



UNIVERSITY OF GEORGIA



Annual Financial Report

(Including Independent Auditor's Report)

Fiscal Year Ended

June 30, 2022

UNIVERSITY OF GEORGIA
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UNIVERSITY OF GEORGIA



Introductory Section

Message from the President
Fiscal Year 2022 Report to the Board of Regents

Thanks to the hard work of the University of Georgia (UGA) community and strong support from our alumni and friends, the 2022 fiscal year was one of the best in our institution's history. UGA faculty, staff, and students achieved excellence across all areas of endeavor as we continued to set new standards in higher education and expand our impact on our state, nation, and world.

The University was proud to rank among the top 20 best public universities in *U.S. News & World Report* for the seventh consecutive year. The number of students enrolled at UGA exceeded 40,000 for the first time in history, and we received a record number of applications for admission to the incoming first-year class. The four-year completion rate for UGA students reached an all-time high of 72%, and the six-year completion rate held strong at 88%. To further promote excellence in teaching and learning, UGA launched an active learning initiative—the focus of the Quality Enhancement Plan for our 10-year SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) reaffirmation of accreditation—and hired additional faculty and advisors in high-demand fields. We also achieved a successful on-site visit from SACSCOC with zero recommendations regarding compliance with the commission's standards.

The University grew research and innovation on campus and throughout the state in FY22. We advanced initiatives related to integrative precision agriculture, electric mobility, industry partnerships, and expansion of federally funded research. UGA faculty have achieved a 65% increase in research expenditures funded by the National Institutes of Health and the National Science Foundation over the past six years. We were pleased to be ranked a top five institution for bringing new products to market based on faculty research for the eighth consecutive year. UGA faculty members also earned several accolades, including Southeastern Conference (SEC) Professor of the Year, election as Fellows of the American Association for the Advancement of Science, NSF CAREER awards, a Guggenheim Fellowship, and more.

UGA continued to increase our faculty's capacity for groundbreaking research through capital projects in FY22. Faculty and students moved into the first building in the Interdisciplinary Science, Technology, Engineering and Math (STEM) Research Complex in fall 2021, and construction on the second building progressed toward a fall 2022 completion, which has now been realized. Renovation of the mid-century Driftmier Engineering Center continued and was completed in time for fall 2022 classes. In addition, construction began on the new Poultry Science Building, and planning and design commenced on the modernization of the original Chemistry Building and the Biological Sciences Building.

UGA strengthened partnerships with communities across the state last year as our annual economic impact on Georgia reached a record \$7.4 billion. New outreach programs such as Connected Resilient Communities, PROPEL (Planning Rural Opportunities for Prosperity and Economic Leadership), and the Rural Engagement Research Program added to our impact by connecting UGA faculty and students to Georgia communities to improve health care, workforce development, and other critical areas.

Generous contributions from loyal donors were a major factor in the University's success. More than 71,000 alumni and friends invested in UGA during FY22, giving a record \$257.4 million to advance our teaching, research, and service missions. Strong support from state leaders, including the University System of Georgia, also was essential to our achievements. We remain deeply grateful for all that USG continues to do to advance the University of Georgia and higher education throughout our state.

Jere W. Morehead
President

Letter of Transmittal

September 29, 2022

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

The University of Georgia Annual Financial Report (AFR) includes the financial statements for the year ended June 30, 2022, as well as other useful information to help ensure the University's accountability and integrity to the public. The AFR also includes the Management Discussion and Analysis, with all necessary disclosures to assist the reader in gaining a broader and more thorough understanding of the University's financial position as a result of operations for the fiscal year ended June 30, 2022.

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

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

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

Respectfully submitted,

Ryan A. Nesbit
Vice President for Finance and Administration

Chad Cleveland
Associate Vice President for Finance

Allison Davis
Controller



UNIVERSITY OF GEORGIA



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
Mr. Jere W. Morehead, President
University of Georgia

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 University of Georgia (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 University of Georgia Research Foundation, 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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,



Greg S. Griffin
State Auditor

December 19, 2022

UNIVERSITY OF GEORGIA

Management's Discussion and Analysis

Introduction

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

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

	<u>Faculty</u>	<u>Students (Headcount)</u>	<u>Students (FTE)</u>
FY2022	2,059	40,118	38,399
FY 2021	2,088	39,147	37,565
FY 2020	2,106	38,920	37,465

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2022. The emphasis of discussions about these statements will be on the year presented. 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 ending June 30, 2022. Comparative data is provided for fiscal year 2022 and fiscal year 2021 for business-type activities only. The comparative data for fiscal year 2021 does not reflect the effects of changes to assets, liabilities and deferred inflow of resources related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The adoption of this statement requires a lessee to recognize a lease obligation and right-to-use asset and a lessor to recognize a lease receivable and a deferred inflow of resources. See Note 1 in the Notes to the Financial Statements for additional information related to the effects of the restatement of July 1, 2022 net position.

Statement of Net Position

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

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

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

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

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

A summary comparison of the University's financial position as of June 30, 2022 and June 30, 2021 is as follows:

Statement of Net Position, Condensed

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets		
Current Assets	\$ 646,827,751	\$ 521,981,313
Capital Assets, Net	2,059,485,557	1,954,009,801
Intangible Right-to-Use Assets, Net	22,538,916	—
Other Assets	198,706,843	234,138,575
Total Assets	<u>2,927,559,067</u>	<u>2,710,129,689</u>
Deferred Outflows of Resources	<u>440,330,015</u>	<u>463,502,727</u>
Liabilities		
Current Liabilities	150,369,587	141,949,435
Non-Current Liabilities	1,729,682,960	2,370,339,949
Total Liabilities	<u>1,880,052,547</u>	<u>2,512,289,384</u>
Deferred Inflows of Resources	<u>674,018,781</u>	<u>121,971,112</u>
Net Position		
Net Investment in Capital Assets	1,882,914,368	1,752,819,916
Restricted, Non-expendable	74,264,339	86,075,505
Restricted, Expendable	170,590,371	158,813,773
Unrestricted (Deficit)	<u>(1,313,951,324)</u>	<u>(1,458,337,274)</u>
Total Net Position	<u>\$ 813,817,754</u>	<u>\$ 539,371,920</u>

The amounts reported for fiscal year 2021 were not adjusted, for comparative purposes, related to GASB 87 implementation for leases. See Note 1 to the Financial Statements for more information regarding the restatement.

Total assets and deferred outflows of resources increased by \$194,256,666 which was primarily due to an increase in accounts receivable from federal financial assistance of \$7,346,772 and lease receivables of \$6,264,991, an increase in prepaid items of \$32,178,134 related to an increase in prepayments of \$45,600,000 to Georgia State Financing and Investment Commission (GSFIC) for ongoing GSFIC managed construction in progress and current year reductions in prepaid items of \$33,694,545 for GSFIC managed projects completed during the fiscal year. Capital assets increased \$105,475,756, of which \$97,167,772 is attributable to capital gifts and the addition of right-to-use assets of \$22,538,916. The lease receivables and right-to-use asset additions are associated with the implementation of GASB 87, *Leases*, with an implementation date of July 1, 2021.

Total liabilities and deferred inflows of resources decreased for the year by \$80,189,168, primarily due to a decrease in net other postemployment benefits liability (OPEB) of \$71,415,429, a decrease in net pension liability of \$570,946,832, and an increase in deferred inflows of resources related to OPEB and pension liabilities of \$545,988,555. These changes amount to decreases totaling \$96,373,706 and are attributable to changes in assumptions in both Plans since the prior year valuation. See Notes 14 and 17 for additional information. Notes payable obligations are comprised of financing agreements for the acquisition of buildings and equipment. In the prior year, before GASB 87 implementation, these agreements were reported as lease obligations. Notes payable decreased \$22,906,517, which included the early payoff of Rutherford Hall in the amount of \$10,225,089. Current year lease obligations are comprised of leases for facilities, office and computer equipment and other assets that meet the criteria of "right-to-use" assets as described in GASB 87, *Leases*. Lease obligations increased \$22,472,802 and deferred inflow of resources, attributable to leases where the University is the lessor, increased \$6,059,113. The increases in lease obligations and deferred inflow of resources are associated with the implementation of GASB 87, *Leases*, with an implementation date of July 1, 2021. 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 \$274,445,834. This change in net position primarily increases net investment in capital assets by \$130,094,452 and unrestricted net position by \$144,385,950.

Statement of Revenues, Expenses and Changes in Net Position

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

A summary comparison of the University's activities as of June 30, 2022 and June 30, 2021 is as follows:

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Operating Revenue	\$ 1,161,950,342	\$ 1,045,267,565
Operating Expense	<u>1,705,341,279</u>	<u>1,701,426,286</u>
Operating Loss	(543,390,937)	(656,158,721)
Nonoperating Revenue and Expense	<u>709,856,520</u>	<u>635,509,089</u>
Income before Other Revenues, Expenses, Gains, or Losses	166,465,583	(20,649,632)
Other Revenues, Expenses, Gains, Losses	<u>107,980,251</u>	<u>10,423,686</u>
Change in Net Position	<u>274,445,834</u>	<u>(10,225,946)</u>
Net Position at Beginning of Year	<u>539,371,920</u>	<u>549,597,866</u>
Net Position at End of Year	<u>\$ 813,817,754</u>	<u>\$ 539,371,920</u>

The amounts reported for fiscal year 2021 were not adjusted, for comparative purposes, related to GASB 87 implementation for leases. See Note 1 to the Financial Statements for more information regarding the restatement.

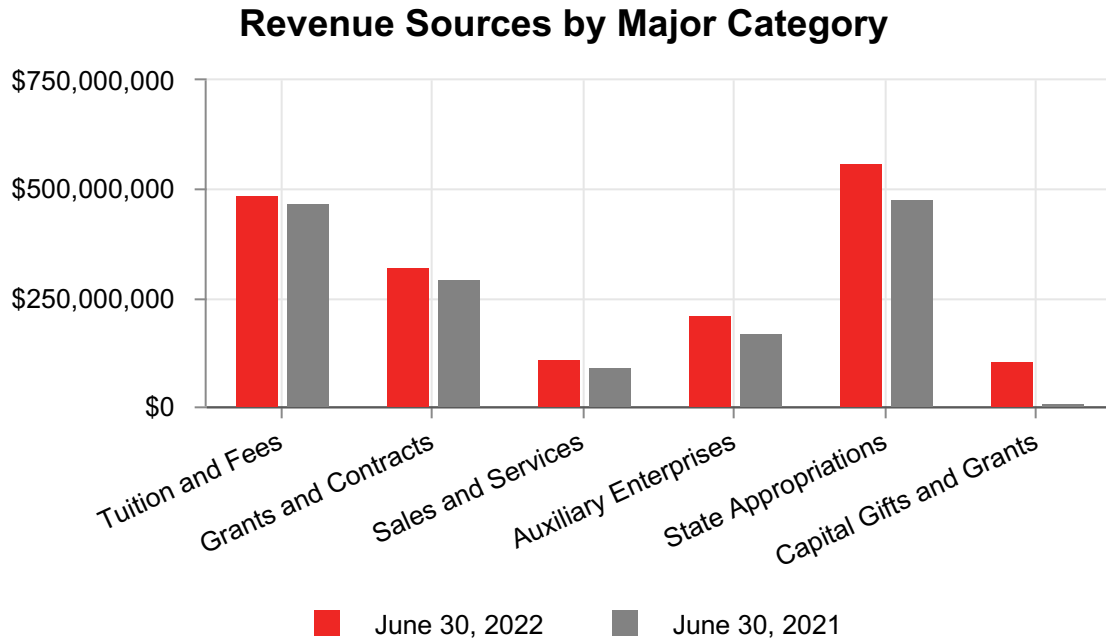
The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year in operations. Some highlights of the information presented on this statement are as follows:

Revenue by Source
For the Years Ended June 30, 2022 and June 30, 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Operating Revenue		
Tuition and Fees	\$ 485,432,526	\$ 468,200,236
Federal Appropriations	17,629,038	11,337,852
Grants and Contracts	323,538,429	295,138,600
Sales and Services	112,082,368	89,835,193
Auxiliary Enterprises	211,984,543	171,597,496
Other Operating Revenues	11,283,438	9,158,188
Total Operating Revenues	<u>1,161,950,342</u>	<u>1,045,267,565</u>
Nonoperating Revenue		
State Appropriations	561,965,333	478,666,458
Grants and Contracts	82,647,973	111,759,079
Gifts	87,110,021	29,713,646
Investment Income	(13,421,913)	26,543,208
Other Nonoperating Revenues	1,168,619	(605,635)
Total Nonoperating Revenues	<u>719,470,033</u>	<u>646,076,756</u>
Capital Gifts and Grants		
State Capital Gifts and Grants	103,603,305	9,631,191
Other Capital Gifts and Grants	3,932,027	736,369
Total Capital Gifts and Grants	<u>107,535,332</u>	<u>10,367,560</u>
Additions to Permanent and Term Endowments	14,209	56,126
Special Items	430,710	—
Total Revenues	<u>\$ 1,989,400,626</u>	<u>\$ 1,701,768,007</u>

The amounts reported for fiscal year 2021 were not adjusted, for comparative purposes, related to GASB 87 implementation for leases. See Note 1 to the Financial Statements for more information regarding the restatement.

The illustration below is a comparison of the University's revenue sources by major category for the years ended June 30, 2022 and June 30, 2021.

