

AUGUSTA UNIVERSITY



Annual Financial Report Fiscal Year 2024

Including Independent Auditor's Report

AUGUSTA UNIVERSITY
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Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the Augusta University (University), a unit of the University System of Georgia, which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

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, 2024, 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 discussed in Note 1 to the financial statements, in 2024, the University restated the prior period financial statements due to changes in the financial reporting entity. Our opinions are not modified with respect to this matter.

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.

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, written over a light grey rectangular background.

Greg S. Griffin
State Auditor

December 18, 2024

AUGUSTA UNIVERSITY

Management's Discussion and Analysis

Introduction

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

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

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

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

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

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

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

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

	STUDENT HEADCOUNT	STUDENT FTE
FY 2024	10,546	9,654
FY 2023	9,813	9,110
FY 2022	9,606	8,846

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2024. The emphasis of discussion about these statements will be on current year data. There are five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2024 and fiscal year 2023 for business-type activities only.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2024 and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both current and noncurrent. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

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

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

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

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

Statement of Net Position for the Years Ended June 30, 2024 and June 30, 2023, Condensed

CONDENSED STATEMENT OF NET POSITION	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	\$ 166,891,227	\$ 227,345,087	\$ (60,453,860)	(26.59)%
Capital Assets, Net	754,256,072	726,488,036	27,768,036	3.82 %
Intangible Right-to-Use Assets, Net	5,773,655	6,427,531	(653,876)	(10.17)%
Other Assets	250,911,757	210,992,017	39,919,740	18.92 %
TOTAL ASSETS	1,177,832,711	1,171,252,671	6,580,040	0.56 %
DEFERRED OUTFLOWS	197,377,264	297,565,773	(100,188,509)	(33.67)%
LIABILITIES				
Current Liabilities	114,005,757	107,306,755	6,699,002	6.24 %
Non-Current Liabilities	811,851,172	958,909,526	(147,058,354)	(15.34)%
TOTAL LIABILITIES	925,856,929	1,066,216,281	(140,359,352)	(13.16)%
DEFERRED INFLOWS	261,363,711	245,370,480	15,993,231	6.52 %
NET POSITION				
Net Investment in Capital Assets	721,195,153	689,578,484	31,616,669	4.58 %
Restricted, Non-Expendable	3,321,387	3,021,483	299,904	9.93 %
Restricted, Expendable	48,600,680	48,130,737	469,943	0.98 %
Unrestricted (Deficit)	(585,127,885)	(583,499,021)	(1,628,864)	(0.28)%
TOTAL NET POSITION	\$ 187,989,335	\$ 157,231,683	\$ 30,757,652	19.56 %

Total assets increased \$6,580,040 driven by an increase of \$27,768,036 in net capital assets and an increase of \$39,919,740 in other assets. However, cash and cash equivalents fell by \$9,006,876, primarily due to a growth in grant awards leading to increased research expenses and the timing of funding received by grantors.

Total investments increased by \$14,850,251 in fiscal year 2024. The increase was due to a \$38,304,723 rise in investments and a \$1,427,656 rise in investments externally restricted, while short-term investments decreased by \$(24,882,128) to meet high dollar obligations. Accounts receivable fell by \$(22,096,322), primarily due to timely payments received by the health system during FY2024 as operations transitioned to Wellstar MCG Health, Inc. (Wellstar). These decreases were partially offset by increases in federal financial assistance, Georgia State Financing and Investment Commission (GSFIC) and other operating activities. Prepaid Items decreased by \$(4,446,795) largely due to the completion of the College of Science and Math building that was managed by GSFIC, as well as the elimination of prepaid rent for the Ryan White Building which was transferred to the University by AU Health System, Inc. in FY2024.

The increase in capital assets this year compared to the previous year is primarily due to the completion of construction of the new IT Data Center and other building improvements and infrastructure improvements such as the air handler unit replacement in the Sanders building, Energy Plant upgrades and the completion of the fourth floor build out of the College of Sciences & Mathematics building. There was also special item transfers of land and buildings from AU Health System, Inc. during the Wellstar management transition of the health system.

Total deferred outflows of resources decreased by \$(100,188,509) or (33.67%) primarily due to the University's decrease in its proportionate share of other post-employment benefits (OPEB) and pension plans. The deferred outflows of resources decreased \$(15,720,713), \$(77,990,869) and \$(1,674,603) from fiscal year 2023 to 2024 for OPEB, TRS and ERS, respectively.

The total deferred inflows of resources increased by \$15,993,231 or 6.52% due to the increase of \$27,701,210 for OPEB. However, this increase was partially offset by a decrease of deferred inflows of resources of \$(14,240,641) from fiscal year 2023 to 2024 for TRS. Additionally, there was a slight decrease in deferred inflows for leases due to the ending of the Annex 1 office space lease with AU Medical Associates.

Total liabilities decreased by \$(140,359,352), mainly due to a decrease in non-current liabilities of \$(147,058,354). The largest decrease within non-current liabilities were attributed to reductions in net other post employment benefits liability and the net pension liability. Specifically, the net pension liability decreased by \$(50,507,115) and the net other post employment benefits liability decreased by \$(92,762,089). These reductions resulted from adjustments in the University's proportionate share of pension liabilities and pension expense.

The combined effect of changes in total assets, deferred outflows of resources, total liabilities and deferred inflows of resources yielded an increase in net position of \$30,757,652. This gain was primarily due to increases in investments, federal financial assistance, other accounts receivable, and capital assets, net. Another significant factor was the increase in net investment in capital assets due to special item transfers from the Wellstar transaction, and other completed building renovations and construction.

Statement of Revenues, Expenses, and Changes in Net Position

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

Statement of Revenue, Expenses, and Changes in Net position for the Years Ended June 30, 2024 and June 30, 2023, Condensed

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
Operating Revenue	\$ 557,903,947	\$ 543,469,956	\$ 14,433,991	2.66 %
Operating Expense	935,020,294	839,233,629	95,786,665	11.41 %
Operating Income/Loss	(377,116,347)	(295,763,673)	(81,352,674)	(27.51)%
Non-Operating Revenue and Expense	389,936,754	433,252,273	(43,315,519)	(10.00)%
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	12,820,407	137,488,600	(124,668,193)	(90.68)%
Other Revenues, Expenses, Gains, Losses, and Special Item	17,937,245	7,100,086	10,837,159	152.63 %
Change in Net Position	30,757,652	144,588,686	(113,831,034)	(78.73)%
Net Position at Beginning of Year	157,231,683	12,642,997	144,588,686	1,143.63 %
Net Position at End of Year	\$ 187,989,335	\$ 157,231,683	\$ 30,757,652	19.56 %

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position, which is largely due to liabilities as noted previously. The total increase in net position was \$30,757,652 which represents a 19.56% change. Operating Revenues increased \$14,433,991 in fiscal year 2024 and was mainly the result of increases in grants and contracts federal revenue of \$10,359,396 or 13.21%, tuition and fees of \$3,322,026 or 3.35%, and other operating revenues of 77,244 or 15.16%. The increase was offset to some degree by decreases in sales and services of \$(1,375,554) or (10.92%). The increase in grants and contracts other revenue stemmed from the change in operations transitioning from AU Health System, Inc. to Wellstar MCG Health, Inc.

Non-operating revenue and expense decreased by \$(43,315,519) or (10.00)% in fiscal year 2024 and was primarily the result of a state appropriations decrease of \$(56,621,676) or (13.78%) and grants and contracts other decrease of \$(1,024,703) or (25.62)%. The decrease in non-operating revenue was offset to some degree by the investment income increase of \$12,214,515 or 198.96%, federal grants and contracts that increased \$2,321,968 or 19.65%, and gifts that increased \$1,014,112 or 10.41%. The decrease in nonoperating revenue was mainly attributable to the decrease in state appropriations.

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

Revenues

State appropriations decreased by a total of \$(56,621,676) which was the result of adjustments made in Teaching, Special Funding Initiative, Georgia Cyber Innovation and Training Center and Augusta University Hospitals and Clinics with total appropriations of \$292,608,600, \$15,748,781, \$2,360,547 and \$39,096,112, respectively. The largest decrease was due to the one-time funding in fiscal year 2023 of the electric health record system. State appropriations were increased in the amended fiscal year (AFY) 2024 appropriation to reflect the addition of \$4,635,000 for major repairs and renovations.

As previously noted, operating grants and contracts revenue increased by \$11,128,942 or 18.52% overall and was a combination of an increase in federal grants and contracts of \$10,359,396 or 13.21%, an increase in state grants and contracts of \$4,325,299 or 6.66% and a decrease of other grants and contracts of \$(3,555,753) or (1.34%). Non-operating revenue from grants and contracts increased \$1,297,265 mainly attributed to an increase in student financial aid. This increase was primarily driven by Federal Pell Grant awards.

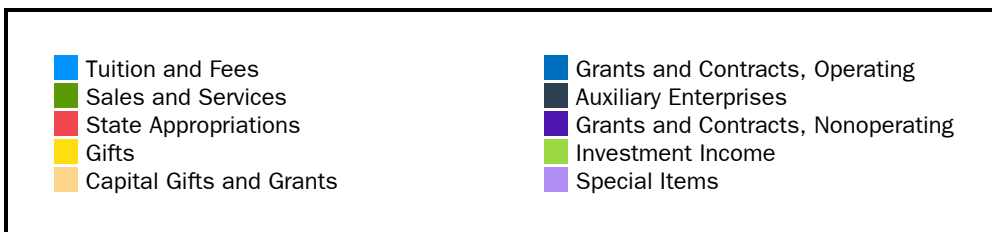
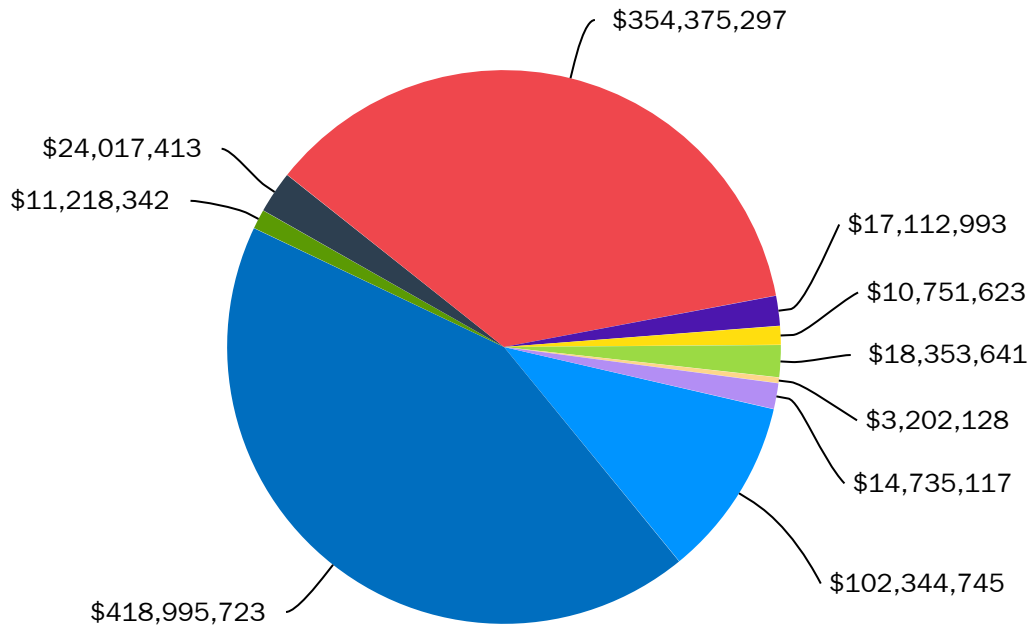
The change in State Capital Grants and Gifts between fiscal year 2023 and 2024 is primarily due a significantly fewer number of projects started and completed in fiscal year 2024.

For the years ended June 30, 2024 and June 30, 2023, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 102,344,745	\$ 99,022,719	\$ 3,322,026	3.35 %
Grants and Contracts	418,995,723	407,866,781	11,128,942	2.73 %
Sales and Services	11,218,342	12,593,896	(1,375,554)	(10.92)%
Auxiliary Enterprises	24,017,413	22,705,688	1,311,725	5.78 %
Other Operating Revenues	1,327,724	1,280,872	46,852	3.66 %
Total Operating Revenues	557,903,947	543,469,956	14,433,991	2.66 %
State Appropriations	354,375,297	410,996,973	(56,621,676)	(13.78)%
Grants and Contracts	17,112,993	15,815,728	1,297,265	8.20 %
Gifts	10,751,623	9,737,511	1,014,112	10.41 %
Investment Income	18,353,641	6,139,126	12,214,515	198.96 %
Other Nonoperating Revenues	(9,091,613)	(7,900,062)	(1,191,551)	(15.08)%
Total Nonoperating Revenues	391,501,941	434,789,276	(43,287,335)	(9.96)%
State Capital Gifts and Grants	2,734,222	6,778,102	(4,043,880)	(59.66)%
Other Capital Gifts and Grants	467,906	112,558	355,348	315.70 %
Total Capital Gifts and Grants	3,202,128	6,890,660	(3,688,532)	(53.53)%
Special Items	14,735,117	209,426	14,525,691	6,935.95 %
Total Revenues	\$ 967,343,133	\$ 985,359,318	\$ (18,016,185)	(1.83)%

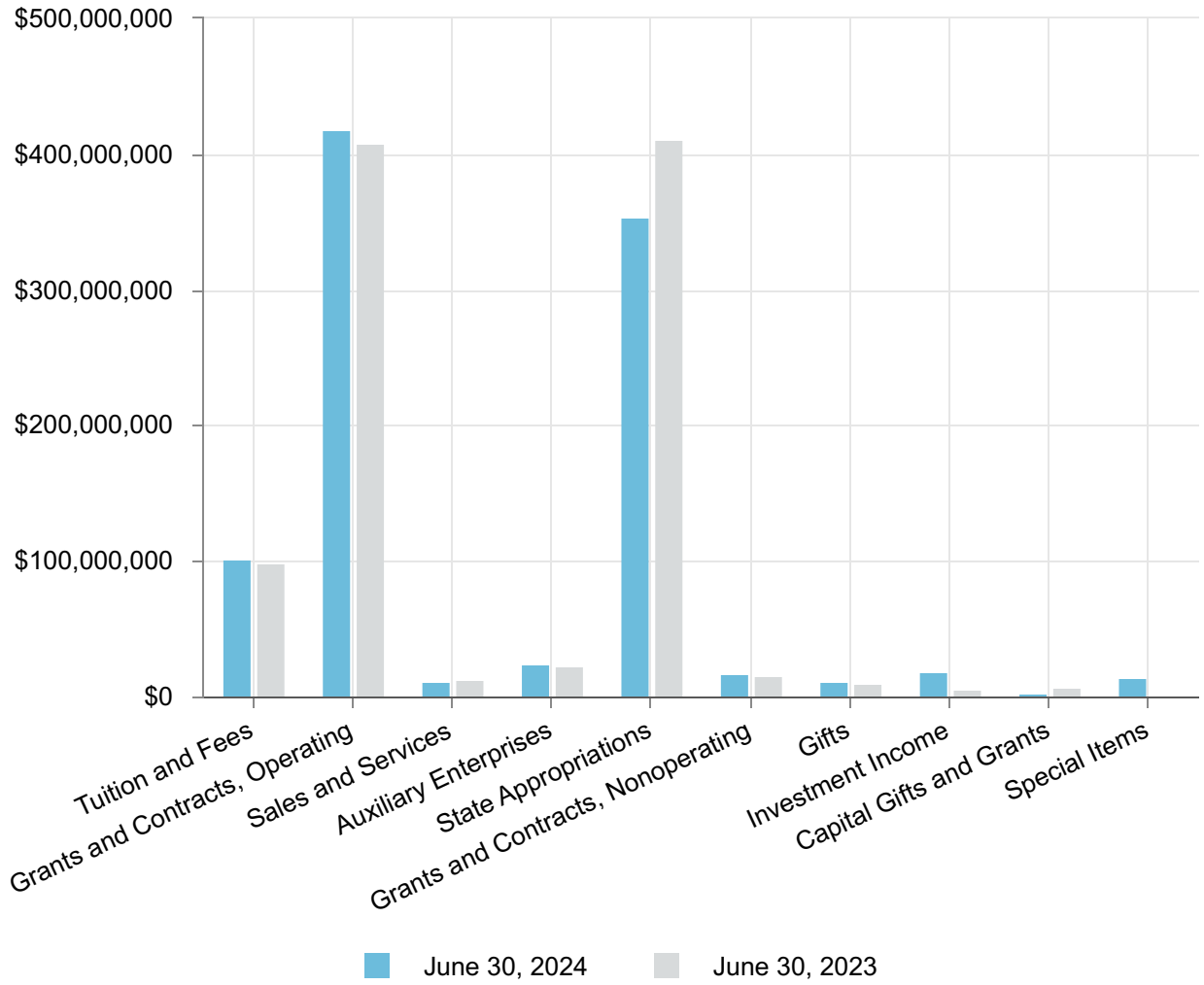
Revenue by source (state appropriations, grants and contracts, tuition and fees, auxiliaries, gifts, and other sources) is depicted by the following chart:

Revenue by Major Source



Revenue by major source for the years ended June 30, 2024 and June 30, 2023 is depicted by the following chart:

Revenue by Major Source



Expenses

For the years ended June 30, 2024 and June 30, 2023, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2024	June 30, 2023	Increase/ (Decrease)	% Change
Instruction	\$ 188,622,504	\$ 187,702,934	\$ 919,570	0.49 %
Research	133,583,671	104,473,490	29,110,181	27.86 %
Public Service	55,296,164	55,544,869	(248,705)	(0.45)%
Academic Support	58,145,971	57,250,294	895,677	1.56 %
Student Services	12,690,513	10,997,066	1,693,447	15.40 %
Institutional Support	124,838,980	84,059,231	40,779,749	48.51 %
Plant Operations and Maintenance	54,074,776	50,581,170	3,493,606	6.91 %
Scholarships and Fellowships	11,243,037	9,756,809	1,486,228	15.23 %
Auxiliary Enterprises	19,130,690	18,493,186	637,504	3.45 %
Patient Care	277,393,988	260,374,580	17,019,408	6.54 %
Total Operating Expenses	935,020,294	839,233,629	95,786,665	11.41 %
Interest Expense	1,565,187	1,537,003	28,184	1.83 %
Total Nonoperating Expenses	1,565,187	1,537,003	28,184	1.83 %
Total Expenses	\$ 936,585,481	\$ 840,770,632	\$ 95,814,849	11.40 %

Total operating expenses amounted to \$935,020,294 for fiscal year 2024, reflecting an increase of \$95,786,665 or 11.41%, compared to fiscal year 2023. The increase was largely driven by several functional classifications: Institutional Support rose by \$40,779,749 or 48.51%, Research increased by \$29,110,181 or 27.86%, and Scholarships and Fellowships grew by \$1,486,228 or 15.23%. Notable expense increases were in other personal services of \$4,622,431 or 287.78%, supplies and other services of \$50,554,096 or 37.55%, and scholarships and fellowships of \$1,710,528 or 14.01%.

