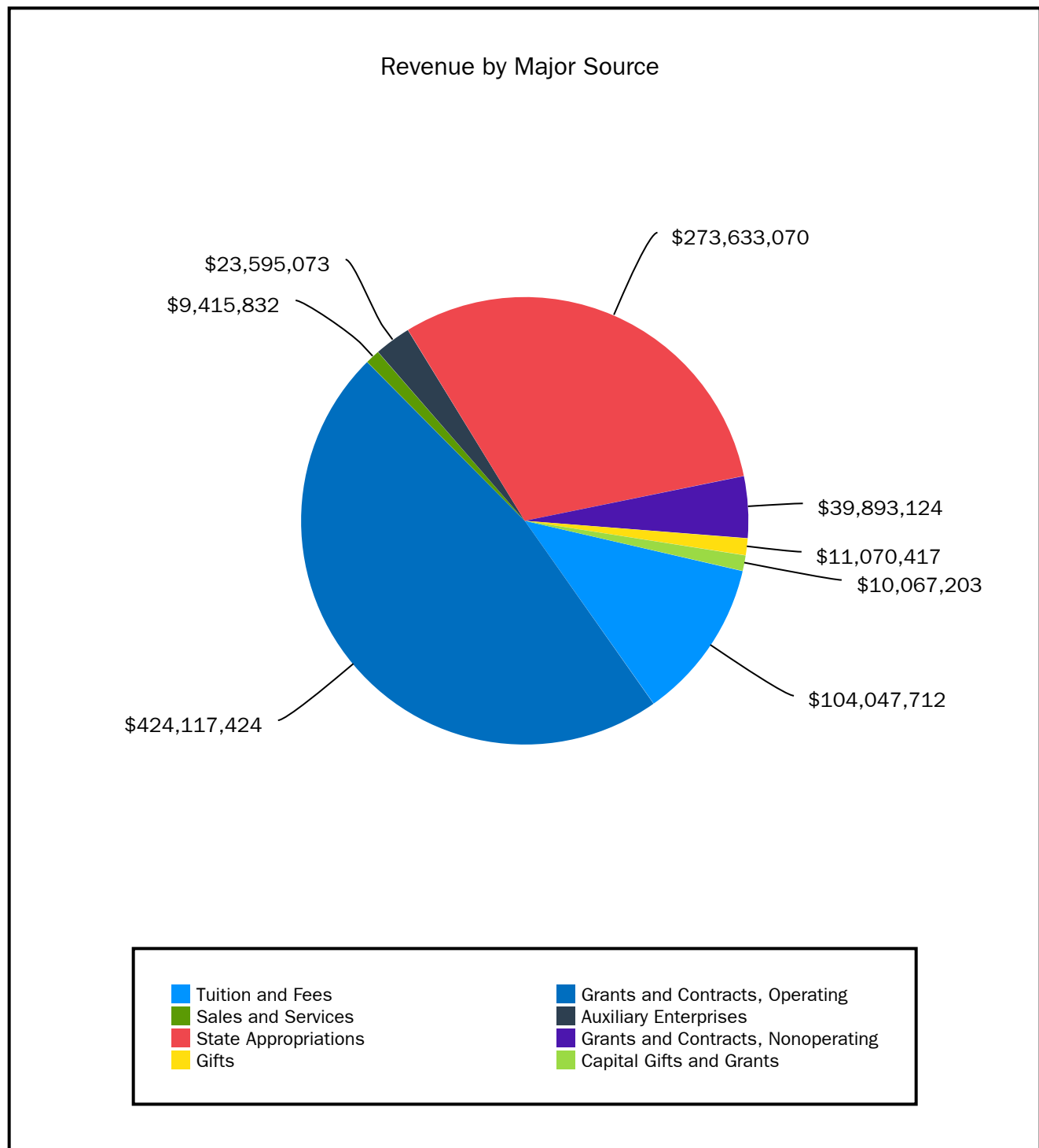
The change in State Capital Grants and Gifts for fiscal year 2022 compared to the previous fiscal year is largely attributed to no large scale projects being managed and transferred by Georgia State Financing and Investment Commission (GSFIC). In fiscal year 2021, the transfer of the College of Science and Math building managed by GSFIC on the Augusta campus resulted in higher State Capital Grants and Gifts while only small scale additions to the building and MRR projects contribute to the revenues in fiscal year 2022. The change in Other Capital Gifts and Grants is attributable to no tenant paid building improvements within the Cyber Complex in fiscal year 2022.

Special Items represents the transfer of Georgia Technology Authority (GTA) of renovation projects and equipment for the Cyber Complex. In addition, the University received two motorcycles from Georgia Institute of Technology.

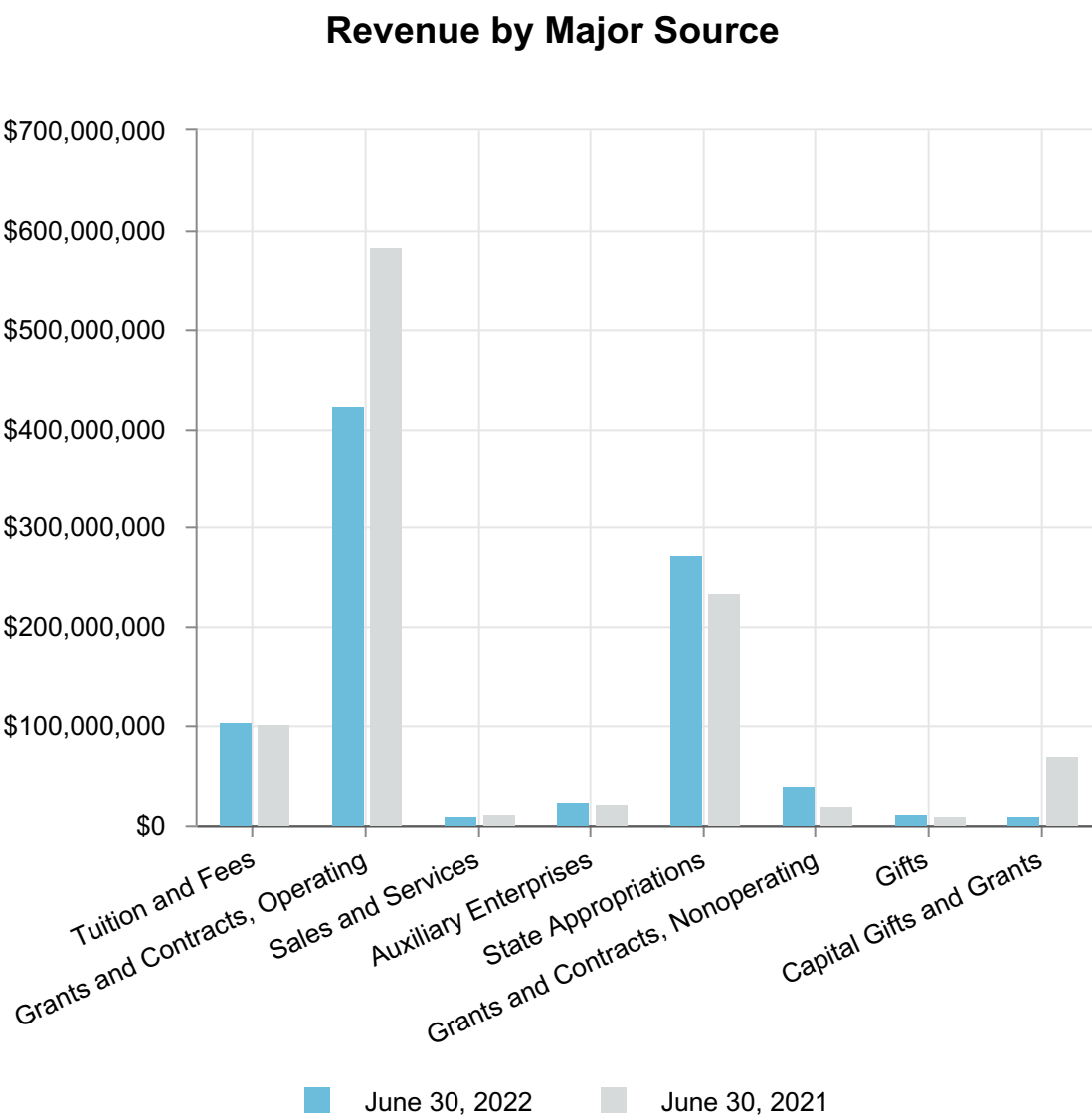
For the years ended June 30, 2022 and June 30, 2021, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 104,047,712	\$ 101,619,417	\$ 2,428,295	2.39 %
Grants and Contracts	424,117,424	584,017,908	(159,900,484)	(27.38)%
Sales and Services	9,415,832	11,827,949	(2,412,117)	(20.39)%
Auxiliary Enterprises	23,595,073	21,839,116	1,755,957	8.04 %
Other Operating Revenues	5,932,322	3,610,495	2,321,827	64.31 %
Total Operating Revenues	567,108,363	722,914,885	(155,806,522)	(21.55)%
State Appropriations	273,633,070	234,200,879	39,432,191	16.84 %
Grants and Contracts	39,893,124	19,596,896	20,296,228	103.57 %
Gifts	11,070,417	9,921,756	1,148,661	11.58 %
Investment Income	(2,567,333)	4,474,479	(7,041,812)	(157.38)%
Other Nonoperating Revenues	(5,347,825)	(1,859,735)	(3,488,090)	(187.56)%
Total Nonoperating Revenues	316,681,453	266,334,275	50,347,178	18.90 %
State Capital Gifts and Grants	10,067,203	63,375,926	(53,308,723)	(84.12)%
Other Capital Gifts and Grants	—	6,267,067	(6,267,067)	(100.00)%
Total Capital Gifts and Grants	10,067,203	69,642,993	(59,575,790)	(85.54)%
Special Items	661,716	2,850,702	(2,188,986)	(76.79)%
Total Revenues	\$ 894,518,735	\$1,061,742,855	\$ (167,224,120)	(15.75)%

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



Revenue by major source for the years ended June 30, 2022 and June 30, 2021 is depicted by the following chart:



Expenses

For the years ended June 30, 2022 and June 30, 2021, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Instruction	\$ 139,256,867	\$ 219,039,773	\$ (79,782,906)	(36.42)%
Research	96,719,056	84,293,575	12,425,481	14.74 %
Public Service	46,138,697	46,782,609	(643,912)	(1.38)%
Academic Support	54,481,849	51,947,357	2,534,492	4.88 %
Student Services	10,763,771	9,560,692	1,203,079	12.58 %
Institutional Support	88,473,576	89,140,675	(667,099)	(0.75)%
Plant Operations and Maintenance	52,960,586	45,051,021	7,909,565	17.56 %
Scholarships and Fellowships	18,597,489	12,027,460	6,570,029	54.63 %
Auxiliary Enterprises	18,276,348	18,734,163	(457,815)	(2.44)%
Patient Care	290,415,260	445,644,350	(155,229,090)	(34.83)%
Total Operating Expenses	816,083,499	1,022,221,675	(206,138,176)	(20.17)%
Interest Expense	1,558,032	1,713,616	(155,584)	(9.08)%
Total Nonoperating Expenses	1,558,032	1,713,616	(155,584)	(9.08)%
Total Expenses	\$ 817,641,531	\$1,023,935,291	\$ (206,293,760)	(20.15)%

Total operating expenses were \$816,083,499 in fiscal year 2022, a decrease of \$(206,138,176) or (20.17)% when compared with fiscal year 2021. These decreases were substantially attributable to the following functional classifications: Instruction (\$79.8 million) or (36.42)% and Patient Care (\$155.2 million) or (34.83)%. The notable expense decreases were staff salaries \$(29.8 million) or (12.34)%, employee benefits \$(98.6 million) or (46.29)%, and supplies and other services \$(113.8 million) or (44.63)%.

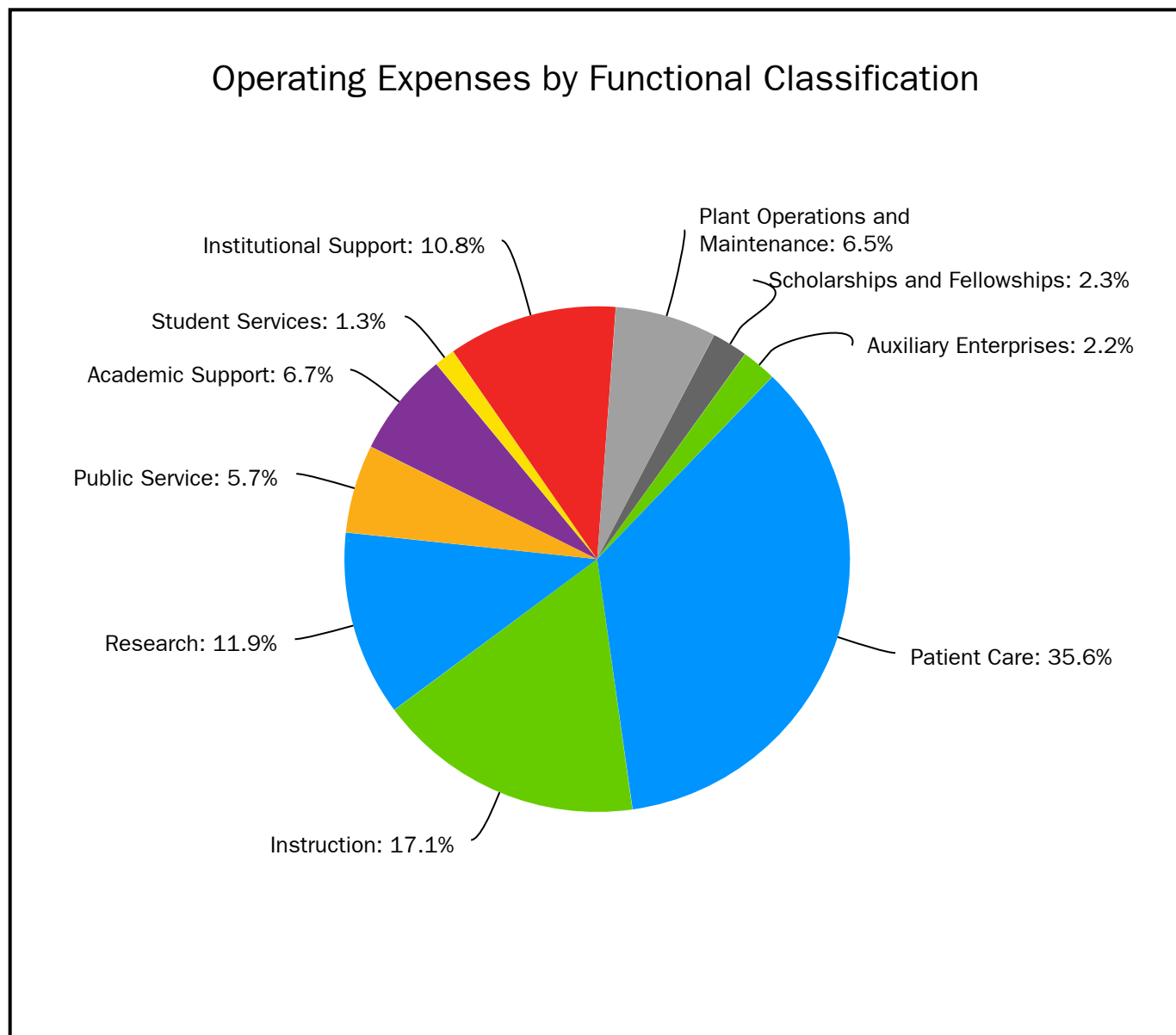
As seen in the chart above, total expenses decreased \$(206,293,760) or (20.15)% in fiscal year 2022. The decreases were substantially attributable to total operating expenses as referenced above and to a lesser extent, a decrease in interest expense of \$(155,584) or (9.08)%.