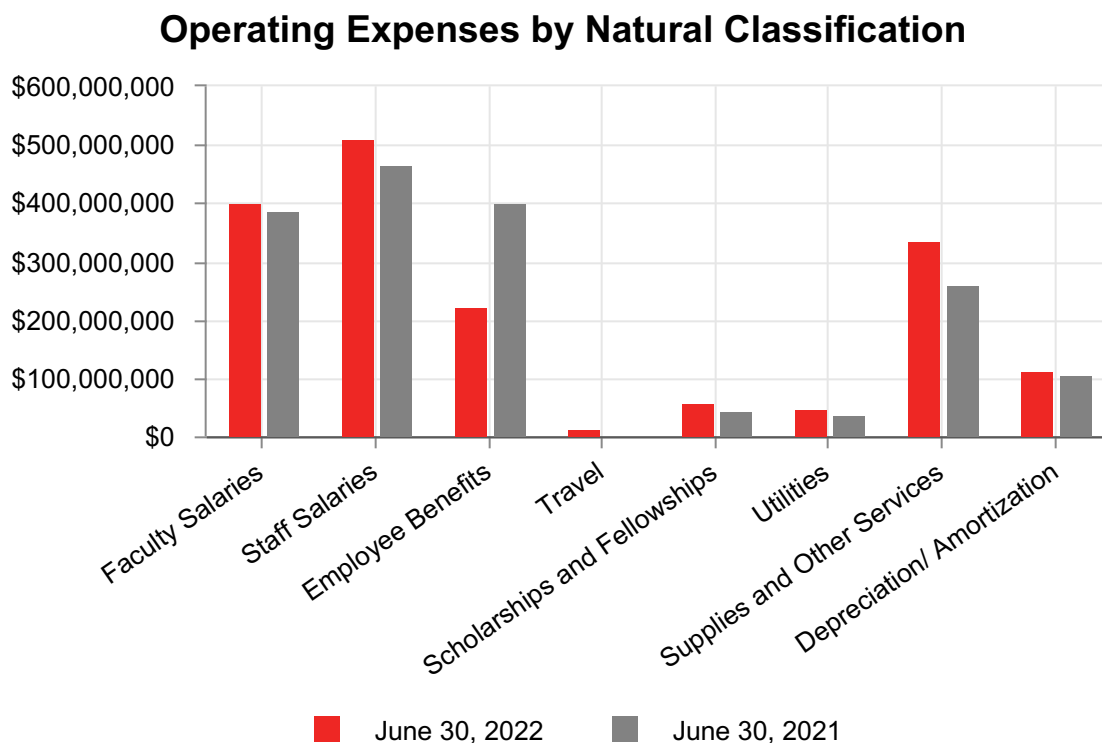


Expenses (By Functional Classification)
For the Years Ended June 30, 2022 and June 30, 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Operating Expenses		
Instruction	\$ 356,591,852	\$ 360,398,396
Research	450,761,924	449,310,015
Public Service	186,240,279	193,646,165
Academic Support	161,910,645	164,570,255
Student Services	42,124,163	43,962,432
Institutional Support	137,487,100	152,840,846
Plant Operations and Maintenance	153,943,392	145,134,543
Scholarships and Fellowships	57,176,057	42,957,844
Auxiliary Enterprises	159,105,867	148,605,790
Total Operating Expenses	<u>1,705,341,279</u>	<u>1,701,426,286</u>
Nonoperating Expenses		
Interest Expense	<u>9,613,513</u>	<u>10,567,667</u>
 Total Expenses	 <u><u>\$1,714,954,792</u></u>	 <u><u>\$1,711,993,953</u></u>

The amounts reported for fiscal year 2021 were not adjusted, for comparative purposes, related to GASB 87 implementation for leases. See Note 1 to the Financial Statements for more information regarding the restatement.

Expenses are described above by functional classification. The illustration below is a comparison of the University's operating expenses by natural classification for the years ended June 30, 2022 and June 30, 2021 is depicted by the following chart:



Operating Revenues increased by \$116,682,777 in fiscal year 2022, which includes a net increase \$17,232,290 in tuition and fees that is due, in part, to an increase in student enrollment of 971 students. Additionally, federal appropriations increased by \$6,291,186, departmental sales and services increased by \$22,247,175 and auxiliary units increased by \$40,387,047. These increases are primarily due to the return to in-person instruction and other events and activities beginning fall 2021. On May 13, 2021, the University System of Georgia (USG) issued new guidelines to campuses for creating plans to return to normal operations by fall 2021. On May 14, 2021, the University issued guidance to faculty, staff and students concerning the return to normal operations. Alternate work and educational arrangements were set to end June 30, 2021. The State of Georgia ended the public health emergency on July 1, 2021. Resumption to normal pre-COVID-19 campus operations resulted in increased activity for all campus operations.

Nonoperating revenue increased by \$73,393,277 for the year primarily due to an \$83,298,875 increase in state appropriations funding, a \$6,046,118 increase in foundation gifts, an \$8,662,298 increase in private gifts and a \$39,965,121 decrease in investment income due to unrealized losses in market value. The variances between prior year and current year in the categories of Grants and Contracts and Gifts are the result of private gifts being reported as other grants and contracts in the prior year and as gifts in the current year. Private gifts will be reported as gifts going forward.

Total operating expenses were \$1,705,341,279 in fiscal 2022, an increase of \$3,914,993 when compared with fiscal year 2021. These increases are primarily attributable to increases of \$62,547,236 in faculty and staff related employee compensation reflecting increases due to salary compression and inversion adjustments (staff) and a \$5,000 cost of living increase adjustment for full-time faculty and staff as approved and provided by the State of Georgia. Employee Benefits decreased \$176,492,791 due to current year OPEB and net pension liability adjustments. Travel increased \$10,442,247 which was primarily associated with the easing of COVID_19 travel restrictions. Utilities increased \$10,478,415 and Supplies and Other Services increased \$75,707,768 which was primarily due to a \$15,827,643 increase in construction contracts, an increase of \$5,683,431 in non-employee travel, an increase of \$3,621,549 in repair and maintenance expenses, an increase of \$5,300,459 in cost of goods

sold, an increase of \$4,907,451 in conference and workshop expenses related to various departmental sales and service activities and an increase in non-mandatory transfers attributable to HEERF III funding for lost operations. Depreciation expense increased \$6,894,803 due primarily to a \$5,599,457 increase in right-to-use asset amortization related to the GASB 87 implementation.

Statement of Cash Flows

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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash Provided (Used) by:		
Operating Activities	\$ (537,876,349)	\$ (479,426,428)
Non-Capital Financing Activities	731,546,140	613,475,184
Capital and Related Financing Activities	(129,418,664)	(138,597,521)
Investing Activities	<u>21,331,741</u>	<u>(7,594,099)</u>
Net Change in Cash	85,582,868	(12,142,864)
Cash and Cash Equivalents, Beginning of Year (Restated)	<u>333,476,298</u>	<u>345,619,162</u>
Cash and Cash Equivalents, End of Year	<u>\$ 419,059,166</u>	<u>\$ 333,476,298</u>

Capital and Intangible Right-to-Use Assets

The University had capital asset additions for facilities in fiscal year 2022. The \$78.7 million private/state funded Interdisciplinary Science, Technology, Engineering and Math (I-STEM) Research Building Phase 1 opened in October 2021. This approximately 100,000 square foot building includes 3 levels of lab spaces designed to promote collaboration and expand lab-intensive research activities, particularly within the disciplines of chemistry, engineering and material sciences and includes a four-story parking garage.

The \$50.1 million private/state funded second phase of the Interdisciplinary Science, Technology, Engineering and Math (I-STEM) Research Complex Phase II was completed in June 2022. This approximately 101,000 square foot building features three levels of flexible, open lab space as well as an 88-seat classroom.

The Georgia State Financing and Investment Commission (GSFIC) provided \$101.7 million in fiscal year 2022 for various building and facility renovations and equipment.

The University implemented GASB 87, *Leases*, effective July 1, 2021, which resulted in restating beginning balances for intangible right-to-use assets in the amount of \$25,845,393.

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

Long Term Liabilities

The University of Georgia had Long-Term Liabilities of \$252,182,807 of which \$49,018,274 was reflected as current liability at June 30, 2022.

The University implemented GASB 87, *Leases*, effective July 1, 2021, which resulted in restating beginning lease obligations in the amount of \$25,845,393. Prior year lease obligations attributable to financed purchases of assets in the amount of \$195,847,178 are reported as notes payable, effective July 1, 2021.

For additional information concerning Long-Term Liabilities, see Notes 1, 8 and 13 in the Notes to the Financial Statements.

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

Economic Outlook

The University of Georgia continued to manage and use its resources wisely and in a strategic manner in fiscal year 2022. The financial position remained solid as evidenced by an increase in net position. As a result of modest increases in operating revenues and state appropriations, the University was able to provide increased support to its instruction, research, public service, and student life missions. This increase in support was characterized by completing academic initiatives and enhancing research and economic development through significant growth in funding from external grants and contracts.

In line with expectations of the higher education community, the University remains fully committed to being prudent with its resources by spending wisely and allocating strategically to support its core academic and student life missions. As fiscal year 2023 progresses, the University will build on its efforts to plan and manage its precious resources to increase scholarship support for students, to further enhance the learning environment, and to expand the impact on individuals, families, and communities in Georgia and the world beyond.

Jere W. Morehead, President
University of Georgia



UNIVERSITY OF GEORGIA



Financial Statements

UNIVERSITY OF GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	University of Georgia	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 279,390,830	\$ 106,753,940
Cash and Cash Equivalents (Externally Restricted)	139,668,336	24,256,432
Short-term Investments	18,986,952	21,506,964
Short-term Investments (Externally Restricted)	178,159	164,875,440
Accounts Receivable, net		
Federal Financial Assistance	32,064,247	—
Component Units	82,621,510	37,318
Primary Government	—	5,101,929
Pledges and Contributions	—	36,245,481
Other	35,778,743	69,109,436
Investment in Financing Leases - Primary Government	—	7,986,325
Inventories	4,913,449	—
Prepaid Items	53,225,525	2,428,844
Total Current Assets	646,827,751	438,302,109
Non-Current Assets		
Accounts Receivable, net		
Primary Government	—	8,477,538
Due From USO - Capital Liability Reserve Fund	1,553,822	—
Pledges and Contributions	—	70,607,502
Other	5,314,127	—
Investments	86,830,679	268,836,465
Notes Receivable, net	3,826,763	—
Investment in Financing Lease Arrangements - Primary Government	—	164,947,849
Other Assets	—	3,707,579
Non-current Cash (Externally Restricted)	—	5,397,839
Investments (Externally Restricted)	101,181,452	1,235,604,778
Capital Assets, net	2,059,485,557	488,085,223
Intangible Right-to-Use Assets, net	22,538,916	10,349,913
Total Non-Current Assets	2,280,731,316	2,256,014,686
TOTAL ASSETS	2,927,559,067	2,694,316,795
DEFERRED OUTFLOWS OF RESOURCES	\$ 440,330,015	\$ 21,283,059

UNIVERSITY OF GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	University of Georgia	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 31,700,054	\$ 15,115,584
Salaries Payable	12,814,250	5,326,471
Benefits Payable	1,623,629	—
Contracts Payable	2,215,641	—
Retainage Payable	1,481,001	—
Due to Affiliated Organizations	—	5,210
Due to Component Units	2,231,238	37,318
Due to Primary Government	—	82,621,510
Advances (Including Tuition and Fees)	43,569,321	37,873,076
Deposits	1,876,432	—
Deposits Held for Other Organizations	511,141	—
Other Liabilities	3,328,606	—
Notes and Loans Payable - External	6,487	580,193
Notes and Loans Payable - Component Units	7,986,324	—
Lease Obligations - External	1,850,074	2,876,789
Lease Obligations - Component Units	3,341,449	—
Revenue Bonds and Notes Payable	—	14,580,000
Liabilities Under Split Interest Agreements	—	874,249
Pollution Remediation	13,739	—
Compensated Absences	35,820,201	—
Total Current Liabilities	150,369,587	159,890,400
Non-Current Liabilities		
Due to Other Funds	—	739,210
Other Liabilities	—	133,555
Notes and Loans Payable - External	—	34,832,853
Notes and Loans Payable - Component Units	164,947,850	—
Lease Obligations - External	8,311,972	8,116,275
Lease Obligations - Component Units	8,969,307	—
Revenue Bonds and Notes Payable	—	286,124,581
Liabilities Under Split Interest Agreements	—	7,396,969
Interest Rate Swap	—	2,616,961
Compensated Absences	20,935,404	—
Net Other Post-employment Benefits Liability	1,211,168,523	—
Net Pension Liability	315,349,904	—
Total Non-Current Liabilities	1,729,682,960	339,960,404
TOTAL LIABILITIES	1,880,052,547	499,850,804
DEFERRED INFLOWS OF RESOURCES	674,018,781	10,679,319
NET POSITION		
Net Investment in Capital Assets	1,882,914,368	342,749,943
Restricted for:		
Nonexpendable	74,264,339	767,734,338
Expendable	170,590,371	740,302,566
Unrestricted (Deficit)	(1,313,951,324)	354,282,884
TOTAL NET POSITION	\$ 813,817,754	\$ 2,205,069,731

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

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

	University of Georgia	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 485,432,526	\$ —
Federal Appropriations	17,629,038	—
Grants and Contracts		
Federal	242,968,096	211,637,464
State	19,050,295	13,058,993
Other	61,520,038	34,215,022
Sales and Services	112,082,368	180,962,411
Rents and Royalties	2,864,695	27,380,188
Auxiliary Enterprises		
Residence Halls	61,258,711	—
Bookstore	5,121,724	—
Food Services	45,081,615	—
Parking/Transportation	22,386,097	—
Health Services	25,921,700	—
Intercollegiate Athletics	44,704,611	—
Other Organizations	7,510,085	—
Gifts and Contributions	—	102,279,326
Endowment Income	—	53,542,712
Other Operating Revenues	8,418,743	892
Total Operating Revenues	<u>1,161,950,342</u>	<u>623,077,008</u>
OPERATING EXPENSES		
Faculty Salaries	402,767,777	—
Staff Salaries	512,104,954	35,691,471
Employee Benefits	223,302,143	337,088
Other Personal Services	2,150,404	—
Travel	12,040,775	12,020,093
Scholarships and Fellowships	57,176,057	90,000
Utilities	46,979,667	—
Supplies and Other Services	336,731,897	501,649,206
Depreciation and Amortization	112,087,605	15,476,663
Total Operating Expenses	<u>1,705,341,279</u>	<u>565,264,521</u>
Operating Income (Loss)	<u>\$ (543,390,937)</u>	<u>\$ 57,812,487</u>

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

	University of Georgia	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 561,965,333	\$ —
Grants and Contracts		
Federal	82,026,897	—
State	291,541	—
Other	329,535	—
Gifts	87,110,021	34,300,839
Investment Income	(13,421,913)	(189,328,727)
Interest Expense	(9,613,513)	(10,836,267)
Other Nonoperating Revenues (Expenses)	1,168,619	(4,765,713)
	709,856,520	(170,629,868)
Net Nonoperating Revenues		
	166,465,583	(112,817,381)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses		
Capital Grants and Gifts		
Federal	2,962,193	—
State	103,603,305	—
Other	969,834	—
Additions to Permanent and Term Endowments	14,209	45,540,377
Special Item	430,710	—
	107,980,251	45,540,377
Total Other Revenues, Expenses, Gains or Losses		
	274,445,834	(67,277,004)
Change in Net Position		
Net Position, Beginning of Year	539,371,920	2,270,645,102
Prior Year Adjustments	—	1,701,633
Net Position, Beginning of Year, Restated	539,371,920	2,272,346,735
Net Position, End of Year	\$ 813,817,754	\$ 2,205,069,731