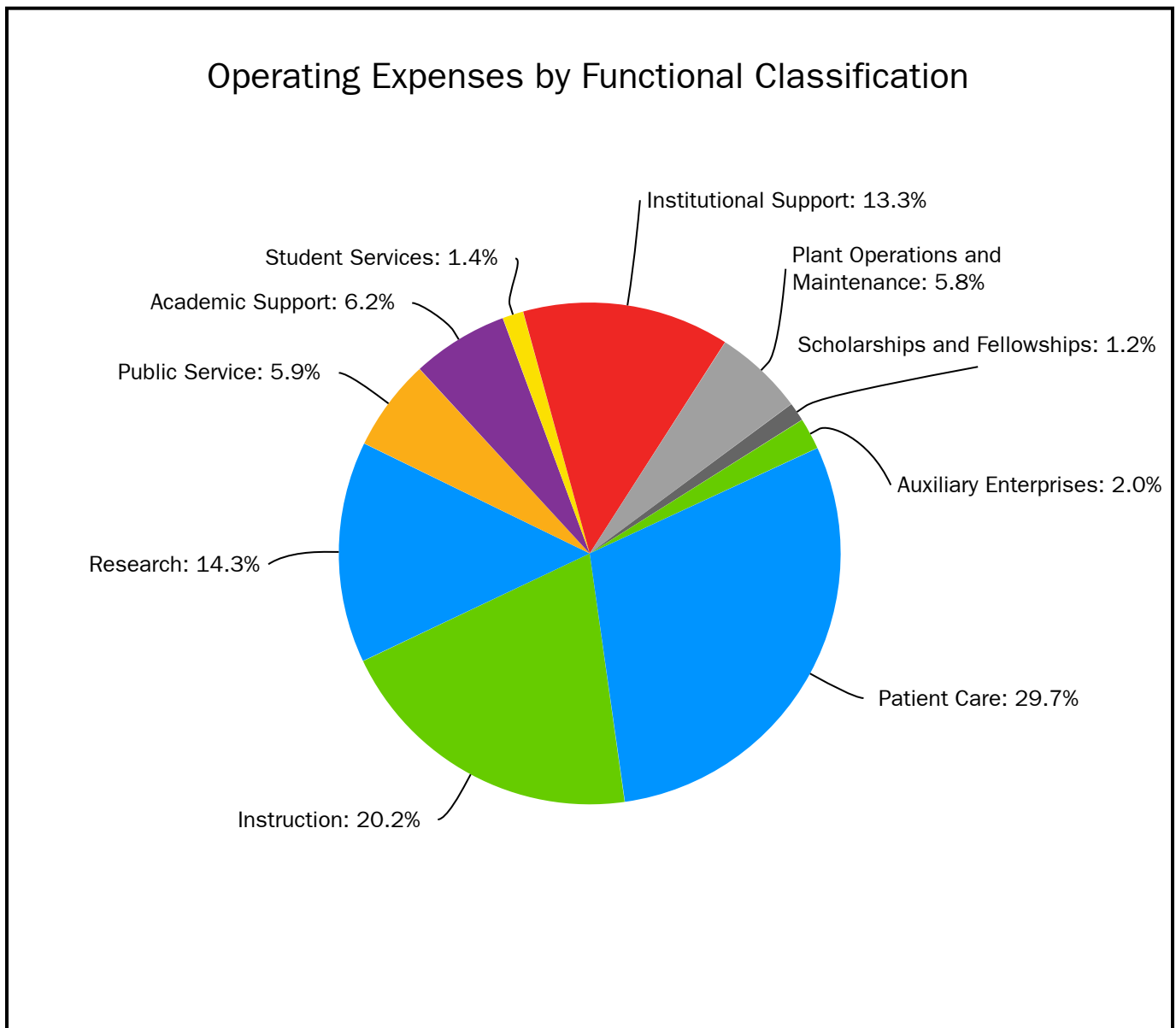
As depicted in the chart above, total expenses increased \$95,814,849 or 11.40% in fiscal year 2024. The rise was primarily due to the increase in total operating expenses as referenced above and to a lesser extent, an increase in interest expense of \$28,184 or 1.83%.

The rise in supplies and other services was driven by a record increase in research grants, leading to higher expenditures. Additionally, spending grew due to the Wellstar partnership. Funding and expenses previously managed by AUHS, including salary expenses, were transferred to the University. Furthermore, faculty and staff salaries increased in fiscal year 2024 due to a cost-of-living adjustment. The increase in scholarships and fellowships was due to growth in HRSA grants, MCG Foundation scholarships, and Federal Pell grants.

Other categories of increased operating expenses included faculty and staff salaries which rose by \$19,845,501 or 7.07% and \$15,863,233 or 7.46% respectively, largely due to changes in funding and expenses associated with the transition of the AU Health System, Inc. to Wellstar MCG Health, Inc. and to a lesser extent, increases in cost-of-living adjustments. There were also slight increases in travel expense up by \$1,294,251 or 32.07% and depreciation and amortization of \$3,409,000 or 8.50%.

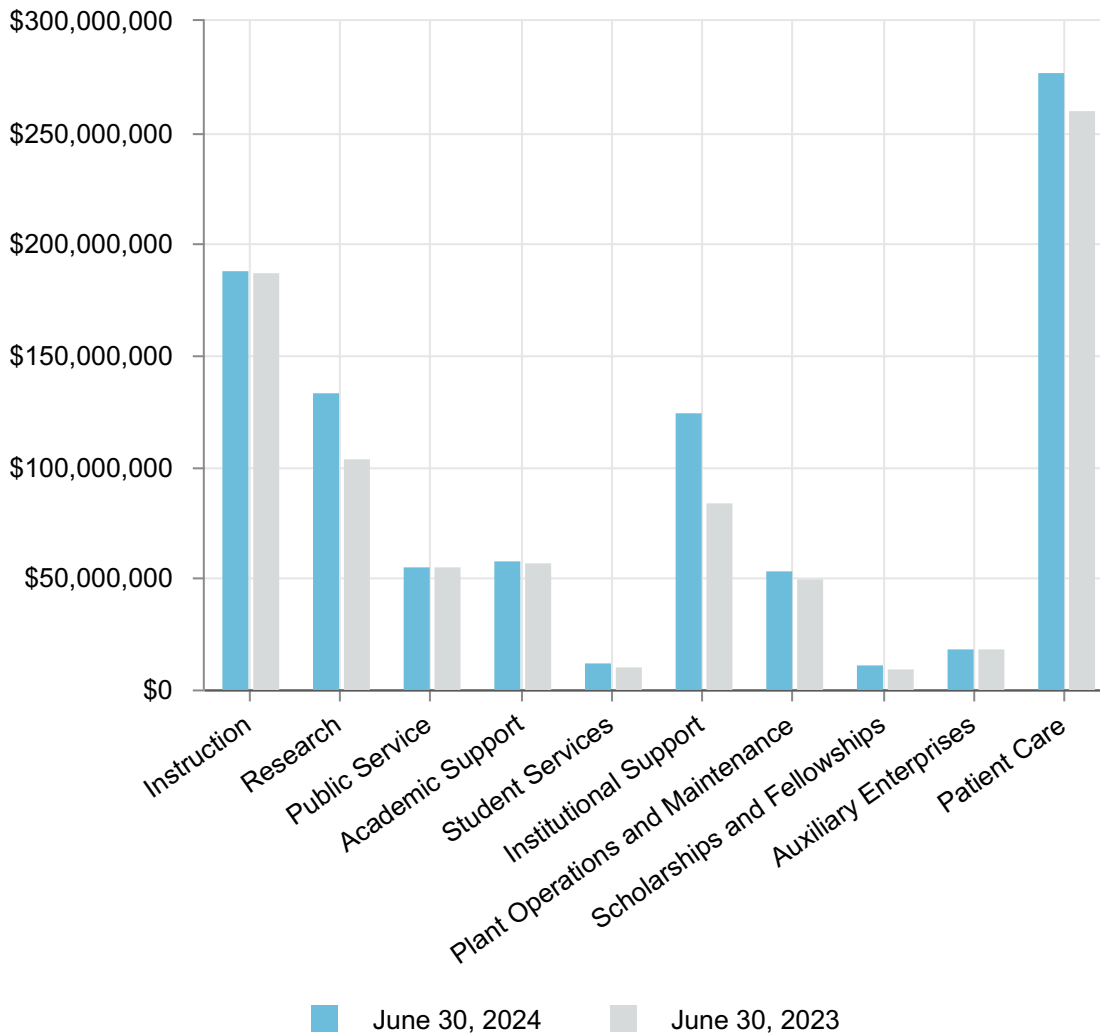
The reduction in operating expenses were mainly due to a decrease in utilities of \$(867,541) or (5.92%) and a slight decrease in employee benefits of \$(644,834) or (0.46%).

The following chart depicts the fiscal 2024 operating expenses by functional classification.



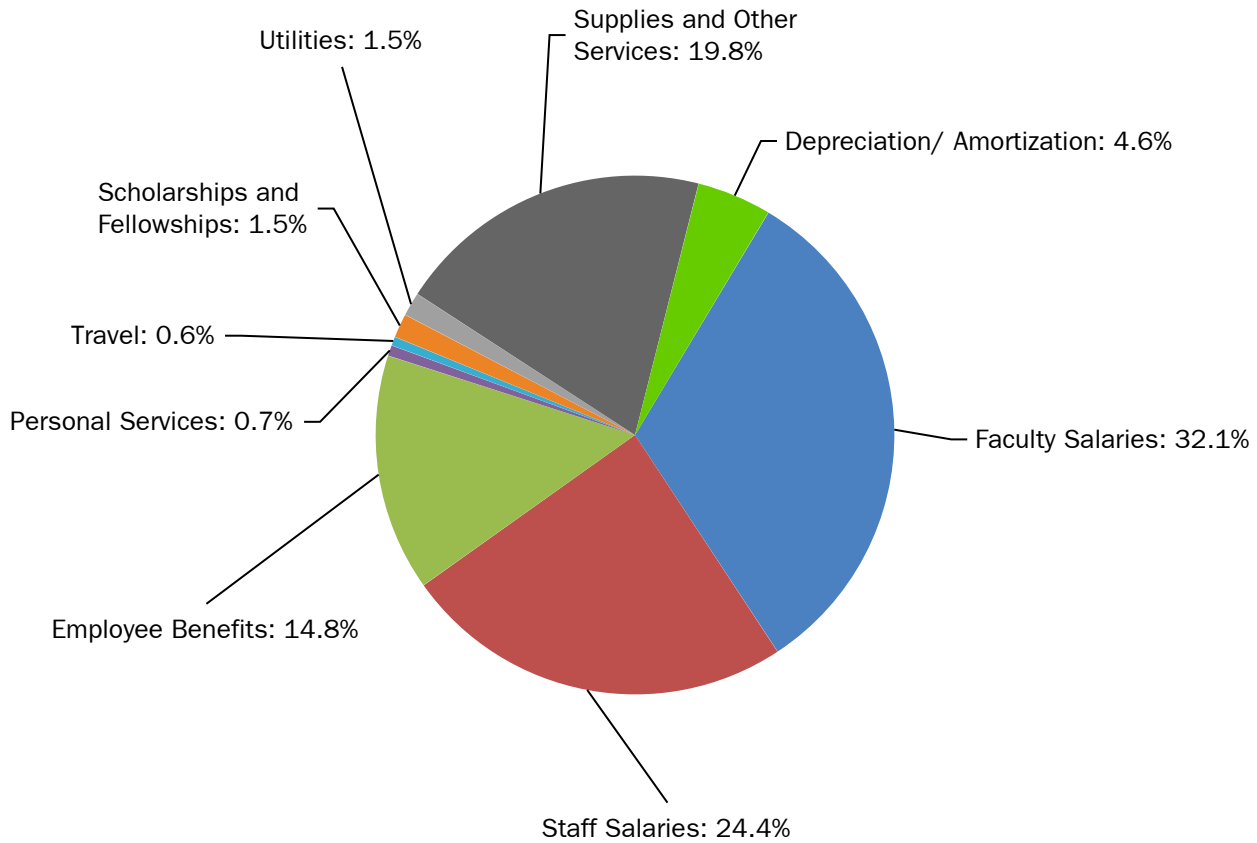
Operating expenses by functional classification for the years ended June 30, 2024 and June 30, 2023 is depicted by the following chart:

Operating Expenses by Functional Classification



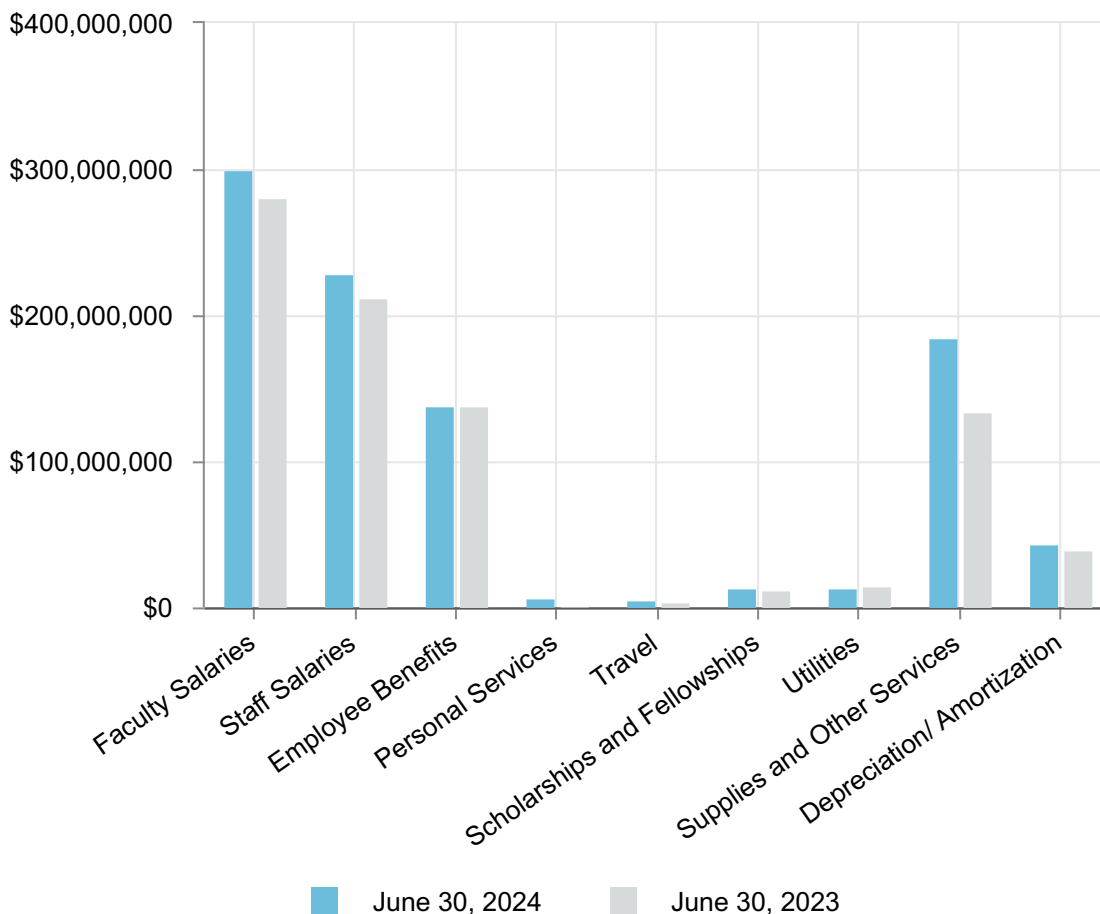
The following chart depicts the fiscal year 2024 operating expenses by natural classification.