The decreases in employee benefits resulted from the changes in actuarial assumptions resulting in a decrease of pension plan liabilities, primarily Teachers Retirement System of Georgia. The decrease in staff salaries and supplies and other services was the result of the joint decision to suspend the University's contract with Georgia Department of Corrections to provide health care services for inmates in the first quarter of fiscal year 2022. The decreases in salaries overall was offset to some extent by increases in salaries from the Cost of Living Adjustments in fiscal year 2022 for University employees.

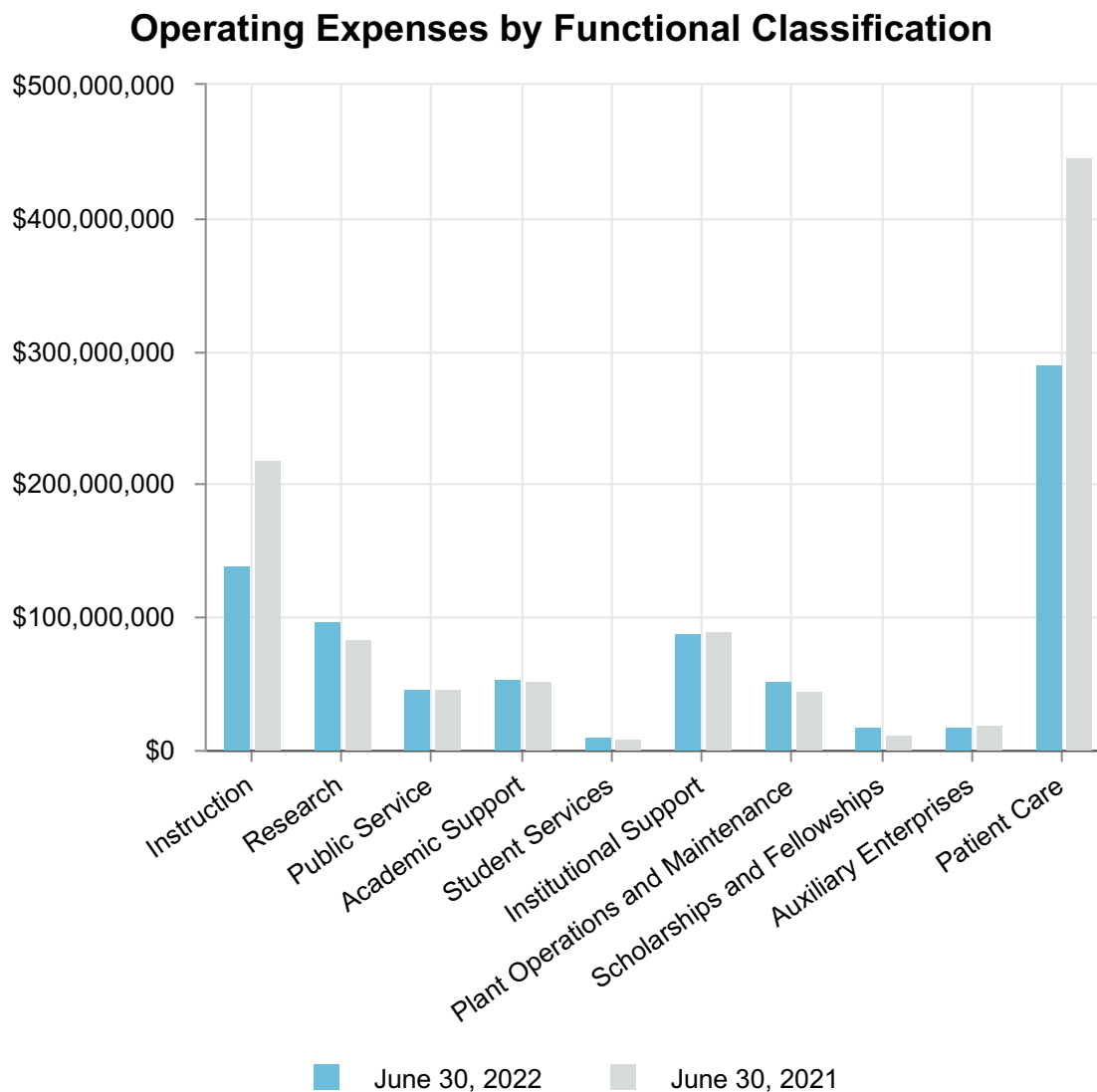
There was an increase overall in utilities expense in fiscal year 2022 of \$2,125,400 or 18.71% related to increased electricity and gas costs. This increase was primarily caused by higher consumption with full campus occupancy post pandemic coupled with inflationary cost from all utility providers.

Other categories of increased operating expense were travel of \$1.7 million and scholarships and fellowships of \$6.6 million from the previous year. The increase in travel expense was due to increased travel post-pandemic for professional development and other instruction and research training. Scholarships and fellowships expenses increased due to payments provided to students as allowed by the Higher Education Emergency Relief Fund (HEERF) established by the American Rescue Plan.

The following chart depicts the fiscal 2022 operating expenses by functional classification.

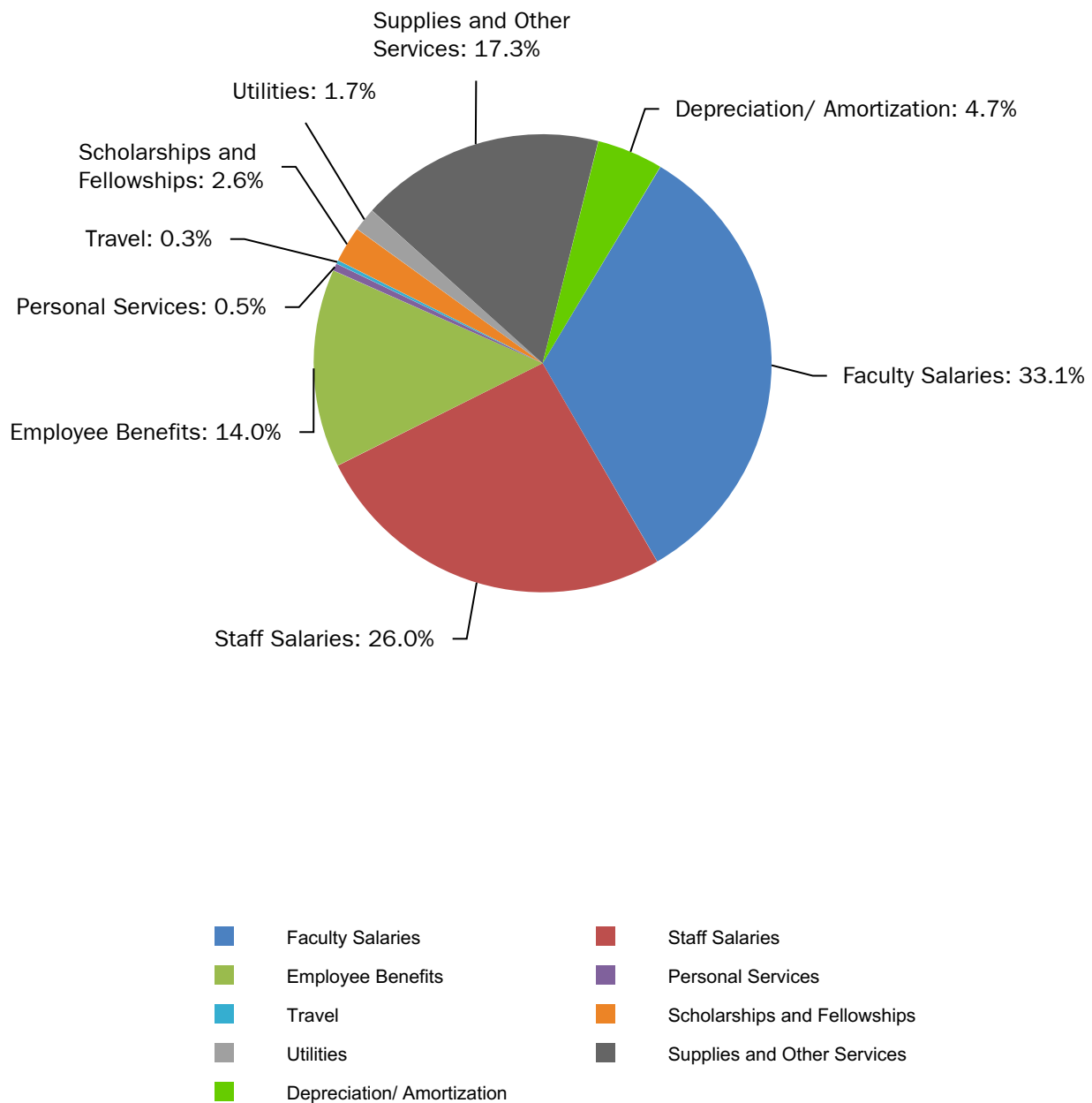


Operating expenses by functional classification for the years ended June 30, 2022 and June 30, 2021 is depicted by the following chart:

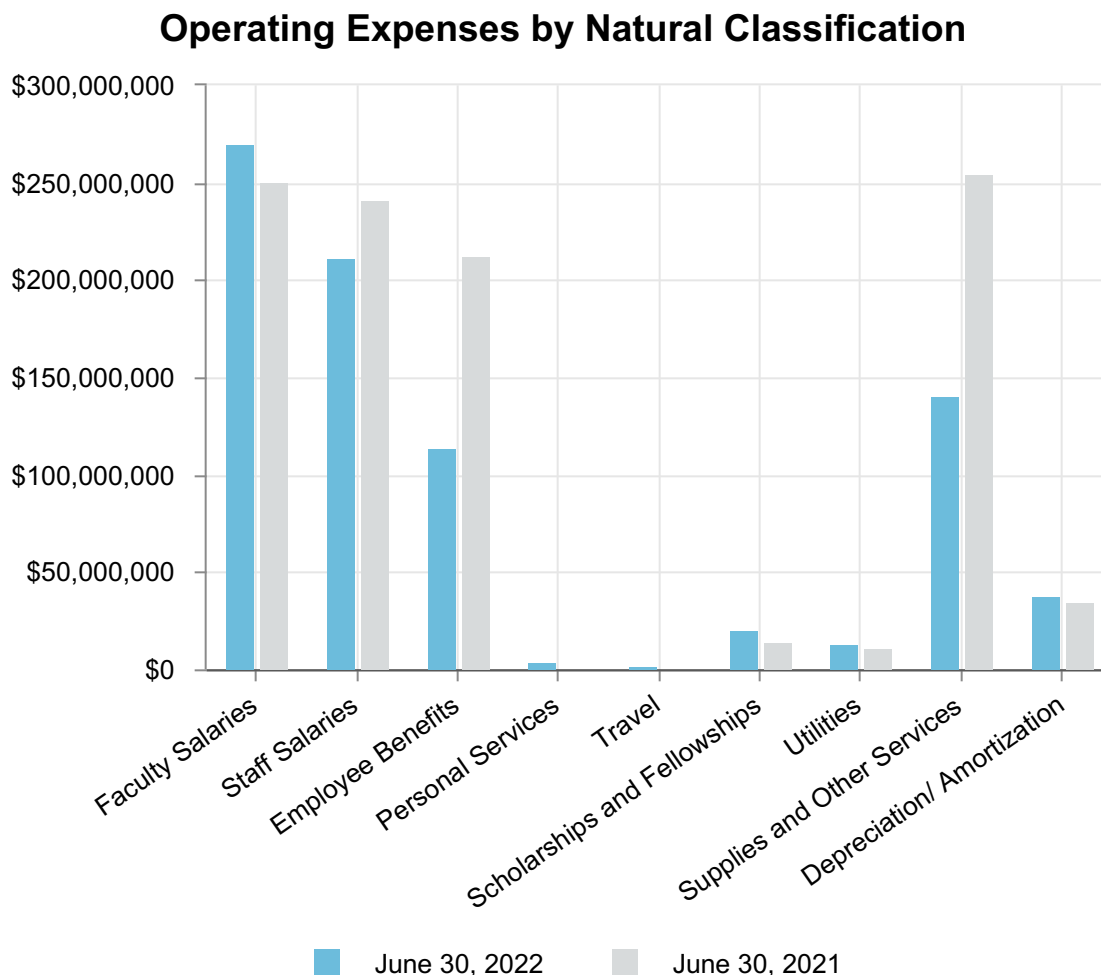


The following chart depicts the fiscal year 2022 operating expenses by natural classification.

Operating Expenses by Natural Classification



Operating expenses by natural classification for the years ended June 30, 2022 and June 30, 2021 is depicted by the following chart:



Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2022 and June 30, 2021 Condensed

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2022	June 30, 2021 (2)
Cash Provided (Used) by:		
Operating Activities	\$ (253,476,155)	\$ (201,246,370)
Non-Capital Financing Activities	317,447,359	264,185,025
Capital and Related Financing Activities	(22,604,280)	(20,957,032)
Investing Activities	(18,757,182)	(28,735,251)
Net Change in Cash	22,609,742	13,246,372
Cash and Cash Equivalents, Beginning of Year	86,724,501	85,512,958
Cash and Cash Equivalents, End of Year	\$ 109,334,243	\$ 98,759,330

<2> The amounts reported for June 30, 2021, were not adjusted for the effects of the restatement to reclassify \$12,034,829 of Cash and Cash Equivalents to Investments. See note 1 in the Notes to the Financial Statements for additional information.

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2022 and June 30, 2021 were as follows:

CAPITAL ASSETS, net of accumulated depreciation and amortization	June 30, 2022	Restated June 30, 2021	Increase (Decrease)	% Change
Land	\$ 28,515,529	28,515,529	\$ —	— %
Capitalized Collections	87,006	87,006	—	— %
Construction Work-in-Progress	12,899,985	6,906,495	5,993,490	86.78 %
Infrastructure	8,731,856	9,249,438	(517,582)	(5.60)%
Building and Building Improvements	615,579,022	625,783,391	(10,204,369)	(1.63)%
Facilities and Other Improvements	14,530,883	14,345,901	184,982	1.29 %
Equipment	35,900,711	35,148,441	752,270	2.14 %
Library Collections	4,471,163	4,721,314	(250,151)	(5.30)%
Capital Assets, net of accumulated depreciation and amortization	\$ 720,716,155	\$ 724,757,515	\$(4,041,360)	(0.56)%

The University managed capital projects for building and building improvements in fiscal year 2022 totaled \$1,689,300, including projects for demolition of the Alumni Center building and new parking lot construction at that same location. In addition, building and building improvements and equipment totaling \$10,067,023 were funded by the Georgia State Financing and Investment Commission (GSFIC). Included in this total was \$2,262,289 for the College of Science and Math building, a GSFIC managed project, which was substantially completed and transferred to the University in fiscal year 2021.

Also included In the Georgia State Financing and Investment Commission funded total was \$751,550 for renovating and equipping the Cyber Center Complex, a project which is being managed by the Georgia Technology Authority (GTA) and transferred to the University as it is completed. The Cyber Center Complex project began in fiscal year 2019 and was still in progress in fiscal year 2022.

Other on-going projects funded by GSFIC included capital expenditures of \$5,781,489 in fiscal year 2022. Projected funding by GSFIC for fiscal year 2023 will be approximately the same as in previous years.