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

**UNIVERSITY OF GEORGIA
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	<u>University of Georgia</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 829,232,665
Federal Appropriations	17,629,038
Grants and Contracts (Exchange)	310,479,079
Payments to Suppliers	(711,283,669)
Payments to Employees	(921,559,425)
Payments for Scholarships and Fellowships	(57,176,057)
Collection of Loans from Students	1,051,137
Other Receipts	15,874
Other Payments	(6,264,991)
Net Cash Used by Operating Activities	<u>(537,876,349)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	561,965,333
Gifts and Grants Received for Other Than Capital Purposes	169,772,203
Other Non-Capital Financing Payments	(191,396)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>731,546,140</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	2,440,344
Purchases of Capital and Intangible Right-to-Use Assets	(93,637,288)
Principal Paid on Capital Debt and Leases	(28,608,207)
Interest Paid on Capital Debt and Leases	(9,613,513)
Net Cash Used by Capital and Related Financing Activities	<u>(129,418,664)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,219,207,667
Investment Income	6,947,622
Purchase of Investments	(1,204,823,548)
Net Cash Provided by Investing Activities	<u>21,331,741</u>
Net Increase in Cash and Cash Equivalents	85,582,868
Cash and Cash Equivalents, Beginning of Year	<u>333,476,298</u>
Cash and Cash Equivalents, End of Year	<u>\$ 419,059,166</u>

**UNIVERSITY OF GEORGIA
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	<u>University of Georgia</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (543,390,937)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation and Amortization	112,087,605
Change in Assets and Liabilities:	
Receivables, net	(7,360,680)
Inventories	13,221
Prepaid Items	(45,362,392)
Other Assets	
Notes Receivable, Net	1,051,137
Accounts Payable	11,343,926
Salaries Payable	2,943,876
Benefits Payable	8,990
Deposits	239,255
Advances (Including Tuition and Fees)	(3,753,126)
Other Liabilities	(1,361,150)
Funds Held for Others	15,870
Compensated Absences	2,410,205
Due to Affiliated Organizations	474,719
Pollution Remediation	(76,986)
Net Pension Liability	(570,964,832)
Net Other Post-Employment Benefit Liability	(71,415,429)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	552,047,668
Deferred Outflows of Resources	<u>23,172,711</u>
Net Cash Used by Operating Activities	<u>\$ (537,876,349)</u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Capital Financing Activities Noncash Items:	
Gift of Capital Assets	<u>\$ 107,966,042</u>
Gain (Loss) on Disposal of Capital Assets	<u>\$ (1,213,739)</u>
Capital Assets Acquired Through Prepaid Capital	<u>\$ 13,184,258</u>
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	<u>\$ 2,329,100</u>
Investing Activities Noncash Items:	
Unrealized Gain (Loss) on Investments	<u>\$ (20,963,231)</u>
Other Investing Activities Noncash Items	<u>\$ 593,696</u>

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

**UNIVERSITY OF GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Other	\$ 14,841,783
 Total Assets	 <u>14,841,783</u>
 LIABILITIES	
Cash Overdraft	12,116,624
Deposits held for other organizations	<u>3,749</u>
 Total Liabilities	 <u>12,120,373</u>
 NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 2,721,410</u>

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

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

	<u>Custodial Funds</u>
ADDITIONS	
Federal Financial Aid	\$ 151,133,232
State Financial Aid	207,949,173
Other Financial Aid	21,914,793
Clubs and Other Organizations Fund Raising	<u>1,360,347</u>
Total Additions	<u>382,357,545</u>
DEDUCTIONS	
Scholarships and Other Student Support	380,897,445
Student Organizations Support	<u>986,081</u>
Total Deductions	<u>381,883,526</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>474,019</u>
Net Position, Beginning of Year	<u>2,247,391</u>
Net Position, End of Year	<u><u>\$ 2,721,410</u></u>

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

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

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 63,138,799	\$ 3,164,099	\$ 40,451,042	\$ —	\$ 106,753,940
Cash and Cash Equivalents (Externally Restricted)	—	24,256,432	—	—	24,256,432
Short-term Investments	—	21,506,964	—	—	21,506,964
Short-term Investments (Externally Restricted)	—	164,875,440	—	—	164,875,440
Accounts Receivable, net					
Component Units	37,318	—	—	—	37,318
Primary Government	68,006	—	5,033,923	—	5,101,929
Pledges and Contributions	—	36,245,481	—	—	36,245,481
Other	4,731,394	3,602,988	60,775,054	—	69,109,436
Investment in Capital Leases - Primary Government	—	—	7,986,325	—	7,986,325
Prepaid Items	1,245,829	919,053	263,962	—	2,428,844
Total Current Assets	69,221,346	254,570,457	114,510,306	—	438,302,109
Non-Current Assets					
Accounts Receivable, net					
Primary Government	—	—	8,477,538	—	8,477,538
Pledges and Contributions	—	70,607,502	—	—	70,607,502
Investments	54,952,645	222,482,345	52,438,666	(61,037,191)	268,836,465
Investment in Capital Leases - Primary Government	—	—	164,947,849	—	164,947,849
Other Assets	133,555	3,193,561	380,463	—	3,707,579
Non-current Cash (Externally Restricted)	—	—	5,397,839	—	5,397,839
Investments (Externally Restricted)	—	1,229,839,753	5,765,025	—	1,235,604,778
Capital Assets, net	381,013,641	32,441,749	74,629,833	—	488,085,223
Intangible Rights of Use, net	308,513	—	10,041,400	—	10,349,913
Total Non-Current Assets	436,408,354	1,558,564,910	322,078,613	(61,037,191)	2,256,014,686
TOTAL ASSETS	505,629,700	1,813,135,367	436,588,919	(61,037,191)	2,694,316,795
DEFERRED OUTFLOWS OF RESOURCES					
	\$ 8,540,167	\$ —	\$ 12,742,892	\$ —	\$ 21,283,059

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

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 11,245,446	\$ 699,001	\$ 4,971,973	\$ (1,800,836)	\$ 15,115,584
Salaries Payable	5,326,471	—	—	—	5,326,471
Due to Affiliated Organizations	—	—	5,210	—	5,210
Due to Component Units	—	37,318	—	—	37,318
Due to Primary Government	6,608,949	8,718,168	67,294,393	—	82,621,510
Advances (Including Tuition and Fees)	32,158,014	349,005	5,366,057	—	37,873,076
Deposits Held for Other Organizations	—	61,037,191	—	(61,037,191)	—
Notes and Loans Payable	—	580,193	—	—	580,193
Lease Purchase Obligations - External	183,247	—	2,693,542	—	2,876,789
Revenue Bonds and Notes Payable	4,955,000	—	9,625,000	—	14,580,000
Liabilities Under Split Interest Agreements	—	874,249	—	—	874,249
Total Current Liabilities	60,477,127	72,295,125	89,956,175	(62,838,027)	159,890,400
Non-Current Liabilities					
Due to Other Funds	—	739,210	—	—	739,210
Other Liabilities	133,555	—	—	—	133,555
Notes and Loans Payable	5,001,000	12,817,378	17,014,475	—	34,832,853
Lease Purchase Obligations - External	129,689	—	7,986,586	—	8,116,275
Revenue Bonds and Notes Payable	70,077,583	—	216,046,998	—	286,124,581
Liabilities Under Split Interest Agreements	—	7,396,969	—	—	7,396,969
Interest Rate Swap	1,767,019	849,942	—	—	2,616,961
Total Non-Current Liabilities	77,108,846	21,803,499	241,048,059	—	339,960,404
TOTAL LIABILITIES	137,585,973	94,098,624	331,004,234	(62,838,027)	499,850,804
DEFERRED INFLOWS OF RESOURCES	—	—	10,679,319	—	10,679,319
NET POSITION					
Net Investment in Capital Assets	307,753,206	19,044,178	15,952,559	—	342,749,943
Restricted for:					
Nonexpendable	—	767,734,338	—	—	767,734,338
Expendable	—	740,302,566	—	—	740,302,566
Unrestricted	68,830,688	191,955,661	91,695,699	1,800,836	354,282,884
TOTAL NET POSITION	\$ 376,583,894	\$ 1,719,036,743	\$ 107,648,258	\$ 1,800,836	\$ 2,205,069,731

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

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

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination Entries	Total
OPERATING REVENUES					
Grants and Contracts					
Federal	\$ —	\$ —	\$ 211,637,464	\$ —	\$ 211,637,464
State	—	—	13,058,993	—	13,058,993
Other	—	—	34,215,022	—	34,215,022
Sales and Services	168,764,743	12,197,668	—	—	180,962,411
Rents and Royalties	—	1,443,379	25,936,809	—	27,380,188
Gifts and Contributions	—	102,279,326	—	—	102,279,326
Endowment Income	—	53,542,712	—	—	53,542,712
Other Operating Revenues	—	—	892	—	892
Total Operating Revenues	168,764,743	169,463,085	284,849,180	—	623,077,008
OPERATING EXPENSES					
Staff Salaries	30,794,700	4,894,701	—	2,070	35,691,471
Employee Benefits	337,088	—	—	—	337,088
Travel	11,655,363	364,730	—	—	12,020,093
Scholarships and Fellowships	—	90,000	—	—	90,000
Supplies and Other Services	117,454,999	113,623,158	270,571,049	—	501,649,206
Depreciation	12,051,470	630,081	2,795,112	—	15,476,663
Total Operating Expenses	172,293,620	119,602,670	273,366,161	2,070	565,264,521
Operating Income (Loss)	\$ (3,528,877)	\$ 49,860,415	\$ 11,483,019	\$ (2,070)	\$ 57,812,487

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

	University of Georgia Athletic Association, Inc.	University of Georgia Foundation	University of Georgia Research Foundation, Inc.	Consolidation/ Elimination/ Entries	Total
NONOPERATING REVENUES (EXPENSES)					
Gifts	\$ 34,300,839	\$ —	\$ —	\$ —	\$ 34,300,839
Investment Income	(3,499,431)	(179,496,684)	(6,332,612)	—	(189,328,727)
Interest Expense	(3,332,299)	1,300,264	(8,804,232)	—	(10,836,267)
Other Nonoperating Revenues (Expenses)	(4,517,015)	—	(248,698)	—	(4,765,713)
Net Nonoperating Revenues	22,952,094	(178,196,420)	(15,385,542)	—	(170,629,868)
Income Before Other Revenues, Expenses, Gains, or Losses	19,423,217	(128,336,005)	(3,902,523)	(2,070)	(112,817,381)
Additions to Permanent and Term Endowments	—	45,540,377	—	—	45,540,377
Total Other Revenues, Expenses, Gains or Losses	—	45,540,377	—	—	45,540,377
Change in Net Position	19,423,217	(82,795,628)	(3,902,523)	(2,070)	(67,277,004)
Net Position, Beginning of Year	357,165,591	1,801,832,371	109,844,234	1,802,906	2,270,645,102
Prior Year Adjustments	(4,914)	—	1,706,547	—	1,701,633
Net Position, Beginning of Year, Restated	357,160,677	1,801,832,371	111,550,781	1,802,906	2,272,346,735
Net Position, End of Year	\$ 376,583,894	\$ 1,719,036,743	\$ 107,648,258	\$ 1,800,836	\$ 2,205,069,731

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



UNIVERSITY OF GEORGIA



Notes to the Financial Statements

UNIVERSITY OF GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's 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 are attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 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 <https://sao.georgia.gov/statewide-reporting/acfr>.

Discretely Presented Component Units

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

- University of Georgia Athletic Association, Inc., 456 E. Broad Street, Athens, GA 30602
- University of Georgia Foundation, One Press Place, Suite 101, Athens, GA 30602
- University of Georgia Research Foundation, Inc., 324 Business Services Building, 456 E. Broad Street, Athens, GA 30602

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary fund:

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

New Accounting Pronouncements

In 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 intangible right-to-use assets, lease obligations, notes payable, lease receivables and deferred inflows of resources. The net effect of these restatements, as of July 1, 2021, the date of implementation, resulted in no net change to the 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. This includes the State Investment Pool (Georgia Fund 1). Cash and Cash Equivalents that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. Cash and Cash Equivalents restricted as to use by a third party are reported as externally restricted.

Short-Term Investments

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

Investments

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

Investments that cannot be used to pay current liabilities are classified as non-current assets in the Statement of Net Position. 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

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

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 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 30 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

To fully understand plant additions in the University, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) - an organization that is external to the 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 finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The balance included on the University's Statement of Net Position as Due from USO - Capital Liability Reserve Fund represents the University's contribution to the Fund.

Deferred Outflows of Resources

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

Deposits

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

Advances

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

Deposits Held for Other Organizations

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

Pollution Remediation Obligations

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

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

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

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

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

Pensions and Net Pension Liability

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

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

Net Position

The University's net position is classified as follows:

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

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

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board or management to meet current expenses for those purposes, except for unexpended state appropriations (surplus) in the amount of \$449,281.51. Unexpended state appropriations must be refunded to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded contra revenue for scholarship allowances. Student tuition and fees reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$175,679,587.

Restatement of Prior Year Net Position

The University made the following restatements:

	<u>Business-type Activities</u>	<u>Discretely Presented Component Units</u>
Net position, beginning of year, as originally reported	\$ 539,371,920	\$ 2,270,645,102
Changes in accounting principles	—	1,701,633
Net position, beginning of year, restated	<u>\$ 539,371,920</u>	<u>\$ 2,272,346,735</u>

The University made prior period adjustments due to the adoption of GASB Statement No. 87, which required the restatement of the June 30, 2021 business-type activities and discretely presented component unit's net position. Under this statement, a lessee is required to recognize a lease obligation and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a lessee, the results are an increase in the liability (lease obligation) of \$25,845,393 and \$12,083,901 and an increase in the intangible right-to-use assets of \$25,845,383 and \$13,224,379, for business-type activities and component units, respectively. As a lessor, the result is an increase in accounts receivable of \$7,166,884 and \$14,098,949 and an increase in deferred inflows of resources of \$7,166,884 and \$13,537,794 for business-type activities and component units, respectively. This change is in accordance with generally accepted accounting principles.