Operating Expenses by Natural Classification



Operating expenses by natural classification for the years ended June 30, 2024 and June 30, 2023 is depicted by the following chart:

Operating Expenses by Natural Classification



Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2024 and June 30, 2023 Condensed

CONDENSED STATEMENT OF NET CASH FLOWS	June 30, 2024	June 30, 2023
Cash Provided (Used) by:		
Operating Activities	\$ (328,944,305)	\$ (259,863,296)
Non-Capital Financing Activities	373,352,588	428,339,856
Capital and Related Financing Activities	(56,918,576)	(39,436,097)
Investing Activities	3,503,417	(127,110,726)
Net Change in Cash	(9,006,876)	1,929,737
Cash and Cash Equivalents, Beginning of Year	111,263,980	109,334,243
Cash and Cash Equivalents, End of Year	\$ 102,257,104	\$ 111,263,980

Capital Assets & Intangible Right-to-Use Assets

Capital assets, net of accumulated depreciation, at June 30, 2024 and June 30, 2023 were as follows:

CAPITAL ASSETS, net of accumulated depreciation and amortization	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change
Land	\$ 39,085,195	28,515,529	\$ 10,569,666	37.07 %
Capitalized Collections	119,507	94,506	25,001	26.45 %
Construction Work-in-Progress	26,286,080	32,774,185	(6,488,105)	(19.80)%
Infrastructure	7,739,874	8,235,865	(495,991)	(6.02)%
Building and Building Improvements	626,154,633	601,745,271	24,409,362	4.06 %
Facilities and Other Improvements	11,552,729	13,002,577	(1,449,848)	(11.15)%
Equipment	39,113,105	37,683,382	1,429,723	3.79 %
Library Collections	4,204,949	4,436,721	(231,772)	(5.22)%
Capitalized Collections	—	—	—	0.00 %
Capital Assets, net of accumulated depreciation and amortization	\$ 754,256,072	\$ 726,488,036	\$27,768,036	3.82%

In fiscal year 2024, the University managed capital projects related to buildings and building improvements, totaling to \$22,987,607. These projects included the relocation and construction of a new IT Data Center, the buildout of the fourth floor of the College of Sciences and Math building and renovations at Christenberry Fieldhouse. Additionally, building improvements funded by Georgia State Financing and Investment Commission (GSFIC) totaled \$2,734,222. As part of the overall funding, \$571,923 was allocated for upgrades to the central energy plant.

Of the total funding provided by GSFIC, \$29,445 was allocated for the renovation and equipment of the Cyber Center Complex, a project previously managed by Georgia Technology Authority (GTA). Additionally, GSFIC funded on-going projects in fiscal year 2024 with capital expenditures totaling \$2,132,855. This included switchgear replacements for the Sanders and Hamilton Wing buildings and replacements of the boiler and feed water system at the Interdisciplinary Research Center. Anticipated GSFIC funding for the upcoming fiscal year is expected to remain consistent with previous years.

The increase in land and building assets is primarily due to building and building improvement additions of \$42,011,996 and the transfer of assets from AU Health Systems, Inc., which is no longer a Component Unit of the university and therefore is no longer a part of the State's reporting entity. The transfer of assets from AU Health System, Inc. have been reported as a special item on the Statement of Revenues, Expenses and Changes in Net Position. For additional details on these transactions, refer to Note 1 - Special Items.

Intangible Right-to-Use assets, net of accumulated amortization, at June 30, 2024 and June 30, 2023 were as follows:

INTANGIBLE RIGHT-TO-USE ASSETS, net of accumulated amortization	June 30, 2024	Restated June 30, 2023	Increase (Decrease)	% Change
Building and Building Improvements	\$ 2,484,427	\$ 2,647,274	\$ (162,847)	(6.15)%
Equipment	542,918	358,773	184,145	51.33 %
Subscription Based IT Arrangements (SBITAs)	2,746,310	3,421,484.00	(675,174)	(19.73)%
Intangible Right-to-Use Assets, net of accumulated amortization	\$ 5,773,655	\$ 6,427,531	\$ (653,876)	(10.17)%

The decrease in net Intangible Right-to-Use Assets is primarily due to the decrease in Subscription Based IT Agreements.

The increase in equipment is attributed to the replacement of existing leased copiers as part of a new lease agreement that took effect at the beginning of fiscal year 2024.

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

Augusta University had Long-Term Liabilities of \$88,538,407 of which \$33,217,803 was reflected as current liability at June 30, 2024. Long-Term Liabilities includes lease and subscription obligations, compensated absences and notes/loans payable.

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

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

Economic Outlook

Augusta University continued to manage resources prudently in fiscal year 2024 and remains committed to student affordability and strategic allocation of resources to our core mission of teaching, discovery, clinical care, and service. For the seventh consecutive fiscal year, the University saw an increase in enrollment of 7.47% from Fall 2023 to Fall 2024. As we look forward to 2025, enrollment trends are expected to have a light increase, providing a steady foundation for tuition revenues.

The University's financial position and internal conservative approach to fiscal management allows the University to navigate a path of measured growth and adaptability. Management acknowledges challenges persist, including potential fluctuations in state appropriations and the need to balance affordability with maintaining academic quality. In fiscal year 2024, the University continued to take strategic steps to position the University to weather the adverse impact from these stressors and ensure long-term success. An example was the University's investment in expanding online course offerings and investing in research partnerships. Each of these priorities are expected to yield positive returns as the University is poised to attract more students and federal research grants. In addition, the University effectively managed operational expenses and optimized resources that allowed investments in faculty recruitment, student support services, deferred maintenance of facilities, technology enhancements and new programs. We expect by continuing to explore cost-effective strategies and carefully managing resources, the University is well-positioned to achieve its academic and financial goals.

Although management maintains a positive outlook regarding the stability of both operating and non-operating revenues and expenses in comparison to prior years, the University will persist in resource management to optimize its position for maximizing the impact of available funds. Through the effective leveraging of our strong financial management strategy, embracing innovation, and carefully managing resources, the University is strategically prepared to adjust to unexpected economic shifts without jeopardizing its dedication to academic programs, research, technology and infrastructure enhancements that deliver exceptional service to students, sponsors, the State of Georgia and other stakeholders.

The University is not aware of any other currently known facts or conditions that are expected to have a significant effect on the financial position or results of operations during the fiscal year, beyond those having a global effect on virtually all types of business operations, and the item noted in Note 19 Subsequent Events regarding damages caused by Hurricane Helene. The Institution's overall financial position remains stable. The University will continue to carefully monitor economic, enrollment, and environmental conditions in order to respond swiftly and effectively to any upcoming changes.

In fiscal year 2025, the University welcomed a new president, Dr. Russell T. Keen, who assumed the role on July 1, 2024. Dr. Keen brings a wealth of experience with a focus on enhancing research capabilities, expanding community engagement and improving student success. Dr. Keen is expected to drive the University's mission forward and align with the long-term vision set forth in our strategic plan.

Dr. Russell T. Keen, EdD, President
Augusta University

Yvonne Turner, Executive Vice President
Augusta University



Financial Statements (GAAP Basis)

AUGUSTA UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2024

	Augusta University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 67,651,803	\$ 46,839,694
Cash and Cash Equivalents (Externally Restricted)	34,605,301	4,688,256
Short-term Investments	5,330,069	4,973,649
Accounts Receivable, net		
Federal Financial Assistance	18,741,271	10,241,673
Affiliated Organizations	714,039	—
Component Units	14,392,216	—
Primary Government	—	59,750
Pledges and Contributions	—	4,374,844
Other	25,167,464	7,392,542
Investment in Financing Leases - Primary Government	—	1,448,385
Inventories	272,209	—
Prepaid Items	16,855	290,774
Total Current Assets	166,891,227	80,309,567
Non-Current Assets		
Accounts Receivable, net		
Due From USO - Capital Liability Reserve Fund	329,640	—
Pledges and Contributions	—	1,728,886
Other	—	16,377,273
Investments	232,637,414	57,330,697
Notes Receivable, net	1,458,428	—
Due From Other Funds	—	160,785
Investment in Financing Lease Arrangements - Primary Government	—	16,057,980
Other Assets	—	207,310
Non-current Cash (Externally Restricted)	—	32,832,819
Short-term Investments (Externally Restricted)	—	654,000
Investments (Externally Restricted)	16,486,275	362,590,854
Capital Assets, net	754,256,072	31,417,175
Intangible Right-to-Use Assets, net	5,773,655	—
Total Non-Current Assets	1,010,941,484	519,357,779
TOTAL ASSETS	1,177,832,711	599,667,346
DEFERRED OUTFLOWS OF RESOURCES	\$ 197,377,264	\$ —

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

AUGUSTA UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2024

	Augusta University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 41,782,366	\$ 8,801,514
Salaries Payable	1,054,198	—
Benefits Payable	189,039	—
Contracts Payable	143,766	—
Retainage Payable	265,866	—
Due to Affiliated Organizations	650,367	639
Due to Component Units	59,750	—
Due to Primary Government	—	14,392,216
Advances (Including Tuition and Fees)	36,483,269	1,435,490
Deposits	9,202	43,957
Deposits Held for Other Organizations	150,131	—
Other Liabilities	—	215,132
Subscription Obligations	1,369,633	—
Notes and Loans Payable - External	1,406,316	3,500,000
Notes and Loans Payable - Component Units	1,448,390	—
Lease Obligations - External	587,753	—
Revenue Bonds and Notes Payable	—	1,275,000
Liabilities Under Split Interest Agreements	—	1,625
Compensated Absences	28,405,711	—
Total Current Liabilities	114,005,757	29,665,573
Non-Current Liabilities		
Advances (Including Tuition and Fees)	—	16,958,990
Subscription Obligations	1,497,175	—
Notes and Loans Payable - External	14,647,495	10,472,123
Notes and Loans Payable - Component Units	16,057,980	—
Lease Obligations - External	2,723,328	—
Revenue Bonds and Notes Payable	—	35,500,397
Liabilities Under Split Interest Agreements	—	883,492
Compensated Absences	20,394,626	—
Net Other Post-employment Benefits Liability	338,455,344	—
Net Pension Liability	418,075,224	—
Total Non-Current Liabilities	811,851,172	63,815,002
TOTAL LIABILITIES	925,856,929	93,480,575
DEFERRED INFLOWS OF RESOURCES	261,363,711	18,434,335
NET POSITION		
Net Investment in Capital Assets	721,195,153	20,945,052
Restricted for:		
Nonexpendable	3,321,387	212,586,477
Expendable	48,600,680	187,893,039
Unrestricted (Deficit)	(585,127,885)	66,327,868
TOTAL NET POSITION	\$ 187,989,335	\$ 487,752,436

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

AUGUSTA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2024

	Augusta University	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 102,344,745	\$ —
Grants and Contracts		
Federal	88,766,305	81,410,075
State	69,317,683	—
Other	260,911,735	13,783,552
Sales and Services	11,218,342	715,064
Rents and Royalties	740,861	3,838,103
Auxiliary Enterprises		
Residence Halls	5,079,381	—
Bookstore	1,726,260	—
Food Services	3,984,675	—
Parking/Transportation	2,510,919	—
Health Services	2,815,636	—
Intercollegiate Athletics	3,157,752	—
Other Organizations	4,742,790	—
Gifts and Contributions	—	18,493,840
Endowment Income	—	14,005,218
Other Operating Revenues	586,863	1,579,658
Total Operating Revenues	557,903,947	133,825,510
OPERATING EXPENSES		
Faculty Salaries	300,362,670	3,934,414
Staff Salaries	228,427,388	5,693,750
Employee Benefits	138,269,083	1,164,802
Other Personal Services	6,228,664	2,970,466
Travel	5,329,680	701,577
Scholarships and Fellowships	13,921,359	6,083,738
Utilities	13,782,853	341,039
Supplies and Other Services	185,167,683	106,156,862
Depreciation and Amortization	43,530,914	185,909
Total Operating Expenses	935,020,294	127,232,557
Operating Income (Loss)	\$ (377,116,347)	\$ 6,592,953

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

AUGUSTA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2024

	Augusta University	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 354,375,297	\$ —
Grants and Contracts		
Federal	14,137,696	—
Other	2,975,297	—
Gifts	10,751,623	—
Investment Income	18,353,641	29,935,798
Interest Expense	(1,565,187)	(1,252,916)
Other Nonoperating Revenues (Expenses)	(9,091,613)	445,342
	<hr/>	<hr/>
Net Nonoperating Revenues	389,936,754	29,128,224
	<hr/>	<hr/>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	12,820,407	35,721,177
	<hr/>	<hr/>
Capital Grants and Gifts		
State	2,734,222	—
Other	467,906	—
Additions to Permanent and Term Endowments	—	16,302,472
Special Item	14,735,117	—
	<hr/>	<hr/>
Total Other Revenues, Expenses, Gains, Losses, and Special Item	17,937,245	16,302,472
	<hr/>	<hr/>
Change in Net Position	30,757,652	52,023,649
	<hr/>	<hr/>
Net Position, Beginning of Year	157,231,683	653,225,992 *
Prior Year Adjustments	—	(217,497,205)
Net Position, Beginning of Year, Restated	157,231,683	435,728,787
	<hr/>	<hr/>
Net Position, End of Year	\$ 187,989,335	\$ 487,752,436
	<hr/> <hr/>	<hr/> <hr/>

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

*See Note 1 and Note 20.

**AUGUSTA UNIVERSITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Augusta University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 133,098,748
Grants and Contracts (Exchange)	436,499,080
Payments to Suppliers	(352,964,077)
Payments to Employees	(532,305,134)
Payments for Scholarships and Fellowships	(13,921,359)
Loans Issued to Students	(223,763)
Collection of Loans from Students	168,312
Other Receipts	703,888
Net Cash Used by Operating Activities	<u>(328,944,305)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	354,375,297
Gifts and Grants Received for Other Than Capital Purposes	27,856,417
Other Non-Capital Financing Receipts	(168,659)
Other Non-Capital Financing Payments	(8,710,467)
Net Cash Flows Provided by Non-Capital Financing Activities	<u>373,352,588</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	307,222
Purchases of Capital and Intangible Right-to-Use Assets	(50,954,555)
Principal Paid on Capital Debt and Leases	(4,824,165)
Interest Paid on Capital Debt and Leases	(1,447,078)
Net Cash Used by Capital and Related Financing Activities	<u>(56,918,576)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	13,679,005
Purchase of Investments	(10,175,588)
Net Cash Provided by Investing Activities	<u>3,503,417</u>
Net Decrease in Cash and Cash Equivalents	(9,006,876)
Cash and Cash Equivalents, Beginning of Year	<u>111,263,980</u>
Cash and Cash Equivalents, End of Year	<u>\$ 102,257,104</u>

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

AUGUSTA UNIVERSITY

STATEMENT OF CASH FLOWS

FOR FISCAL YEAR ENDED JUNE 30, 2024

	Augusta University
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (377,116,347)
Net Cash Used by Operating Activities	
Depreciation and Amortization	43,530,914
Operating Expenses Related to Noncash Gifts	8,200
Change in Assets and Liabilities:	
Receivables, net	21,921,009
Inventories	(110,171)
Prepaid Items	1,772,399
Notes Receivable, Net	(55,452)
Accounts Payable	14,232,966
Salaries Payable	22,296
Benefits Payable	28,377
Contracts Payable	20,300
Retainage Payable	97,114
Deposits	(101)
Advances (Including Tuition and Fees)	(7,916,159)
Funds Held for Others	33,613
Compensated Absences	1,792,311
Net Pension Liability	(50,507,115)
Other Post-Employment Benefit Liability	(92,762,089)
Change in Deferred Inflows/Outflows of Resources:	
Deferred Inflows of Resources	16,040,312
Deferred Outflows of Resources	100,023,318
Net Cash Used by Operating Activities	\$ (328,944,305)
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND	
RELATED FINANCING TRANSACTIONS	
Noncapital Financing Activities Noncash Items:	
Noncapital Gifts	\$ 8,200
Capital Financing Activities Noncash Items:	
Current Year Accruals Related to Capital Financing Activities	\$ 317,207
Gift of Capital Assets	\$ 20,153,557
Gain (Loss) on Disposal of Capital Assets	\$ (924,553)
Accrual of Capital Asset Related Payables	\$ 230,517
Intangible Right-to-Use Assets Acquired by Incurring Lease Obligations	\$ 699,527
Intangible Right-to-Use Assets Acquired by Incurring SBITAs	\$ 1,142,167
Amortization of Deferred Gain (Loss) of Capital Debt Refunded	\$ (118,110)
Unrealized Gain (Loss) on Investments	\$ (4,674,636)

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

AUGUSTA UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Early Retirement		Total
	Plan - Augusta	Custodial	
	University	Funds	
ASSETS			
Cash and Cash Equivalents	\$ 5,108,107	\$ —	\$ 5,108,107
Investments			
Mutual Bond Funds	26,874,708	—	26,874,708
Equity Mutual Funds - Domestic	76,288,055	—	76,288,055
Equity Securities - Domestic	27,239,195	—	27,239,195
Receivables			
Other	—	1,609,991	1,609,991
Total Assets	<u>135,510,065</u>	<u>1,609,991</u>	<u>137,120,056</u>
LIABILITIES			
Cash Overdraft	—	426,357	426,357
Advances	—	17,584	17,584
Deposits Held for Organization	—	28,983	28,983
Total Liabilities	<u>—</u>	<u>472,924</u>	<u>472,924</u>
NET POSITION			
Held in Trust for:			
Pension Benefits	135,510,065	—	135,510,065
Individuals, Organizations, and Other Governments	—	1,137,067	1,137,067
Total Net Position	<u>\$ 135,510,065</u>	<u>\$ 1,137,067</u>	<u>\$ 136,647,132</u>