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

Long-Term Liabilities

Augusta University had Long-Term Liabilities of \$87,816,916 of which \$23,824,461 was reflected as current liability at June 30, 2022. Long-Term Liabilities includes lease obligations, compensated absences and notes/loans payable.

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

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

Economic Outlook

Augusta University continued to manage resources prudently in fiscal year 2022 and remains committed to student affordability and strategic allocation of resources to our core mission of teaching, discovery, clinical care, and service. For the sixth consecutive fiscal year, the University saw a modest increase in enrollment of .43% from Fall 2020 to Fall 2021. As we look forward to 2023, enrollment trends suggest a flat enrollment or slight increase, which should result in flat tuition revenue.

The University's financial position and internal conservative approach to fiscal management allows the University some protection against funding reductions and adverse economic conditions. Management acknowledges the potential for short-term financial stressors such as unstable market conditions, the availability of new state appropriations and the impact of the impending enrollment declines across the country. In fiscal year 2022, the University took strategic steps to position the University to weather the adverse impact from these stressors and ensure long-term success. An example was the University's ability to further invest funds in order to reduce the Early Retirement Program's overall liability. In addition, the University invested in one-time needs including deferred maintenance of facilities and technology enhancements. Management has instituted a critical review of vacant positions to redirect funds for strategic priorities. We anticipate the added rigor and investments will moderate financial uncertainty the coming year may bring.

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

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

Yvonne Turner, Executive Vice President
Augusta University



Financial Statements (GAAP Basis)

AUGUSTA UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022

	Augusta University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 71,183,692	\$ 67,902,064
Cash and Cash Equivalents (Externally Restricted)	38,150,551	6,945,520
Short-term Investments	22,968,642	111,728,855
Short-term Investments (Externally Restricted)	—	3,906,964
Accounts Receivable, net		
Federal Financial Assistance	10,315,034	5,611,518
Affiliated Organizations	1,293,785	5,673,636
Component Units	60,221,015	224
Primary Government	—	940,602
Pledges and Contributions	—	3,053,695
Other	21,027,808	212,765,738
Investment in Financing Leases - Primary Government	—	2,838,832
Inventories	400,764	25,559,461
Prepaid Items	5,516,652	17,045,899
Other Assets	—	3,154,116
Total Current Assets	231,077,943	467,127,124
Non-Current Assets		
Accounts Receivable, net		
Component Units	296,719	—
Due From USO - Capital Liability Reserve Fund	197,730	—
Pledges and Contributions	—	5,153,064
Other	—	10,340,000
Investments	69,112,165	44,187,252
Notes Receivable, net	1,075,772	—
Investment in Financing Lease Arrangements - Primary Government	—	36,324,875
Other Assets	—	7,184,613
Non-current Cash (Externally Restricted)	—	69,973
Investments (Externally Restricted)	14,272,848	305,636,155
Capital Assets, net	720,716,155	257,459,888
Intangible Right-to-Use Assets, net	3,391,181	38,372,478
Total Non-Current Assets	809,062,570	704,728,298
TOTAL ASSETS	1,040,140,513	1,171,855,422
DEFERRED OUTFLOWS OF RESOURCES		
	\$ 212,642,530	\$ 3,702,204

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

AUGUSTA UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022

	Augusta University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 18,537,905	\$ 90,152,716
Salaries Payable	2,790,654	17,432,322
Benefits Payable	82,311	—
Contracts Payable	1,639,037	—
Retainage Payable	442,010	—
Due to Affiliated Organizations	644,697	—
Due to Component Units	940,602	67,379
Due to Primary Government	—	59,946,135
Advances (Including Tuition and Fees)	49,364,180	5,958,268
Deposits Held for Other Organizations	129,944	—
Other Liabilities	—	7,429,455
Notes and Loans Payable - External	249,688	—
Notes and Loans Payable - Component Units	2,672,201	—
Lease Obligations - External	623,825	8,705,178
Lease Obligations - Primary Government	—	274,880
Revenue Bonds and Notes Payable	—	9,150,000
Liabilities Under Split Interest Agreements	—	1,625
Compensated Absences	20,278,747	26,308,094
Total Current Liabilities	98,395,801	225,426,052
Non-Current Liabilities		
Other Liabilities	—	21,864,850
Notes and Loans Payable - External	—	16,253,617
Notes and Loans Payable - Component Units	36,320,923	—
Lease Obligations - External	2,436,999	37,409,321
Lease Obligations - Primary Government	—	296,719
Revenue Bonds and Notes Payable	—	211,347,431
Liabilities Under Split Interest Agreements	—	806,550
Interest Rate Swap	—	10,336,669
Compensated Absences	25,234,533	—
Net Other Post-employment Benefits Liability	585,367,408	5,108,880
Net Pension Liability	169,156,262	—
Total Non-Current Liabilities	818,516,125	303,424,037
TOTAL LIABILITIES	916,911,926	528,850,089
DEFERRED INFLOWS OF RESOURCES	323,228,120	5,792,545
NET POSITION		
Net Investment in Capital Assets	681,708,695	54,378,186
Restricted for:		
Nonexpendable	3,295,949	183,578,498
Expendable	42,922,177	150,709,287
Unrestricted (Deficit)	(715,283,824)	252,249,021
TOTAL NET POSITION	\$ 12,642,997	\$ 640,914,992

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

AUGUSTA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

	Augusta University	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 104,047,712	\$ —
Grants and Contracts		
Federal	75,786,360	67,912,721
State	95,889,393	—
Other	252,441,671	11,642,848
Sales and Services	9,415,832	135,445,240
Rents and Royalties	5,139,104	1,421,004
Patient Services	—	959,459,854
Auxiliary Enterprises		
Residence Halls	4,413,536	—
Bookstore	1,489,373	—
Food Services	2,769,075	—
Parking/Transportation	3,083,450	—
Health Services	2,867,495	—
Intercollegiate Athletics	3,136,266	—
Other Organizations	5,835,878	—
Gifts and Contributions	—	14,475,581
Endowment Income	—	13,637,179
Other Operating Revenues	793,218	1,303,435
Total Operating Revenues	567,108,363	1,205,297,862
OPERATING EXPENSES		
Faculty Salaries	269,776,493	3,471,653
Staff Salaries	211,888,853	400,877,248
Employee Benefits	114,372,746	93,620,624
Other Personal Services	4,189,418	197,829,020
Travel	2,105,591	747,384
Scholarships and Fellowships	20,859,593	5,105,284
Utilities	13,482,256	5,801,791
Supplies and Other Services	141,197,864	554,555,151
Depreciation and Amortization	38,210,685	43,087,605
Total Operating Expenses	816,083,499	1,305,095,760
Operating Income (Loss)	\$ (248,975,136)	\$ (99,797,898)

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

AUGUSTA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

	Augusta University	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 273,633,070	\$ 32,378,448
Grants and Contracts		
Federal	35,893,124	13,259,294
State	—	3,289,602
Other	4,000,000	28,690,259
Gifts	11,070,417	—
Investment Income	(2,567,333)	(55,862,803)
Interest Expense	(1,558,032)	(11,403,496)
Other Nonoperating Revenues (Expenses)	(5,347,825)	10,267,363
Net Nonoperating Revenues	315,123,421	20,618,667
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	66,148,285	(79,179,231)
Capital Grants and Gifts		
State	10,067,203	—
Other	—	7,738,434
Additions to Permanent and Term Endowments	—	15,173,798
Special Item	661,716	—
Total Other Revenues, Expenses, Gains, Losses, and Special Item	10,728,919	22,912,232
Change in Net Position	76,877,204	(56,266,999)
Net Position, Beginning of Year	(64,437,505)	697,448,784 *
Prior Year Adjustments	203,298	(266,793)
Net Position, Beginning of Year, Restated	(64,234,207)	697,181,991
Net Position, End of Year	\$ 12,642,997	\$ 640,914,992

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

*See Note 20.

AUGUSTA UNIVERSITY

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2022

	Augusta University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 146,782,967
Grants and Contracts (Exchange)	428,827,443
Payments to Suppliers	(322,103,999)
Payments to Employees	(486,784,967)
Payments for Scholarships and Fellowships	(20,859,593)
Loans Issued to Students	(275,563)
Collection of Loans from Students	691,734
Other Receipts	252,444
Other Payments	(6,621)
Net Cash Used by Operating Activities	(253,476,155)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	273,633,070
Gifts and Grants Received for Other Than Capital Purposes	49,066,797
Other Non-Capital Financing Payments	(5,252,508)
Net Cash Flows Provided by Non-Capital Financing Activities	317,447,359
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	5,626,879
Purchases of Capital and Intangible Right-to-Use Assets	(23,233,339)
Principal Paid on Capital Debt and Leases	(3,557,897)
Interest Paid on Capital Debt and Leases	(1,439,923)
Net Cash Used by Capital and Related Financing Activities	(22,604,280)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	1,905,462
Purchase of Investments	(20,662,644)
Net Cash Used by Investing Activities	(18,757,182)
Net Increase in Cash and Cash Equivalents	22,609,742
Cash and Cash Equivalents, Beginning of Year (Restated)	86,724,501
Cash and Cash Equivalents, End of Year	\$ 109,334,243

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

AUGUSTA UNIVERSITY

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2022

	<u>Augusta University</u>
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (248,975,136)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation and Amortization	38,210,685
Operating Expenses Related to Noncash Gifts	1,965,214
Change in Assets and Liabilities:	
Receivables, net	(1,206,848)
Inventories	132,890
Prepaid Items	1,277,383
Notes Receivable, Net	416,171
Accounts Payable	(1,597,061)
Salaries Payable	(509,969)
Benefits Payable	(45,222)
Contracts Payable	279,863
Retainage Payable	(7,241)
Deposits	(1,161)
Advances (Including Tuition and Fees)	7,744,550
Other Liabilities	(6,620)
Compensated Absences	(2,504,060)
Net Pension Liability	(272,182,492)
Other Post-Employment Benefit Liability	(40,526,040)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	251,244,521
Deferred Outflows of Resources	12,814,418
Net Cash Used by Operating Activities	<u>\$ (253,476,155)</u>

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

Noncapital Gifts	\$ 1,965,214
Current Year Accruals Related to Non-operating Non-capital Grants and Gifts	\$ 84,633
Non-Capital Gifts Acquired Through Prepaid	\$ 869,695
Current Year Accruals Related to Capital Financing Activities	\$ 2,471,553
Gift of Capital Assets	\$ 2,197,202
Gain (Loss) on Disposal of Capital Assets	\$ (1,113,503)
Accrual of Capital Asset Related Payables	\$ 1,465,236
Capital Assets Acquired Through Prepaid Capital	\$ 5,730,928
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	\$127,774
Early Extinguishment of Capital Debt	\$ 63,110
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	\$ (118,109)
Special Item - Capital Asset Transfer	\$ 661,716
Unrealized Gain (Loss) on Investments	\$ (4,472,795)

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

AUGUSTA UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Early Retirement		
	Plan - Augusta	Custodial	
	University	Funds	Total
ASSETS			
Cash and Cash Equivalents	\$ 23,762,526	\$ —	\$ 23,762,526
Investments			
Mutual Bond Funds	24,315,145	—	24,315,145
Equity Mutual Funds - Domestic	29,354,916	—	29,354,916
Equity Securities - Domestic	45,422,100	—	45,422,100
Receivables			
Other	—	1,077,301	1,077,301
Total Assets	122,854,687	1,077,301	123,931,988
LIABILITIES			
Cash Overdraft	—	52,816	52,816
Deposits Held for Organization	—	52,766	52,766
Total Liabilities	—	105,582	105,582
NET POSITION			
Held in Trust for:			
Pension Benefits	122,854,687	—	122,854,687
Individuals, Organizations, and Other Governments	—	971,719	971,719
Total Net Position	\$ 122,854,687	\$ 971,719	\$ 123,826,406

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

AUGUSTA UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2022

	Early Retirement Plan - Augusta University	Custodial Funds	Total
ADDITIONS			
Contributions			
Employer	\$ 20,416,356	\$ —	\$ 20,416,356
Investment Income			
Dividends and Interest	2,188,437	—	2,188,437
Net Appreciation in Investments Reported at Fair Value	(16,903,709)	—	(16,903,709)
Less: Investment Expense	(139,480)	—	(139,480)
Net Investment Income	(14,854,752)	—	(14,854,752)
Federal Financial Aid	—	94,274,276	94,274,276
State Financial Aid	—	16,663,180	16,663,180
Other Financial Aid	—	2,581,813	2,581,813
Clubs and Other Organizations Fund Raising	—	1,485,600	1,485,600
Public-Private Partnership Passthrough	—	5,518,072	5,518,072
Total Additions	5,561,604	120,522,941	126,084,545
DEDUCTIONS			
Benefits	14,315,488		14,315,488
Scholarships and Other Student Support	—	113,463,959	113,463,959
Student Organizations Support	—	1,485,998	1,485,998
Public-Private Partnership Passthrough	—	5,447,384	5,447,384
Total Deductions	14,315,488	120,397,341	134,712,829
Change in Fiduciary Net Position	(8,753,884)	125,600	(8,628,284)
Fiduciary Net Position, Beginning of Year, As Originally Reported	131,608,571	846,119	132,454,690
Fiduciary Net Position, End of Year	\$ 122,854,687	\$ 971,719	\$ 123,826,406

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

AUGUSTA UNIVERSITY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2022

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 43,189,540	\$ 7,424,067	\$ 10,883,580	\$ 1,508,195	\$ 4,896,682	\$ —	\$ 67,902,064
Cash and Cash Equivalents (Externally Restricted)	1,521,941	3,922,061	—	—	1,501,518	—	6,945,520
Short-term Investments	105,879,711	1,218,642	—	4,630,502	—	—	111,728,855
Short-term Investments (Externally Restricted)	2,972,791	670,350	—	263,823	—	—	3,906,964
Accounts Receivable, net	—	—	—	—	—	—	—
Federal Financial Assistance	—	—	5,611,518	—	—	—	5,611,518
Affiliated Organizations	—	—	—	—	5,673,636	—	5,673,636
Component Units	224	—	—	—	—	—	224
Primary Government	833,316	—	—	14,154	25,773	67,359	940,602
Pledges and Contributions	—	1,436,138	—	1,072,295	545,262	—	3,053,695
Other	212,752,113	13,625	—	—	—	—	212,765,738
Investment in Financing Lease Arrangements - Primary Government	1,493,163	2,087,893	—	—	—	(742,224)	2,838,832
Inventories	25,559,461	—	—	—	—	—	25,559,461
Prepaid Items	16,853,502	12,749	—	179,648	—	—	17,045,899
Other Assets	3,154,116	—	—	—	—	—	3,154,116
Total Current Assets	414,209,878	16,785,525	16,495,098	7,668,617	12,642,871	(674,865)	467,127,124
Non-Current Assets							
Accounts Receivable, net	—	—	—	—	—	—	—
Pledges and Contributions	—	4,056,015	—	61,098	1,035,951	—	5,153,064
Other	10,340,000	—	—	—	—	—	10,340,000
Investments	—	1,748,515	4,817,823	340,480	37,280,434	—	44,187,252
Investment in Financing Lease Arrangements - Primary Government	17,424,972	23,255,851	—	—	—	(4,355,948)	36,324,875
Other Assets	6,809,984	195,042	—	—	179,587	—	7,184,613
Non-current Cash (Externally Restricted)	—	—	69,973	—	—	—	69,973
Investments (Externally Restricted)	100,000	30,592,534	—	17,320,997	257,622,624	—	305,636,155
Capital Assets, net	239,545,183	—	—	2,295,000	15,619,705	—	257,459,888
Intangible Right-to-Use Assets, net	38,372,478	—	—	—	—	—	38,372,478
Total Non-Current Assets	312,592,617	59,847,957	4,887,796	20,017,575	311,738,301	(4,355,948)	704,728,298
TOTAL ASSETS	726,802,495	76,633,482	21,382,894	27,686,192	324,381,172	(5,030,813)	1,171,855,422
DEFERRED OUTFLOWS OF RESOURCES							
	\$ 3,702,204	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,702,204