Special Items

Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence are considered special items.

On June 15, 2022, the University of Georgia Real Estate Foundation, Inc., defeased the debt associated with the UGAREF Rutherford Hall, LLC, Series 2012 bond. The related financing agreement between the University of Georgia Real Estate Foundation, Inc., and the University was terminated resulting in a special item of \$381,889 reported on the Statement of Revenues, Expenses and Changes in Net Position.

The remaining special item of \$48,821 is related to the early termination of right-to-use asset leases mutually agreed upon by both parties.

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	\$	279,390,830
Cash and Cash Equivalents (Externally Restricted)		139,668,336
Short-term Investments		18,986,952
Short-term Investments (Externally Restricted)		178,159

Noncurrent

Non Current - Investments		86,830,679
Noncurrent Investments (Externally Restricted)		101,181,452

Statement of Fiduciary Net Position

Cash and Cash Equivalents		(12,116,624)
	\$	<u>614,119,784</u>

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

Cash on Hand	\$	142,540
Deposits with Financial Institutions		252,374,344
Investments		361,602,900
	\$	<u>614,119,784</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 \$262,737,477. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the University. Of these deposits, \$127,274 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	127,274
Uninsured and collateralized with securities held by the pledging financial institution		—
Uninsured and collateralized with securities held by the pledging financial institution's trust departments or agents, but not in the Institution's name		—
		<hr/>
Total deposits exposed to custodial credit risk	\$	<u>127,274</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University has a formal policy for managing exposure to foreign currency credit risk by requiring a maximum balance in a foreign account of \$100,000 U.S. currency. The University's exposure to foreign currency risk derives from deposits in foreign banks for operations of studies abroad programs. The deposits are uninsured and uncollateralized in the amount of \$127,173 as follows:

<u>Program</u>	<u>Institution</u>	<u>Currency</u>	<u>U.S. Value</u>
UGA - Oxford Program	Barclay's	British Pound	\$ 71,998
UGA Cortona Art Program	Banca CR Firenze	European Euro	55,175
			<hr/> <u>\$ 127,173</u> <hr/>

B. Investments

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

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

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

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

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

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

	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3 *
Investment type:				
Debt Securities				
U.S. Treasuries	\$ 8,998,065	\$ 8,998,065	\$ —	\$ —
U.S. Agencies				
Explicitly Guaranteed	32,156,929	—	32,156,929	—
Implicitly Guaranteed	49,218,776	10,495,127	38,723,649	—
Corporate Debt	39,235,546	—	39,235,546	—
Mutual Bond Funds	280,926	280,926	—	—
Other Investments				
Equity Mutual Funds - Domestic	676,683	676,683	—	—
Equity Securities - Domestic	846,674	846,668	—	6
Equity Securities - International	183,510	—	183,510	—
Real Estate Held for Investment Purposes	5,983,254	—	—	5,983,254
Real Estate Investment Trusts	218,144	218,144	—	—
	137,798,507	\$ 21,515,613	\$ 110,299,634	\$ 5,983,260
Investment Pools				
Board of Regents				
Legal Fund	7,369,147			
Diversified Fund	85,291,972			
Office of the State Treasurer				
Georgia Fund 1	131,143,274			
Total Investments	\$ 361,602,900			
• Investments reported at Net Asset Value (NAV)				

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

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

Investments classified in Level 3 includes real estate funds that invest primarily in U.S. commercial real estate. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from this fund will be received as the underlying investments of the fund are liquidated.

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

Board of Regents Pooled Investment Program

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

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

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

1. Legal Fund

The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under O.C.G.A. § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between five and ten years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the University's position in the Legal Fund at June 30, 2022 was \$7,369,147, of which 100% is invested in debt securities. The Effective Duration of the Fund is 3.32 years.

2. Diversified Fund

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

The equity allocation shall range between 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 \$85,291,972, of which 28% is invested in debt securities. The Effective Duration of the Fund is 5.9 years.

Office of the State Treasurer Investment Pool

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the U.S. Securities and Exchange Commission as an investment company, and the State does not consider Georgia Fund 1 to be a 2a7-like pool. This investment is valued at the pool's share price, \$1.00 per share. The Georgia Fund 1 Investment Pool is an AAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 43 days.

Interest Rate Risk

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

	Fair Value	Investment Maturity				
		Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
U.S. Treasuries	\$ 8,998,065	\$ 8,998,065	\$ —	\$ —	\$ —	\$ —
U.S. Agencies						
Explicitly Guaranteed	32,156,929	—	—	—	—	32,156,929
Implicitly Guaranteed	49,218,776	10,495,127	547,338	1,742,986	7,065,635	29,367,690
Corporate Debt	39,235,546	3,789,293	18,449,565	16,811,039	173,497	12,152
Mutual Bond Funds	280,926	168,208	—	—	98,047	14,671
	<u>129,890,242</u>	<u>\$ 23,450,693</u>	<u>\$ 18,996,903</u>	<u>\$ 18,554,025</u>	<u>\$ 7,337,179</u>	<u>\$ 61,551,442</u>
Other Investments						
Equity Mutual Funds - Domestic	676,683					
Equity Securities - Domestic	846,674					
Equity Securities - International	183,510					
Real Estate Held for Investment Purposes	5,983,254					
Real Estate Investment Trusts	218,144					
Investment Pools						
Board of Regents						
Legal Fund	7,369,147					
Diversified Fund	85,291,972					
Office of the State Treasurer						
Georgia Fund 1	131,143,274					
Total Investments	<u>\$ 361,602,900</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 to ensure all securities transactions are settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.

At June 30, 2022, \$2,715,131 was uninsured and held by the investment's counterparty's trust department or agent, but not in the University's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University manages credit quality risk by establishing minimal quality ratings. Investments should have no lower than a BBB credit rating. The University also invests in investment pools managed by the University System of Georgia (USG). USG's policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds, colleges, universities, and foundations:

1. In the Legal Fund, all debt issues must be eligible investments under O.C.G.A § 50-17-59 and 50-17-63. Other investment portfolios of debt securities funds also must meet the eligible investment criteria under the same code section.

2. In the Diversified Fund, total fixed income portfolios should have an average credit quality rating of at least A. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.

3. The Georgia Fund 1 Investment Pool is managed by the Office of the State Treasurer (OST). OST utilizes a counterparty risk assessment model to assess credit risk of financial institutions that have been approved to serve as counterparties and major depositories. OST has assigned credit limits to each financial institution based upon counterparty risk assessment model which incorporates market indicators, default probabilities, issuer research and issuer ratings to determine maximum credit exposure per institution, term of investment for respective counterparties and collateralization requirements in accordance with the OST Investment Policy.

The investments subject to credit quality risk are reflected below:

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	\$ 49,218,776	\$ 49,218,776	\$ —	\$ —	\$ —	\$ —
Corporate Debt	39,235,546	—	10,037,049	28,937,513	260,984	—
Mutual Bond Funds	280,926	168,208	—	—	—	112,718
	<u>\$ 88,735,248</u>	<u>\$ 49,386,984</u>	<u>\$ 10,037,049</u>	<u>\$ 28,937,513</u>	<u>\$ 260,984</u>	<u>\$ 112,718</u>

Concentration of Credit Risk

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

At June 30, 2022, approximately 9%, 6% and 5% of the University's business-type activity and fiduciary fund investments were investments in Government National Mortgage Assn notes and pools, Federal National Mortgage Assoc. notes and pools, and Federal Home Loan Mortgage Corp. notes and pools, respectively.

Note 3 Accounts Receivable

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

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 3,827,205	
Auxiliary Enterprises and Other Operating Activities	2,799,799	
Federal Financial Assistance	32,064,247	
Georgia Student Finance Commission		14,579,036
Georgia State Financing and Investment Commission	4,881,915	
Due from Component Units	82,621,510	
Due From Other USG Institutions	1,553,822	
Other	31,197,651	262,747
	<u>158,946,149</u>	<u>14,841,783</u>
Less: Allowance for Doubtful Accounts	1,613,700	—
Net Accounts Receivable	<u>\$ 157,332,449</u>	<u>\$ 14,841,783</u>

Other accounts receivable includes approximately \$6.3 million in lease receivables where the institution is a lessor as well as \$11 million in state grants and contracts and \$14 million in miscellaneous receivables.

Note 4 Inventories

Inventories consisted of the following at June 30, 2022:

Consumable Supplies	\$ 3,611,478
Merchandise for Resale	<u>1,301,971</u>
Total	<u>\$ 4,913,449</u>

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 \$1,479,413.

Note 6 Capital and Intangible Right-to-Use Assets

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 61,616,366	\$ 565,675	\$ 781,194	\$ 61,400,847
Capitalized Collections	29,041,293	1,072,145	73,148	30,040,290
Construction Work-in-Progress	37,783,375	33,171,256	36,420,583	34,534,048
Total Capital Assets Not Being Depreciated	128,441,034	34,809,076	37,274,925	125,975,185
Capital Assets, Being Depreciated:				
Infrastructure	107,774,697	1,447,476	—	109,222,173
Building and Building Improvements	2,404,337,297	160,099,564	227,846	2,564,209,015
Facilities and Other Improvements	67,277,424	1,781,844	—	69,059,268
Equipment	490,087,190	36,420,552	19,519,741	506,988,001
Library Collections	392,056,237	15,496,481	417,757	407,134,961
Software	53,092,431	—	—	53,092,431
Total Capital Assets Being Depreciated	3,514,625,276	215,245,917	20,165,344	3,709,705,849
Less: Accumulated Depreciation				
Infrastructure	46,786,394	3,247,612	—	50,034,006
Building and Building Improvements	878,623,035	56,555,886	202,760	934,976,161
Facilities and Other Improvements	38,258,757	2,236,491	—	40,495,248
Equipment	381,424,190	25,730,586	18,728,663	388,426,113
Library Collections	320,965,522	13,834,472	417,757	334,382,237
Software	22,998,611	4,883,101	—	27,881,712
Total Accumulated Depreciation/Amortization	1,689,056,509	106,488,148	19,349,180	1,776,195,477
Total Capital Assets, Being Depreciated, Net	1,825,568,767	108,757,769	816,164	1,933,510,372
Capital Assets, net	\$ 1,954,009,801	\$ 143,566,845	\$ 38,091,089	\$ 2,059,485,557

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. During fiscal year 2022, the University prepaid \$45,600,000 to GSFIC as required matching and other funding for GSFIC managed projects in the construction phase. 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 \$95,704,729 to the University. In addition, at June 30, 2022, GSFIC had construction in progress of approximately \$2,931,353 for incomplete GSFIC managed projects for the University.

The University of Georgia Athletic Association, Inc. (the Athletic Association) has an agreement with the USG whereby expenses for additions and improvements to University of Georgia owned buildings, stadium, and athletic fields used by the Athletic Association become the property of the University of Georgia upon installation or acquisition. The Athletic Association leases these athletic facilities from the USG for \$1 million per year under the current lease agreement, which expires June 30, 2022. The Athletic Association capitalizes expenses for additions and improvements to the buildings, stadium, and athletic fields owned by the University of Georgia and used by the Athletic Association. Therefore, these improvements to University of Georgia owned property are not reported as capital assets within the University of Georgia's financial statements. The cost associated with these assets is \$446,764,571 and associated accumulated depreciation is \$154,710,834.

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

	Restated			Ending
	Restated Balances July 1, 2021	Additions	Reductions	Balance June 30, 2022
Intangible Right-to-use Assets				
Building and Building Improvements	\$ 25,438,038	\$ 2,219,659	\$ 633,268	\$27,024,429
Equipment	407,355	518,413	—	925,768
Total Leased Assets Being Amortized	25,845,393	2,738,072	633,268	27,950,197
Less: Accumulated amortization				
Building and Building Improvements	—	5,396,670	188,176	5,208,494
Equipment	—	202,787	—	202,787
Total Accumulated Amortization	—	5,599,457	188,176	5,411,281
Intangible Right-to-Use Assets, net	<u>\$ 25,845,393</u>	<u>\$(2,861,385)</u>	<u>\$ 445,092</u>	<u>\$22,538,916</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	\$ 19,845,368
Research	4,595,813
Other - Advances	19,128,140
Totals	<u>\$ 43,569,321</u>

Note 8 Long-Term Liabilities

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

	Restated			Balance June 30, 2022	Current Portion
	Restated Balance July 1, 2021	Additions	Reductions		
Leases					
Lease Obligations	\$ 25,845,393	\$ 2,329,100	\$ 5,701,691	\$ 22,472,802	\$ 5,191,523
Other Liabilities					
Compensated Absences	54,345,400	39,000,366	36,590,161	56,755,605	35,820,201
Notes and Loans Payable	195,847,178	—	22,906,517	172,940,661	7,992,811
Pollution Remediation	90,725	540,406	617,392	13,739	13,739
Total	250,283,303	39,540,772	60,114,070	229,710,005	43,826,751
Total Long-Term Liabilities	<u>\$ 276,128,696</u>	<u>\$ 41,869,872</u>	<u>\$ 65,815,761</u>	<u>\$ 252,182,807</u>	<u>\$ 49,018,274</u>

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

The July 1, 2021 balance was restated \$25,845,393 related to lease purchase obligations. See Note 1 - New Accounting Pronouncements for additional information related to these transactions.

Notes and Loans Payable

Financing Agreements

The University is obligated under various multi-year financing agreements for the acquisition or use of real property and equipment, whereby the assets transfer 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 agreements for fiscal year 2022 were \$22,906,517 and \$9,307,992, respectively. The \$22,906,517 in principal payments includes the early payoff of Rutherford Hall in the amount of \$10,225,089. Interest rates range from 3.71% - 7.56%.

The University has \$172,934,174 in outstanding notes and loans payable due to component units for financing agreements.