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

AUGUSTA UNIVERSITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2024

	Early Retirement Plan - Augusta University	Custodial Funds	Total
ADDITIONS			
Contributions			
Employer	\$ 5,824,318	\$ —	\$ 5,824,318
Investment Income			
Dividends and Interest	3,041,766	—	3,041,766
Net Appreciation in Investments Reported at Fair Value	13,804,133	—	13,804,133
Less: Investment Expense	(140,989)	—	(140,989)
Net Investment Income	16,704,910	—	16,704,910
Federal Financial Aid	—	104,537,405	104,537,405
State Financial Aid	—	19,496,932	19,496,932
Other Financial Aid	—	3,982,513	3,982,513
Clubs and Other Organizations Fund Raising	—	3,161,468	3,161,468
Public-Private Partnership Passthrough	—	6,245,306	6,245,306
Total Additions	22,529,228	137,423,624	159,952,852
DEDUCTIONS			
Benefits	14,512,712		14,512,712
Scholarships and Other Student Support	—	128,073,119	128,073,119
Student Organizations Support	—	3,162,496	3,162,496
Public-Private Partnership Passthrough	—	6,255,034	6,255,034
Total Deductions	14,512,712	137,490,649	152,003,361
Change in Fiduciary Net Position	8,016,516	(67,025)	7,949,491
Fiduciary Net Position, Beginning of Year, As Originally Reported	127,493,549	1,204,092	128,697,641
Fiduciary Net Position, End of Year	\$ 135,510,065	\$ 1,137,067	\$ 136,647,132

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

**AUGUSTA UNIVERSITY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2024**

	Augusta University Foundation, Inc.	Augusta University Real Estate Corporation, Inc.	Augusta University Research Institute, Inc.	Augusta University Real Estate Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/Consolidation Entries	Total
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 22,233,468	\$ 5,517,655	\$ 12,311,332	\$ 186,213	\$ 6,591,026	\$ —	\$ 46,839,694
Cash and Cash Equivalents (Externally Restricted)	4,318,151	—	—	—	370,105	—	4,688,256
Short-term Investments	—	—	4,973,649	—	—	—	4,973,649
Accounts Receivable, net							
Federal Financial Assistance	—	—	10,241,673	—	—	—	10,241,673
Affiliated Organizations	—	—	—	—	4,197,041	(4,197,041)	—
Primary Government	—	—	—	5,125	13,942	40,683	59,750
Pledges and Contributions	3,834,672	—	—	—	540,172	—	4,374,844
Other	13,625	3,065,621	—	106,255	10,000	4,197,041	7,392,542
Investment in Financing Lease Arrangements - Primary Government	1,448,385	—	—	—	—	—	1,448,385
Prepaid Items	152,234	54,974	—	83,566	—	—	290,774
Total Current Assets	32,000,535	8,638,250	27,526,654	381,159	11,722,286	40,683	80,309,567
Non-Current Assets							
Accounts Receivable, net							
Pledges and Contributions	1,379,767	—	—	—	349,119	—	1,728,886
Other	—	16,377,273	—	—	—	—	16,377,273
Investments	16,087,468	—	17,183	19,694	41,206,352	—	57,330,697
Due From Other Funds	160,785	—	—	—	—	—	160,785
Investment in Financing Lease Arrangements - Primary Government	16,057,980	—	—	—	—	—	16,057,980
Other Assets	165,444	—	—	—	41,866	—	207,310
Non-current Cash (Externally Restricted)	—	—	69,973	32,762,846	—	—	32,832,819
Short-term Investments (Externally Restricted)	654,000	—	—	—	—	—	654,000
Investments (Externally Restricted)	49,312,374	—	—	—	313,278,480	—	362,590,854
Capital Assets, net	—	—	—	15,966,245	15,450,930	—	31,417,175
Total Non-Current Assets	83,817,818	16,377,273	87,156	48,748,785	370,326,747	—	519,357,779
TOTAL ASSETS	115,818,353	25,015,523	27,613,810	49,129,944	382,049,033	40,683	599,667,346
DEFERRED OUTFLOWS OF RESOURCES							
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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

**AUGUSTA UNIVERSITY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2024**

	Augusta University Foundation, Inc.	Augusta University Real Estate Corporation, Inc.	Augusta University Research Institute, Inc.	Augusta University Real Estate Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/Consolidation Entries	Total
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 438,311	\$ 26,987	\$ 74,829	\$ 8,180,110	\$ 81,277	\$ —	\$ 8,801,514
Due to Affiliated Organizations	—	—	—	639	—	—	639
Due to Primary Government	762,792	139,744	12,771,910	—	677,087	40,683	14,392,216
Advances (Including Tuition and Fees)	1,435,490	—	—	—	—	—	1,435,490
Deposits	—	43,957	—	—	—	—	43,957
Other Liabilities	—	56,351	23,379	—	135,402	—	215,132
Notes and Loans Payable - External	—	—	—	—	3,500,000	—	3,500,000
Revenue Bonds and Notes Payable	1,275,000	—	—	—	—	—	1,275,000
Liabilities Under Split Interest Agreements	—	—	—	1,625	—	—	1,625
Total Current Liabilities	3,911,593	267,039	12,870,118	8,182,374	4,393,766	40,683	29,665,573
Non-Current Liabilities							
Advances (Including Tuition and Fees)	—	—	—	16,958,990	—	—	16,958,990
Notes and Loans Payable - External	—	—	—	—	10,472,123	—	10,472,123
Revenue Bonds and Notes Payable	15,775,767	—	—	19,724,630	—	—	35,500,397
Liabilities Under Split Interest Agreements	—	—	—	6,581	876,911	—	883,492
Total Non-Current Liabilities	15,775,767	—	—	36,690,201	11,349,034	—	63,815,002
TOTAL LIABILITIES	19,687,360	267,039	12,870,118	44,872,575	15,742,800	40,683	93,480,575
DEFERRED INFLOWS OF RESOURCES	—	18,434,335	—	—	—	—	18,434,335
NET POSITION							
Net Investment in Capital Assets	—	—	—	15,966,245	4,978,807	—	20,945,052
Restricted for:							
Nonexpendable	38,138,028	—	—	—	174,448,449	—	212,586,477
Expendable	47,722,153	—	69,973	11,487	140,089,426	—	187,893,039
Unrestricted	10,270,812	6,314,149	14,673,719	(11,720,363)	46,789,551	—	66,327,868
TOTAL NET POSITION	\$ 96,130,993	\$ 6,314,149	\$ 14,743,692	\$ 4,257,369	\$366,306,233	\$ —	\$ 487,752,436

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

**AUGUSTA UNIVERSITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

	Augusta University Foundation, Inc.	Augusta University Real Estate Corporation, Inc.	Augusta University Research Institute, Inc.	Augusta University Real Estate Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
OPERATING REVENUES							
Grants and Contracts							
Federal	\$ —	\$ —	\$ 81,410,075	\$ —	\$ —	\$ —	\$ 81,410,075
Other	572,562	—	13,210,990	—	—	—	13,783,552
Sales and Services	715,064	—	—	—	—	—	715,064
Rents and Royalties	199,801	3,172,599	333,574	12,300	119,829	—	3,838,103
Gifts and Contributions	13,976,722	—	—	1,799,005	2,718,113	—	18,493,840
Endowment Income	1,494,843	—	—	—	12,510,375	—	14,005,218
Other Operating Revenues	45,641	—	18,226	—	1,515,791	—	1,579,658
Total Operating Revenues	17,004,633	3,172,599	94,972,865	1,811,305	16,864,108	—	133,825,510
OPERATING EXPENSES							
Faculty Salaries	—	—	—	48,746	3,885,668	—	3,934,414
Staff Salaries	3,722,772	—	—	160,378	1,810,600	—	5,693,750
Employee Benefits	1,164,802	—	—	—	—	—	1,164,802
Other Personal Services	679,584	—	—	—	2,290,882	—	2,970,466
Travel	389,007	—	—	3,761	308,809	—	701,577
Scholarships and Fellowships	1,913,880	—	—	—	4,169,858	—	6,083,738
Utilities	—	—	—	—	341,039	—	341,039
Supplies and Other Services	5,371,262	1,704,060	97,974,919	227,630	878,991	—	106,156,862
Depreciation and Amortization	—	—	—	—	185,909	—	185,909
Total Operating Expenses	13,241,307	1,704,060	97,974,919	440,515	13,871,756	—	127,232,557
Operating Income (Loss)	\$ 3,763,326	\$ 1,468,539	\$ (3,002,054)	\$ 1,370,790	\$ 2,992,352	\$ —	\$ 6,592,953

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

AUGUSTA UNIVERSITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2024

	Augusta University Foundation, Inc.	Augusta University Real Estate Corporation, Inc.	Augusta University Research Institute, Inc.	Augusta University Real Estate Foundation, Inc.	Medical College of Georgia Foundation, Inc.	Elimination/ Consolidation Entries	Total
NONOPERATING REVENUES (EXPENSES)							
Investment Income	\$ 7,112,802	\$ —	\$ 669,651	\$ 315,251	\$ 21,838,094	\$ —	\$ 29,935,798
Interest Expense	(652,479)	—	—	(25,131)	(575,306)	—	(1,252,916)
Other Nonoperating Revenues (Expenses)	—	445,342	—	—	—	—	445,342
Net Nonoperating Revenues	6,460,323	445,342	669,651	290,120	21,262,788	—	29,128,224
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	10,223,649	1,913,881	(2,332,403)	1,660,910	24,255,140	—	35,721,177
Additions to Permanent and Term Endowments	5,844,206	—	—	—	10,458,266	—	16,302,472
Total Other Revenues, Expenses, Gains or Losses	5,844,206	—	—	—	10,458,266	—	16,302,472
Change in Net Position	16,067,855	1,913,881	(2,332,403)	1,660,910	34,713,406	—	52,023,649
Net Position, Beginning of Year	80,063,138	4,400,268	17,076,095	2,596,459	331,592,827	217,497,205	653,225,992
Prior Year Adjustments	—	—	—	—	—	(217,497,205)	(217,497,205)
Net Position, Beginning of Year, Restated	80,063,138	4,400,268	17,076,095	2,596,459	331,592,827	—	435,728,787
Net Position, End of Year	<u>\$ 96,130,993</u>	<u>\$ 6,314,149</u>	<u>\$ 14,743,692</u>	<u>\$ 4,257,369</u>	<u>\$366,306,233</u>	<u>\$ —</u>	<u>\$ 487,752,436</u>

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



Notes to the Financial Statements

AUGUSTA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

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

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

The accompanying basic financial statements are intended to supplement the State's Annual Comprehensive Financial Report (ACFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2024, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Discretely Presented Component Units

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

- Augusta University Foundation, Inc. 1120 15th Street, AD-1108, Augusta, GA, 30912
- Augusta University Research Institute, Inc. 1120 15th Street, CJ-3301, Augusta, GA, 30912

- Georgia Regents Real Estate Corporation d/b/a Augusta University Real Estate Corporation, 1120 15th Street, AD-1108, Augusta. GA 30912
- Augusta University Real Estate Foundation, Inc., (formerly known as Georgia Health Sciences Foundation, Inc.)1120 15th Street, AD-1108, Augusta, Georgia 30912
- Medical College of Georgia Foundation, Inc., 720 Saint Sebastian Way, STE 150, Augusta, GA 30901

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

Fiduciary Component Units

GAAP requires fiduciary component units to be reported as fiduciary funds of the USG rather than as discrete component units.

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following fiduciary funds:

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

New Accounting Pronouncements

In 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.

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections, effective for fiscal years beginning after June 15, 2023. The objectives of this Statement are to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

Cash and Cash Equivalents

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

Short-Term Investments

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

Investments

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

Resale inventories are valued at cost using 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, 2024 are recorded as prepaid items.

Capital Assets

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

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

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

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

Intangible Right-To-Use Assets

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

Financed leases, which transfer ownership, are included in capital assets and notes payable on the Statement of Net Position.

The University also entered into certain subscription-based agreements to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) result in an intangible right-to-use asset and a subscription obligation on the Statement of Net Position. The University capitalizes SBITA items that are greater than \$100,000 over the subscription term and the initial term exceeds 12 months.

An intangible right-to-use asset represents the University's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the University's liability to make lease and/or subscription payments arising from the lease and/or subscription agreement. Intangible right-to-use assets, lease obligations, and subscription obligations are recognized based on the present value of lease and/or subscription 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 and/or subscription 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 and/or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease and/or subscription term or useful life of the underlying asset. Prepayments made before the commencement of the lease and/or subscription are reported as intangible right-to-use assets in progress.

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

Capital Liability Reserve Fund

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program financed the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The \$329,640 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.

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

Other Post-Employment Benefit (OPEB)

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

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

Pensions and Net Pension Liability

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

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

Public-Private and Public-Public Partnerships

A public-private or public-public partnership (PPP) is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset. Some PPP's are service concession arrangements.

Net Position

The University's net position is classified as follows:

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

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

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

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

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

Income Taxes

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

Classification of Revenues and Expenses

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

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

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded contra revenue for scholarship allowances. Tuition, fees and other student charges reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$20,333,147.

Restatement of Prior Year Net Position

The University made the following restatements:

	Augusta University	Fiduciary Fund	Discretely Presented Component Units
Net position, beginning of year, as originally reported	\$ 157,231,683	\$ 128,697,641	\$ 653,225,992
Changes in financial reporting entity	—	—	(217,497,205)
Net position, beginning of year, restated	<u>\$ 157,231,683</u>	<u>\$ 128,697,641</u>	<u>\$ 435,728,787</u>

Changes in Financial Reporting Entity

On August 29, 2023, AU Health System, Inc. (AUHS) transitioned operations to Wellstar MCG Health, Inc. (Wellstar). Under the Member Substitution Agreement, Wellstar became the sole corporate member of AUHS, while AUHS retained three affiliates: AU Medical Center (AUMC), Roosevelt Warm Springs Rehabilitation and Specialty Hospitals (RWSH), and AU Medical Associates (AUMA). As a result of this transition, it was determined AUHS and its entities no longer met criteria for inclusion as a discretely presented component unit of Augusta University. The effect of this determination led to a decrease of \$217,497,205 in the beginning net position of discretely presented component unit. This balance corresponds to the net fund balance of the AUHS operations.

Special Items

On August 29, 2023, Augusta University received a gift of approximately 116.71 acres of real property and associated buildings, located near the Health Science Campus in Augusta, Georgia, from AU Health Systems, Inc. for the use and benefit of Augusta University. The total value of the land and buildings are valued at \$10,569,666 and \$6,381,763, respectively. For additional details, refer to Note 6-Capital Assets.

On the same date, Augusta University entered into a University Closing Agreement with AU Health System, Inc. (AUHS). Under this agreement, Augusta University and Wellstar MCG Health, Inc. (Wellstar) agreed to share equally (50/50 split) the aggregate costs required to fund all the signing bonuses for the Faculty Physicians Agreements and the AU Medical Associates (AUMA) employed physicians. To accurately record these payments for Salary and Travel reporting, the University disbursed \$4,432,625 which was the full amount of the signing bonus to applicable university employees. In December 2023, the University received \$2,216,313 from Wellstar for its share of the signing bonuses. This resulted in a net amount of \$2,216,313 reported as a special item.

Additionally as part of the University Closing Agreement with AU Health System, Inc. (AUHS), Augusta University and Wellstar MCG Health, Inc. (Wellstar) agreed Wellstar would fund a one-time settlement of tuition assistance benefit payments. This settlement covers Faculty Physicians, AU non-physician faculty members, AUMA employed physicians and AUHS employees who participated in the AUMA or AUHS tuition assistance benefit prior to August 29, 2023, the closing date of the AUHS and Wellstar transition. In December 2023, the University received \$5,741,394 from Wellstar. To accurately record the payment correctly for Salary and Travel reporting, the University disbursed \$5,741,394 to the applicable employees. This resulted in a net amount of \$0 reported as a special item.

Furthermore, the University and Wellstar established a partnership on August 29, 2023, entrusting the operation of hospital facilities to Wellstar. Detailed information about this agreement is available in Note 9 under Public-Public Partnership (PPP).

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2024 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	\$	67,651,803
Cash and Cash Equivalents (Externally Restricted)		34,605,301
Short-Term Investments		5,330,069

Noncurrent

Investments		232,637,414
Investments (Externally Restricted)		16,486,275

Statement of Fiduciary Net Position

Cash and Cash Equivalents		4,681,750
Investments		130,401,958
	\$	<u>491,794,570</u>

Cash on hand, deposits and investments as of June 30, 2024 consist of the following:

Cash on Hand	\$	89,477
Deposits with Financial Institutions		102,586,990
Investments		389,118,102
	\$	<u>491,794,569</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, 2024, the bank balances of the University's deposits totaled \$110,280,820. Of these deposits, none were exposed to custodial credit risk.

B. Investments

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

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

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

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

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. Investments classified in Level 3 include guaranteed investment contracts. Guaranteed investment contracts are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

Net Asset Value (NAV) – Investments whose fair value is measured at the NAV are excluded from the fair value hierarchy as a practical expedient to fair value. Investments reported at NAV include real estate funds that invest primarily in U.S. commercial real estate. The fair values of real estate investments in this category have been estimated using the net asset value of the University's ownership interest in partners' capital. Real estate investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from real estate investment funds will be received as the underlying investments of a fund are liquidated.

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, 2024.