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

AUGUSTA UNIVERSITY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2022

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 89,585,109	\$ 381,562	\$ —	\$ 61,126	\$ 124,919	\$ —	\$ 90,152,716
Salaries Payable	17,432,322	—	—	—	—	—	17,432,322
Due to Component Units	—	—	—	67,379	—	—	67,379
Due to Primary Government	52,592,208	318,480	6,364,742	160,761	442,585	67,359	59,946,135
Advances (Including Tuition and Fees)	4,708,681	861,332	—	1,130,479	—	(742,224)	5,958,268
Other Liabilities	7,387,189	—	—	—	42,266	—	7,429,455
Lease Obligations - External	8,705,178	—	—	—	—	—	8,705,178
Lease Obligations - Primary Government	274,880	—	—	—	—	—	274,880
Revenue Bonds and Notes Payable	7,970,000	1,180,000	—	—	—	—	9,150,000
Liabilities Under Split Interest Agreements	—	—	—	1,625	—	—	1,625
Compensated Absences	26,308,094	—	—	—	—	—	26,308,094
Total Current Liabilities	214,963,661	2,741,374	6,364,742	1,421,370	609,770	(674,865)	225,426,052
Non-Current Liabilities							
Advances (Including Tuition and Fees)	—	4,355,948	—	—	—	(4,355,948)	—
Other Liabilities	21,864,850	—	—	—	—	—	21,864,850
Notes and Loans Payable - External	—	—	—	—	16,253,617	—	16,253,617
Lease Obligations - External	37,409,321	—	—	—	—	—	37,409,321
Lease Obligations - Primary Government	296,719	—	—	—	—	—	296,719
Revenue Bonds and Notes Payable	192,943,296	18,404,135	—	—	—	—	211,347,431
Liabilities Under Split Interest Agreements	—	—	—	7,589	798,961	—	806,550
Interest Rate Swap	10,336,669	—	—	—	—	—	10,336,669
Net Other Post Employment Benefits Liability	5,108,880	—	—	—	—	—	5,108,880
Total Non-Current Liabilities	267,959,735	22,760,083	—	7,589	17,052,578	(4,355,948)	303,424,037
TOTAL LIABILITIES	482,923,396	25,501,457	6,364,742	1,428,959	17,662,348	(5,030,813)	528,850,089
DEFERRED INFLOWS OF RESOURCES							
	5,792,545	—	—	—	—	—	5,792,545
NET POSITION							
Net Investment in Capital Assets	47,717,098	—	—	2,295,000	4,366,088	—	54,378,186
Restricted for:							
Nonexpendable	—	26,339,839	—	5,033,476	152,205,183	—	183,578,498
Expendable	4,594,732	20,150,217	69,973	16,839,447	109,054,918	—	150,709,287
Unrestricted	189,476,928	4,641,969	14,948,179	2,089,310	41,092,635	—	252,249,021
TOTAL NET POSITION	\$241,788,758	\$ 51,132,025	\$ 15,018,152	\$ 26,257,233	\$306,718,824	\$ —	\$ 640,914,992

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

AUGUSTA UNIVERSITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2022

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
OPERATING REVENUES							
Grants and Contracts							
Federal	\$ —	\$ —	\$ 67,912,721	\$ —	\$ —	\$ —	\$ 67,912,721
Other	—	2,550	11,390,640	249,658	—	—	11,642,848
Sales and Services	135,009,525	246,528	—	189,187	—	—	135,445,240
Rents and Royalties	763,516	176,073	431,945	12,300	37,170	—	1,421,004
Patient Services	959,459,854	—	—	—	—	—	959,459,854
Gifts and Contributions	—	4,021,191	—	7,184,588	3,269,802	—	14,475,581
Endowment Income	—	5,822,063	—	43,137	7,771,979	—	13,637,179
Other Operating Revenues	—	7,887	312,000	—	983,548	—	1,303,435
Total Operating Revenues	1,095,232,895	10,276,292	80,047,306	7,678,870	12,062,499	—	1,205,297,862
OPERATING EXPENSES							
Faculty Salaries	—	128,390	—	362,874	2,980,389	—	3,471,653
Staff Salaries	396,717,244	1,123,859	—	1,335,007	1,701,138	—	400,877,248
Employee Benefits	92,643,056	442,598	—	534,970	—	—	93,620,624
Other Personal Services	193,990,411	92,042	—	126,401	3,620,166	—	197,829,020
Travel	339,061	135,490	—	76,805	196,028	—	747,384
Scholarships and Fellowships	—	531,846	—	1,155,492	3,417,946	—	5,105,284
Utilities	5,688,863	—	—	—	112,928	—	5,801,791
Supplies and Other Services	471,364,614	1,074,386	78,266,248	2,880,180	969,723	—	554,555,151
Depreciation and Amortization	42,866,920	—	—	—	220,685	—	43,087,605
Total Operating Expenses	1,203,610,169	3,528,611	78,266,248	6,471,729	13,219,003	—	1,305,095,760
Operating Income (Loss)	\$(108,377,274)	\$ 6,747,681	\$ 1,781,058	\$ 1,207,141	\$(1,156,504)	\$ —	\$ (99,797,898)

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

AUGUSTA UNIVERSITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2022

	AU Health Systems, Inc.	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
NONOPERATING REVENUES (EXPENSES)							
State Appropriations	\$ 32,378,448	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 32,378,448
Grants and Contracts							
Federal	13,259,294	—	—	—	—	—	13,259,294
State	3,289,602	—	—	—	—	—	3,289,602
Other	28,690,259	—	—	—	—	—	28,690,259
Investment Income	(4,349,172)	(10,187,114)	(698,344)	(2,520,117)	(38,108,056)	—	(55,862,803)
Interest Expense	(10,719,405)	(744,254)	—	—	60,163	—	(11,403,496)
Other Nonoperating Revenues (Expenses)	10,267,363	—	—	—	—	—	10,267,363
Net Nonoperating Revenues	72,816,389	(10,931,368)	(698,344)	(2,520,117)	(38,047,893)	—	20,618,667
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(35,560,885)	(4,183,687)	1,082,714	(1,312,976)	(39,204,397)	—	(79,179,231)
Capital Grants and Gifts							
Other	7,738,434	—	—	—	—	—	7,738,434
Additions to Permanent and Term Endowments	—	6,036,295	—	1,453,501	7,684,002	—	15,173,798
Total Other Revenues, Expenses, Gains or Losses	7,738,434	6,036,295	—	1,453,501	7,684,002	—	22,912,232
Change in Net Position	(27,822,451)	1,852,608	1,082,714	140,525	(31,520,395)	—	(56,266,999)
Net Position, Beginning of Year	269,878,002	49,279,417	13,935,438 *	26,116,708	338,239,219	—	697,448,784
Prior Year Adjustments	(266,793)	—	—	—	—	—	(266,793)
Net Position, Beginning of Year, Restated	269,611,209	49,279,417	13,935,438	26,116,708	338,239,219	—	697,181,991
Net Position, End of Year	<u>\$241,788,758</u>	<u>\$ 51,132,025</u>	<u>\$ 15,018,152</u>	<u>\$ 26,257,233</u>	<u>\$306,718,824</u>	<u>\$ —</u>	<u>\$ 640,914,992</u>

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

*See Note 20.



Notes to the Financial Statements

AUGUSTA UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2022, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Discretely Presented Component Units

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

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

- Georgia Health Sciences Foundation, Inc., 1120 15th Street, Augusta, Georgia 30912
- Medical College of Georgia Foundation, Inc., 720 Saint Sebastian Way, Augusta, GA 30901

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

Fiduciary Component Units

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

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

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary funds:

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

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 87 to fiscal year 2022. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The adoption of this statement resulted in a restatement of net position of the business-type activities and discretely presented component units.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 89 to fiscal year 2022. The objectives of this statement are to both enhance the relevance and comparability of information about capital assets and the cost of borrowing and to simplify accounting for interest costs incurred before the end of a construction period. The adoption of this statement does not have a significant impact on the financial statements and will be applied prospectively.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, effective for fiscal years beginning after June 15, 2020. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 92 to fiscal year 2022. The objective of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation of various GASB Statements. The adoption of this statement does not have a significant impact on the financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* effective for years beginning after June 15, 2020. In fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 93 to fiscal year 2022. This statement establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates in hedging derivative instruments and leases. This statement also identifies appropriate benchmark interest rates for hedging derivative instruments. The adoption of this statement does not have a significant impact on the financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report* effective for fiscal years beginning after December 15, 2021. This statement establishes a new designation of the acronym for state and local government annual financial statements, the Annual Comprehensive Financial Report (ACFR). The adoption of this statement resulted in changes to the naming convention used throughout the report, but has no impact on the financial information provided.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*, effective for certain elements of the requirement effective upon issuance. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation. The adoption of this statement does not have a significant impact on the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

Short-Term Investments

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

Investments

Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The University accounts for its investments at fair value. Changes in the fair value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Investments restricted as to use by a third party are reported as externally restricted.

Accounts Receivable

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

Inventories

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

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items.

Capital Assets

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

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

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

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

Intangible Right-To-Use Assets

The University leases certain academic spaces, administrative offices, and equipment under lease agreements. The University has both leases under which it is obligated as a lessee and leases for which it is a lessor. Leases, as a lessee, are included in intangible right-to-use assets and lease obligations on the Statement of Net Position. Financed leases, which transfer ownership, are included in capital assets and notes payable on the Statement of Net Position.

An intangible right-to-use asset represents the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease agreement. Intangible right-to-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

Rental income arising from leases as a lessor is included as a receivable and deferred inflow of resources at the commencement of the lease and revenue is recognized on a straight line basis over the lease term.

Capital Liability Reserve Fund

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program financed the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program

and at the conclusion of the program, funds will be returned to each institution. The \$197,730 balance included on the University's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the University's contribution to the Fund.

Deferred Outflows of Resources

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

Advances

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

Deposits Held for Other Organizations

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

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

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

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

Pensions and Net Pension Liability

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

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

Net Position

The university's net position is classified as follows:

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

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

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

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

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

Income Taxes

The University, as a political subdivision of the State of Georgia, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$18,223,569.

Restatement of Prior Year Net Position

The Augusta University made the following restatements:

	Business-type Activities	Component Units
Net position, beginning of year, as originally reported	\$ (64,437,505)	\$ 697,448,784
Changes in accounting principles	203,298	(266,793)
Net position, beginning of year, restated	<u>\$ (64,234,207)</u>	<u>\$ 697,181,991</u>

The University made prior period adjustments due to the adoption of the GASB Statement No. 87, which required the restatement of certain June 30, 2021 business type activities' assets and liabilities. Under this statement, a lessee is required to recognize a lease obligation and an intangible right-to-use asset. In addition, lease liabilities for leases determined to be financing in nature are required to be recognized as notes/loans payable instead of lease obligations. As a lessee, the adoption of GASB Statement No. 87 resulted in an increase in intangible right-to-use assets of \$4,350,508, a decrease of \$1,523,783 in Capital Assets, net, an increase in Lease Obligations for intangible right-to-use assets of \$2,623,427, and a reclassification of \$42,067,341 from Lease Obligations to Notes/Loans Payable at June 30, 2021. As a lessor, the adoption of GASB 87 resulted in an increase in accounts receivable of \$821,806 and an increase in deferred inflows of resources of \$821,806. These restatements resulted in a \$203,298 increase in net position as of June 30, 2021. This change is in accordance with generally accepted accounting principals.

AU Health Systems made prior period adjustments due to the adoption of GASB Statement No. 87, which required the restatement of certain June 30, 2021 assets and liabilities. Under this statement, a lessee is required to recognize a lease obligation and an intangible right-to-use asset. In addition, lease liabilities for leases determined to be financing in nature are required to be recognized as notes/loans payable instead of lease obligations. These changes resulted in a \$266,793 decrease in net position as of June 30, 2021. This change is in accordance with generally accepted accounting principals.

The University restated beginning Cash and Cash Equivalents for US Treasury investments that were reported as Cash in the prior year but should have been reported as Short-term investments. As a result of the restatement, beginning Cash on the Cash Flow Statement was decreased by \$12,034,829. The restatement had \$0 effect on net position.

Special Item

The Georgia Technology Authority transferred additional building improvements and equipment for the two buildings known as the Hull McKnight and Schaffer MacCartney Buildings which were erected in fiscal year 2019 on the Cyber Complex site located at 1 Eleventh Street, Augusta, Richmond County, Georgia. The building improvements transferred as part of an ongoing project in fiscal year 2022, had a reported net book value of \$648,493. Augusta University also had two special item transfers of vehicles from Georgia Institute of Technology with a net book value of \$13,223. The effect of these special item transfers is noted as a Special Item transfer on the Statement of Revenues, Expenses, and Changes in Net Position.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2022 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Statement of Net Position

Current

Cash and Cash Equivalents	\$	71,183,692
Cash and Cash Equivalents (Externally Restricted)		38,150,551
Short-Term Investments		22,968,642

Noncurrent

Investments		69,112,165
Investments (Externally Restricted)		14,272,848

Statement of Fiduciary Net Position

Cash and Cash Equivalents		23,709,710
Investments		99,092,161
	\$	<u>338,489,769</u>

Cash on hand, deposits and investments as of June 30, 2022 consist of the following:

Cash on Hand	\$	75,240
Deposits with Financial Institutions		110,805,210
Investments		227,609,319
	\$	<u>338,489,769</u>

A. Deposits with Financial Institutions

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

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

The University participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

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

At June 30, 2022, the bank balances of the University's deposits totaled \$118,120,911. Of these deposits, none were exposed to custodial credit risk.

B. Investments

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

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

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

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

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

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2022.

	Fair Value	Fair Value Hierarchy	
		Level 1	Level 2
Investment type:			
Debt Securities			
U.S. Treasuries	\$ 12,905,730	\$ 12,905,730	\$ —
U.S. Agencies			
Explicitly Guaranteed	20,755,546	—	20,755,546
Implicitly Guaranteed	34,011,592	10,062,912	23,948,680
Corporate Debt	25,873,904	—	25,873,904
Money Market Mutual Funds	22,163,509	22,163,509	—
Mutual Bond Funds	24,315,144	24,315,144	—
Other Investments			
Equity Mutual Funds - Domestic	29,354,915	29,354,915	—
Equity Securities - Domestic	45,422,100	45,422,100	—
	214,802,440	<u>\$ 144,224,310</u>	<u>\$ 70,578,130</u>
Investment Pools			
Board of Regents			
Diversified Fund	<u>12,806,879</u>		
Total Investments	<u>\$ 227,609,319</u>		

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

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

Board of Regents Pooled Investment Program

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

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

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

The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the University's position in the Diversified Fund at June 30, 2022 was \$12,806,879, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.9 years.