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

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Financing Arrangements at June 30, 2022	Outstanding Balances per Financing Arrangement Schedules at June 30, 2022
	(+)	(-)	(=)	
Finance Buildings and Building Improvements	\$ 238,585,833	\$ 64,412,121	\$ 174,173,712	\$ 172,934,174
Financed Equipment	70,103	52,730	17,373	6,487
Total Assets Held Under Finance Arrangements	\$ 238,655,936	\$ 64,464,851	\$ 174,191,085	\$ 172,940,661

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
East Campus Village Residence Halls	UGA Real Estate Foundation	\$ 65,631,566	30 years	July 2004	June 2034	\$ 41,359,556 (1)
East Village Dining Commons	UGA Real Estate Foundation	16,371,385	30 years	July 2004	June 2034	10,373,538 (1)
Tate Student Center Parking Deck	UGA Real Estate Foundation	13,400,000	29 years	August 2008	June 2037	9,968,824 (1)
Tate Student Center Expansion	UGA Real Estate Foundation	40,868,389	29 years	May 2009	June 2038	33,444,748 (1)
Intramural Parking Deck	UGA Real Estate Foundation	7,795,000	30 years	August 2009	June 2039	5,786,563 (1)
Performing Arts Center Parking Deck	UGA Real Estate Foundation	9,468,747	30 years	November 2009	June 2039	7,001,906 (1)
Greek Park House #1 - Pi Kappa Alpha	UGA Real Estate Foundation	3,287,613	30 years	August 2009	June 2039	2,622,520 (1)
Greek Park House #2 - Tau Epsilon Phi	UGA Real Estate Foundation	3,287,613	30 years	August 2009	June 2039	2,622,520 (1)
Greek Park House #3 - Sigma Nu	UGA Real Estate Foundation	3,287,613	30 years	August 2009	June 2039	2,622,520 (1)
Greek Park House #7 - Phi Delta Theta	UGA Real Estate Foundation	2,246,232	30 years	August 2009	June 2039	1,791,033 (1)
East Campus Housing Phase II	UGA Real Estate Foundation	48,741,608	30 years	July 2010	June 2040	37,854,849 (1)
Bolton Dining Commons	UGA Real Estate Foundation	24,200,067	30 years	August 2014	June 2044	17,485,597 (1)
Centrifuge	Beckman Coulter	46,940	5 years	January 2017	December 2021	1,797
Cargo Van	Enterprise	<u>23,163</u>	4 years	March 2019	February 2023	<u>4,690</u>
Total Financed Leases		<u>\$238,655,936</u>				<u>\$172,940,661</u>

(1) These financing agreements are related party transactions

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

	Principal	Interest
Year Ending June 30:		
2023	\$ 7,992,811	\$ 8,303,489
2024	8,352,780	7,914,433
2025	8,747,101	7,506,619
2026	9,150,419	7,078,962
2027	9,568,202	6,630,724
2028 through 2032	54,927,606	25,633,849
2033 through 2037	50,800,399	11,885,086
2038 through 2042	20,790,054	2,513,265
2043 through 2047	<u>2,611,289</u>	<u>154,797</u>
	<u>\$ 172,940,661</u>	<u>\$ 77,621,224</u>

Pollution Remediation

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

The University of Georgia is responsible for pollution remediation at the Milledge Avenue landfill site. USG has recorded a liability related to this pollution remediation in the amount of \$13,739. The liability is based on a contractual agreement with Resolute Environmental & Water Resources Consulting. The University of Georgia does not anticipate any changes to the expected remediation outlay. There are no expected recoveries that have reduced this liability.

Note 9 Deferred Outflows and Inflows of Resources

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

Deferred Outflows of Resources

Deferred Outflow on Defined Benefit Pension Plans (See Note 14)	\$ 232,916,236
Deferred Outflow on OPEB Plan (See Note 17)	207,413,779
Total Deferred Outflows of Resources	\$ 440,330,015

Deferred Inflows of Resources

Deferred Inflow on Defined Benefit Pension Plans (See Note 14)	\$ 488,077,234
Deferred Inflow on OPEB Plan (See Note 17)	179,882,434
Deferred Inflows of Resources - Leases	6,059,113
Total Deferred Inflows of Resources	\$ 674,018,781

Leases

The University has entered into agreements with various entities for leasing of University owned land and building spaces in various University campus locations throughout the state. The amortized revenue recorded in fiscal year 2022 was \$1,107,771 and the remaining deferred inflow of resources was \$6,059,113.

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

Description	Lessee	Begin Month/ Year	Lease Term	Amortized Revenue in FY22	Remaining Deferred Inflow of Resources
Skidaway Institute of Oceanography	Georgia Aquarium	Dec 2021	31 Years	\$16,398	\$983,847
DAS (Sanford Stadium)	AT&T	Jan 2020	5 Years	42,124	84,247
Life Sciences - 120 Green Street	AT&T	Dec 2019	5 Years	65,481	130,962
Vince - 100 Field Street	AT&T	Jul 2020	5 Years	86,424	259,270
Whitehall - 100 Phoenix Road	AT&T	May 2021	7 Years	50,737	253,684
105 Green Street	Sprint	Jan 2020	5 Years	50,734	101,468
Skidaway Institute of Oceanography	T-Mobile	Oct 2020	5 Years	37,140	111,421
Whitehall - 100 Phoenix Road	Verizon	Nov 2020	5 Years	28,229	84,687
Hull Street	Verizon	Aug 2022	7 Years	44,461	222,304
Main Library - 320 South Jackson Street	Verizon	May 2021	6 Years	51,196	204,785
Life Sciences - 122 Green Street	Verizon	Dec 2019	5 Years	52,256	104,512
Oglethorpe House	Verizon	Jan 2020	5 Years	55,807	111,615
Sanford Stadium	Verizon	Aug 2019	5 Years	40,897	81,794
Skidaway Institute of Oceanography	Verizon	Sep 2006	6 Years	41,456	165,823

Educational Broadband Service	Clearwire Spectrum Holdings	Jun 2009	30 Years	149,110	2,534,874
Animal Dairy Science Building	ArunA	Jun 2017	6 Years	76,481	76,481
Center for Applied Genetic Technologies	Blue Lake Biotechnologies, LLC	Jun 2020	5 Years	63,625	190,875
Animal Dairy Science Building	Boehringer Ingelheim	Jun 2018	4 Years	102,518	—
Solar Farm	Georgia Power	Jun 2015	25 Years	7,917	142,513
Skidaway Institute of Oceanography	NOAA	Jun 2019	8 Years	42,293	211,464
Bledsoe Research Farm	Colorado State University	Jun 2019	5 Years	2,487	2,487
				\$1,107,771	\$6,059,113
				\$1,107,771	\$6,059,113

Note 10 Net Position

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

NET POSITION

Net Investment in Capital Assets	<u>\$ 1,882,914,368</u>
Restricted for	
Nonexpendable	
Permanent Endowment	<u>74,264,339</u>
Expendable	
Sponsored and Other Organized Activities	111,898,733
Federal Loans	1,769,520
Institutional Loans	11,842,960
Quasi-Endowments	28,994,967
Capital Projects	16,084,191
Sub-Total	<u>170,590,371</u>
Unrestricted	
Auxiliary Enterprises Operations	153,268,485
Reserve for Encumbrances	114,881,979
Reserve for Inventory	1,487,000
Capital Liability Reserve Fund	1,553,822
Other Unrestricted (Deficit)	<u>(1,585,142,610)</u>
Sub-Total	<u>(1,313,951,324)</u>
Total Net Position	<u><u>\$ 813,817,754</u></u>

Other unrestricted net position is reduced by \$1,183,637,178 related to the recording of net OPEB liability, deferred inflow of resources, and deferred outflow of resources related to OPEB plan. Other unrestricted net position is also reduced by \$570,510,902 related to the recording of net pension liability, deferred inflow of resources, and deferred outflow or resources on defined benefit pension plans. These OPEB and pension balances are mostly funded

through state appropriation, student tuition and fees that are subject to State surplus rules which prevents the accumulation of budgetary fund balance. Therefore, the University is statutorily unable to maintain accumulated net position to offset these OPEB and pension balances.

Changes in net position for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Net Investments in Capital Assets	\$ 1,752,819,916	\$ 244,980,690	\$ 114,886,238	\$ 1,882,914,368
Restricted Net Position	244,889,278	513,735,943	513,770,511	244,854,710
Unrestricted Net Position	(1,458,337,274)	1,474,496,064	1,330,110,114	(1,313,951,324)
Total Net Position	<u>\$ 539,371,920</u>	<u>\$ 2,233,212,697</u>	<u>\$ 1,958,766,863</u>	<u>\$ 813,817,754</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 determine to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. There was no current fiscal year net appreciation on endowment investments available for authorization for expenditure. Endowment investments available for authorization for expenditure are reflected as expendable restricted net position.

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

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

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2022. The University had no other significant unearned outstanding construction or renovation contracts executed as of June 30, 2022.

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 payments related to leases for fiscal year 2022 were \$5,701,691 and \$305,521, respectively. Interest rates range from .344882% - 1.742009%.

The University has \$12,310,756 in outstanding lease obligations due to component units. Component units have \$12,310,756 in investment in lease receivables due from the University.

For the fiscal year 2022, the University recognized expense for termination penalties of \$4,968. There were no residual guaranteed payments or variable payments based on performance 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 Depreciation	Net Assets Held Under Lease Obligations at June 30, 2022	Outstanding Balance per Lease Schedules at June 30, 2022
	(+)	(-)	(=)	
Leased Equipment	\$ 925,768	\$ 202,787	\$ 722,981	\$ 714,095
Leased Buildings and Building Improvements	27,024,429	5,208,494	21,815,935	21,758,707
Total Assets Held Under Lease	<u>\$ 27,950,197</u>	<u>\$ 5,411,281</u>	<u>\$ 22,538,916</u>	<u>\$ 22,472,802</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
Cortona Italy Foundation	UGA Real Estate Foundation	\$ 547,355	13 years	Jul 2014	Jun 2026	\$ 446,904 (1)
Gwinnett Intellicenter, Duluth GA	UGA Real Estate Foundation	9,643,857	7 years	Jan 2017	Apr 2024	8,145,488 (1)
Live Oak Square, Atlanta GA	UGA Real Estate Foundation	3,630,567	5 years	Mar 2019	Aug 2024	2,534,639 (1)
Washington DC	UGA Foundation	1,560,400	4 years	Jul 2020	Jun 2024	962,528 (1)
Library Repository	UGA Research Foundation	293,268	5 years	Jul 2020	Jun 2025	221,197 (1)
Various Building Space Leases	Various Vendors	10,940,010	5 - 11 years	Jul 2018	Jun 2032	9,447,951
Various Equipment Leases	Various Vendors	<u>925,768</u>	2 - 5 years	Jan 2018	Apr 2027	<u>714,095</u>
Total Leases		<u>\$ 27,541,225</u>				<u>\$ 22,472,802</u>

(1) These leases are related party transactions.

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

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

Year Ending June 30:	Principal	Interest
2023	\$ 5,191,523	\$ 265,602
2024	5,305,479	195,897
2025	3,882,282	133,123
2026	3,165,556	87,722
2027	2,618,700	47,562
2028 through 2032	<u>2,309,262</u>	<u>39,755</u>
Total Minimum Lease Payments	<u>\$ 22,472,802</u>	<u>\$ 769,661</u>

Note 14 Retirement Plans

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

The University also provides the Regents Retirement Plan.

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

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

General Information about the Teachers Retirement System

Plan description

All teachers of the University as defined in O.C.G.A. § 47-3-60 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at 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 University's annual payroll. The University's contributions to TRS totaled \$92,797,418 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 \$578,702 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 3.540144%, which was a decrease of (0.102168)% from its proportion measured as of June 30, 2020. At June 30, 2021, the University's ERS proportion was 0.096104%, which was an increase of 0.001104% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized pension expense of \$4,654,723 for TRS and \$276,666 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	\$ 74,716,120	\$ —	\$ 53,194	\$ —
Changes of assumptions	60,599,901	—	647,297	—
Net difference between projected and actual earnings on pension plan investments	—	457,979,968	—	2,077,483
Changes in proportion and differences between contributions and proportionate share of contributions	3,497,174	28,013,773	26,430	6,010
Contributions subsequent to the measurement date	92,797,418	—	578,702	—
Total	<u>\$ 231,610,613</u>	<u>\$ 485,993,741</u>	<u>\$ 1,305,623</u>	<u>\$ 2,083,493</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	\$ (69,240,484)	\$ (14,558)
2024	\$ (66,374,395)	\$ (282,230)
2025	\$ (95,589,869)	\$ (504,872)
2026	\$ (115,975,798)	\$ (554,912)
2027	\$ —	\$ —
Thereafter	\$ —	\$ —

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	TRS Long-term expected real rate of return*	ERS target allocation	ERS 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Teachers Retirement System:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	843,414,173	\$ 313,102,124	(121,452,004)

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	4,119,005	2,247,780	665,243

Pension plan fiduciary net position

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

B. Defined Contribution Plan:

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 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 \$23,756,026 (9.24%) and \$15,426,133 (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	9,947
Retirees or Beneficiaries Receiving Benefits	5,387
Retirees Receiving Life Insurance Only	<u>783</u>
 Total	 <u><u>16,117</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 \$35,384,986 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 24.064159%, which was a increase of 0.017446% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the University recognized OPEB expense of \$50,610,720. 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	\$ 65,207,707	\$ 4,143,717
Changes of assumptions	99,895,970	167,045,012
Net difference between projected and actual earnings on OPEB plan investments	—	3,003,487
Changes in proportion and differences between contributions and proportionate share of contributions	6,925,116	5,690,218
Contributions subsequent to the measurement date	35,384,986	—
Total	<u>\$ 207,413,779</u>	<u>\$ 179,882,434</u>

The University's contributions subsequent to the measurement date of \$35,384,986 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	\$	(16,283,557)
2024	\$	(7,518,255)
2025	\$	(7,062,131)
2026	\$	(5,555,107)
2027	\$	15,985,513
Thereafter	\$	12,579,896

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:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return, Net of Inflation</u>	<u>Target Allocation</u>
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 University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18%) or 1-percentage-point 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	\$ 1,466,029,595	\$ 1,211,168,523	\$ 1,014,633,039