	Fair Value	Fair Value Hierarchy	
		Level 1	Level 2
Investment type:			
Debt Securities			
U.S. Treasuries	\$ 12,998	\$ 12,998	\$ —
U.S. Agencies			
Explicitly Guaranteed	58,591,744	—	58,591,744
Implicitly Guaranteed	110,145,538	—	110,145,538
Corporate Debt	70,795,418	—	70,795,418
Money Market Mutual Funds	4,262,387	4,262,387	—
Mutual Bond Funds	26,874,709	26,874,709	—
Other Investments			
Equity Mutual Funds - Domestic	76,288,054	76,288,054	—
Equity Securities - Domestic	27,239,195	27,239,195	—
	<u>374,210,043</u>	<u>\$ 134,677,343</u>	<u>\$ 239,532,700</u>
Investment Pools			
Board of Regents			
Diversified Fund	<u>14,908,059</u>		
Total Investments	<u>\$ 389,118,102</u>		

Board of Regents Pooled Investment Program

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

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

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

The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the

University's position in the Diversified Fund at June 30, 2024 was \$14,908,059, of which 26% is invested in debt securities. The Effective Duration of the Fund is 5.06 years.

Interest Rate Risk

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

The University's investments as of June 30, 2024 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type:						
Debt Securities						
U.S. Treasuries	\$ 12,998	\$ 12,998	\$ —	\$ —	\$ —	\$ —
U.S. Agencies						
Explicitly Guaranteed	58,591,744	53,666,713	89,352	4,767,462	68,217	—
Implicitly Guaranteed	110,145,538	13,200,868	24,981,841	71,962,829	—	—
Corporate Debt	70,795,418	3,817,494	32,120,703	34,857,221	—	—
Money Market Mutual Funds	4,262,387	4,262,387	—	—	—	—
Mutual Bond Funds	26,874,709	—	—	5,072,033	9,608,377	12,194,299
	<u>\$ 270,682,794</u>	<u>\$ 74,960,460</u>	<u>\$ 57,191,896</u>	<u>\$ 116,659,545</u>	<u>\$ 9,676,594</u>	<u>\$ 12,194,299</u>
Other Investments						
Equity Mutual Funds - Domestic	76,288,054					
Equity Securities - Domestic	27,239,195					
Investment Pools						
Board of Regents						
Diversified Fund	<u>14,908,059</u>					
Total Investments	<u>\$ 389,118,102</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:

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

At June 30, 2024, \$0 of the University's applicable investments were uninsured and held by the investment's counterparty's trust department or agent, in the University's name.

Credit Quality Risk

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

	Fair Value	AAA	AA	A	Unrated
Related Debt Investments					
U. S. Agency Securities	\$ 110,145,538	\$ 110,145,538	\$ —	\$ —	\$ —
Corporate Debt	70,795,418	—	8,281,454	62,513,964	—
Money Market Mutual Funds	4,262,387	4,262,387	—	—	—
Mutual Bond Funds	26,874,709	—	—	—	26,874,709
	\$ 212,078,052	\$ 114,407,925	\$ 8,281,454	\$ 62,513,964	\$ 26,874,709

Concentration of Credit Risk

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

At June 30, 2024, approximately 5.70% of the University's investments were investments in Invesco S&P Equal Weight ETF.

More than 5% of the ERP Pension Plan's Investments are in Invesco S&P Equal Weight EFT. This investment is 16.48% of the Plan's total investments.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2024:

	Business Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 1,086,334	\$ 119,581
Auxiliary Enterprises and Other Operating Activities	887,881	—
Federal Financial Assistance	18,741,271	319,717
Georgia Student Finance Commission	—	1,165,363
Georgia State Financing and Investment Commission	4,825,166	—
Due from Affiliated Organizations	714,039	—
Due from Component Units	14,392,216	—
Due From Other USG Institutions	335,240	—
Other	19,308,398	5,330
	<u>60,290,545</u>	<u>1,609,991</u>
Less: Allowance for Doubtful Accounts	945,915	—
Net Accounts Receivable	<u>\$ 59,344,630</u>	<u>\$ 1,609,991</u>

Other includes approximately \$16.5 million for Accounts Receivable from Wellstar MCG Health, Inc., which used to be AU Health Systems, Inc., which was reported in Due from Component Units in fiscal year 2023.

Note 4 Inventories

Inventories consisted of the following at June 30, 2024:

Merchandise for Resale	<u>\$ 272,209</u>
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Note 5 Notes and Loans Receivable

The HRSA Medical/Dental/Nursing Loans, Federal Perkins Loan Program, and Emergency/Foundation Loans comprises the loans receivable at June 30, 2024. The HRSA Medical/Dental/Nursing Loan Programs provide a service cancellation to the student borrowers. The Federal government funds the cancellations. The Federal Perkins Loan 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, 2024, the allowance for uncollectible loans was \$412,709, and consisted of HRSA Medical/Dental/Nursing Loans, Federal Perkins Loan Program, and Emergency/Foundation Loans of 39.59%, 36.50%, and 23.91%, respectively.

Note 6 Capital and Intangible Right-to-Use Assets

Changes in capital assets for the year ended June 30, 2024 are shown below:

	Balance July 1, 2023	Special Item and Other Transfers	Additions	Reductions	Balance June 30, 2024
Capital Assets, Not Being Depreciated:					
Land	\$ 28,515,529	\$ 10,569,666	\$ —	\$ —	\$ 39,085,195
Capitalized Collections	94,506	—	25,001		119,507
Construction Work-in-Progress	32,774,185	—	24,245,949	30,734,054	26,286,080
Total Capital Assets Not Being Depreciated	61,384,220	10,569,666	24,270,950	30,734,054	65,490,782
Capital Assets, Being Depreciated					
Infrastructure	13,649,269	—	—	—	13,649,269
Building and Building Improvements	1,011,529,637	10,976,577	42,011,996	888,020	1,063,630,190
Facilities and Other Improvements	28,692,135	—	449,538	—	29,141,673
Equipment	148,472,614	—	15,981,194	8,011,639	156,442,169
Library Collections	32,516,088	—	649,890	4,090	33,161,888
Total Capital Assets Being Depreciated	1,234,859,743	10,976,577	59,092,618	8,903,749	1,296,025,189
Less: Accumulated Depreciation/					
Infrastructure	5,413,404	—	495,991	—	5,909,395
Building and Building Improvements	409,784,366	4,594,814	23,931,760	835,383	437,475,557
Facilities and Other Improvements	15,689,558	—	1,899,386	—	17,588,944
Equipment	110,789,232	—	13,800,284	7,260,452	117,329,064
Library Collections	28,079,367	—	881,662	4,090	28,956,939
Total Accumulated Depreciation	569,755,927	4,594,814	41,009,083	8,099,925	607,259,899
Total Capital Assets, Being Depreciated, Net	665,103,816	6,381,763	18,083,535	803,824	688,765,290
Capital Assets, net	<u>\$ 726,488,036</u>	<u>\$ 16,951,429</u>	<u>\$ 42,354,485</u>	<u>\$ 31,537,878</u>	<u>\$ 754,256,072</u>

The University has received capital assets from AU Health Systems, Inc., which is no longer a Component Unit and no longer a part of the State's reporting entity. The University has reported these transactions as a special item on the Statement of Revenues, Expenses and Changes in Net Position. See Note 1 - Special Item for additional information related to these transactions.

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

At June 30 2024, GSFIC had \$609,164 in construction in progress on their books for incomplete GSFIC managed projects for the University. Projects funded by GSFIC that were managed by the University include building and building improvements, equipment and research and development infrastructure total \$2,743,222 which includes \$29,445 for renovating and equipping the Cyber Center Complex, a project which was being managed by the Georgia Technology Authority (GTA) and transferred to the University as it is completed.

Changes in intangible assets for the year ended June 30, 2024 are shown below:

	Beginning Balances July 1, 2023	Special Item Transfer	Additions	Reductions	Ending Balance June 30, 2024
Intangible Right-to-use Assets, Being Amortized:					
Building and Building Improvements	\$ 3,449,977	—	\$ 258,089	\$ 106,413	\$ 3,601,653
Equipment	1,384,257	—	497,667	487,489	1,394,435
Subscription Based IT Arrangements (SBITAs)	3,896,341	—	1,232,928	—	5,129,269
Total Leased Assets Being Amortized	8,730,575	—	1,988,684	593,902	10,125,357
Less: Accumulated amortization					
Building and Building Improvements	802,703	—	420,936	106,413	1,117,226
Equipment	1,025,484	—	192,793	366,760	851,517
Subscription Based IT Arrangements (SBITAs)	474,857	—	1,908,102	—	2,382,959
Total Accumulated Amortization	2,303,044	—	2,521,831	473,173	4,351,702
Intangible Right-to-use Assets, net	<u>\$ 6,427,531</u>	<u>\$ —</u>	<u>\$ (533,147)</u>	<u>\$ 120,729</u>	<u>\$ 5,773,655</u>

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

Fiscal Year	Depreciation & Amortization Expense
2024	43,530,914
2023	40,121,914
2022	38,210,685

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2024:

	<u>Current Liabilities</u>
Prepaid Tuition and Fees	\$ 5,306,564
Research	29,922,798
Other - Advances	<u>1,253,907</u>
Totals	<u>\$ 36,483,269</u>

The amount in Other - Advances above includes \$338,079 from related parties. Fiduciary fund advances in the amount of \$17,584 consists of student support received prior to eligibility requirements being met.

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2024 was as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion</u>
Lease & Subscription Obligations					
Lease Obligations	\$ 3,197,374	\$ 699,527	\$ 585,820	\$ 3,311,081	\$ 587,753
Subscription Obligations	3,202,245	1,142,167	1,477,604	2,866,808	1,369,633
Total	<u>6,399,619</u>	<u>1,841,694</u>	<u>2,063,424</u>	<u>6,177,889</u>	<u>1,957,386</u>
Other Liabilities					
Compensated Absences	47,008,029	33,546,122	31,753,814	48,800,337	28,405,711
Notes and Loans Payable	36,320,923	—	2,760,742	33,560,181	2,854,706
Total	<u>83,328,952</u>	<u>33,546,122</u>	<u>34,514,556</u>	<u>82,360,518</u>	<u>31,260,417</u>
Total Long-Term Obligations	<u>\$ 89,728,571</u>	<u>\$ 35,387,816</u>	<u>\$ 36,577,980</u>	<u>\$ 88,538,407</u>	<u>\$ 33,217,803</u>

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

Notes and Loans Payable

Financing Lease Agreements

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

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest payments related to financing lease agreements for fiscal year 2024 were \$2,760,742 and \$1,191,910, respectively. Interest rates range from 2.93%-4.088%.

The University has \$33,560,181 in outstanding notes payable due to component units for financing lease agreements.

The following is a summary of the carrying values of assets held under financing lease agreements at June 30, 2024:

Description	Gross Amount (+)	Less: Accumulated Amortization (-)	Net Assets Held Under Financing Arrangements at June 30, 2024 (=)	Outstanding Balances per Lease Schedules at June 30, 2024
Finance Buildings and Building Improvements	\$ 59,733,497	\$ 33,057,038	\$ 26,676,459	\$ 33,560,181

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal	Related Party	Interest Rate
Cancer Research Center (CRC)	MCG-PPG, CRC LLC	\$ 27,704,398	30 years	01/2006	06/2034	\$ 16,053,811		2.93 %
University Housing	AU Foundation	20,246,137	30 years	09/2005	01/2035	11,673,549	(1)	4.09 %
Student Center	AU Foundation	11,782,962	29 years	03/2006	12/2033	5,832,821	(1)	3.13 %
Total Leases		<u>\$ 59,733,497</u>				<u>\$ 33,560,181</u>		

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

Below is the annual debt service related to the outstanding notes payable at June 30, 2024.

Year Ending June 30:	Principal	Interest
2025	\$ 2,854,706	\$ 1,098,856
2026	2,952,554	1,002,551
2027	3,043,794	902,941
2028	3,154,048	800,017
2029	3,263,360	693,333
2030 through 2034	17,514,909	1,736,805
2035 through 2039	<u>776,810</u>	<u>10,621</u>
Total Notes and Loans Payable	<u>\$ 33,560,181</u>	<u>\$ 6,245,124</u>

Note 9 Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2024, consisted of the following:

Deferred Outflows of Resources

Deferred Outflows on Debt Refunding	\$ 1,651,907
Deferred Outflows on Defined Benefit Pension Plans (See Note 14)	139,791,683
Deferred Outflows on OPEB Plan (See Note 17)	55,933,674
Total Deferred Outflows of Resources	<u>\$ 197,377,264</u>

Deferred Inflows of Resources

Deferred Inflows on Debt Refunding	\$ 517,895
Deferred Inflows on Defined Benefit Pension Plans (See Note 14)	36,973,652
Deferred Inflows on OPEB Plan (See Note 17)	223,872,164
Total Deferred Inflows of Resources	<u>\$ 261,363,711</u>

Deferred Loss/Gain on Debt Refunding

In October 2014, the MCG-PPG Cancer Research Center, LLC, refunded the bonds associated with this lease and passed the perceived economic advantages of this refunding to the University by reducing the interest rate to 4.15% and the lease term maturity to June, 2034. The future minimum lease payments did not change as a result of this refunding. The University recognized a Deferred Outflow on Debt Refunding in the amount of \$2,647,632. The unamortized Deferred Outflows on Debt Refunding at year end related to this transaction is \$1,470,906.

In October 2014, the Augusta University Foundation refunded the bonds associated with the student activities center and passed the perceived advantages of this refunding to the University by reducing the effective interest rate to 3.72% with a maturity date of December, 2033. The future minimum lease payments did not change as a result of the refunding. The University recognized a Deferred Loss on Debt Refunding of \$325,802. The unamortized Deferred Outflows on Debt Refunding at year end related to this transaction is \$181,001.

In November 2012, the Augusta University Foundation refunded the bond associated with the student housing complex lease at 4.26% for the same term with the same maturity date of January, 2035. The University recognized a Deferred Gain on Debt Refunding of \$894,546. The unamortized Deferred Inflows on Debt Refunding at year end related to this transaction is \$517,895.

Public-Private or Public-Public Partnerships (PPP)

On August 29, 2023, Augusta University entered into a 40-year agreement with Wellstar MCG Health Inc. (Wellstar). Under this agreement, Wellstar will deliver health services as a public service at the hospitals and facilities owned by the University. The agreement grants Wellstar control and ultimate authority over the University's healthcare facilities, including operations and management of clinical services and programs.

As part of the same agreement, Wellstar committed to investing \$797 million to fund the construction, completion and opening of the Columbia County Hospital, Medical Office Building and Surgery Center, integrate the Wellstar Epic electronic medical records system at the University's hospital, and to support the Augusta Campus through capital improvements and deferred maintenance.

Under the Second Amended and Restated Master Lease Agreement between the Board of Regents/Augusta University (Lessor) and AU Medical Center, Inc. (Lessee) the University agrees to lease approximately 51.37 acres of land situated in the City of Augusta, Richmond County, Georgia, located on or about the campus of Augusta University. The lease term is 40 years, beginning in August 2023 and ending in August 2063, with an option to renew for an additional 40 years. The lease will terminate if the Master Affiliation Agreement is terminated, and will automatically renew if the Master Affiliation Agreement renewed. The Lessee agrees to pay the University \$10 dollars per year as "Rent", which is due within 10 days after the last day of Lessee's fiscal year for the duration of the lease.

In accordance with the Amended and Restated Lease Agreement between Board of Regents/Augusta University (Lessor) and Wellstar MCG Health, Inc., (Lessee) the University agrees to lease approximately 22.334 acres of land in Meriwether County, Georgia near the Warm Springs Roosevelt Rehabilitation and Specialities Hospital. The lease term is 40 years, beginning August 2023 to August 2063, with an option to renew for an additional 40 years. The lease will terminate if the Master Affiliation Agreement is terminated, and will automatically renew if the Master Affiliation Agreement renewed. The Lessee agrees to pay the University \$10 dollars per year as "Rent", which is due within 10 days after the last day of Lessee's fiscal year for the duration of the lease.

On April 18, 2023, the Board of Regents/Augusta University entered into a Electronic Health Record system (EHR) agreement with AU Health System, Inc., whereby \$105 million was appropriated by Georgia Legislature and an additional \$10 million contribution from the University. These funds are designated for the installation and implementation of a new Electronic Health Record (EHR) System to be deployed across AUHS affiliated organizations, patient care facilities and clinics and clinical ambulatory sites. In fiscal year 2023, the University encumbered \$115 million to be payable to AUHS for this EHR system.

On August 29, 2023, the Board of Regents/Augusta University signed a Master Affiliation Agreement with Wellstar. As part of this agreement, the parties acknowledge Wellstar has adopted the EPIC EHR system for all sites. Wellstar will ensure that no later than the third anniversary of the transition date, Wellstar MCG Health, Inc. and all its affiliates will be fully integrated into the Wellstar Epic System with funding for the installation and implementation is provided for by EHR System agreement.

For the fiscal year 2024, there were not any variable or other payments, such as residual value guarantees or termination penalties, received for the fiscal year ended June 30, 2024. Additionally, Wellstar has committed to initiating annual Variable Mission Support Payments from September 2024 onwards, which will be overseen by an Escrow Agent. These payments are calculated based on Wellstar's operating margin. Wellstar will deposit these funds into this escrow account, where they will remain for a six-year period, with no disbursements to the University until the end of this term. Both parties, AU and Wellstar, must jointly instruct the Escrow Agent to release the funds prior to the 6th anniversary.