Interest Rate Risk

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

The University's investments as of June 30, 2022 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
U.S. Treasuries	\$ 12,905,730	\$ 12,905,730	\$ —	\$ —	\$ —	\$ —
U.S. Agencies						
Explicitly Guaranteed	20,755,546	11,243,752	545,650	8,870,409	95,735	—
Implicitly Guaranteed	34,011,592	11,471,829	3,548,915	18,990,848	—	—
Corporate Debt	25,873,904	8,188,866	13,153,793	4,531,245	—	—
Money Market Mutual Funds	22,163,509	22,163,509	—	—	—	—
Mutual Bond Funds	24,315,144	—	—	4,726,314	7,719,749	11,869,081
	<u>\$ 140,025,425</u>	<u>\$ 65,973,686</u>	<u>\$ 17,248,358</u>	<u>\$ 37,118,816</u>	<u>\$ 7,815,484</u>	<u>\$ 11,869,081</u>
Other Investments						
Equity Mutual Funds - Domestic	29,354,915					
Equity Securities - Domestic	45,422,100					
Investment Pools						
Board of Regents						
Diversified Fund	<u>12,806,879</u>					
Total Investments	<u>\$ 227,609,319</u>					

Custodial Credit Risk

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

At June 30, 2022, \$140,025,424 of the University's applicable investments were uninsured and held by the investment's counterparty's trust department or agent, in the University's name.

Credit Quality Risk

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

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	\$ 34,011,593	\$ 34,011,593	\$ —	\$ —	\$ —	\$ —
Corporate Debt	25,873,903	—	3,050,728	22,823,175	—	—
Money Market Mutual Funds	22,163,509	18,700,369	—	—	—	3,463,140
Mutual Bond Funds	24,315,144	—	—	—	—	24,315,144
	<u>\$ 106,364,149</u>	<u>\$ 52,711,962</u>	<u>\$ 3,050,728</u>	<u>\$ 22,823,175</u>	<u>\$ —</u>	<u>\$ 27,778,284</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy requires diversification of investments to reduce overall portfolio risk while maintaining market rates of return.

At June 30, 2022, approximately 5.62%, 5.67%, 5.82%, 5.93%, 9.11%, 7.39%, and 11.46% of the University's investments were investments in Vanguard Total Stock Market EFT, United States Treasury Notes, Invesco Total Stock Market EFT, iShares DJ Select Dividend ETF, Government National Mortgage Association, and Federal National Mortgage Association Pool , respectively.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2022:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 837,692	
Auxiliary Enterprises and Other Operating Activities	715,744	
Federal Financial Assistance	10,315,034	
Georgia State Financing and Investment Commission	2,556,186	—
Due from Affiliated Organizations	1,293,785	—
Due from Component Units	60,517,734	—
Due From Other USG Institutions	203,330	—
Other	17,691,220	1,077,301
	<u>94,130,725</u>	<u>1,077,301</u>
Less: Allowance for Doubtful Accounts	<u>778,634</u>	<u>—</u>
Net Accounts Receivable	<u>\$ 93,352,091</u>	<u>\$ 1,077,301</u>

Other includes approximately \$13.49 million state grants and contracts and \$4.33 million other state agency.

Note 4 Inventories

Inventories consisted of the following at June 30, 2022:

Merchandise for Resale	\$ <u>400,764</u>
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Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2022. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for amounts canceled under these provisions. As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2022, the allowance for uncollectible loans was \$459,533.

Note 6 Capital and Intangible Right-to-Use Assets

Changes in capital assets for the year ended June 30, 2022 are shown below:

	(Restated) Balance July 1, 2021	Special Item and Other Transfers	Additions	Reductions	Balance June 30, 2022
Capital Assets, Not Being Depreciated:					
Land	\$ 28,515,529	\$ —	\$ —	\$ —	\$ 28,515,529
Capitalized Collections	87,006	—	—	—	87,006
Construction Work-in-Progress	6,906,495	—	11,899,632	5,906,142	12,899,985
Total Capital Assets Not Being Depreciated	35,509,030		11,899,632	5,906,142	41,502,520
Capital Assets, Being Depreciated					
Infrastructure	13,649,269	—	—	—	13,649,269
Building and Building Improvements	988,583,371	648,493	12,541,258	—	1,001,773,122
Facilities and Other Improvements	27,002,835	—	1,689,300	—	28,692,135
Equipment	131,677,290	47,272	12,613,026	5,988,863	138,348,725
Library Collections	31,109,069	—	696,937	10,599	31,795,407
Total Capital Assets Being Depreciated	1,192,021,834	695,765	27,540,521	5,999,462	1,214,258,658
Less: Accumulated Depreciation/					
Infrastructure	4,399,831	—	517,582	—	4,917,413
Building and Building Improvements	362,799,980	—	23,394,120	—	386,194,100
Facilities and Other Improvements	12,656,934	—	1,504,318	—	14,161,252
Equipment	96,528,849	34,049	10,816,421	4,931,305	102,448,014
Library Collections	26,387,755	—	947,088	10,599	27,324,244
Total Accumulated Depreciation	502,773,349	34,049	37,179,529	4,941,904	535,045,023
Total Capital Assets, Being Depreciated, Net	689,248,485	661,716	(9,639,008)	1,057,558	679,213,635
Capital Assets, net	<u>\$ 724,757,515</u>	<u>\$ 661,716</u>	<u>\$ 2,260,624</u>	<u>\$ 6,963,700</u>	<u>\$ 720,716,155</u>

The University has received capital assets from other entities within the State's reporting entity. The university has reported these transactions as a special item on the Statement of Revenues, Expenses and Changes in Net Position. See Note 1 - Special Item for additional information related to these transactions.

For projects managed by Georgia State Financing and Investing Commission (GSFIC), GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when they deem it substantially complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC.

For the year ended June 30, 2022, GSFIC transferred capital additions from GSFIC managed projects valued at \$10,067,023. At June 30, GSFIC did not have any construction in progress on their books for incomplete GSFIC managed projects for the University. In addition, building and building improvements, equipment, and research and development infrastructure totaling \$2,262,289. Also included in the GSFIC funded amount was \$751,550 for renovating and equipping the Cyber Center Complex, a project which is being managed by the Georgia Technology Authority (GTA) and transferred to the University as it is completed.

The July 1, 2021 balance related to capital assets and intangible right-to-use assets was restated as a result of the implementation of GASB Statement No. 87. See Note 1 - Restatement of Prior Year Net Position for additional information related to these transactions.

Intangible Right-to-Use Assets

Changes in intangible assets for the year ended June 30, 2022 are shown below:

	(Restated) Beginning Balances July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022
Intangible Right-to-use Assets				
Building and Building Improvements	\$ 2,921,099	\$ —	\$ —	\$ 2,921,099
Equipment	1,429,409	127,774	107,283	1,449,900
Total Leased Assets Being Amortized	4,350,508	127,774	107,283	4,370,999
Less: Accumulated amortization				
Building and Building Improvements	—	387,813	0	387,813
Equipment	—	643,343	51,338	592,005
Total Accumulated Amortization	—	1,031,156	51,338	979,818
Intangible Right-to-use Assets, net	<u>\$ 4,350,508</u>	<u>\$ (903,382)</u>	<u>55,945</u>	<u>\$ 3,391,181</u>

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2022:

	Current Liabilities
Prepaid Tuition and Fees	\$ 4,940,863
Research	42,239,849
Other - Advances	2,183,468
Totals	<u>\$ 49,364,180</u>

The amount in Other - Advances above includes \$981,347 from related parties.

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2022 was as follows:

	(Restated) Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Leases					
Lease Obligations	\$ 3,729,528	\$ 127,774	\$ 796,478	\$ 3,060,824	\$ 623,825
Other Liabilities					
Compensated Absences	48,017,340	29,968,686	32,472,746	45,513,280	20,278,747
Notes and Loans Payable	42,067,341	—	2,824,529	39,242,812	2,921,889
Total Long-Term Obligations	<u>\$ 93,814,209</u>	<u>\$ 30,096,460</u>	<u>\$ 36,093,753</u>	<u>\$ 87,816,916</u>	<u>\$ 23,824,461</u>

The July 1, 2021 balance related to lease obligations and notes and loans payable was restated as a result of the implementation of GASB Statement No. 87. See Note 1 - Restatement of Prior Year Net Position for additional information related to these transactions.

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

Notes and Loans Payable

Financing Lease Agreements

The University is obligated under various multi-year financing lease agreements for the acquisition or use of real property and equipment, whereby the asset(s) transfers ownership at the end of the agreement.

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to financing lease agreements for fiscal year 2022 were \$2,824,529 and \$1,368,826, respectively. Interest rates range from \$2.93-4.088%.

The University has \$38,993,124 in outstanding notes and loans payable due to component units for financing lease agreements.

The following is a summary of the carrying values of assets held under financing lease agreements at June 30, 2022:

Description	Gross Amount (+)	Less: Accumulated Amortization (-)	Net Assets Held Under Financing Arrangements at June 30, 2022 (=)	Outstanding Balances per Lease Schedules at June 30, 2022
Finance Buildings and Building Improvements	\$ 59,733,497	\$ 29,964,264	\$ 29,769,233	\$ 38,993,124
Financed Equipment	1,195,266	945,578	249,688	249,688
Total Assets Held Under Finance Lease Arrangement	<u>\$ 60,928,763</u>	<u>\$ 30,909,842</u>	<u>\$ 30,018,921</u>	<u>\$ 39,242,812</u>

The following schedule lists the pertinent information for each of the University's financing lease agreements:

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
Cancer Research Center (CRC)	MCG-PPG, CRC LLC	\$ 27,704,398	30 years	01/2006	06/2034	\$ 18,747,553 (1)
University Housing	ASU Foundation	20,246,137	30 years	09/2005	01/2035	13,367,825 (1)
Student Center	ASU Foundation	11,782,962	29 years	03/2006	12/2033	6,877,746 (1)
Unified Communications	Key Govt Finance, Inc.	1,195,266	5 years	07/2018	07/2022	249,688
Total Leases		<u>\$ 60,928,763</u>				<u>\$ 39,242,812</u>

(1) These financing lease agreements are related party transactions.

Below is the annual debt service related to the outstanding notes and loans payable at June 30, 2022.

Year Ending June 30:	Principal	Interest
2023	\$ 2,921,890	\$ 1,290,994
2024	2,760,741	1,191,910
2025	2,854,706	1,098,856
2026	2,952,554	1,002,551
2027	3,043,794	902,941
2028 through 2032	16,850,947	2,900,356
2033 through 2037	<u>7,858,180</u>	<u>333,204</u>
Total Notes and Loans Payable	<u>\$ 39,242,812</u>	<u>\$ 8,720,812</u>

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2022, consisted of the following:

Deferred Outflows of Resources

Deferred Outflows on Debt Refunding	\$ 1,982,289
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	112,386,530
Deferred Outflows on OPEB Plan (See Note 17)	<u>98,273,711</u>
Total Deferred Outflows of Resources	<u>\$ 212,642,530</u>

Deferred Inflows of Resources

Deferred Inflows on Debt Refunding	\$ 612,058
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	227,918,086
Deferred Inflows on OPEB Plan (See Note 17)	94,128,616
Deferred Inflows of Resources - Lease	<u>\$ 569,360</u>
Total Deferred Inflows of Resources	<u>\$ 323,228,120</u>

Deferred Outflows/Inflows on Debt Refunding

In October 2014, the MCG-PPG Cancer Research Center, LLC, refunded the bonds associated with this lease and passed the perceived economic advantages of this refunding to the University by reducing the interest rate to 4.15% and the lease term maturity to June, 2034. The future minimum lease payments did not change as a result of this refunding. The University recognized a Deferred Outflow on Debt Refunding in the amount of \$2,647,632. The unamortized Deferred Outflows on Debt Refunding at year end related to this transaction is \$1,765,087.

In October 2014, the Augusta University Foundation refunded the bonds associated with the student activities center and passed the perceived advantages of this refunding to the University by reducing the effective interest rate to 3.72% with a maturity date of December, 2033. The future minimum lease payments did not change as a result of the refunding. The University recognized a Deferred Loss on Debt Refunding of \$325,802. The unamortized Deferred Loss on Debt Refunding at year end related to this transaction is \$217,202.

In November 2012, the Augusta University Foundation refunded the bond associated with the student housing complex lease at 4.26% for the same term with the same maturity date of January, 2035. The University recognized a Deferred Gain on Debt Refunding of \$894,546. The unamortized Deferred Gain on Debt Refunding at year end related to this transaction is \$612,058.

Lease

In July 2021, AU entered into an agreement with Augusta University Medical Associates for the office space located at the Annex 1 Building, 1499 Walton Way, Augusta, Georgia 30901. The agreement is renewable for one year for a total receivable of \$821,806. The amortized revenue recorded in fiscal year 2022 was \$252,446 and the remaining Deferred Gain of resources was \$569,360.

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2022 is as follows:

Net Investment in Capital Assets	\$ 681,708,695
Restricted for	
Nonexpendable	
Permanent Endowment	3,295,949
Expendable	
Sponsored and Other Organized Activities	28,128,575
Federal Loans	4,273,973
Institutional Loans	1,049,218
Quasi-Endowments	9,470,411
Sub-Total	42,922,177
Unrestricted	
Auxiliary Enterprises Operations	17,343,316
Reserve for Encumbrances	68,178,401
Capital Liability Reserve Fund	197,730
Other Unrestricted	(801,003,271)
Sub-Total	(715,283,824)
Total Net Position	\$ 12,642,997

Other unrestricted net position is reduced by \$581,222,313 related to the recording of net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to OPEB plan. Other unrestricted net position is also reduced by \$284,687,818 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources related to benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which

prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in Net Position for the year ended June 30, 2022 are as follows:

	(Restated) Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Net Investments in Capital Assets	\$ 684,751,727	\$ 37,944,511	\$ 40,987,543	\$ 681,708,695
Restricted Net Position	45,260,451	474,077,751	473,120,076	46,218,126
Unrestricted Net Position	(794,246,385)	425,788,809	346,826,248	(715,283,824)
Total Net Position	<u>\$ (64,234,207)</u>	<u>\$ 937,811,071</u>	<u>\$ 860,933,867</u>	<u>\$ 12,642,997</u>

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments.

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

For the current year there was an investment loss of \$33,092 due to unrealized losses that exceeded the related endowment's available accumulated income and net appreciation.

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2022. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of \$3,265,442 executed as of June 30, 2022. This amount is not reflected in the accompanying basic financial statements.

Note 13 Leases

Lease Obligations

The University leases facilities, office and computer equipment, and other assets. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest cash payments related to leases for fiscal year 2022 were \$733,368 and \$71,097 respectively. In addition, a principal adjustment of \$63,110 was made for leases ending early, bringing the total principal reduction to \$796,478. Interest rates range from 0.34% - 20.44%..

There were no residual guaranteed payment, variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2022.

The following is a summary of the carrying values of intangible right-to-use assets held under lease at June 30, 2022:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Lease Obligations at June 30, 2022	Outstanding Balance per Lease Schedules at June 30, 2022
	(+)	(-)	(=)	
Leased Equipment	\$ 1,449,900	\$ 592,005	\$ 857,895	\$ 410,458
Leased Buildings and Building Improvements	2,921,099	387,813	2,533,286	2,650,366
Total Assets Held Under Lease	<u>\$ 4,370,999</u>	<u>\$ 979,818</u>	<u>\$ 3,391,181</u>	<u>\$ 3,060,824</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
Multiple Individual Copier Leases	Various Vendors (Equipment)	\$ 720,372	5 years	07/2021	06/2026	\$ 379,759
KXL System	Glaukos (Equipment)	19,592	1.5 years	07/2021	01/2023	7,015
A447012-61044	Phoebe Putney Memorial Hospital (Building)	163,113	3 years	07/2021	06/2024	112,793
C452360-61043	Ballard Enterprises (Building)	106,413	3 years	07/2021	06/2024	67,240
N447791-61045	Green Acres (Building)	2,651,573	9 years	07/2021	06/2030	2,373,272
New copier Leases in FY2022	Various Vendors (Equipment)	127,774	5 years	08/2021	07/2026	120,745
Total Leases		<u>\$ 3,788,837</u>				<u>\$ 3,060,824</u>

(1) These leases are related party transactions.