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 1,021,976,890	\$ 1,211,168,523	\$ 1,460,211,294
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	\$ 154,068,014	\$ 85,379,531	\$ 57,833,658	\$ 350,313	\$ 2,945,159
Research	157,482,099	107,012,887	52,708,294	177,622	5,482,177
Public Service	53,209,078	54,632,285	26,149,680	80,557	2,016,163
Academic Support	23,142,067	60,639,137	21,236,632	338,317	279,219
Student Services	2,953,754	21,582,167	6,198,676	34,100	319,040
Institutional Support	5,768,049	52,845,363	24,352,079	871,911	755,606
Plant Operations and Maintenance	854,160	50,298,871	16,319,744	7,316	110,566
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	5,290,556	79,714,713	18,503,380	290,268	132,845
Total Operating Expenses	<u>\$ 402,767,777</u>	<u>\$ 512,104,954</u>	<u>\$ 223,302,143</u>	<u>\$ 2,150,404</u>	<u>\$ 12,040,775</u>

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ —	\$ 1,615,619	\$ 33,577,952	\$ 20,821,606	\$ 356,591,852
Research	—	1,782,956	97,702,201	28,413,688	450,761,924
Public Service	—	1,191,247	39,447,818	9,513,451	186,240,279
Academic Support	—	1,876,989	33,843,369	20,554,915	161,910,645
Student Services	—	274,164	8,416,947	2,345,315	42,124,163
Institutional Support	—	494,437	47,218,473	5,181,182	137,487,100
Plant Operations and Maintenance	—	30,705,212	48,655,078	6,992,445	153,943,392
Scholarships and Fellowships	57,176,057	—	—	—	57,176,057
Auxiliary Enterprises	—	9,039,043	27,870,059	18,265,003	159,105,867
Total Operating Expenses	\$ 57,176,057	\$ 46,979,667	\$ 336,731,897	\$ 112,087,605	\$ 1,705,341,279

Note 19 Subsequent Event

On December 9, 2020, University of Georgia (UGA) entered into an agreement with UGA Real Estate Foundation, Inc. (UGAREF) a component unit of University of Georgia Research Foundation, Inc. where UGAREF would construct and equip a student housing facility. This new facility will be leased to UGA for a 30 year period through June 30, 2052 with lease payments totaling \$79,379,988. At the end of the lease, the ownership of the student housing facility will transfer to UGA. The commencement of the lease will be at the substantial completion of the improvements, which is expected to occur in fiscal year 2023. On December 9, 2020, UGAREF entered into a promissory note agreement to repay \$38,970,000 Series 2020 bonds issued by the Athens Housing Authority. The proceeds of the bonds will be used for the purpose of (a) financing the cost of the acquisition, construction and equipping of certain buildings, structures, equipment and related real and personal property to be used as a student housing facility consisting of approximately 527 beds and related amenities to be located on the campus of UGA in Athens-Clarke County, Georgia, (b) pay capitalized interest on the Series 2020 Bonds and certain annual fees during construction of the facility and for approximately six months thereafter and (c) pay the cost of issuing the Series 2020 Bonds.

Note 20 Component Units

University of Georgia Athletic Association, Inc.

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

During the year ended June 30, 2022, the Athletic Association made payments to the University for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. These payments totaled \$66.3 million.

University of Georgia Foundation

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

During the year ended June 30, 2022, the UGA Foundation distributed \$64.3 million to the University in support of program services including capital projects, scholarships, and other supporting activities, and \$7.9 million for unrestricted support including fundraising and general and administrative purposes.

University of Georgia Research Foundation, Inc.

The University of Georgia Research Foundation (the Research Foundation) is a legally separate, tax-exempt affiliated organization of the University of Georgia (University). The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs is managed by the Research Foundation. The seventeen-member board of the Research Foundation consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. All sponsored research awards are subcontracted to the University and other resources and related income are used to benefit the teaching, research, and outreach missions of the University. During the year ended June 30, 2022, the Research Foundation distributed \$253 million to the University for research contracts, \$3.9 million for restricted license and royalties, and \$3.7 million for both restricted and unrestricted support.

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

The Research Foundation includes one component unit; the UGA Real Estate Foundation, Inc. (the Real Estate Foundation). The Research Foundation is the sole corporate member of the Real Estate Foundation and its activities are included in the financial statements using a blended presentation. The Real Estate Foundation manages and improves various real estate assets for the benefit of the University. The Real Estate Foundation may also provide support to the Board of Regents of the University System of Georgia and its affiliated institutions.

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

Consolidation and Elimination Adjustments

The University of Georgia Foundation maintains pooled investment funds for the University of Georgia Athletic Association and the University of Georgia Research Foundation for investment purposes. An elimination entry of \$61,037,191 was made to reduce the duplication of investment activity reflected on each component unit's individual financial statements.

An elimination entry of \$1,800,836 was made to reduce the duplication of deferred compensation payable reflected on The University of Georgia Athletic Association's individual financial statements. Deferred compensation is also reported by the University for athletic department employees.

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

	<u>Fair Value</u>
Investment type	
Debt Securities	
U.S. Treasuries	\$ 21,834,387
U.S. Agencies	
Bond Securities	20,239,243
Corporate Debt	11,773,283
Money Market Mutual Funds	224,783,262
Municipal Obligations	79,829
Mutual Bond Funds	82,383,677
Repurchase Agreements	84,818,338
Other Investments	
Equity Mutual Funds - Domestic	254,700,867
Equity Mutual Funds - International	297,535,836
Equity Securities - Domestic	26,597,705
Real Estate Investment Trusts	40,906,394
Hedge Fund Limited Partnerships	294,851,850
Private Equity Limited Partnerships	279,659,338
Real Asset Limited Partnerships	28,990,909
Timber/Oil/Gas	78,246,880
Certain Split-Interest Investments	10,751,099
Charitable Limited Family Partnerships	1,230,560
Managed Futures/Hedge Funds	346,366
Commodity Futures Exchange Traded Fund	3,386,093
Other	6,761,044
	<u>1,769,876,960</u>
Investment Pools	
Board of Regents	
Short-Term Fund	10,697,012
Total Investments	<u><u>\$ 1,780,573,972</u></u>

Component unit investments of \$89,750,325 are reported as cash and cash equivalents on the Statement of Net Position.

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning	\$ 192,585,824	\$ 1,381,919,383	\$ 1,574,505,207
Contributions	188,340	61,227,357	61,415,697
Net realized and unrealized gains	(14,340,416)	(104,949,285)	(119,289,701)
Appropriation of endowment assets for expenditure	(2,707,851)	(50,834,861)	(53,542,712)
Ending	<u><u>\$ 175,725,897</u></u>	<u><u>\$ 1,287,362,594</u></u>	<u><u>\$ 1,463,088,491</u></u>

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

Year Ending June 30:	Year:	Principal	Interest	Total
2023	1	7,986,324	8,303,489 \$	16,289,813
2024	2	8,352,779	7,914,435	16,267,214
2025	3	8,747,102	7,506,619	16,253,721
2026	4	9,150,420	7,078,961	16,229,381
2027	5	9,568,200	6,630,723	16,198,923
2028 through 2032	6-10	54,927,607	25,633,849	80,561,456
2033 through 2037	11-15	50,800,401	11,885,088	62,685,489
2038 through 2042	16-20	20,790,052	2,513,265	23,303,317
2043 through 2047	21-24	2,611,289	154,797	2,766,086
Total Minimum Lease Payments to be Received		<u>172,934,174</u>	<u>77,621,226</u>	<u>250,555,400</u>

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

Year Ending June 30:	Year:	Principal	Interest	Total
2023	1	2,870,691	137,602	3,008,293
2024	2	2,994,723	97,500	3,092,223
2025	3	2,079,797	61,013	2,140,810
2026	4	1,880,054	34,929	1,914,983
2027	5	1,522,964	9,636	1,532,600
Total minimum lease payments to be received		<u>11,348,229</u>	<u>340,680</u>	<u>11,688,909</u>

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

Capital Assets not being Depreciated:

Land	\$	49,762,700
Capitalized Collections		2,322,808
Construction Work-in-Progress		45,669,299
Total Capital Assets not being Depreciated		<u>97,754,807</u>

Capital Assets being Depreciated:

Building and Building Improvements	510,031,372
Facilities and Other Improvements	42,156,117
Equipment	13,194,145
Software	3,274,754
Total Capital Assets being Depreciated/Amortized	<u>568,656,388</u>

Less Total Accumulated Depreciation/Amortization	<u>178,325,972</u>
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Total Capital Assets being Depreciated/Amortized, Net	<u>390,330,416</u>
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Capital Assets, Net	<u>\$ 488,085,223</u>
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Combined intangible right-to-use assets for component units are comprised of the following amounts at June 30, 2022:

Intangible Right-to-use Assets	
Building and Building Improvements	\$ 12,722,189
Equipment	539,539
Total Leased Assets Being Amortized	<u>13,261,728</u>
Less Accumulated Amortization	<u>2,911,815</u>
Intangible Right-to-use Assets, net	<u>\$ 10,349,913</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Lease Obligation	\$ 13,766,391	\$ 37,349	\$ 2,810,676	\$ 10,993,064	\$ 2,876,789
Liabilities under Split Interest Agreement	8,719,009	—	447,791	8,271,218	874,249
Notes and Loans Payable	33,001,043	2,973,253	561,250	35,413,046	580,193
Interest Rate Swap	6,432,292	—	3,815,331	2,616,961	—
Revenue/Mortgage Bonds Payable	307,320,000	—	25,170,000	282,150,000	14,580,000
Bond - Premium	20,514,851	—	1,960,270	18,554,581	—
Total Long Term Liabilities	<u>\$ 389,753,586</u>	<u>\$ 3,010,602</u>	<u>\$ 34,765,318</u>	<u>\$ 357,998,870</u>	<u>\$ 18,911,231</u>

Combined lease obligations for component units are comprised of the following amounts at June 30, 2022:

		Principal	Interest	Total
Year ending June 30:				
2023	1	2,876,789	132,583	3,009,372
2024	2	2,924,136	93,012	3,017,148
2025	3	1,905,023	58,080	1,963,103
2026	4	1,764,151	34,060	1,798,211
2027	5	1,522,965	9,636	1,532,601
Total minimum lease payments		<u>10,993,064</u>	<u>327,371</u>	<u>11,320,435</u>

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

		Principal	Interest	Total
Year ending June 30:				
2023	1	\$ 580,193	\$ 543,665	\$ 1,123,858
2024	2	17,619,157	520,240	18,139,397
2025	3	5,635,754	494,041	6,129,795
2026	4	660,439	467,509	1,127,948
2027	5	686,778	439,769	1,126,547
2028 through 2032	6-10	3,894,792	1,737,532	5,632,324
2033 through 2037	11-15	4,807,407	824,937	5,632,344
2038 through 2042	16-20	1,528,526	57,484	1,586,010
Total		<u>\$ 35,413,046</u>	<u>\$ 5,085,177</u>	<u>\$ 40,498,223</u>

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

		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year ending June 30:						
2023	1	\$ 14,580,000	\$	10,725,500	\$	25,305,500
2024	2	15,110,000		10,160,991		25,270,991
2025	3	15,635,000		9,565,179		25,200,179
2026	4	16,180,000		8,962,350		25,142,350
2027	5	16,780,000		8,316,562		25,096,562
2028 through 2032	6-10	94,225,000		30,551,287		124,776,287
2033 through 2037	11-15	63,330,000		14,134,775		77,464,775
2038 through 2042	16-20	26,410,000		5,536,449		31,946,449
2043 through 2047	21-24	10,520,000		2,332,050		12,852,050
2048 through 2052	26-30	9,380,000		980,400		10,360,400
		<u>282,150,000</u>		<u>101,265,543</u>		<u>383,415,543</u>



UNIVERSITY OF GEORGIA



Required
Supplementary
Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b-a)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Employees' Retirement System	June 30, 2022	\$ 578,702	\$ 578,702	\$ —	\$ 2,346,791	24.66%
	June 30, 2021	\$ 546,902	\$ 546,902	\$ —	\$ 2,217,760	24.66%
	June 30, 2020	\$ 590,091	\$ 590,091	\$ —	\$ 2,389,403	24.70%
	June 30, 2019	\$ 597,920	\$ 597,920	\$ —	\$ 2,406,752	24.84%
	June 30, 2018	\$ 588,349	\$ 588,349	\$ —	\$ 2,272,341	25.89%
	June 30, 2017	\$ 508,186	\$ 508,186	\$ —	\$ 1,979,582	25.67%
	June 30, 2016	\$ 519,785	\$ 519,785	\$ —	\$ 2,061,311	25.22%
	June 30, 2015	\$ 385,819	\$ 385,819	\$ —	\$ 1,733,437	22.26%
	June 30, 2014	\$ 370,020	\$ 370,020	\$ —	\$ 2,058,830	17.97%
	June 30, 2013	\$ 230,629	\$ 230,629	\$ —	\$ 1,433,329	16.09%
Teachers Retirement System	June 30, 2022	\$ 92,797,418	\$ 92,797,418	\$ —	\$ 467,939,531	19.83%
	June 30, 2021	\$ 86,865,189	\$ 86,865,189	\$ —	\$ 456,497,341	19.03%
	June 30, 2020	\$ 98,517,318	\$ 98,517,318	\$ —	\$ 464,009,556	21.23%
	June 30, 2019	\$ 95,082,088	\$ 95,082,088	\$ —	\$ 448,603,779	21.20%
	June 30, 2018	\$ 72,820,704	\$ 72,820,704	\$ —	\$ 432,012,936	16.86%
	June 30, 2017	\$ 60,690,947	\$ 60,690,947	\$ —	\$ 426,989,538	14.21%
	June 30, 2016	\$ 57,583,354	\$ 57,583,354	\$ —	\$ 404,092,295	14.25%
	June 30, 2015	\$ 49,534,749	\$ 49,534,749	\$ —	\$ 378,176,373	13.10%
	June 30, 2014	\$ 44,786,220	\$ 44,786,220	\$ —	\$ 359,137,320	12.47%
	June 30, 2013	\$ 39,890,243	\$ 39,890,243	\$ —	\$ 351,639,966	11.34%

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

	<u>Year Ended</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Employees' Retirement System	June 30, 2022	0.096104%	\$ 2,247,780	\$ 2,217,760	101.35%	87.62%
	June 30, 2021	0.095000%	\$ 4,004,209	\$ 2,389,403	167.58%	76.21%
	June 30, 2020	0.095743%	\$ 3,950,865	\$ 2,406,752	164.16%	76.74%
	June 30, 2019	0.091022%	\$ 3,741,944	\$ 2,272,341	164.67%	76.68%
	June 30, 2018	0.081550%	\$ 3,312,019	\$ 1,979,582	167.31%	76.33%
	June 30, 2017	0.090000%	\$ 4,214,520	\$ 2,061,311	204.46%	72.34%
	June 30, 2016	0.076807%	\$ 3,111,757	\$ 1,733,437	179.51%	76.20%
	June 30, 2015	0.089019%	\$ 3,338,763	\$ 2,058,830	162.17%	77.99%
Teachers Retirement System	June 30, 2022	3.540144%	\$ 313,102,124	\$ 456,497,341	68.59%	92.03%
	June 30, 2021	3.642312%	\$ 882,310,527	\$ 464,009,556	190.15%	77.01%
	June 30, 2020	3.727000%	\$ 801,582,530	\$ 448,603,779	178.68%	78.56%
	June 30, 2019	3.680000%	\$ 683,344,097	\$ 432,012,936	158.18%	80.27%
	June 30, 2018	3.750000%	\$ 696,491,851	\$ 426,989,538	163.12%	79.33%
	June 30, 2017	3.720000%	\$ 766,801,603	\$ 404,092,295	189.76%	76.06%
	June 30, 2016	3.620000%	\$ 550,468,579	\$ 378,176,373	145.56%	81.44%
	June 30, 2015	3.570000%	\$ 451,638,809	\$ 359,137,320	125.76%	84.03%

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

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

Changes of assumptions

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.