Note 10 Net Position

The breakdown of business-type activity net position for the University fund at June 30, 2024 is as follows:

Net Investment in Capital Assets	\$ 721,195,153
Restricted for	
Nonexpendable	
Permanent Endowment	<u>3,321,387</u>
Expendable	
Sponsored and Other Organized Activities	31,825,557
Federal Loans	4,096,313
Institutional Loans	1,143,583
Quasi-Endowments	<u>11,535,227</u>
Sub-Total	<u>48,600,680</u>
Unrestricted	
Auxiliary Enterprises Operations	24,369,346
Reserve for Encumbrances	160,901,836
Capital Liability Reserve Fund	329,640
Other Unrestricted	<u>(770,728,707)</u>
Sub-Total	<u>(585,127,885)</u>
Total Net Position	<u>\$ 187,989,335</u>

Other unrestricted net position is reduced by \$506,393,834 related to the recording of net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to OPEB plan. Other unrestricted net position is also reduced by \$315,257,193 related to the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources related to benefit pension plans. These OPEB and pension balances are mostly funded through state appropriation and student tuition and fees that are subject to State surplus rules which prevent 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, 2024 are as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Net Investments in Capital Assets	\$ 689,578,484	\$ 76,393,793	\$ 44,777,124	\$ 721,195,153
Restricted Net Position	51,152,220	439,310,844	438,540,997	51,922,067
Unrestricted Net Position	<u>(583,499,021)</u>	537,123,902	538,752,766	<u>(585,127,885)</u>
Total Net Position	<u>\$ 157,231,683</u>	<u>\$ 1,052,828,539</u>	<u>\$ 1,022,070,887</u>	<u>\$ 187,989,335</u>

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation on endowment investments available for authorization for expenditure was \$446,692 and is reflected as expendable restricted net position.

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

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

Note 12 Significant Commitments

See the Net Position note for amounts reserved for outstanding encumbrances at June 30, 2024. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the amount of \$1,195,809 executed as of June 30, 2024. This amount is not reflected in the accompanying basic financial statements.

Note 13 Leases and Subscriptions

The University leases facilities, office and computer equipment, and other assets. The University also enters into certain subscription-based contracts to use vendor-provided information technology (IT). Although lease and/or subscription terms vary, many leases and/or subscription agreements are subject to appropriation from the General Assembly to continue the obligation. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest cash payments related to leases for fiscal year 2024 were \$585,820 and \$142,425 respectively. Interest rates range from 0.05%-20.44%.

The University's principal and interest payments related to SBITAs for fiscal year 2024 were \$1,477,604 and \$112,743, respectively. Interest rate is 2.26%-2.74%.

Lease Obligations

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

The following is a summary of the carrying values of intangible right-to-use assets held under lease at June 30, 2024:

Description	Gross Amount	Less: Accumulated Amortization	Net Assets Held Under Lease Obligations at June 30, 2024	Outstanding Balance per Lease Schedules at June 30, 2024
	(+)	(-)	(=)	
Leased Equipment	\$ 1,394,435	\$ 851,517	\$ 542,918	\$ 587,753
Leased Buildings and Building Improvements	3,601,653	1,117,226	2,484,427	2,723,328
Total Assets Held Under Lease	<u>\$ 4,996,088</u>	<u>\$ 1,968,743</u>	<u>\$ 3,027,345</u>	<u>\$ 3,311,081</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/ Year	End Month/ Year	Outstanding Principal
Multiple Individual Copier Leases	Various Vendors (Equipment)	\$ 918,077	5 years	07/2021	06/2029	\$ 218,323
C452360-61043	Ballard Enterprises	106,413	3 years	07/2021	06/2024	—
M489004-62315	Phoebe Putney Memorial Hospital (Building)	163,113	7 years	07/2021	06/2030	549,107
L499833-63908	Ballard Enterprises (Building)	258,089	6 years	10/2023	06/2029	227,834
C467361-62314	Green Acres (Building)	2,651,573	9 years	07/2021	06/2030	1,927,007
New copier leases FY2024	Various Vendors (Equipment)	454,952	5 years	7/1/2023	07/2026	388,810
KXL System	Glaukos (Equipment)	19,592	1.5 years	7/1/2021	1/1/2023	—
Total Leases		<u>\$ 4,571,809</u>				<u>\$ 3,311,081</u>

Certain leases provide for renewal options.

Below is the future commitments related to the outstanding lease obligations as of June 30, 2024:

	<u>Principal</u>	<u>Interest</u>
Year Ending June 30:		
2025	\$ 587,753	\$ 118,725
2026	587,606	90,450
2027	578,715	64,642
2028	585,842	40,292
2029	505,513	22,052
2030 through 2034	<u>465,652</u>	<u>6,904</u>
Total Minimum Lease Payments	<u>\$ 3,311,081</u>	<u>\$ 343,065</u>

Subscription Obligations

For the fiscal year 2024, there were no variable payments based on performance, nor termination penalties expensed for fiscal year ended June 30, 2024.

The following is a summary of the carrying values of intangible right-to-use assets held under SBITA at June 30, 2024:

<u>Description</u>	<u>Gross Amount</u>	<u>Less: Accumulated Amortization</u>	<u>Net Assets Held Under Subscription Obligations at June 30, 2024</u>	<u>Outstanding Balance per Subscription Schedules at June 30, 2024</u>
Subscription Based IT Arrangements (SBITAs)	<u>\$ 5,129,269</u>	<u>\$ 2,382,959</u>	<u>\$ 2,746,310</u>	<u>\$ 2,866,808</u>

Below is the future commitments related to the outstanding subscription obligations year at June 30, 2024:

	<u>Principal</u>	<u>Interest</u>
Year Ending June 30:		
2025	\$ 1,369,633	\$ 72,070
2026	1,012,272	35,431
2027	436,356	11,422
2028	<u>48,547</u>	<u>1,332</u>
Total Minimum Subscription Payments	<u>\$ 2,866,808</u>	<u>\$ 120,255</u>

Note 14. Retirement Plans

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

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

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

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

General Information about the Teachers Retirement System

Plan description

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

Benefits Provided

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

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2024. The University's contractually required contribution rate for the year ended June 30, 2024 was 19.98% of the annual University payroll. The University's contributions to TRS totaled \$43,381,674 for the year ended June 30, 2024.

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, 2024 was 29.35% of annual covered payroll for old and new plan members and 25.51% for GSEPS members. The University's contributions to ERS totaled \$726,152 for the year ended June 30, 2024. 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, 2024, 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, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023 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, 2023. At June 30, 2023, the University's TRS proportion was 1.398731% which was an increase of 0.014379% from its proportion measured as of June 30, 2022. At June 30, 2023, the University's ERS proportion was 0.098389%, which was a decrease of (0.012543)% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$70,571,516 for TRS and \$983,427 for ERS. At June 30, 2024, 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	\$ 20,969,831	\$ 1,707,473	\$ 89,158	\$ 13,754
Changes of assumptions	42,485,279	—	225,853	—
Net difference between projected and actual earnings on pension plan investments	29,044,971	—	239,103	—
Changes in proportion and differences between contributions and proportionate share of contributions	2,629,662	32,130,560	—	369,899
Contributions subsequent to the measurement date	43,381,674	—	726,152	—
Total	<u>\$ 138,511,417</u>	<u>\$ 33,838,033</u>	<u>\$ 1,280,266</u>	<u>\$ 383,653</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, 2025. 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
2025	\$ 14,613,250	\$ (68,276)
2026	\$ 5,688,432	\$ (129,735)
2027	\$ 50,828,420	\$ 477,807
2028	\$ (9,838,392)	\$ (109,335)

Actuarial assumptions

The total pension liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022 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	6.90%, 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 improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

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
Cost-of-living adjustment	1.05%, annually

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, 2022 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 %	0.90 %	30.00 %	0.90 %
Domestic large equities	46.30 %	9.40 %	46.30 %	9.40 %
Domestic small equities	1.20 %	13.40 %	1.20 %	13.40 %
International developed market equities	12.30 %	9.40 %	12.30 %	9.40 %
International emerging market equities	5.20 %	11.40 %	5.20 %	11.40 %
Alternatives	5.00 %	10.50 %	5.00 %	10.50 %
Total	100.00 %		100.00 %	

* Rates shown are net of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 6.90% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.90% for TRS and 7.00% for ERS, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Teachers Retirement System:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Proportionate share of the net pension liability	\$ 652,946,444	\$ 412,965,467	\$ 216,988,693

Employees' Retirement System:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 8,054,156	\$ 5,869,484	\$ 4,031,013

Pension plan fiduciary net position

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

B. Early Retirement Pension Plan

Plan Description

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

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

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

The plan is closed to new entrants. There were no active plan participants. As of January 1, 2024, plan participants consisted of the following:

Inactive Plan Participants:

Retirees and Beneficiaries Currently Receiving Benefits	516
Terminated Employees Entitled to Deferred Benefits	0
Disabled Employees Entitled to Deferred Benefits	0
	<hr/>
Total	516
	<hr/> <hr/>

Benefits Provided

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

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

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

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

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

The ERP does not issue a standalone report.

Funding Policy

The fund sources that provided for an employee's salary, as of December 31, 1999, would be responsible for funding the annuity to provide for retiree benefits. There is no additional cost to the employee/retiree, USG, or State of Georgia for this plan. Contributions are made by Augusta University based on the actuarial valuation of the plan. For fiscal year 2024, affiliated organizations contributed \$4,335,622 to the plan on-behalf of the University.

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

Investments

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

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. The Augusta University's Investment Policy and Guidelines for managing concentration of credit risk requires that stocks and debt issues be diversified. Augusta University also relies upon the concentration of credit risk policy of the individual investment vehicles related to plan assets. More than 5% of the ERP Pension Plan's Investments are in Invesco S&P Equal Weight EFT. This investment is 16.48% of the Plan's total investments.

For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.57%.

Net Pension Liability (NPL)

The components of the net pension liability at June 30, 2024 were as follows:

Total Pension Liability	\$ 134,750,338
Plan Fiduciary Net Position	<u>(135,510,065)</u>
Net Pension Liability	<u><u>\$ (759,727)</u></u>

Plan Fiduciary Net Position as a percentage of total pension liability is 100.56%.

Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of January 1, 2024 with the results rolled forward to the June 30, 2024 measurement date using the following actuarial assumptions, applied to all periods included in the measurement: (a) rate of return of 7.00% per annum, compounded annually (b) inflation of 2.50% per annum, compounded annually, and (c) cost of living adjustments of 3% per annum, compounded annually.

There were no changes in actuarial methods from the prior year report. There were no other changes in plan provisions or actuarial assumptions and methods since the prior report.

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

The long-term expected rate of return on pension plan investments was established with the January 1, 2023 valuation. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These best-estimates are combined to

produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best-estimates of geometric real rates of return and the plan investment policy target asset allocation for each major asset class are summarized in the following table:

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

*Rates shown are net of inflation.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 8,678,732	\$ (759,727)	\$ (9,131,067)

Schedule of Changes in Net Pension Liability

For the year ended June 30, 2024, the University recognized net pension liability of \$(759,727) calculated as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2023	\$ 139,141,479	\$ 127,493,549	\$ 11,647,930
Interest	9,231,959	—	9,231,959
Experience losses (gains)	889,612	—	889,612
Contributions - Employer	—	5,824,318	(5,824,318)
Net investment income	—	16,704,910	(16,704,910)
Benefit payments	(14,512,712)	(14,512,712)	—
Net Change	(4,391,141)	8,016,516	(12,407,657)
Balance, June 30, 2024	<u>\$ 134,750,338</u>	<u>\$ 135,510,065</u>	<u>\$ (759,727)</u>

Affiliated organizations contributed \$4,335,622 to the plan on behalf of the University.

Schedule of Changes in Pension Expense

For the year ended June 30, 2024, the University recognized pension expense of \$805,761 from the following sources:

	Pension Expense
Interest	\$ 9,231,959
Projected investment income	(8,620,455)
Recognition of experience (gain)/loss	889,612
Investment losses (gains)	(695,355)
	<hr/>
Pension Expense June 30, 2024	<u>\$ 805,761</u>

Deferred Outflows/Inflows of Resources

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 2,751,967
	<hr/>	<hr/>

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:	
2025	\$ (1,747,262)
2026	\$ 2,734,182
2027	\$ (2,121,996)
2028	\$ (1,616,891)

C. Defined Contribution Plan

Regents Retirement Plan

Plan Description

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

Funding Policy

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For fiscal year 2024, 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 \$18,130,278 (9.24%) and \$11,772,909 (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 2024, 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, 2024.

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 2024, 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, 2024:

Active Employees	4,609
Retirees or Beneficiaries Receiving Benefits	2,238
Retirees Receiving Life Insurance Only	<u>696</u>
Total	<u><u>7,543</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 2024 plan year, the employer rate was approximately 83% of the total health insurance cost for eligible retirees and the retiree rate was approximately 17%. 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 2024, the University contributed \$9,875,615 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, 2024, the University reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2023. An expected total OPEB liability as of June 30, 2023 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, 2023. At June 30, 2023, the University's proportion was 10.652135%, which was a decrease of (0.233560)% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the University recognized OPEB expense of \$(39,464,551) At June 30, 2024, 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	\$ 14,531,695	\$ 2,585,520
Changes of assumptions	28,341,769	184,271,988
Net difference between projected and actual earnings on OPEB plan investments	1,534,611	—
Changes in proportion and differences between contributions and proportionate share of contributions	1,649,983	37,014,656
Contributions subsequent to the measurement date	<u>9,875,615</u>	<u>—</u>
Total	<u>\$ 55,933,673</u>	<u>\$ 223,872,164</u>

The University's contributions subsequent to the measurement date of \$9,875,615 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, 2025. 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:		
2025	\$	(55,382,684)
2026	\$	(54,571,697)
2027	\$	(43,868,302)
2028	\$	(21,256,231)
2029	\$	(2,735,192)
Thereafter	\$	—

Actuarial assumptions

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of May 1, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost Method	Entry Age Normal
Amortization Method	Closed amortization period for initial unfunded and subsequent actuarial gains/losses.
Asset Method	Fair Value
Interest Discounting and Salary Growth	Interest Rate as of 6/30/2023 of 3.65% from Bond Buyers GO 20-Municipal Bond Index Rate; Discount Rate 3.69% Interest Rate as of 6/30/2022 of 3.54% from Bond Buyers GO 20- Municipal Bond Index Long-term Rate of Return 5.40% General Inflation 2.30% Salary Increase 3.75%
Mortality Rates	Pub - 2010 for Teachers (headcount weighted) projected with a scale MP-2021
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.7%
Medicare Eligible	2%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.5%
Medicare Eligible	2%
Year Ultimate Trend is Reached	Fiscal Year 2034 for Pre-Medicare Eligible, Fiscal Year 2023 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.
- Trend rate schedule was updated to reflect anticipated future experience.
- The Catastrophic Drug Claim Fund assumption was updated from \$200,000 annually to a one time cost of \$130,000 to reflect the elimination of the catastrophic gap effective January 1, 2024 as part of the Inflation Reduction Act.
- The discount rate was updated from 3.54% as of June 30, 2022, to 3.69% as of June 30, 2023.
- The Expected Return on Assets was changed from 4.36% to 5.40%.
- The HRA trend rate assumption was updated from 4.00% to 2.00% to reflect anticipated future experience as a result of the constant HRA amount from 2016 through 2023, and the decrease in HRA amount effective January 1, 2024.

Changes in Plan Since Prior Valuation

The following plan amendments were reflected since the prior measurement date:

- Effective January 1, 2024, the Health Reimbursement Account (HRA) for medicare eligible retirees was decreased from \$2,736 to \$2,640 to purchase individual coverage and from \$5,472 to \$5,280 for dual coverage.

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, 2023 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return, Net of Inflation	Target Allocation
Fixed Income	1.63 %	70 %
Equity Allocation	4.52 %	30 %

Discount rate

The Plan's projected fiduciary net position at the end of 2027 is \$0, based on the valuation completed for the fiscal year ending June 30, 2023. 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 2028. Therefore, the long-term expected rate of return on Plan investments of 5.40% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2023, pursuant to paragraph 48 of GASB Statement No. 74. Instead, a single equivalent yield or index rate of 3.69% was used. 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 (3.65% 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% lower (2.69%) or 1% higher (4.69%) than the current discount rate (3.69%):

	1% Decrease 2.69%	Current Rate 3.69%	1% Increase 4.69%
Proportionate Share of the Net OPEB Liability	\$ 393,174,342	\$ 338,455,344	\$ 293,993,695

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

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

	1% Decrease	Current Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 296,910,887	\$ 338,455,344	\$ 390,061,657
Pre-Medicare Eligible	6.7% decreasing to 3.5%	7.7% decreasing to 4.5%	8.7% decreasing to 5.5%
Medicare Eligible	1.0%	2.0%	3.0%

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 2024 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 99,038,418	\$ 28,949,473	\$ 11,418,613	\$ 755,020	\$ 1,813,905
Research	38,732,001	29,911,640	19,069,008	67,404	1,241,166
Public Service	8,605,261	21,767,325	8,667,254	19,221	573,945
Academic Support	14,718,196	19,540,336	10,945,822	75,323	342,128
Student Services	1,038,961	5,107,213	2,031,777	53,142	155,743
Institutional Support	5,286,054	27,644,254	32,458,109	383,871	310,980
Plant Operations and Maintenance	420,837	13,690,915	5,593,528	4,576	35,418
Scholarships and Fellowships	—	—	—	—	—
Auxiliary Enterprises	79,994	4,368,326	1,632,691	12,478	98,681
Patient Care	132,442,948	77,447,906	46,452,281	4,857,629	757,714
Total Operating Expenses	\$ 300,362,670	\$ 228,427,388	\$ 138,269,083	\$ 6,228,664	\$ 5,329,680

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 1,253,351	\$ 1,971,438	\$ 23,748,470	\$ 19,673,816	\$ 188,622,504
Research	129,168	100,212	39,965,756	4,367,316	133,583,671
Public Service	202,929	139,838	14,762,773	557,618	55,296,164
Academic Support	23,040	122,351	9,020,276	3,358,499	58,145,971
Student Services	26,707	59,049	4,129,512	88,409	12,690,513
Institutional Support	—	1,100	50,362,026	8,392,586	124,838,980
Plant Operations and Maintenance	—	10,793,714	17,624,669	5,911,119	54,074,776
Scholarships and Fellowships	11,243,037	—	—	—	11,243,037
Auxiliary Enterprises	1,043,127	532,159	10,238,695	1,124,539	19,130,690
Patient Care	—	62,992	15,315,506	57,012	277,393,988
Total Operating Expenses	\$ 13,921,359	\$ 13,782,853	\$ 185,167,683	\$ 43,530,914	\$ 935,020,294

Note 19 Subsequent Events

In September 2024, the Institution experienced damages to campus facilities from Hurricane Helene. At this time, the damages are expected to range from \$5 million - \$6 million. The Institution will apply to receive financial support from the Federal Emergency Management Agency and/or Georgia Emergency Management Agency.