Certain leases provide for renewal options.

Below is the future commitments related to the outstanding lease obligations as of June 30, 2022:

	Principal	Interest
Year Ending June 30:		
2023	\$ 623,825	\$ 61,861
2024	442,870	37,902
2025	398,930	24,161
2026	359,807	14,373
2027	318,242	8,494
2028 through 2032	917,150	10,097
Total Minimum Lease Payments	<u>\$ 3,060,824</u>	<u>\$ 156,888</u>

Note 14. Retirement Plans

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

The University also provides two other retirement plans - the Augusta University Early Retirement Pension Plan and the Regents Retirement Plan.

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2022. The University's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of the annual University payroll. The University's contributions to TRS totaled \$37,038,439 for the year ended June 30, 2022.

General Information about the Employees' Retirement System

Plan description

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

Benefits provided

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

ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

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

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

Contributions

Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The required contribution rate for the year ended June 30, 2022 was 24.63% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. The University's contributions to ERS totaled \$603,561 for the year ended June 30, 2022. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At June 30, 2022, the University reported a liability for its proportionate share of the net pension liability for TRS and ERS. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The University's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2021.

At June 30, 2021, the University's TRS proportion was 1.646136% which was a decrease of (0.076484)% from its proportion measured as of June 30, 2020. At June 30, 2021, the University's ERS proportion was 0.119902%, which was a decrease of (0.000510)% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of \$3,907,096 for TRS and \$185,253 for ERS. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,742,342	\$ —	\$ 66,366	\$ —
Changes of assumptions	28,178,424	—	807,586	—
Net difference between projected and actual earnings on pension plan investments	—	212,956,680	—	2,591,925
Changes in proportion and differences between contributions and proportionate share of contributions	2,861,668	12,333,843	—	35,638
Contributions subsequent to the measurement date	37,038,439	—	603,561	—
Total	<u>\$ 102,820,873</u>	<u>\$225,290,523</u>	<u>\$ 1,477,513</u>	<u>\$ 2,627,563</u>

The University's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	TRS	ERS
2023	\$ (29,918,564)	\$ (66,369)
2024	\$ (30,607,889)	\$ (365,027)
2025	\$ (44,186,865)	\$ (629,892)
2026	\$ (54,794,771)	\$ (692,323)

Actuarial assumptions

The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

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

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

rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term assumed rate of return and the assumed annual rate of inflation.

Employees' Retirement System

Inflation	2.50%
Salary increases	3.00 – 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale used for both males and females while in active service. Post-retirement mortality rates 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 to two years for both males and females and adjusted 106% and 105% respectively).

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS Target allocation	Long-term expected real rate of return*	ERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	(0.80)%	30.00 %	(1.50)%
Domestic large equities	46.30 %	9.30 %	46.40 %	9.20 %
Domestic small equities	1.20 %	13.30 %	1.10 %	13.40 %
International developed market equities	11.50 %	9.30 %	11.70 %	9.20 %
International emerging market equities	6.00 %	11.30 %	5.80 %	10.40 %
Alternatives	5.00 %	10.60 %	5.00 %	10.60 %
Total	<u>100.00 %</u>		<u>100.00 %</u>	

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.25% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Teachers Retirement System:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	\$ 392,180,214	\$ 145,589,749	\$ (56,474,119)

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 5,138,984	\$ 2,804,393	\$ 829,976

Pension plan fiduciary net position

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

B. Early Retirement Pension PlanPlan Description

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

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

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

The plan is closed to new entrants. There were no active plan participants. As of January 1, 2022, plan participants consisted of the following:

Inactive Plan Participants:

Retirees and Beneficiaries Currently Receiving Benefits	548
Terminated Employees Entitled to Deferred Benefits	0
Disabled Employees Entitled to Deferred Benefits	0
Total	<u>548</u>

Benefits Provided

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

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

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

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

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

The ERP does not issue a standalone report.

Funding Policy

The fund sources that provided for an employee's salary, as of December 31, 1999, would be responsible for funding the annuity to provide for retiree benefits. There is no additional cost to the employee/retiree, USG, or State of Georgia for this plan. Contributions are made by Augusta University based on the actuarial valuation of the plan. For fiscal year 2022, affiliated organizations contributed \$4,687,360 to the plan on-behalf of the University.

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

Investments

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

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. The Augusta University's Investment Policy and Guidelines for managing concentration of credit risk requires that stocks and debt issues be diversified. Augusta University also relies upon the concentration of credit risk policy of the individual investment vehicles related to plan assets. More than 5% of the Pension Plan's Investments are in Vanguard Total Stock Market ETF, Invesco S&P Equal Weight ETF and iShares DJ Select Dividend ETF. These investments are 10.5%, 10.9%, and 11.1% respectively of the Plan's total investments.

For the fiscal year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (11.47)%.

Net Pension Liability (NPL)

The components of the net pension liability at June 30, 2022 were as follows:

Total Pension Liability	\$ 143,616,807
Plan Fiduciary Net Position	<u>(122,854,687)</u>
Net Pension Liability	<u>\$ 20,762,120</u>

Plan Fiduciary Net Position as a percentage of total pension liability is 85.54%.

Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of January 1, 2022 with the results rolled forward to the June 30, 2022 measurement date using the following actuarial assumptions, applied to all periods included in the measurement: (a) rate of return of 7.00% per annum, compounded annually (b) inflation of 2.50% per annum, compounded annually, and (c) cost of living adjustments of 3% per annum, compounded annually.

There were no changes in actuarial methods from the prior year report. The following changes from the prior year report were made to the actuarial assumptions: To better recognize current and future mortality, the most recent Mortality Table for Beneficiaries was updated to the Base Table Pub-2010 Teachers Above-Median Income - Contingent Survivor table published by the Society of Actuaries was adopted rather than the previous Pub-2010 Teachers Above - Median Income - Healthy Retiree. The effect was an decrease in liabilities and annual pension expense. To better recognize current and future mortality improvements, Mortality Improvement Scale MP-2021 published by the Society of Actuaries was adopted rather than the previous MP-2020 scale. The effect was an increase in liabilities and annual pension expense. There were no other changes in plan provisions or actuarial assumptions and methods since the prior report.

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

The long-term expected rate of return on pension plan investments was established with the January 1, 2022 valuation. A blend of future capital market projections and historical market returns was used in a building- block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best-estimates of geometric real rates of return and the plan investment policy target asset allocation for each major asset class are summarized in the following table:

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

*Rates shown are net of inflation.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 31,547,955	\$ 20,762,120	\$ 11,256,707

Schedule of Changes in Net Pension Liability

For the year ended June 30, 2022, the University recognized net pension liability of \$20,762,120 calculated as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2021	\$ 150,586,024	\$ 131,608,571	\$ 18,977,453
Interest	10,039,980	—	10,039,980
Experience losses (gains)	(2,387,778)	—	(2,387,778)
Changes of assumptions	(305,931)	—	(305,931)
Contributions - Employer	—	20,416,356	(20,416,356)
Net investment income	—	(14,854,752)	14,854,752
Benefit payments	(14,315,488)	(14,315,488)	—
Net Change	(6,969,217)	(8,753,884)	1,784,667
Balance, June 30, 2022	\$ 143,616,807	\$ 122,854,687	\$ 20,762,120

Affiliated organizations contributed \$4,687,360 to the plan on behalf of the University.

Schedule of Changes in Pension Expense

For the year ended June 30, 2022, the University recognized pension expense of \$(1,161,239) from the following sources:

	Pension Expense
Interest	\$ 10,039,980
Projected investment income	(9,426,130)
Recognition of experience (gain)/loss	(2,387,778)
Recognition of changes in assumptions	(305,931)
Investment losses (gains)	918,620
Pension Expense June 30, 2022	\$ (1,161,239)

Deferred Outflows/Inflows of Resources

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 8,088,144	\$ —

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2023	\$	1,430,591
2024	\$	1,426,641
2025	\$	374,734
2026	\$	4,856,178

C. Defined Contribution Plan

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2022, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University and the covered employees made the required contributions of \$16,615,848 (9.24%) and \$10,789,513 (6.00%), respectively.

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

Note 15 Risk Management

The USG offers its employees and retirees under the age of 65 access to three self insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2022, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan.

The University's participating employees and eligible retirees pay premiums into the plan fund to access benefits coverage. All units of the USG share the risk of loss for claims associated with these plans. The plan fund is considered to be a self-sustaining risk fund. The USG has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the

USG, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The Comprehensive Care plan has a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. The self-insured dental plan is administered through Delta Dental.

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

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

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

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

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

Note 16 Contingencies

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

Litigation, claims and assessments filed against the University, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Board of Regents Retiree Health Benefit Plan

Plan Description and Funding Policy

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

Pursuant to the general powers conferred by the OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-

insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2022, the following self-insured health care options were available: Blue Choice HMO plan, (Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG offers a self-insured dental plan administered by Delta Dental.

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

The University's membership in the Plan consisted of the following at June 30, 2022:

Active Employees	4,331
Retirees or Beneficiaries Receiving Benefits	2,289
Retirees Receiving Life Insurance Only	<u>678</u>
Total	<u><u>7,298</u></u>

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

The University pays the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board for the upcoming plan year. For the 2022 plan year, the employer rate was approximately 88% of the total health insurance cost for eligible retirees and the retiree rate was approximately 12%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. With regard to life insurance, the employer covers the total premium cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the retiree.

For fiscal year 2022, the University contributed \$15,903,443 to the plan for current premiums or claims.

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

At June 30, 2022, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2021. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The University's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the University's proportion was 11.6304%, which was a decrease of (0.104253)% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized OPEB expense of \$21,811,735. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,515,404	\$ 2,002,692
Changes of assumptions	48,280,519	80,734,187
Net difference between projected and actual earnings on OPEB plan investments	—	1,451,609
Changes in proportion and differences between contributions and proportionate share of contributions	2,574,345	9,940,128
Contributions subsequent to the measurement date	15,903,443	—
Total	<u>\$ 98,273,711</u>	<u>\$ 94,128,616</u>

The University's contributions subsequent to the measurement date of \$15,903,443 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2023	\$	(10,471,603)
2024	\$	(5,338,625)
2025	\$	(5,086,006)
2026	\$	(4,220,482)
2027	\$	7,322,702
Thereafter	\$	6,035,666

Actuarial assumptions

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of May 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Discount Rate as of 6/30/2021 2.18% GO 20-Municipal Bond Index Rate Discount Rate as of 6/30/2020 2.21% from Bond Buyers GO 20- Municipal Bond Index Long-term Rate of Return 4.37% General Inflation 2.10% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2020
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.4%
Medicare Eligible	4%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	4%
Year Ultimate Trend is Reached	Fiscal Year 2031 for Pre-Medicare Eligible, Fiscal Year 2021 for Medicare Eligible
Experience Study	Economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019 with the exception of the disability and salary increase assumptions. These assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five year period ending June 30, 2018.

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Mortality improvement scale was updated from MP-2019 to MP-2020.
- The discount rate was updated from 2.21% as of 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%.

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

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	0.69 %	70 %
Equity Allocation	4.21 %	30 %

Discount rate

The Plan's projected fiduciary net position at the end of 2025 is \$0, based on the valuation completed for the fiscal year ending June 30, 2021. As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2025. Therefore, the long-term expected rate of return on Plan investments of 4.37% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021. Instead, a yield or index rate for a 20 year, tax-exempt general obligation municipal bond with an average rating of AA or higher was used. This rate was determined to be 2.18% from the Bond Buyers GO 20-Bond Municipal Bond Index. This rate is comprised primarily of the yield or index rate for a 20 year, tax exempt general obligation municipal bond with an average rating of AA or higher (2.16% from the Bond Buyers GO 20-Bond Municipal Bond Index).

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

The following presents the the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.18%) or 1% higher (3.18%) than the current discount rate (2.18%):

	1% Decrease 1.18%	Current Rate 2.18%	1% Increase 3.18%
Proportionate Share of the Net OPEB Liability	\$ 708,543,799	\$ 585,367,408	\$ 490,380,241

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 493,929,583	\$ 585,367,408	\$ 705,731,767
Pre-Medicare Eligible	5.4% decreasing to 3.5%	6.4% decreasing to 4.5%	7.4% decreasing to 5.5%
Medicare Eligible	3.0%	4.0%	5.0%

OPEB plan fiduciary net position:

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

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal year 2022 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 92,552,105	\$ 23,441,879	\$ (12,095,940)	\$ 498,835	\$ 870,428
Research	31,071,852	19,772,301	13,143,652	45,560	433,948
Public Service	7,321,179	19,313,456	7,790,758	82,495	175,222
Academic Support	13,927,095	20,550,471	12,512,898	32,469	116,627
Student Services	739,541	4,436,234	1,683,739	46,101	97,982
Institutional Support	5,547,683	20,988,796	38,293,439	293,753	164,484
Plant Operations and Maintenance	402,711	12,235,949	4,974,871	11,620	23,518
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	147,034	4,630,653	1,725,842	11,655	42,613
Patient Care	118,067,293	86,519,113	46,343,487	3,166,931	180,771
Total Operating Expenses	<u>\$ 269,776,493</u>	<u>\$ 211,888,853</u>	<u>\$ 114,372,746</u>	<u>\$ 4,189,418</u>	<u>\$ 2,105,591</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 1,062,858	\$ 989,005	\$ 14,638,238	\$ 17,299,459	\$ 139,256,867
Research	152,628	101,140	29,360,207	2,637,768	96,719,056
Public Service	85,366	193,336	10,905,914	270,971	46,138,697
Academic Support	13,057	170,636	4,234,008	2,924,588	54,481,849
Student Services	3,050	51,044	3,689,163	16,917	10,763,771
Institutional Support	—	519,218	15,284,092	7,382,111	88,473,576
Plant Operations and Maintenance	—	10,667,845	18,189,322	6,454,750	52,960,586
Scholarships and Fellowships	18,597,489	—	—	—	18,597,489
Auxiliary Enterprises	945,144	445,280	9,152,501	1,175,626	18,276,348
Patient Care	—	344,752	35,744,419	48,494	290,415,260
Total Operating Expenses	<u>\$ 20,859,593</u>	<u>\$ 13,482,256</u>	<u>\$ 141,197,864</u>	<u>\$ 38,210,685</u>	<u>\$ 816,083,499</u>

Note 19 Subsequent Event

In May of 2021, the Boards of Trustees of the Augusta University Foundation, Inc. (AUF) and the Georgia Health Sciences Foundation, Inc. (GHSF) unanimously approved a proposal for a transaction to combine the assets of both foundations into the Augusta University Foundation, Inc. The determination has been made that the Georgia Health Sciences Foundation will transfer most of its assets, other than real estate assets, to the Augusta University Foundation. After the transaction is complete, both entities will continue to exist, and the GHSF will be renamed the Augusta University Real Estate Foundation or a similar name. Further, the AUF will operate and manage all gifts made to or for the benefit of Augusta University and its affiliated entities, except for gifts of real estate directed to the GHSF and those gifts directed to the Medical College of Georgia Foundation. The AUF and GHSF and the Board of Regents of the University System of Georgia entered a memorandum of understanding (MOU) to memorialize this transaction. The MOU was effective on July 1, 2022. Net assets transferred from GHSF to AUF total approximately \$23 million and the remaining identified assets are expected to be transferred shortly thereafter.