**UNIVERSITY OF GEORGIA
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	\$ 35,384,986	\$ 35,384,986	\$ —	\$ 780,710,307	4.53%
June 30, 2021	\$ 28,246,688	\$ 28,246,688	\$ —	\$ 728,014,959	3.88%
June 30, 2020	\$ 24,718,097	\$ 24,718,097	\$ —	\$ 735,283,862	3.36%
June 30, 2019	\$ 38,281,461	\$ 38,281,461	\$ —	\$ 670,452,954	5.71%
June 30, 2018	\$ 38,104,754	\$ 38,104,754	\$ —	\$ 647,913,211	5.88%
June 30, 2017	\$ 23,984,368	\$ 23,984,368	\$ —	\$ 668,496,675	3.59%

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

**UNIVERSITY OF GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST 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	24.064159%	\$ 1,211,168,523	\$ 728,014,959	166.37%	3.74%
June 30, 2021	24.046709%	\$ 1,282,583,952	\$ 735,283,862	174.43%	2.91%
June 30, 2020	23.868779%	\$ 1,067,308,683	\$ 670,452,954	159.19%	3.13%
June 30, 2019	24.053003%	\$ 1,060,918,096	\$ 647,913,211	163.74%	1.69%
June 30, 2018	24.084583%	\$ 1,016,303,379	\$ 668,496,675	152.03%	0.19%

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

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



UNIVERSITY OF GEORGIA



Supplementary
Information

**UNIVERSITY OF GEORGIA
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2022**

ASSETS

Cash and Cash Equivalents	\$ 314,869,764.69
Accounts Receivable	
Federal Financial Assistance	64,588,880.06
Other	75,691,404.98
Prepaid Expenditures	1,165,622.10
Inventories	3,291,513.28
Other Assets	—
	<hr/>
Total Assets	<u><u>459,607,185.11</u></u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	10,185,803.36
Encumbrance Payable	114,881,978.67
Accounts Payable	10,276,448.01
Unearned Revenue	57,135,957.01
Funds Held for Others	423,818.67
Other Liabilities	250,481.01
	<hr/>
Total Liabilities	<u>193,154,486.73</u>

Fund Balances

Reserved	
Capital Outlay	5,460,882.68
Department Sales and Services	66,557,732.90
Indirect Cost Recoveries	45,928,801.61
Technology Fees	13,455,748.42
Restricted/Sponsored Funds	114,269,331.59
Uncollectible Accounts Receivable	1,334,406.54
Inventories	1,487,000.00
Tuition Carry - Forward	13,499,513.13
Carry-Over "Per Governor's Office of Planning and Budget"	4,010,000.00
Unreserved	
Surplus	449,281.51
	<hr/>
Total Fund Balances	<u>266,452,698.38</u>
	<hr/>
Total Liabilities and Fund Balances	<u><u>\$ 459,607,185.11</u></u>

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

**UNIVERSITY OF GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Appropriation	Amended Appropriation	Final Budget	Funds Available Compared to Budget	
				Current Year Revenues	Prior Year Reserve Carry-Over
Agricultural Experiment Station					
State Appropriation					
State General Funds	\$ 45,239,244.00	\$ 45,239,244.00	\$ 49,410,420.00	\$ 49,410,420.00	\$ —
Federal Funds					
Federal Funds Not Specifically Identified	—	29,242,655.00	53,783,325.00	40,633,862.17	3,295.59
Federal Funds - COVID19					
Federal Funds Not Specifically Identified-COVID	—	—	117,010.00	54,514.11	—
Other Funds	45,182,655.00	15,940,000.00	47,162,831.00	43,437,067.42	31,167,968.10
Total Agricultural Experiment Station	90,421,899.00	90,421,899.00	150,473,586.00	133,535,863.70	31,171,263.69
Athens and Tifton Veterinary Laboratories					
State Appropriation					
State General Funds	—	—	216,618.00	216,618.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	345,000.00	1,287,000.00	1,111,208.80	—
Other Funds	6,370,000.00	6,025,000.00	9,535,661.00	8,770,278.01	2,847,171.53
Total Athens and Tifton Veterinary Laboratories	6,370,000.00	6,370,000.00	11,039,279.00	10,098,104.81	2,847,171.53
Cooperative Extension Service					
State Appropriation					
State General Funds	42,060,401.00	42,060,401.00	45,737,041.00	45,737,041.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	12,743,619.00	16,011,927.00	10,105,869.23	—
Other Funds	34,628,285.00	21,884,666.00	33,203,454.00	18,801,198.25	8,356,576.55
Total Cooperative Extension Service	76,688,686.00	76,688,686.00	94,952,422.00	74,644,108.48	8,356,576.55
Forestry Cooperative Extension					
State Appropriation					
State General Funds	966,340.00	966,340.00	1,024,170.00	1,024,170.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	435,000.00	475,000.00	467,625.02	1,387.48
Other Funds	700,988.00	265,988.00	836,237.00	502,809.07	286,339.62
Total Forestry Cooperative Extension	1,667,328.00	1,667,328.00	2,335,407.00	1,994,604.09	287,727.10
Forestry Research					
State Appropriation					
State General Funds	2,863,131.00	2,863,131.00	3,121,726.00	3,121,726.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	5,000,000.00	5,620,000.00	4,252,283.33	13,323.18
Federal Funds - COVID19					
Federal Funds Not Specifically identified-COVID	—	—	65,914.00	47,195.31	—
Other Funds	11,479,243.00	6,479,243.00	8,672,054.00	9,088,516.33	2,914,377.02
Total Forestry Research	14,342,374.00	14,342,374.00	17,479,694.00	16,509,720.97	2,927,700.20

Marine Institute					
State Appropriation					
State General Funds	974,818.00	974,818.00	1,045,907.00	1,045,907.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	367,648.00	467,648.00	294,543.06	—
Federal Funds - COVID19					
Federal Funds Not Specifically identified-COVID	—	—	10,921.00	4,422.24	—
Other Funds	486,281.00	118,633.00	216,747.00	364,753.80	630,932.77
Total Marine Institute	1,461,099.00	1,461,099.00	1,741,223.00	1,709,626.10	630,932.77
Marine Resources Extension Center					
State Appropriation					
State General Funds	1,514,456.00	1,514,456.00	1,663,311.00	1,663,311.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	800,000.00	378,339.00	147,021.20	—
Other Funds	1,540,000.00	740,000.00	1,531,050.00	1,433,575.81	278,032.35
Total Marine Resources Extension Center	3,054,456.00	3,054,456.00	3,572,700.00	3,243,908.01	278,032.35
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	—	—	2,010,000.00	2,010,000.00	—
Skidaway Institute of Oceanography					
State Appropriation					
State General Funds	2,957,045.00	2,957,045.00	5,143,172.00	5,143,172.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	2,522,795.00	2,522,795.00	2,067,672.86	383,934.00
Other Funds	4,096,107.00	1,573,312.00	4,567,333.00	2,224,646.48	2,643,181.97
Total Skidaway Institute of Oceanography	7,053,152.00	7,053,152.00	12,233,300.00	9,435,491.34	3,027,115.97
Teaching					
State Appropriation					
State General Funds	392,089,204.00	392,089,204.00	447,610,939.00	447,610,939.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	141,954,102.00	172,115,260.00	172,115,260.22	939,615.39
Federal Funds - COVID19					
Federal Funds Not Specifically identified-COVID	—	45,898.00	66,081,873.00	60,483,192.87	—
Other Funds	936,912,594.00	794,912,594.00	1,010,995,883.00	850,487,406.72	194,144,314.44
Total Teaching	1,329,001,798.00	1,329,001,798.00	1,696,803,955.00	1,530,696,798.81	195,083,929.83
Veterinary Medicine Experiment Station					
State Appropriation					
State General Funds	4,237,251.00	4,237,251.00	4,427,102.00	4,427,102.00	—
Federal Funds					
Federal Funds Not Specifically Identified	—	—	217,000.00	197,220.30	6,417.50
Other Funds	—	—	963,000.00	959,435.59	222,528.79
Total Veterinary Medicine Experiment Station	4,237,251.00	4,237,251.00	5,607,102.00	5,583,757.89	228,946.29

Veterinary Medicine Teaching Hospital					
State Appropriation					
State General Funds	483,805.00	483,805.00	1,256,495.00	1,256,495.00	—
Other Funds	<u>22,000,000.00</u>	<u>22,000,000.00</u>	<u>34,576,633.00</u>	<u>28,418,914.01</u>	<u>7,576,633.56</u>
Total Veterinary Medicine Teaching Hospital	<u>22,483,805.00</u>	<u>22,483,805.00</u>	<u>35,833,128.00</u>	<u>29,675,409.01</u>	<u>7,576,633.56</u>
Total Operating Activity	<u>\$ 1,556,781,848.00</u>	<u>\$ 1,556,781,848.00</u>	<u>\$ 2,034,081,796.00</u>	<u>\$ 1,819,137,393.21</u>	<u>\$ 252,416,029.84</u>

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

**UNIVERSITY OF GEORGIA
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Agricultural Experiment Station						
State Appropriation						
State General Funds	\$ —	\$ 49,410,420.00	\$ —	\$ 49,410,420.00	\$ —	\$ —
Federal Funds						
Federal Funds Not Specifically Identified	—	40,637,157.76	(13,146,167.24)	40,611,624.12	13,171,700.88	25,533.64
Federal Funds - COVID19						
Federal Funds Not Specifically identified - COVID	—	54,514.11	(62,495.89)	54,514.11	62,495.89	—
Other Funds	—	74,605,035.52	27,442,204.52	47,122,800.25	40,030.75	27,482,235.27
Total Agricultural Experiment Station	—	164,707,127.39	14,233,541.39	137,199,358.48	13,274,227.52	27,507,768.91
Athens and Tifton Veterinary Laboratories						
State Appropriation						
State General Funds	—	216,618.00	—	216,618.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	1,111,208.80	(175,791.20)	1,111,208.80	175,791.20	—
Other Funds	—	11,617,449.54	2,081,788.54	7,676,827.72	1,858,833.28	3,940,621.82
Total Athens and Tifton Veterinary Laboratories	—	12,945,276.34	1,905,997.34	9,004,654.52	2,034,624.48	3,940,621.82
Cooperative Extension Service						
State Appropriation						
State General Funds	—	45,737,041.00	—	45,737,041.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	10,105,869.23	(5,906,057.77)	10,020,742.43	5,991,184.57	85,126.80
Other Funds	—	27,157,774.80	(6,045,679.20)	19,030,246.77	14,173,207.23	8,127,528.03
Total Cooperative Extension Service	—	83,000,685.03	(11,951,736.97)	74,788,030.20	20,164,391.80	8,212,654.83
Forestry Cooperative Extension						
State Appropriation						
State General Funds	—	1,024,170.00	—	1,024,170.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	469,012.50	(5,987.50)	469,012.50	5,987.50	—
Other Funds	—	789,148.69	(47,088.31)	394,381.13	441,855.87	394,767.56
Total Forestry Cooperative Extension	—	2,282,331.19	(53,075.81)	1,887,563.63	447,843.37	394,767.56
Forestry Research						
State Appropriation						
State General Funds	—	3,121,726.00	—	3,121,726.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	4,265,606.51	(1,354,393.49)	4,255,260.78	1,364,739.22	10,345.73
Federal Funds - COVID19						
Federal Funds Not Specifically identified - COVID	—	47,195.31	(18,718.69)	47,195.31	18,718.69	—
Other Funds	—	12,002,893.35	3,330,839.35	8,178,270.53	493,783.47	3,824,622.82
Total Forestry Research	—	19,437,421.17	1,957,727.17	15,602,452.62	1,877,241.38	3,834,968.55