Note 20 Component Units

Augusta University Foundation, Inc.

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

The AUF acts primarily as a fund-raising organization to supplement the resources that are available to Augusta University in support of its programs. During the year ended June 30, 2024, the AUF distributed approximately \$5,325,092 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

The Augusta University Foundation, Inc.'s outstanding bonds payable and/or notes and loans payable are secured with collateral related to real property.

Augusta University Research Institute, Inc.

Augusta University Research Institute, Inc. (AURI) is a legally separate, tax-exempt component unit of the State of Georgia reporting entity that reports under GASB standards. The AURI serves to enhance the research mission of Augusta University by securing sponsored research funding and by providing funding of special research initiatives. During the year ended June 30, 2024, the AURI distributed approximately \$89,475,939 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

Augusta University Real Estate Foundation, Inc. (formerly known as Georgia Health Sciences Foundation, Inc.)

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

The AUREF is organized and operated for the purpose of managing real property gifts and other real estate investments to support the educational purposes of Augusta University and its affiliated entities. During the year ended June 30, 2024, the AUREF distributed approximately \$0 to Augusta University in support of capital outlay projects, scholarships, and other supporting activities.

Georgia Regents Real Estate Corporation d/b/a Augusta University Real Estate Corporation

Georgia Regents Real Estate Corporation (GRREC) d/b/a Augusta University Real Estate Corporation is a legally separate, tax-exempt component unit of the State of Georgia reporting entity that reports under GASB standards. The GRREC serves to receive funds, property and other things of value on behalf of and to manage and administer such items solely for the exclusive benefit of the Board of Regents of the University System of Georgia on behalf of the Georgia Cyber Innovation and Training Center (GCITC) of Georgia located at Augusta University.

During the year ended June 30, 2024, the GRREC distributed approximately \$136,000 to Augusta University for payments for parking.

Medical College of Georgia Foundation, Inc.

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

are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

Medical College of Georgia Foundation, Inc. receives and administers funds for the support of the Medical College of Georgia, the Augusta University Health Sciences campus, and the Augusta University Health System, and manages investments and distributed funds in accordance with donor instructions and board of director's intentions for gifts. The Foundation provides support for faculty chairs, research, scholarships, and other institutional programs. During the year ended June 30, 2024, the Foundation paid approximately \$8,939,249 to Augusta University and its affiliates in support of students and University programs. The Foundation paid approximately \$1,177,881 to non-affiliated organizations on behalf of Augusta University.

The Medical College of Georgia Foundation, Inc. has an unused line of credit in the amount of \$1,527,877.

Elimination and Consolidation Adjustments

An elimination entry was necessary for Augusta University Foundation, Inc. to increase Current Assets Accounts Receivable, net - Primary Government in the amount of \$40,683 and to increase Current Liabilities Due To Primary Government in the amount of \$40,683. This was to reflect the correct Current Assets Primary Government due from Augusta University as it was netted with the Current Liabilities Due To Primary Government.

An elimination entry was necessary to decrease the Accounts Receivable Net: Affiliated Organizations by \$4,197,041 and to increase the Accounts Receivable, Net: Other by \$4,197,041. This entry was needed to move the accounts receivable due from the Hub Augusta Collaborative, Inc. (HUB) to other since the HUB is not an USG Affiliated Organization.

An elimination entry was necessary for adjusting the beginning net position prior period adjustments due to the restatement of prior year position due to AU Health System, Inc. no longer being a Component Unit of Augusta University. This entry increased the Beginning Net Position-Prior Period Adjustments by \$217,497,205 and decreased the Beginning Net Position by \$217,497,205.

Combined component unit's investments are comprised of the following amounts at June 30, 2024:

	<u>Fair Value</u>
Investment type	
Debt Securities	
Bond Securities	\$ 12,987,584
Money Market Mutual Funds	6,532,363
Mutual Bond Funds	1,494,327
Repurchase Agreements	654,000
Other Investments	
Equity Mutual Funds - Domestic	35,088,964
Equity Mutual Funds - International	12,395,315
Equity Securities - Domestic	3,199,912
Private Equities	334,542,030
Real Estate Held for Investment Purposes	564,964
Real Asset Limited Partnerships	13,037,827
Other	80,650
	<u>420,577,936</u>
Investment Pools	
Board of Regents	
Short-Term Fund	13,003,751
Balanced Income Fund	4,959,424
Total Return Fund	11,840
	<u>19,973,015</u>
Total Investments	<u>\$ 438,552,951</u>

Of the investments disclosed above, \$13,003,751 of the Board of Regents Short-Term investment pool held by Augusta University Research Institute, Inc. and Augusta University Foundation, Inc. is reported as cash and cash equivalents on the Statement of Net Position.

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

Combined component unit's endowments are comprised of the following amounts at June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning	\$ 43,403,455	\$ 298,360,058	\$ 341,763,513
Contributions	16,619	16,302,472	16,319,091
Net realized and unrealized gains	190,947	36,976,198	37,167,145
Appropriation of endowment assets for expenditure	(1,758,831)	(12,246,387)	(14,005,218)
Transfers to comply with donor intent	2,211,948	(60,000)	2,151,948
Other	371,491	(371,491)	—
Ending	<u>\$ 44,435,629</u>	<u>\$ 338,960,850</u>	<u>\$ 383,396,479</u>

Combined amounts due to component units related to investments in financing lease arrangement activity as of June 30, 2024 is as follows:

Year Ending June 30:	Year:	Principal	Interest	Total
2025	1	\$ 1,448,385	\$ 638,706	\$ 2,087,091
2026	2	1,503,839	583,914	2,087,753
2027	3	1,554,456	527,047	2,081,503
2028	4	1,622,233	468,070	2,090,303
2029	5	1,681,282	406,633	2,087,915
2030 through 2034	6-10	8,919,360	1,029,490	9,948,850
2035 through 2039	11-15	776,810	10,672	787,482
Total Minimum Lease Payments to be Received		<u>\$ 17,506,365</u>	<u>\$ 3,664,532</u>	<u>\$ 21,170,897</u>

Combined component unit's capital assets are comprised of the following amounts at June 30, 2024:

Capital Assets not being Depreciated:	
Land and Land Improvements	\$ 15,832,736
Construction Work-in-Progress	13,671,245
Total Capital Assets not being Depreciated	<u>29,503,981</u>
Capital Assets, Being Depreciated/Amortized:	
Buildings and Building Improvements	2,475,421
Equipment	276,457
Total Capital Assets being Depreciated/Amortized	<u>2,751,878</u>
Less Total Accumulated Depreciation/Amortization	<u>838,684</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>1,913,194</u>
Capital Assets, Net	<u>\$ 31,417,175</u>

Combined component unit's long-term liabilities are comprised of the following amounts at June 30, 2024:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within One Year
Liabilities under Split Interest Agreement	\$ 875,609	\$ 9,847	\$ 339	\$ 885,117	\$ 1,625
Notes and Loans Payable	15,753,617	—	1,781,494	13,972,123	3,500,000
Revenue/Mortgage Bonds Payable	18,020,000	20,640,000	1,235,000	37,425,000	1,275,000
Bond - Premium	944,497	—	101,349	843,148	—
Unamortized Issuance and Other Bond Related Costs	(625,869)	(915,370)	(48,488)	(1,492,751)	—
Total Long Term Liabilities	\$ 34,967,854	\$ 19,734,477	\$ 3,069,694	\$ 51,632,637	\$ 4,776,625

Combined component unit's notes and loans payable are comprised of the following amounts at June 30, 2024:

	Principal	Interest	Total
Year ending June 30:			
2025	\$ 3,500,000	\$ —	\$ 3,500,000
2026	10,472,123	—	10,472,123
Total	\$ 13,972,123	\$ —	\$ 13,972,123

Combined component unit's bonds payable are comprised of the following amounts at June 30, 2024:

	Principal	Interest	Total
Year ending June 30:			
2025	\$ 1,275,000	\$ 1,705,077	\$ 2,980,077
2026	1,340,000	1,640,712	2,980,712
2027	1,705,000	1,587,200	3,292,200
2028	1,775,000	1,510,981	3,285,981
2029	1,850,000	1,449,790	3,299,790
2030 through 2034	10,370,000	6,088,825	16,458,825
2035 through 2039	4,055,000	4,147,563	8,202,563
2040 through 2044	3,210,000	3,420,222	6,630,222
2045 through 2049	4,095,000	2,496,900	6,591,900
2050 through 2054	5,260,000	1,305,750	6,565,750
2055 through 2059	2,490,000	126,000	2,616,000
	37,425,000	25,479,020	62,904,020
Bond Premium	843,148	—	843,148
Bond (Discount and Other Issuance Cost)	(1,492,751)	—	(1,492,751)
Total	\$ 36,775,397	\$ 25,479,020	\$ 62,254,417



Required Supplementary Information

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

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Early Retirement Plan	June 30, 2024	\$ 5,824,318	\$ 5,824,318	\$ —	N/A	N/A
	June 30, 2023	\$ 8,088,502	\$ 8,088,502	\$ —	N/A	N/A
	June 30, 2022	\$ 10,416,356	\$ 20,416,356	\$ (10,000,000)	N/A	N/A
	June 30, 2021	\$ 10,838,070	\$ 10,838,070	\$ —	N/A	N/A
	June 30, 2020	\$ 11,474,114	\$ 11,474,114	\$ —	N/A	N/A
	June 30, 2019	\$ 11,521,141	\$ 13,084,672	\$ (1,563,531)	N/A	N/A
	June 30, 2018	\$ 11,767,714	\$ 13,084,672	\$ (1,316,958)	N/A	N/A
	June 30, 2017	\$ 12,107,903	\$ 13,084,672	\$ (976,769)	N/A	N/A
	June 30, 2016	\$ 12,760,669	\$ 13,084,672	\$ (324,003)	N/A	N/A
	June 30, 2015	\$ 12,996,582	\$ 13,084,672	\$ (88,090)	N/A	N/A
Employees' Retirement System	June 30, 2024	\$ 726,152	\$ 726,152	\$ —	\$ 2,474,113	29.35%
	June 30, 2023	\$ 761,216	\$ 761,216	\$ —	\$ 2,464,985	30.88%
	June 30, 2022	\$ 603,561	\$ 603,561	\$ —	\$ 2,459,921	24.54%
	June 30, 2021	\$ 696,020	\$ 696,020	\$ —	\$ 2,900,019	24.00%
	June 30, 2020	\$ 738,277	\$ 738,277	\$ —	\$ 3,003,087	24.58%
	June 30, 2019	\$ 781,593	\$ 781,593	\$ —	\$ 3,160,791	24.73%
	June 30, 2018	\$ 816,038	\$ 816,038	\$ —	\$ 3,296,810	24.75%
	June 30, 2017	\$ 457,473	\$ 457,473	\$ —	\$ 1,845,641	24.79%
	June 30, 2016	\$ 178,786	\$ 178,786	\$ —	\$ 723,246	24.72%
	June 30, 2015	\$ 143,532	\$ 143,532	\$ —	\$ 653,608	21.96%
Teachers Retirement System	June 30, 2024	\$ 43,381,674	\$ 43,381,674	\$ —	\$ 216,938,235	20.00%
	June 30, 2023	\$ 40,784,840	\$ 40,784,840	\$ —	\$ 204,119,469	19.98%
	June 30, 2022	\$ 37,038,439	\$ 37,038,439	\$ —	\$ 186,957,522	19.81%
	June 30, 2021	\$ 40,828,505	\$ 40,828,505	\$ —	\$ 218,843,507	18.66%
	June 30, 2020	\$ 47,068,026	\$ 47,068,026	\$ —	\$ 222,651,221	21.14%
	June 30, 2019	\$ 43,584,273	\$ 43,584,273	\$ —	\$ 208,586,496	20.90%
	June 30, 2018	\$ 34,287,410	\$ 34,287,410	\$ —	\$ 203,978,259	16.81%
	June 30, 2017	\$ 27,473,760	\$ 27,473,760	\$ —	\$ 192,528,053	14.27%
	June 30, 2016	\$ 26,234,649	\$ 26,234,649	\$ —	\$ 183,847,072	14.27%
	June 30, 2015	\$ 23,837,005	\$ 23,837,005	\$ —	\$ 181,274,041	13.15%

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

	Year Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Employees' Retirement System	June 30, 2024	0.098389%	\$ 5,869,484	\$ 2,464,985	238.11%	71.20%
	June 30, 2023	0.110932%	\$ 7,408,555	\$ 2,459,921	301.17%	67.44%
	June 30, 2022	0.119902%	\$ 2,804,393	\$ 2,900,019	96.70%	87.62%
	June 30, 2021	0.120412%	\$ 5,075,314	\$ 3,003,087	169.00%	76.21%
	June 30, 2020	0.123308%	\$ 5,088,343	\$ 3,160,791	160.98%	76.74%
	June 30, 2019	0.129632%	\$ 5,329,214	\$ 3,296,810	161.65%	76.68%
	June 30, 2018	0.074670%	\$ 3,032,599	\$ 1,845,641	164.31%	76.33%
	June 30, 2017	0.031106%	\$ 1,471,444	\$ 723,246	203.45%	72.34%
	June 30, 2016	0.025072%	\$ 1,102,710	\$ 653,608	168.71%	76.20%
	June 30, 2015	0.025214%	\$ 945,681	\$ 567,746	166.57%	77.99%
Teachers Retirement System	June 30, 2024	1.398731%	\$ 412,965,467	\$ 204,119,469	202.32%	76.29%
	June 30, 2023	1.384352%	\$ 449,525,854	\$ 186,957,522	240.44%	72.85%
	June 30, 2022	1.646136%	\$ 145,589,749	\$ 218,843,507	66.53%	92.03%
	June 30, 2021	1.722620%	\$ 417,285,987	\$ 222,651,221	187.42%	77.01%
	June 30, 2020	1.708647%	\$ 367,405,307	\$ 208,586,496	176.14%	78.56%
	June 30, 2019	1.712017%	\$ 317,787,027	\$ 203,978,259	155.79%	80.27%
	June 30, 2018	1.676517%	\$ 311,585,848	\$ 192,528,053	161.84%	79.33%
	June 30, 2017	1.675586%	\$ 345,692,075	\$ 183,847,072	188.03%	76.06%
	June 30, 2016	1.716662%	\$ 261,344,743	\$ 181,274,041	144.17%	81.44%
	June 30, 2015	1.738329%	\$ 219,614,941	\$ 177,368,194	123.82%	84.03%

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll	Employers' and Non-employers' Net Pension Liability as a Percentage of Covered Payroll
June 30, 2024	\$ 134,750,338	\$ (135,510,065)	\$ (759,727)	100.56 %	— %	N/A
June 30, 2023	\$ 139,141,479	\$ (127,493,549)	\$ 11,647,930	91.63 %	— %	N/A
June 30, 2022	\$ 143,616,807	\$ (122,854,687)	\$ 20,762,120	85.54 %	— %	N/A
June 30, 2021	\$ 150,586,024	\$ (131,608,571)	\$ 18,977,453	87.40 %	— %	N/A
June 30, 2020	\$ 144,974,323	\$ (105,142,271)	\$ 39,832,052	72.52 %	— %	N/A
June 30, 2019	\$ 146,605,709	\$ (105,375,867)	\$ 41,229,842	71.88 %	— %	N/A
June 30, 2018	\$ 148,863,688	\$ (99,022,119)	\$ 49,841,569	66.52 %	— %	N/A
June 30, 2017	\$ 149,152,995	\$ (90,408,065)	\$ 58,744,930	60.61 %	— %	N/A
June 30, 2016	\$ 151,817,059	\$ (80,322,348)	\$ 71,494,711	52.91 %	— %	N/A
June 30, 2015	\$ 143,780,226	\$ (79,125,737)	\$ 64,654,489	55.03 %	— %	N/A