Effective April 29, 2022, the Georgia Regents Real Estate Corporation d/b/a as Augusta University Real Estate Corporation (AUREC) elected members of the board of directors and amended the bylaws due to the expiration of the memorandum of understanding between the Board of Regents of the University System of Georgia, on behalf of Augusta University, and Georgia Technology Authority (GTA), an entity of the state of Georgia, and the Georgia Financing and Investment Commission. Transfers between GTA and AUREC did not occur until 2023. AUREC has

now acquired all the GTA's interest in certain leases, contracts, tenant deposits, and the operation, management, and maintenance of the buildings known as the Hull-McKnight Building, located at 100 Grace Hopper Lane, Augusta, Georgia and the Shaffer-MacCartney Building, located at 200 Grace Hopper Lane, Augusta, Georgia.

Note 20 Component Units

Augusta University Foundation, Inc.

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

The AUF acts primarily as a fund-raising organization to supplement the resources that are available to Augusta University in support of its programs. During the year ended June 30, 2022, the AUF distributed approximately \$1,431,001 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

Augusta University Research Institute, Inc.

Augusta University Research Institute, Inc. (AURI) is a legally separate, tax-exempt component unit of the State of Georgia reporting entity. The AURI serves to enhance the research mission of Augusta University by securing sponsored research funding and by providing funding of special research initiatives. During the year ended June 30, 2022, the AURI distributed approximately \$77,759,703 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

AU Health System, Inc.

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

Georgia Health Sciences Foundation, Inc.

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

The GHSF acts primarily as a fund-raising organization to supplement the resources that are available to Augusta University in support of its programs. During the year ended June 30, 2022, the GHSF distributed approximately \$3,140,555 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

Medical College of Georgia Foundation, Inc.

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

Medical College of Georgia Foundation, Inc. receives and administers funds for the support of the Medical College of Georgia, the Augusta University Health Sciences campus, and the Augusta University Health System, and manages investments and distributed funds in accordance with donor instructions and board of director's intentions for gifts. The Foundation provides support for faculty chairs, research, scholarships, and other institutional programs. During the year ended June 30, 2022, the Foundation paid approximately \$7,452,261 to Augusta University and its affiliates in support of students and University programs. The Foundation paid approximately \$811,356 to non-affiliated organizations on behalf of Augusta University.

Elimination and Consolidation Adjustments

Augusta University Foundation, Inc. grossed up Investment in Capital Leases for unearned interest to be received on capital leases. An elimination entry was necessary to remove this activity from Current Investments in Financing Lease Arrangements and Current Advances/Unearned Revenue in the amount of \$742,224 and Noncurrent Investment in Financing Lease Arrangements and Noncurrent Advances/Unearned Revenue in the amount of \$4,355,948 in order to be in accordance with generally accepted accounting principles.

Additionally, an elimination entry was necessary for Augusta University Foundation, Inc. to increase Current Assets Accounts Receivable, net - Primary Government in the amount of \$3,043 and to decrease Current Liabilities Due To Primary Government in the amount of \$3,043. This was to reflect the correct Current Assets Primary Government (Institution) due from Augusta University as it was netted with the Current Liabilities Due To Primary Government.

Additionally, an elimination entry was necessary for Augusta University Research Institution, Inc. to increase Current Assets Accounts Receivable, net - Primary Government in the amount of \$64,316 and to decrease Current Liabilities Due To Primary Government in the amount of \$64,316. This was to reflect the correct Current Assets Primary Government due from Augusta University as it was netted with the Current Liabilities Due To Primary Government.

AU Health Systems made prior period adjustments due to the adoption of GASB Statement No. 87, as described in note 1.

Combined component unit's investments are comprised of the following amounts at June 30, 2022:

	Fair Value
Investment type	
Debt Securities	
U.S. Agencies	
Implicitly Guaranteed	\$ 918,619
Bond Securities	1,590,987
General Obligation Bonds	1,053,557
Money Market Mutual Funds	111,332,939
Mutual Bond Funds	6,468,554
Repurchase Agreements	670,350
Other Investments	
Equity Mutual Funds - Domestic	21,648,405
Equity Mutual Funds - International	123,579
Equity Securities - Domestic	1,966,703
Equity Securities - International	1,045,909
Private Equity	268,933,415
Real Assets Limited Partnership	18,762,508
Real Assets Mutual Fund	86,244
Real Estate Held for Investment Purposes	1,330,074
Real Estate Investment Trusts	1,254,220
Other	94,710
	437,280,773
Investment Pools	
Board of Regents	
Short-Term Fund	7,703,054
Balanced Income Fund	8,048,236
Total Return Fund	7,159,341
Diversified Fund for Foundations	6,857,909
Total Investments	<u>\$ 467,049,313</u>

Of the investments disclosed above, \$1,590,087 of the Board of Regents Short-Term investment pool held by Augusta University Research Institute, Inc. is reported as cash and cash equivalents on the Statement of Net Position.

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

Combined component unit's endowments are comprised of the following amounts at June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning (Restated)	\$ 40,526,997	\$ 315,464,523	\$ 355,991,520
Contributions	—	15,173,798	15,173,798
Net realized and unrealized gains	(948,828)	(34,619,169)	(35,567,997)
Appropriation of endowment assets for expenditure	(1,671,907)	(17,351,672)	(19,023,579)
Transfers to comply with donor intent	(496,579)	(340,670)	(837,249)
Other	289,192	—	289,192
Ending	<u>\$ 37,698,875</u>	<u>\$ 278,326,810</u>	<u>\$ 316,025,685</u>

The beginning endowment balances for the note disclosure are restated due to prior year omissions for AU Foundation, resulting in increases of \$1,966,651 and \$8,277 to without donor restrictions and with donor restrictions, respectively. The total beginning endowment balance was increased by \$1,974,928.

Combined amounts due to component units related to investments in financing lease arrangement activity as of June 30, 2022 is as follows:

Year Ending June 30:	Year:	Principal	Interest	Total
2023	1	\$ 2,838,832	\$ 542,074	\$ 3,380,906
2024	2	2,764,693	500,502	3,265,195
2025	3	2,854,706	460,150	3,314,856
2026	4	2,952,554	418,637	3,371,191
2027	5	3,043,794	375,894	3,419,688
2028 through 2032	6-10	16,850,948	1,193,786	18,044,734
2033 through 2037	11-15	7,858,185	132,176	7,990,361
Total Minimum Lease Payments to be Received		<u>\$ 39,163,712</u>	<u>3,623,219</u>	42,786,931
Less: Interest				<u>(3,623,219)</u>
Net Investment in Financing Lease Arrangements Receivable				<u>\$ 39,163,712</u>

Combined component unit's capital assets are comprised of the following amounts at June 30, 2022:

Capital Assets not being Depreciated:	
Land and Land Improvements	\$ 34,893,661
Construction Work-in-Progress	19,961,259
Software Development-in-Progress	<u>4,913,958</u>
Total Capital Assets not being Depreciated	<u>59,768,878</u>
Capital Assets, Being Depreciated/Amortized:	
Buildings and Building Improvements	42,337,341
Facilities and Other Improvements	226,077,104
Equipment	253,525,732
Patents, Trademarks, and Copyrights	160,000
Software	<u>99,730,060</u>
Total Capital Assets being Depreciated/Amortized	621,830,237
Less Total Accumulated Depreciation/Amortization	<u>424,139,226</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>197,691,011</u>
Capital Assets, Net	<u><u>257,459,889</u></u>

Combined intangible right-to-use assets for Component Units are comprised of the following amounts at June 30, 2022:

Intangible Right-to-use Assets	
Land	\$ 555,407
Building and Building Improvements	33,515,709
Equipment	<u>11,326,767</u>
Total Leased Assets Being Amortized	45,397,883
Less Accumulated Amortization	<u>7,025,404</u>
Intangible Right-to-use Assets, net	<u><u>38,372,479</u></u>

Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2022:

	(Restated) Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Compensated Absences	\$ 26,588,266	\$ 6,019,512	\$ 6,299,684	\$ 26,308,094	\$ 26,308,094
Lease Obligations	48,706,775	14,090,591	16,111,268	46,686,098	8,980,058
Liabilities under Split Interest Agreement	868,996	—	60,821	808,175	1,625
Notes and Loans Payable	12,000,000	5,000,000	746,383	16,253,617	—
Interest Rate Swap	20,604,321	—	10,267,652	10,336,669	—
Other Post Employment Benefits Obligation	6,321,518	766,195	1,978,833	5,108,880	—
Revenue/Mortgage Bonds Payable	218,520,000	—	2,140,000	216,380,000	9,150,000
Bond - Premium	5,303,506	—	512,783	4,790,723	—
Unamortized Issuance and Other Bond Related Costs	(719,987)	—	(46,695)	(673,292)	—
Total Long Term Liabilities	<u>\$ 338,193,395</u>	<u>\$ 25,876,298</u>	<u>\$ 38,070,729</u>	<u>\$ 325,998,964</u>	<u>\$ 44,439,777</u>

Combined component unit's lease obligations are comprised of the following amounts at June 30, 2022:

		Principal	Interest	Total
Year ending June 30:				
2023	1	\$ 8,980,058	\$ 1,596,234	\$ 10,576,292
2024	2	8,671,063	1,253,726	9,924,789
2025	3	7,043,167	991,443	8,034,610
2026	4	6,121,464	751,201	6,872,665
2027	5	4,676,454	552,617	5,229,071
2028 through 2032	6-10	10,777,551	815,789	11,593,340
2033 through 2037	11-15	114,363	44,161	158,524
2038 through 2042	16-20	155,906	27,867	183,773
2043 through 2047	21-25	146,072	6,881	\$ 152,953
Total minimum lease payments		<u>\$ 46,686,098</u>	<u>\$ 6,039,919</u>	<u>\$ 52,726,017</u>

Combined component unit's notes and loans payable are comprised of the following amounts at June 30, 2022:

		Principal	Interest	Total
Year ending June 30:				
2023	1	\$ —	\$ —	\$ —
2024	2	11,253,617	365,743	11,619,360
2025	3	5,000,000	68,461	5,068,461
Total		<u>\$ 16,253,617</u>	<u>\$ 434,204</u>	<u>\$ 16,687,821</u>

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2022:

		Principal	Interest	Total
Year ending June 30:				
2023	1	\$ 9,150,000	\$ 10,015,742	\$ 19,165,742
2024	2	94,175,000	9,554,863	103,729,863
2025	3	3,875,000	4,953,850	8,828,850
2026	4	4,765,000	4,738,850	9,503,850
2027	5	5,205,000	4,512,213	9,717,213
2028 through 2032	6-10	31,405,000	18,767,716	50,172,716
2033 through 2037	11-15	33,845,000	10,633,271	44,478,271
2038 through 2042	16-20	33,960,000	2,115,200	36,075,200
		<u>216,380,000</u>	<u>65,291,705</u>	<u>281,671,705</u>
Bond Premium		4,790,723	—	4,790,723
Bond (Discount and Other Issuance Cost)		<u>(673,292)</u>	<u>—</u>	<u>(673,292)</u>
Total		<u>\$ 220,497,431</u>	<u>\$ 65,291,705</u>	<u>\$ 285,789,136</u>



Required Supplementary Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Early Retirement Plan	June 30, 2022	\$ 10,416,356	\$ 20,416,356	\$ (10,000,000)	N/A	N/A
	June 30, 2021	\$ 10,838,070	\$ 10,838,070	\$ —	N/A	N/A
	June 30, 2020	\$ 11,474,114	\$ 11,474,114	\$ —	N/A	N/A
	June 30, 2019	\$ 11,521,141	\$ 13,084,672	\$ (1,563,531)	N/A	N/A
	June 30, 2018	\$ 11,767,714	\$ 13,084,672	\$ (1,316,958)	N/A	N/A
	June 30, 2017	\$ 12,107,903	\$ 13,084,672	\$ (976,769)	N/A	N/A
	June 30, 2016	\$ 12,760,669	\$ 13,084,672	\$ (324,003)	N/A	N/A
	June 30, 2015	\$ 12,996,582	\$ 13,084,672	\$ (88,090)	N/A	N/A
	June 30, 2014	\$ 13,045,051	\$ 13,084,672	\$ (39,621)	N/A	N/A
	June 30, 2013	\$ 13,055,907	\$ 13,225,850	\$ (169,943)	N/A	N/A
Employees' Retirement System	June 30, 2022	\$ 603,561	\$ 603,561	\$ —	\$ 2,459,921	24.54%
	June 30, 2021	\$ 696,020	\$ 696,020	\$ —	\$ 2,900,019	24.00%
	June 30, 2020	\$ 738,277	\$ 738,277	\$ —	\$ 3,003,087	24.58%
	June 30, 2019	\$ 781,583	\$ 781,583	\$ —	\$ 3,160,791	24.73%
	June 30, 2018	\$ 816,038	\$ 816,038	\$ —	\$ 3,296,810	24.75%
	June 30, 2017	\$ 457,473	\$ 457,473	\$ —	\$ 1,845,641	24.79%
	June 30, 2016	\$ 178,786	\$ 178,786	\$ —	\$ 723,246	24.72%
	June 30, 2015	\$ 143,532	\$ 143,532	\$ —	\$ 653,608	21.96%
	June 30, 2014	\$ 104,806	\$ 104,806	\$ —	\$ 567,746	18.46%
	June 30, 2013	\$ 89,395	\$ 89,395	\$ —	\$ 599,617	14.91%
Teachers Retirement System	June 30, 2022	\$ 37,038,439	\$ 37,038,439	\$ —	\$ 186,957,522	19.81%
	June 30, 2021	\$ 40,828,505	\$ 40,828,505	\$ —	\$ 218,843,507	18.66%
	June 30, 2020	\$ 47,068,026	\$ 47,068,026	\$ —	\$ 222,651,221	21.14%
	June 30, 2019	\$ 43,584,273	\$ 43,584,273	\$ —	\$ 208,586,496	20.90%
	June 30, 2018	\$ 34,287,410	\$ 34,287,410	\$ —	\$ 203,978,259	16.81%
	June 30, 2017	\$ 27,473,760	\$ 27,473,760	\$ —	\$ 192,528,053	14.27%
	June 30, 2016	\$ 26,234,649	\$ 26,234,649	\$ —	\$ 183,847,072	14.27%
	June 30, 2015	\$ 23,837,005	\$ 23,837,005	\$ —	\$ 181,274,041	13.15%
	June 30, 2014	\$ 21,780,531	\$ 21,780,531	\$ —	\$ 177,368,194	12.28%
	June 30, 2013	\$ 19,623,178	\$ 19,623,178	\$ —	\$ 171,985,813	11.41%