Marine Institute						
State Appropriation						
State General Funds	—	1,045,907.00	—	1,045,907.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	294,543.06	(173,104.94)	294,543.06	173,104.94	—
Federal Funds - COVID19						
Federal Funds Not Specifically identified - COVID	—	4,422.24	(6,498.76)	4,422.24	6,498.76	—
Other Funds	—	995,686.57	778,939.57	172,846.85	43,900.15	822,839.72
Total Marine Institute	—	2,340,558.87	599,335.87	1,517,719.15	223,503.85	822,839.72
Marine Resources Extension Center						
State Appropriation						
State General Funds	—	1,663,311.00	—	1,663,311.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	147,021.20	(231,317.80)	147,021.20	231,317.80	—
Other Funds	—	1,711,608.16	180,558.16	1,327,345.53	203,704.47	384,262.63
Total Marine Resources Extension Center	—	3,521,940.36	(50,759.64)	3,137,677.73	435,022.27	384,262.63
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	2,010,000.00	—	—	2,010,000.00	2,010,000.00
Skidaway Institute of Oceanography						
State Appropriation						
State General Funds	—	5,143,172.00	—	3,143,172.00	2,000,000.00	2,000,000.00
Federal Funds						
Federal Funds Not Specifically Identified	—	2,451,606.86	(71,188.14)	2,451,606.86	71,188.14	—
Other Funds	—	4,867,828.45	300,495.45	1,302,032.42	3,265,300.58	3,565,796.03
Total Skidaway Institute of Oceanography	—	12,462,607.31	229,307.31	6,896,811.28	5,336,488.72	5,565,796.03
Teaching						
State Appropriation						
State General Funds	—	447,610,939.00	—	447,610,939.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	173,054,875.61	939,615.61	172,028,869.70	86,390.30	1,026,005.91
Federal Funds - COVID19						
Federal Funds Not Specifically identified - COVID	—	60,483,192.87	(5,598,680.13)	60,315,699.79	5,766,173.21	167,493.08
Other Funds	—	1,044,631,721.16	33,635,838.16	842,708,769.57	168,287,113.43	201,922,951.59
Total Teaching	—	1,725,780,728.64	28,976,773.64	1,522,664,278.06	174,139,676.94	203,116,450.58
Veterinary Medicine Experiment Station						
State Appropriation						
State General Funds	—	4,427,102.00	—	4,427,102.00	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	203,637.80	(13,362.20)	203,637.80	13,362.20	—
Other Funds	—	1,181,964.38	218,964.38	961,015.82	1,984.18	220,948.56
Total Veterinary Medicine Experiment Station	—	5,812,704.18	205,602.18	5,591,755.62	15,346.38	220,948.56

Veterinary Medicine Teaching Hospital

State Appropriation

State General Funds

Other Funds

1,256,495.00

—

1,256,495.00

—

—

35,995,547.57

1,418,914.57

29,820,838.06

4,755,794.94

6,174,709.51

Total Veterinary Medicine Teaching Hospital

37,252,042.57

1,418,914.57

31,077,333.06

4,755,794.94

6,174,709.51

Total Operating Activity

\$ — \$ 2,071,553,423.05

\$ 37,471,627.05

\$ 1,809,367,634.35

\$ 224,714,161.65

\$ 262,185,788.70

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

**UNIVERSITY OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Beginning Fund Balance/(Deficit) July 1	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2021 Surplus	Prior Year Adjustments	Other Adjustments
Agricultural Experiment Station					
State Appropriation					
State General Funds	\$ 1,846.39	\$ —	(1,846.39)	\$ 39,872.57	\$ —
Federal Funds					
Federal Funds Not Specifically Identified	3,295.59	(3,295.59)	—	—	—
Federal Funds - COVID 19					
Federal Funds Not Specifically Identified-COVID	—	—	—	—	—
Other Funds	31,168,211.09	(31,167,968.10)	(242.99)	22,221.27	—
Total Agricultural Experiment Station	31,173,353.07	(31,171,263.69)	(2,089.38)	62,093.84	—
Athens and Tifton Veterinary Laboratories					
State Appropriation					
State General Funds	—	—	—	—	—
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Other Funds	2,847,171.53	(2,847,171.53)	—	3,168.53	—
Total Athens and Tifton Veterinary Laboratories	2,847,171.53	(2,847,171.53)	—	3,168.53	—
Cooperative Extension Service					
State Appropriation					
State General Funds	1,988.41	—	(1,988.41)	19,780.24	—
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Other Funds	8,356,576.55	(8,356,576.55)	—	20,484.40	750.00
Total Cooperative Extension Service	8,358,564.96	(8,356,576.55)	(1,988.41)	40,264.64	750.00
Forestry Cooperative Extension					
State Appropriation					
State General Funds	3.47	—	(3.47)	0.01	—
Federal Funds					
Federal Funds Not Specifically Identified	1,387.48	(1,387.48)	—	—	—
Other Funds	286,339.62	(286,339.62)	—	7,068.13	—
Total Forestry Cooperative Extension	287,730.57	(287,727.10)	(3.47)	7,068.14	—
Forestry Research					
State Appropriation					
State General Funds	1.40	—	(1.40)	704.52	—
Federal Funds					
Federal Funds Not Specifically Identified	13,323.18	(13,323.18)	—	—	—
Federal Funds - COVID 19					
Federal Funds Not Specifically Identified-COVID	—	—	—	—	—
Other Funds	2,916,185.06	(2,914,377.02)	(1,808.04)	2,049.94	—
Total Forestry Research	2,929,509.64	(2,927,700.20)	(1,809.44)	2,754.46	—

Marine Institute					
State Appropriation					
State General Funds	422.72	—	(422.72)	1,336.45	—
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Federal Funds - COVID 19					
Federal Funds Not Specifically Identified-COVID	—	—	—	—	—
Other Funds	630,932.77	(630,932.77)	—	—	—
Total Marine Institute	631,355.49	(630,932.77)	(422.72)	1,336.45	—
Marine Resources Extension Center					
State Appropriation					
State General Funds	6,704.40	—	(6,704.40)	3,694.35	—
Federal Funds					
Federal Funds Not Specifically Identified	—	—	—	—	—
Other Funds	278,032.50	(278,032.35)	(0.15)	—	—
Total Marine Resources Extension Center	284,736.90	(278,032.35)	(6,704.55)	3,694.35	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	—	—	—	—	—
Skidaway Institute of Oceanography					
State Appropriation					
State General Funds	10,809.12	—	(10,809.12)	4,664.39	—
Federal Funds					
Federal Funds Not Specifically Identified	383,934	(383,934)	—	—	—
Other Funds	2,643,181.97	(2,643,181.97)	—	2,304.64	—
Total Skidaway Institute of Oceanography	3,037,925.09	(3,027,115.97)	(10,809.12)	6,969.03	—
Teaching					
State Appropriation					
State General Funds	569,913.17	—	(569,913.17)	349,899.47	—
Federal Funds					
Federal Funds Not Specifically Identified	939,615.39	(939,615.39)	—	—	—
Federal Funds - COVID 19					
Federal Funds Not Specifically Identified-COVID	—	—	—	—	—
Other Funds	194,241,296.28	(194,144,314.44)	(96,981.84)	973,662.95	(67,776.25)
Total Teaching	195,750,824.84	(195,083,929.83)	(666,895.01)	1,323,562.42	(67,776.25)
Veterinary Medicine Experiment Station					
State Appropriation					
State General Funds	10,845.83	—	(10,845.83)	1,043.89	—
Federal Funds					
Federal Funds Not Specifically Identified	6,417.5	(6,417.5)	—	—	—
Other Funds	222,528.79	(222,528.79)	—	—	—
Total Veterinary Medicine Experiment Station	239,792.12	(228,946.29)	(10,845.83)	1,043.89	—

Veterinary Medicine Teaching Hospital					
State Appropriation					
State General Funds	—	—	—	—	—
Other Funds	<u>7,576,633.56</u>	<u>(7,576,633.56)</u>	<u>—</u>	<u>67,915.78</u>	<u>(7,342.14)</u>
Total Veterinary Medicine Teaching Hospital	<u>7,576,633.56</u>	<u>(7,576,633.56)</u>	<u>—</u>	<u>67,915.78</u>	<u>(7,342.14)</u>
Total Operating Activity	\$ 253,117,597.77	\$ (252,416,029.84)	\$ (701,567.93)	\$ 1,519,871.53	\$ (74,368.39)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	1,487,000.00				—
Uncollectible Accounts Receivable	<u>1,260,038.15</u>				<u>74,368.39</u>
Budget Unit Totals	<u>\$ 255,864,635.92</u>	<u>(252,416,029.84)</u>	<u>(701,567.93)</u>	<u>\$ 1,519,871.53</u>	<u>\$ —</u>

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

**UNIVERSITY OF GEORGIA
STATEMENT OF CHANGES TO FUND BALANCE
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Early Return of Fiscal Year 2022 Surplus	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance		
				Reserved	Surplus/(Deficit)	Total
Agricultural Experiment Station						
State Appropriation						
State General Funds	\$ —	\$ —	\$ 39,872.57	\$ —	\$ 39,872.57	\$ 39,872.57
Federal Funds						
Federal Funds Not Specifically Identified	—	25,533.64	25,533.64	25,533.64	—	25,533.64
Federal Funds - COVID 19						
Federal Funds Not Specifically Identified-COVID	—	—	—	—	—	—
Other Funds	—	27,482,235.27	27,504,456.54	27,504,456.54	—	27,504,456.54
Total Agricultural Experiment Station	—	27,507,768.91	27,569,862.75	27,529,990.18	39,872.57	27,569,862.75
Athens and Tifton Veterinary Laboratories						
State Appropriation						
State General Funds	—	—	—	—	—	—
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Other Funds	—	3,940,621.82	3,943,790.35	3,943,790.35	—	3,943,790.35
Total Athens and Tifton Veterinary Laboratories	—	3,940,621.82	3,943,790.35	3,943,790.35	—	3,943,790.35
Cooperative Extension Service						
State Appropriation						
State General Funds	—	—	19,780.24	—	19,780.24	19,780.24
Federal Funds						
Federal Funds Not Specifically Identified	—	85,126.80	85,126.80	85,126.80	—	85,126.80
Other Funds	—	8,127,528.03	8,148,762.43	8,148,762.43	—	8,148,762.43
Total Cooperative Extension Service	—	8,212,654.83	8,253,669.47	8,233,889.23	19,780.24	8,253,669.47
Forestry Cooperative Extension						
State Appropriation						
State General Funds	—	—	0.01	—	0.01	0.01
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Other Funds	—	394,767.56	401,835.69	401,835.69	—	401,835.69
Total Forestry Cooperative Extension	—	394,767.56	401,835.70	401,835.69	0.01	401,835.70
Forestry Research						
State Appropriation						
State General Funds	—	—	704.52	—	704.52	704.52
Federal Funds						
Federal Funds Not Specifically Identified	—	10,345.73	10,345.73	10,345.73	—	10,345.73
Federal Funds - COVID 19						
Federal Funds Not Specifically Identified-COVID	—	—	—	—	—	—
Other Funds	—	3,824,622.82	3,826,672.76	3,826,672.76	—	3,826,672.76
Total Forestry Research	—	3,834,968.55	3,837,723.01	3,837,018.49	704.52	3,837,723.01

Marine Institute						
State Appropriation						
State General Funds	—	—	1,336.45	—	1,336.45	1,336.45
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Federal Funds - COVID 19						
Federal Funds Not Specifically Identified-COVID	—	—	—	—	—	—
Other Funds	—	822,839.72	822,839.72	822,839.72	—	822,839.72
Total Marine Institute	—	822,839.72	824,176.17	822,839.72	1,336.45	824,176.17
Marine Resources Extension Center						
State Appropriation						
State General Funds	—	—	3,694.35	—	3,694.35	3,694.35
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Other Funds	—	384,262.63	384,262.63	384,262.63	—	384,262.63
Total Marine Resources Extension Center	—	384,262.63	387,956.98	384,262.63	3,694.35	387,956.98
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	—	2,010,000.00	2,010,000.00	2,010,000.00	—	2,010,000.00
Skidaway Institute of Oceanography						
State Appropriation						
State General Funds	—	2,000,000.00	2,004,664.39	2,000,000.00	4,664.39	2,004,664.39
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Other Funds	—	3,565,796.03	3,568,100.67	3,568,100.67	—	3,568,100.67
Total Skidaway Institute of Oceanography	—	5,565,796.03	5,572,765.06	5,568,100.67	4,664.39	5,572,765.06
Teaching						
State Appropriation						
State General Funds	—	—	349,899.47	—	349,899.47	349,899.47
Federal Funds						
Federal Funds Not Specifically Identified	—	1,026,005.91	1,026,005.91	1,026,005.91	—	1,026,005.91
Federal Funds - COVID 19						
Federal Funds Not Specifically Identified-COVID	—	167,493.08	167,493.08	167,493.08	—	167,493.08
Other Funds	—	201,922,951.59	202,828,838.29	202,800,552.67	28,285.62	202,828,838.29
Total Teaching	—	203,116,450.58	204,372,236.75	203,994,051.66	378,185.09	204,372,236.75
Veterinary Medicine Experiment Station						
State Appropriation						
State General Funds	—	—	1,043.89	—	1,043.89	1,043.89
Federal Funds						
Federal Funds Not Specifically Identified	—	—	—	—	—	—
Other Funds	—	220,948.56	220,948.56	220,948.56	—	220,948.56
Total Veterinary Medicine Experiment Station	—	220,948.56	221,992.45	220,948.56	1,043.89	221,992.45

Veterinary Medicine Teaching Hospital							
State Appropriation							
State General Funds	—	—	—	—	—	—	
Other Funds	—	6,174,709.51	6,235,283.15	6,235,283.15	—	6,235,283.15	
		<u>6,174,709.51</u>	<u>6,235,283.15</u>	<u>6,235,283.15</u>	<u>—</u>	<u>6,235,283.15</u>	
Total Veterinary Medicine Teaching Hospital	—	6,174,709.51	6,235,283.15	6,235,283.15	—	6,235,283.15	
Total Operating Activity	—	262,185,788.70	263,631,291.84	263,182,010.33	449,281.51	263,631,291.84	
Prior Year Reserves							
Not Available for Expenditure							
Inventories			1,487,000.00	1,487,000.00		1,487,000.00	
Uncollectible Accounts Receivable			1,334,406.54	1,334,406.54		1,334,406.54	
			<u>1,334,406.54</u>	<u>1,334,406.54</u>		<u>1,334,406.54</u>	
Budget Unit Totals	\$	—	\$ 262,185,788.70	\$ 266,452,698.38	\$ 266,003,416.87	\$ 449,281.51	\$ 266,452,698.38
Capital Outlay				\$ 5,460,882.68	\$ —	\$ 5,460,882.68	
Departmental Sales and Services				66,557,732.90	—	66,557,732.90	
Indirect Cost Recovery				45,928,801.61	—	45,928,801.61	
Technology Fees				13,455,748.42	—	13,455,748.42	
Restricted/Sponsored Funds				114,269,331.59	—	114,269,331.59	
Carry-Over "Per Governor's Office of Planning and Budget"				4,010,000.00	—	4,010,000.00	
Tuition Carry-Forward				13,499,513.13	—	13,499,513.13	
Uncollectible Accounts Receivable				1,334,406.54	—	1,334,406.54	
Inventories				1,487,000.00	—	1,487,000.00	
Surplus				—	449,281.51	449,281.51	
				<u>\$ 266,003,416.87</u>	<u>\$ 449,281.51</u>	<u>\$ 266,452,698.38</u>	

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