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability					
Interest	\$ 9,231,959	\$ 9,550,729	\$ 10,039,980	\$ 9,993,093	\$ 10,461,152
Differences Between Expected and Actual Experience	889,612	329,586	(2,387,778)	336,562	393,469
Changes of Assumptions	—	—	(305,931)	9,559,171	1,761,370
Benefit Payments/Refunds	<u>(14,512,712)</u>	<u>(14,355,643)</u>	<u>(14,315,488)</u>	<u>(14,277,125)</u>	<u>(14,247,377)</u>
Net Change in Total Pension Liability	(4,391,141)	(4,475,328)	(6,969,217)	5,611,701	(1,631,386)
Total Pension Liability - Beginning	<u>139,141,479</u>	<u>143,616,807</u>	<u>150,586,024</u>	<u>144,974,323</u>	<u>146,605,709</u>
Total Pension Liability - Ending (a)	<u>\$ 134,750,338</u>	<u>\$ 139,141,479</u>	<u>\$ 143,616,807</u>	<u>\$ 150,586,024</u>	<u>\$ 144,974,323</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 5,824,318	\$ 8,088,502	\$ 20,416,356	\$ 10,838,070	\$ 11,474,114
Net Investment Income	16,704,910	10,906,003	(14,854,752)	29,905,355	2,539,667
Benefit Payments/Refunds	<u>(14,512,712)</u>	<u>(14,355,643)</u>	<u>(14,315,488)</u>	<u>(14,277,125)</u>	<u>(14,247,377)</u>
Net Change in Plan Fiduciary Net Position	8,016,516	4,638,862	(8,753,884)	26,466,300	(233,596)
Plan Fiduciary Net Position - Beginning	<u>127,493,549</u>	<u>122,854,687</u>	<u>131,608,571</u>	<u>105,142,271</u>	<u>105,375,867</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 135,510,065</u>	<u>\$ 127,493,549</u>	<u>\$ 122,854,687</u>	<u>\$ 131,608,571</u>	<u>\$ 105,142,271</u>
Net Pension Liability Ending (a - b)	<u>\$ (759,727)</u>	<u>\$ 11,647,930</u>	<u>\$ 20,762,120</u>	<u>\$ 18,977,453</u>	<u>\$ 39,832,052</u>

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**

	2019	2018	2017	2016	2015
Total Pension Liability					
Interest	\$ 10,636,036	\$ 10,669,543	\$ 10,875,630	\$ 10,278,138	\$ 10,405,981
Differences Between Expected and Actual Experience	1,581,985	664,493	77,619	1,349,554	1,266,248
Changes of Assumptions	(376,246)	2,161,493	—	9,885,919	—
Benefit Payments/Refunds	(14,099,754)	(13,784,836)	(13,617,313)	(13,476,778)	(13,276,822)
Net Change in Total Pension Liability	(2,257,979)	(289,307)	(2,664,064)	8,036,833	(1,604,593)
Total Pension Liability - Beginning	148,863,688	149,152,995	151,817,059	143,780,226	145,384,819
Total Pension Liability - Ending (a)	<u>\$ 146,605,709</u>	<u>\$ 148,863,688</u>	<u>\$ 149,152,995</u>	<u>\$ 151,817,059</u>	<u>\$ 143,780,226</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672	\$ 13,084,672
Net Investment Income	7,368,830	9,314,218	10,618,358	1,588,717	3,124,277
Benefit Payments/Refunds	(14,099,754)	(13,784,836)	(13,617,313)	(13,476,778)	(13,276,822)
Net Change in Plan Fiduciary Net Position	6,353,748	8,614,054	10,085,717	1,196,611	2,932,127
Plan Fiduciary Net Position - Beginning	99,022,119	90,408,065	80,322,348	79,125,737	76,193,610
Plan Fiduciary Net Position - Ending (b)	<u>\$ 105,375,867</u>	<u>\$ 99,022,119</u>	<u>\$ 90,408,065</u>	<u>\$ 80,322,348</u>	<u>\$ 79,125,737</u>
Net Pension Liability Ending (a - b)	<u>\$ 41,229,842</u>	<u>\$ 49,841,569</u>	<u>\$ 58,744,930</u>	<u>\$ 71,494,711</u>	<u>\$ 64,654,489</u>

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

	<u>Annual Money-Weighted Rate of Return, Net Investment Expense</u>
June 30, 2024	13.57 %
June 30, 2023	9.07 %
June 30, 2022	(11.47)%
June 30, 2021	29.04 %
June 30, 2020	2.43 %
June 30, 2019	7.53 %
June 30, 2018	10.42 %
June 30, 2017	13.39 %
June 30, 2016	2.02 %
June 30, 2015	4.13 %

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

Early Retirement Plan:

There were no changes in actuarial methods or assumptions from the prior year report. There were no changes in plan provisions from the prior report.

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%. These assumption changes were first reflected in the calculation of the June 30, 2021 Total Pension Liability.

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

Teachers Retirement System:

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal and salary increases.

On May 15, 2019, the Board adopted 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.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST EIGHT FISCAL 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, 2024	\$ 9,875,615	\$ 9,875,615	\$ —	\$ 514,593,456	1.92%
June 30, 2023	\$ 10,810,435	\$ 10,810,435	\$ —	\$ 469,742,401	2.30%
June 30, 2022	\$ 15,903,443	\$ 15,903,443	\$ —	\$ 466,404,190	3.41%
June 30, 2021	\$ 13,651,850	\$ 13,651,850	\$ —	\$ 472,381,448	2.89%
June 30, 2020	\$ 12,062,285	\$ 12,062,285	\$ —	\$ 473,972,170	2.54%
June 30, 2019	\$ 18,702,320	\$ 18,702,320	\$ —	\$ 415,848,815	4.50%
June 30, 2018	\$ 18,710,488	\$ 18,710,488	\$ —	\$ 400,360,594	4.67%
June 30, 2017	\$ 11,802,809	\$ 11,802,809	\$ —	\$ 378,955,612	3.11%

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

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
FOR THE LAST SEVEN FISCAL 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, 2024	10.652135%	\$ 338,455,344	\$ 469,742,401	72.05%	6.44%
June 30, 2023	10.885695%	\$ 431,217,433	\$ 466,404,190	92.46%	5.08%
June 30, 2022	11.630400%	\$ 585,367,408	\$ 472,381,448	123.92%	3.74%
June 30, 2021	11.734653%	\$ 625,893,448	\$ 473,972,170	132.05%	2.91%
June 30, 2020	11.661036%	\$ 521,431,154	\$ 415,848,815	125.39%	3.13%
June 30, 2019	11.810690%	\$ 520,940,139	\$ 400,360,594	130.12%	1.69%
June 30, 2018	11.852125%	\$ 500,127,185	\$ 378,955,612	131.98%	0.19%

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

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR OPEB PLAN
BOARD OF REGENTS RETIREE HEALTH BENEFIT PLAN
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

Changes in Assumptions Since Prior Valuation

The financial accounting valuation reflects the following assumption changes:

- Expected claims costs were updated to reflect actual experience.
- Trend rate schedule was updated to reflect anticipated future experience.
- The Catastrophic Drug Claim Fund assumption was updated from \$200,000 annually to a one time cost of \$130,000 to reflect the elimination of the catastrophic gap effective January 1, 2024 as part of the Inflation Reduction Act.
- The discount rate was updated from 3.54% as of June 30, 2022, to 3.69% as of June 30, 2023.
- The Expected Return on Assets was changed from 4.36% to 5.40%.
- The HRA trend rate assumption was updated from 4.00% to 2.00% to reflect anticipated future experience as a result of the constant HRA amount from 2016 through 2023, and the decrease in HRA amount effective January 1, 2024.

Changes in Plan Since Prior Valuation

The following plan amendments were reflected since the prior measurement date:

- Effective January 1, 2024, the Health Reimbursement Account (HRA) for medicare eligible retirees was decreased from \$2,736 to \$2,640 to purchase individual coverage and from \$5,472 to \$5,280 for dual coverage.



Supplementary Information

**AUGUSTA UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30, 2024**

ASSETS

Cash and Cash Equivalents	\$ 64,734,088.24
Investments	235,086,041.67
Accounts Receivable	
Federal Financial Assistance	14,611,825.28
Other	45,545,122.11
Prepaid Expenditures	312,257.47
Other Assets	5,616.58
	<hr/>
Total Assets	<u>\$ 360,294,951.35</u>

LIABILITIES AND FUND EQUITY

Liabilities

Accrued Payroll	\$ 1,030,620.87
Encumbrance Payable	159,422,664.47
Accounts Payable	5,024,351.71
Unearned Revenue	36,031,677.95
Funds Held for Others	110,119.19
Other Liabilities	16.58
	<hr/>
Total Liabilities	<u>201,619,450.77</u>

Fund Balances

Reserved	
Department Sales and Services	15,895,992.98
Indirect Cost Recoveries	58,178,606.03
Technology Fees	351,793.52
Restricted/Sponsored Funds	77,887,083.64
Uncollectible Accounts Receivable	653,880.77
Tuition Carry - Forward	2,303,682.02
Unreserved	
Surplus	3,404,461.62
	<hr/>
Total Fund Balances	<u>158,675,500.58</u>

Total Liabilities and Fund Balances	<u>\$ 360,294,951.35</u>
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Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

**AUGUSTA UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Funds Available Compared to Budget				Funds Available Compared to Budget
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Reserve Carry-Over	Program Transfers or Adjustments
Augusta University Hospital and Clinics					
State Appropriation					
State General Funds	\$ 8,708,036.00	\$ 39,096,112.00	\$ 39,096,112.00	\$ —	\$ —
Total Augusta University Hospital and Clinics	8,708,036.00	39,096,112.00	39,096,112.00	—	—
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	2,327,175.00	2,360,547.00	2,360,547.00	—	—
Federal Funds					
Federal Funds Not Specifically Identified	—	353,372.00	293,633.00	0.45	—
Other Funds	4,029,917.00	4,296,636.00	2,092,625.31	4,596,409.48	—
Total Cyber Innovation and Training Center	6,357,092.00	7,010,555.00	4,746,805.31	4,596,409.93	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	15,501,580.00	15,748,781.00	15,748,781.00	—	—
Total Public Service / Special Funding Initiatives	15,501,580.00	15,748,781.00	15,748,781.00	—	—
Teaching					
State Appropriation					
State General Funds	287,668,702.00	297,243,601.00	297,243,601.00	—	—
Federal Funds					
Federal Funds Not Specifically Identified	67,792,369.00	94,134,083.00	87,891,364.74	494,495.49	—
Federal Funds-COVID19	—	49,914.00	49,871.20	—	—
Other Funds	559,224,304.00	590,626,840.00	511,031,408.71	132,327,237.03	0.00
Total Teaching	914,685,375.00	982,054,438.00	896,216,245.65	132,821,732.52	—
Total Operating Activity	\$ 945,252,083.00	\$ 1,043,909,886.00	\$ 955,807,943.96	\$137,418,142.45	\$ —

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

**AUGUSTA UNIVERSITY
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Funds Available Compared to Budget		Expenditures Compared to Budget		Excess (Deficiency) of Funds Available Over/(Under) Expenditures
	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive (Negative)	
Augusta University Hospital and Clinics					
State Appropriation					
State General Funds	\$ 39,096,112.00	\$ —	\$ 39,096,095.42	\$ 16.58	\$ 16.58
Total Augusta University Hospital and Clinics	39,096,112.00	—	39,096,095.42	16.58	16.58
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	2,360,547.00	—	2,360,546.48	0.52	0.52
Federal Funds					
Federal Funds Not Specifically Identified	293,633.45	-59,738.55	293,633.00	59,739	0.45
Other Funds	6,689,034.79	2,392,398.79	3,922,490.49	374,145.51	2,766,544.30
Total Cyber Innovation and Training Center	9,343,215.24	2,332,660.24	6,576,669.97	433,885.03	2,766,545.27
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	15,748,781.00	—	15,739,761.27	9019.73	9019.73
Total Public Service / Special Funding Initiatives	15,748,781.00	—	15,739,761.27	9,019.73	9,019.73
Teaching					
State Appropriation					
State General Funds	297,243,601.00	—	297,236,410.56	7,190.44	7,190.44
Federal Funds					
Federal Funds Not Specifically Identified	88,385,860.23	-5,748,222.77	87,872,628.47	6,261,454.53	513,231.76
Federal Funds-COVID19	49,871.20	-42.80	49,871.20	42.80	—
Other Funds	643,358,645.74	52,731,805.74	492,037,116.17	98,589,723.83	151,321,529.57
Total Teaching	1,029,037,978.17	46,983,540.17	877,196,026.40	104,858,411.60	151,841,951.77
Total Operating Activity	\$ 1,093,226,086.41	\$ 49,316,200.41	\$ 938,608,553.06	\$ 105,301,332.94	\$ 154,617,533.35

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

**AUGUSTA UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Beginning Fund Balance/(Deficit)	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2023 Surplus	Prior Year Adjustments	Other Adjustments
Augusta University Hospital and Clinics					
State Appropriation					
State General Funds	\$ —	\$ —	\$ —	\$ —	\$ —
Total Augusta University Hospital and Clinics	—	—	—	—	—
Georgia Cyber Innovation and Training Center					
State Appropriation					
State General Funds	8.03	—	(8.03)	—	—
Federal Funds					
Federal Funds Not Specifically Identified	0.45	(0.45)	—	(0.45)	—
Other Funds	4,596,409.48	(4,596,409.48)	—	0.45	—
Total Georgia Cyber Innovation and Training Center	4,596,417.96	(4,596,409.93)	-8.03	0.00	—
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	3,907.92	—	(3,907.92)	1,496.30	—
Total Public Service / Special Funding Initiatives	3,907.92	—	(3,907.92)	1,496.30	—
Teaching					
State Appropriation					
State General Funds	57,435.60	—	(57,435.60)	280,929.06	—
Federal Funds					
Federal Funds Not Specifically Identified	494,495.49	(494,495.49)	—	—	—
Federal Funds - COVID19					
Other Funds	132,339,628.29	(132,327,237.03)	(12,391.26)	3,157,314.21	(35,653.11)
Total Teaching	132,891,559.38	(132,821,732.52)	(69,826.86)	3,438,243.27	(35,653.11)
Total Operating Activity	137,491,885.26	(137,418,142.45)	(73,742.81)	3,439,739.57	(35,653.11)
Prior Year Reserves					
Not Available for Expenditure					
Uncollectible Accounts Receivable	618,227.66	—	—	—	35,653.11
Budget Unit Totals	<u>\$ 138,110,112.92</u>	<u>(137,418,142.45)</u>	<u>(73,742.81)</u>	<u>\$ 3,439,739.57</u>	<u>\$ —</u>

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

**AUGUSTA UNIVERSITY
STATEMENT OF CHANGES TO FUND BALANCE (NON-GAAP BASIS)
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Early Return of Fiscal Year 2024 Surplus	Excess (Deficiency) of Funds Available Over/Under Expenditures	Ending Fund Balance/(Deficit) June 30	Analysis of Ending Fund Balance			
				Reserved	Surplus/(Deficit)	Total	
Augusta University Hospital and Clinics							
State Appropriation							
State General Funds	\$ —	\$ 16.58	\$ 16.58	\$ —	\$ 16.58	\$ 16.58	
Total Augusta University Hospital and Clinics	—	16.58	16.58	—	16.58	16.58	
Georgia Cyber Innovation and Training Center							
State Appropriation							
State General Funds	—	0.52	0.52	—	0.52	0.52	
Federal Funds							
Federal Funds Not Specifically Identified	—	0.45	—	—	—	—	
Other Funds	—	2,766,544.30	2,766,544.75	2,766,544.75	0.00	2,766,544.75	
Total Georgia Cyber Innovation and Training Center	—	2,766,545.27	2,766,545.27	2,766,544.75	0.52	2,766,545.27	
Public Service / Special Funding Initiatives							
State Appropriation							
State General Funds	—	9,019.73	10,516.03	—	10,516.03	10,516.03	
Total Public Service / Special Funding Initiatives	—	9,019.73	10,516.03	—	10,516.03	10,516.03	
Teaching							
State Appropriation							
State General Funds	—	7,190.44	288,119.50	—	288,119.50	288,119.50	
Federal Funds							
Federal Funds Not Specifically Identified	—	513,231.76	513,231.76	513,231.76	—	513,231.76	
Federal Funds - COVID							
Federal Coronavirus Relief Funds	—	—	—	—	—	—	
Other Funds	—	151,321,529.57	154,443,190.67	151,337,381.68	3,105,808.99	154,443,190.67	
Total Teaching	—	151,841,951.77	155,244,541.93	151,850,613.44	3,393,928.49	155,244,541.93	
Total Operating Activity	—	154,617,533.35	158,021,619.81	154,617,158.19	3,404,461.62	158,021,619.81	
Prior Year Reserves							
Not Available for Expenditure							
Uncollectible Accounts Receivable	—	—	653,880.77	653,880.77	—	653,880.77	
Budget Unit Totals	\$ —	\$ 154,617,533.35	\$ 158,675,500.58	\$ 155,271,038.96	\$ 3,404,461.62	\$ 158,675,500.58	
				Departmental Sales and Services	\$ 15,895,992.98	\$ —	\$ 15,895,992.98
				Indirect Cost Recovery	58,178,606.03	—	58,178,606.03
				Technology Fees	351,793.52	—	351,793.52
				Restricted/Sponsored Funds	77,887,083.64	—	77,887,083.64
				Tuition Carry-Forward	2,303,682.02	—	2,303,682.02
				Uncollectible Accounts Receivable	653,880.77	—	653,880.77
				Surplus	—	3,404,461.62	3,404,461.62
					\$ 155,271,038.96	\$ 3,404,461.62	\$ 158,675,500.58

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AUGUSTA UNIVERSITY

1120 15th Street
Augusta, Ga 30912

augusta.edu