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	June 30, 2022	0.119902%	\$ 2,804,393	\$ 2,900,019	96.70%	87.62%
	June 30, 2021	0.120412%	\$ 5,075,314	\$ 3,003,087	169.00%	76.21%
	June 30, 2020	0.123308%	\$ 5,088,343	\$ 3,160,791	160.98%	76.74%
	June 30, 2019	0.129632%	\$ 5,329,214	\$ 3,296,810	161.65%	76.68%
	June 30, 2018	0.074670%	\$ 3,032,599	\$ 1,845,641	164.31%	76.33%
	June 30, 2017	0.031106%	\$ 1,471,444	\$ 723,246	203.45%	72.34%
	June 30, 2016	0.025072%	\$ 1,102,710	\$ 653,608	168.71%	76.20%
	June 30, 2015	0.025214%	\$ 945,681	\$ 567,746	166.57%	77.99%
Teachers Retirement System	June 30, 2022	1.646136%	\$ 145,589,749	218,843,507	66.53%	92.03%
	June 30, 2021	1.722620%	\$ 417,285,987	\$ 222,651,221	187.42%	77.01%
	June 30, 2020	1.708647%	\$ 367,405,307	\$ 208,586,496	176.14%	78.56%
	June 30, 2019	1.712017%	\$ 317,787,027	\$ 203,978,259	155.79%	80.27%
	June 30, 2018	1.676517%	\$ 311,585,848	\$ 192,528,053	161.84%	79.33%
	June 30, 2017	1.675586%	\$ 345,692,075	\$ 183,847,072	188.03%	76.06%
	June 30, 2016	1.716662%	\$ 261,344,743	\$ 181,274,041	144.17%	81.44%
	June 30, 2015	1.738329%	\$ 219,614,941	\$ 177,368,194	123.82%	84.03%

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

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll	Employers' and Nonemployers' Net Pension Liability as a Percentage of Covered Payroll
June 30, 2022	\$ 143,616,807	\$ (122,854,687)	\$ 20,762,120	85.54 %	— %	N/A
June 30, 2021	\$ 150,586,024	\$ (131,608,571)	\$ 18,977,453	87.40 %	— %	N/A
June 30, 2020	\$ 144,974,323	\$ (105,142,271)	\$ 39,832,052	72.52 %	— %	N/A
June 30, 2019	\$ 146,605,709	\$ (105,375,867)	\$ 41,229,842	71.88 %	— %	N/A
June 30, 2018	\$ 148,863,688	\$ (99,022,119)	\$ 49,841,569	66.52 %	— %	N/A
June 30, 2017	\$ 149,152,995	\$ (90,408,065)	\$ 58,744,930	60.61 %	— %	N/A
June 30, 2016	\$ 151,817,059	\$ (80,322,348)	\$ 71,494,711	52.91 %	— %	N/A
June 30, 2015	\$ 143,780,226	\$ (79,125,737)	\$ 64,654,489	55.03 %	— %	N/A
June 30, 2014	\$ 145,384,819	\$ (76,193,610)	\$ 69,191,209	52.41 %	— %	N/A

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Interest	\$ 10,039,980	\$ 9,993,093	\$ 10,461,152	\$ 10,636,036	\$ 10,669,543	\$ 10,875,630	\$ 10,278,138	\$ 10,405,981	\$ 10,607,438
Differences Between Expected and Actual Experience	(2,387,778)	336,562	393,469	1,581,985	664,493	77,619	1,349,554	1,266,248	(127,876)
Changes of Assumptions	(305,931)	9,559,171	1,761,370	(376,246)	2,161,493	—	9,885,919	—	—
Benefit Payments/Refunds	(14,315,488)	(14,277,125)	(14,247,377)	(14,099,754)	(13,784,836)	(13,617,313)	(13,476,778)	(13,276,822)	(13,054,512)
Net Change in Total Pension Liability	(6,969,217)	5,611,701	(1,631,386)	(2,257,979)	(289,307)	(2,664,064)	8,036,833	(1,604,593)	(2,574,950)
Total Pension Liability - Beginning	150,586,024	144,974,323	146,605,709	148,863,688	149,152,995	151,817,059	143,780,226	145,384,819	147,959,769
Total Pension Liability - Ending (a)	<u>\$ 143,616,807</u>	<u>\$ 150,586,024</u>	<u>\$ 144,974,323</u>	<u>\$ 146,605,709</u>	<u>\$ 148,863,688</u>	<u>\$ 149,152,995</u>	<u>\$151,817,059</u>	<u>\$ 143,780,226</u>	<u>\$ 145,384,819</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 20,416,356	\$ 10,838,070	\$ 11,474,114	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672
Net Investment Income	(14,854,752)	29,905,355	2,539,667	7,368,830	9,314,218	10,618,358	1,588,717	3,124,277	11,727,751
Benefit Payments/Refunds	(14,315,488)	(14,277,125)	(14,247,377)	(14,099,754)	(13,784,836)	(13,617,313)	(13,476,778)	(13,276,822)	(13,054,512)
Net Change in Plan Fiduciary Net Position	(8,753,884)	26,466,300	(233,596)	6,353,748	8,614,054	10,085,717	1,196,611	2,932,127	11,757,911
Plan Fiduciary Net Position - Beginning	131,608,571	105,142,271	105,375,867	99,022,119	90,408,065	80,322,348	79,125,737	76,193,610	64,435,699
Plan Fiduciary Net Position - Ending (b)	<u>\$ 122,854,687</u>	<u>\$ 131,608,571</u>	<u>\$ 105,142,271</u>	<u>\$ 105,375,867</u>	<u>\$ 99,022,119</u>	<u>\$ 90,408,065</u>	<u>\$ 80,322,348</u>	<u>\$ 79,125,737</u>	<u>\$ 76,193,610</u>
Net Pension Liability Ending (a - b)	<u>\$ 20,762,120</u>	<u>\$ 18,977,453</u>	<u>\$ 39,832,052</u>	<u>\$ 41,229,842</u>	<u>\$ 49,841,569</u>	<u>\$ 58,744,930</u>	<u>\$ 71,494,711</u>	<u>\$ 64,654,489</u>	<u>\$ 69,191,209</u>

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	(11.47)%	29.04 %	2.43 %	7.53 %	10.42 %	13.39 %	2.02 %	4.13 %	18.35 %

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

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Early Retirement Plan:

Changes of assumptions: The expectation of retired life mortality was updated to the most recent mortality base table and mortality improvement scale published by the Society of Actuaries to better recognize current and future mortality.

Employees' Retirement System:

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to the rates of mortality, retirement, withdrawal, and salary increases. This also included a change in the long-term assumed investment rate of return to 7.00%.

Teachers Retirement System:

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

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

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

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

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

Year Ended	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
June 30, 2022	\$ 15,903,443	\$ 15,903,443	\$ —	\$ 466,404,190	3.41%
June 30, 2021	\$ 13,651,850	\$ 13,651,850	\$ —	\$ 472,381,448	2.89%
June 30, 2020	\$ 12,062,285	\$ 12,062,285	\$ —	\$ 473,972,170	2.54%
June 30, 2019	\$ 18,702,320	\$ 18,702,320	\$ —	\$ 415,848,815	4.50%
June 30, 2018	\$ 18,710,488	\$ 18,710,488	\$ —	\$ 400,360,594	4.67%
June 30, 2017	\$ 11,802,809	\$ 11,802,809	\$ —	\$ 378,955,612	3.11%

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

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

Year Ended	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2022	11.630400%	\$ 585,367,408	\$ 472,381,448	123.92%	3.74%
June 30, 2021	11.734653%	\$ 625,893,448	\$ 473,972,170	132.05%	2.91%
June 30, 2020	11.661036%	\$ 521,431,154	\$ 415,848,815	125.39%	3.13%
June 30, 2019	11.810690%	\$ 520,940,139	\$ 400,360,594	130.12%	1.69%
June 30, 2018	11.852125%	\$ 500,127,185	\$ 378,955,612	131.98%	0.19%

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

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Mortality improvement scale was updated from MP-2019 to MP-2020.
- The discount rate was updated from 2.21% as of 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%.



Supplementary Information

AUGUSTA UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2022

ASSETS

Cash and Cash Equivalents	\$	84,442,721.83
Investments		92,238,549.51
Accounts Receivable		
Federal Financial Assistance		7,278,535.22
Other		83,606,747.82
Prepaid Expenditures		2,115,233.30
Other Assets		5,600.00
Total Assets	\$	<u><u>269,687,387.68</u></u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$	2,711,432.47
Encumbrance Payable		67,503,656.63
Accounts Payable		6,717,742.13
Unearned Revenue		46,682,743.42
Funds Held for Others		82,150.39
Total Liabilities		<u>123,697,725.04</u>

Fund Balances

Reserved		
Department Sales and Services		19,354,730.82
Indirect Cost Recoveries		53,004,115.23
Technology Fees		371,536.80
Restricted/Sponsored Funds		69,636,682.63
Uncollectible Accounts Receivable		554,689.53
Tuition Carry - Forward		2,839,213.80
Unreserved		
Surplus		228,693.83
Total Fund Balances		<u>145,989,662.64</u>

Total Liabilities and Fund Balances	\$	<u><u>269,687,387.68</u></u>
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Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

AUGUSTA UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Funds Available Compared to Budget				Funds Available Compared to Budget
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over	Program Transfers or Adjustments
Augusta University Hospital and Clinics					
State Appropriation					
State General Funds	\$ 5,200,000	\$ 5,200,000	\$ 5,200,000	\$ —	\$ —
Total Augusta University Hospital and Clinics	5,200,000.00	5,200,000.00	5,200,000.00	—	—
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	6,221,506.00	5,440,507.00	5,440,507.00	—	—
Federal Funds					
Federal Funds Not Specifically Identified	—	120,093.00	114,344.12	—	—
Other Funds	772,982.00	5,981,280.00	5,009,958.26	3,114,891.80	80,819.60
Total Cyber Innovation and Training Center	6,994,488.00	11,541,880.00	10,564,809.38	3,114,891.80	80,819.60
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	14,345,980.00	15,010,335.00	15,010,335.00	—	—
Total Public Service / Special Funding Initiatives	14,345,980.00	15,010,335.00	15,010,335.00	—	—
Teaching					
State Appropriation					
State General Funds	229,443,478.00	248,226,284.00	248,226,284.00	—	—
Federal Funds					
Federal Funds Not Specifically Identified	—	126,629,149.00	70,084,440.40	—	—
Federal Coronavirus Relief Funds	—	25,026,020.00	24,888,764.02	—	—
Other Funds	779,065,835.00	801,627,073.00	513,345,225.85	131,666,462.58	-80,819.60
Total Teaching	1,008,509,313.00	1,201,508,526.00	856,544,714.27	131,666,462.58	-80,819.60
Total Operating Activity	\$ 1,035,049,781.00	\$ 1,233,260,741.00	\$ 887,319,858.65	\$134,781,354.38	\$ —

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

AUGUSTA UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Funds Available Compared to Budget		Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Augusta University Hospital and Clinics					
State Appropriation					
State General Funds	\$ 5,200,000.00	\$ —	\$ 5,200,000.00	\$ —	\$ —
Total Augusta University Hospital and Clinics	5,200,000.00	—	5,200,000.00	—	—
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	5,440,507.00	—	5,385,720.35	54,786.65	54,786.65
Federal Funds					
Federal Funds Not Specifically Identified	114,344.12	-5,748.88	114,344.12	5,748.88	—
Other Funds	8,205,669.66	2,224,389.66	789,291.49	5,191,988.51	7,416,378.17
Total Cyber Innovation and Training Center	13,760,520.78	2,218,640.78	6,289,355.96	5,252,524.04	7,471,164.82
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	15,010,335.00	—	14,969,470.24	40864.76	40864.76
Total Public Service / Special Funding Initiatives	15,010,335.00	—	14,969,470.24	40,864.76	40,864.76
Teaching					
State Appropriation					
State General Funds	248,226,284.00	—	248,225,971.43	312.57	312.57
Federal Funds					
Federal Funds Not Specifically Identified	70,084,440.40	-56,544,708.60	70,084,440.40	56,544,708.60	—
Federal Coronavirus Relief Funds	24,888,764.02	-137,255.98	24,888,764.02	137,255.98	—
Other Funds	644,930,868.83	-156,696,204.17	507,060,473.53	294,566,599.47	137,870,395.30
Total Teaching	988,130,357.25	-213,378,168.75	850,259,649.38	351,248,876.62	137,870,707.87
Total Operating Activity	\$ 1,022,101,213.03	\$ -211,159,528	\$ 876,718,475.58	\$ 356,542,265.42	\$ 145,382,737.45

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

AUGUSTA UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2021 Surplus	Prior Year Adjustments	Other Adjustments
Augusta University Hospital and Clinics					
State Appropriation					
State General Funds	\$ —	\$ —	\$ —	\$ —	\$ —
Total Augusta University Hospital and Clinics	—	—	—	—	—
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	71,735.68	—	(71,735.68)	—	—
Other Funds	3,114,891.80	-3,114,891.80	—	—	—
Total Georgia Cyber Innovation and Training Center	3,186,627.48	-3,114,891.80	-71,735.68	—	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	4,407.28	—	-4,407.28	15,318.82	—
Total Public Service / Special Funding Initiatives	4,407.28	—	-4,407.28	15,318.82	—
Teaching					
State Appropriation					
State General Funds	153,295.84	—	-153,295.84	101,800.54	—
Other Funds	131,681,079.57	-131,666,462.58	-14,616.99	13,395.05	-78,278.75
Total Teaching	131,834,375.41	-131,666,462.58	-167,912.83	115,195.59	-78,278.75
Total Operating Activity	135,025,410.17	-134,781,354.38	-244,055.79	130,514.41	-78,278.75
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	476,410.78	—	—	—	78,278.75
Budget Unit Totals	<u>\$ 135,501,820.95</u>	<u>\$ -134,781,354</u>	<u>\$ -244,056</u>	<u>\$ 130,514.41</u>	<u>\$ —</u>

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

AUGUSTA UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Early Return of Fiscal Year 2021 Surplus	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Augusta University Hospital and Clinics						
State Appropriation						
State General Funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Augusta University Hospital and Clinics	—	—	—	—	—	—
Georgia Cyber Innovation and Training Center						
State Appropriation						
State General Funds	—	54,786.65	54,786.65	—	54,786.65	54,786.65
Other Funds	—	7,416,378.17	7,416,378.17	7,416,378.17	—	7,416,378.17
Total Georgia Cyber Innovation and Training Center	—	7,471,164.82	7,471,164.82	7,416,378.17	54,786.65	7,471,164.82
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	40,864.76	56,183.58	—	56,183.58	56,183.58
Total Public Service / Special Funding Initiatives	—	40,864.76	56,183.58	—	56,183.58	56,183.58
Teaching						
State Appropriation						
State General Funds	—	312.57	102,113.11	—	102,113.12	102,113.12
Other Funds	—	137,870,395.30	137,805,511.60	137,789,901.11	15,610.48	137,805,511.59
Total Teaching	—	137,870,707.87	137,907,624.71	137,789,901.11	117,723.60	137,907,624.71
Total Operating Activity	—	145,382,737.45	145,434,973.11	145,206,279.28	228,693.83	145,434,973.11
Prior Year Reserves						
Not Available for Expenditure						
Uncollectible Accounts Receivable	—	—	554,689.53	554,689.53	—	554,689.53
Budget Unit Totals	<u>\$ —</u>	<u>\$ 145,382,737.45</u>	<u>\$ 145,989,662.64</u>	<u>\$ 145,760,968.81</u>	<u>\$ 228,693.83</u>	<u>\$ 145,989,662.64</u>
				Departmental Sales and Services	\$ 19,354,730.82	\$ 19,354,730.82
				Indirect Cost Recovery	53,004,115.23	53,004,115.23
				Technology Fees	371,536.80	371,536.80
				Restricted/Sponsored Funds	69,636,682.63	69,636,682.63
				Tuition Carry-Forward	2,839,213.80	2,839,213.80
				Uncollectible Accounts Receivable	554,689.53	554,689.53
				Surplus	—	228,693.83
					<u>\$ 145,760,968.81</u>	<u>\$ 145,989,662.64</u>

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



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