



AUGUSTA UNIVERSITY

FISCAL YEAR 2017
ANNUAL FINANCIAL REPORT
(Including Independent Auditor's Report)

Augusta, Georgia

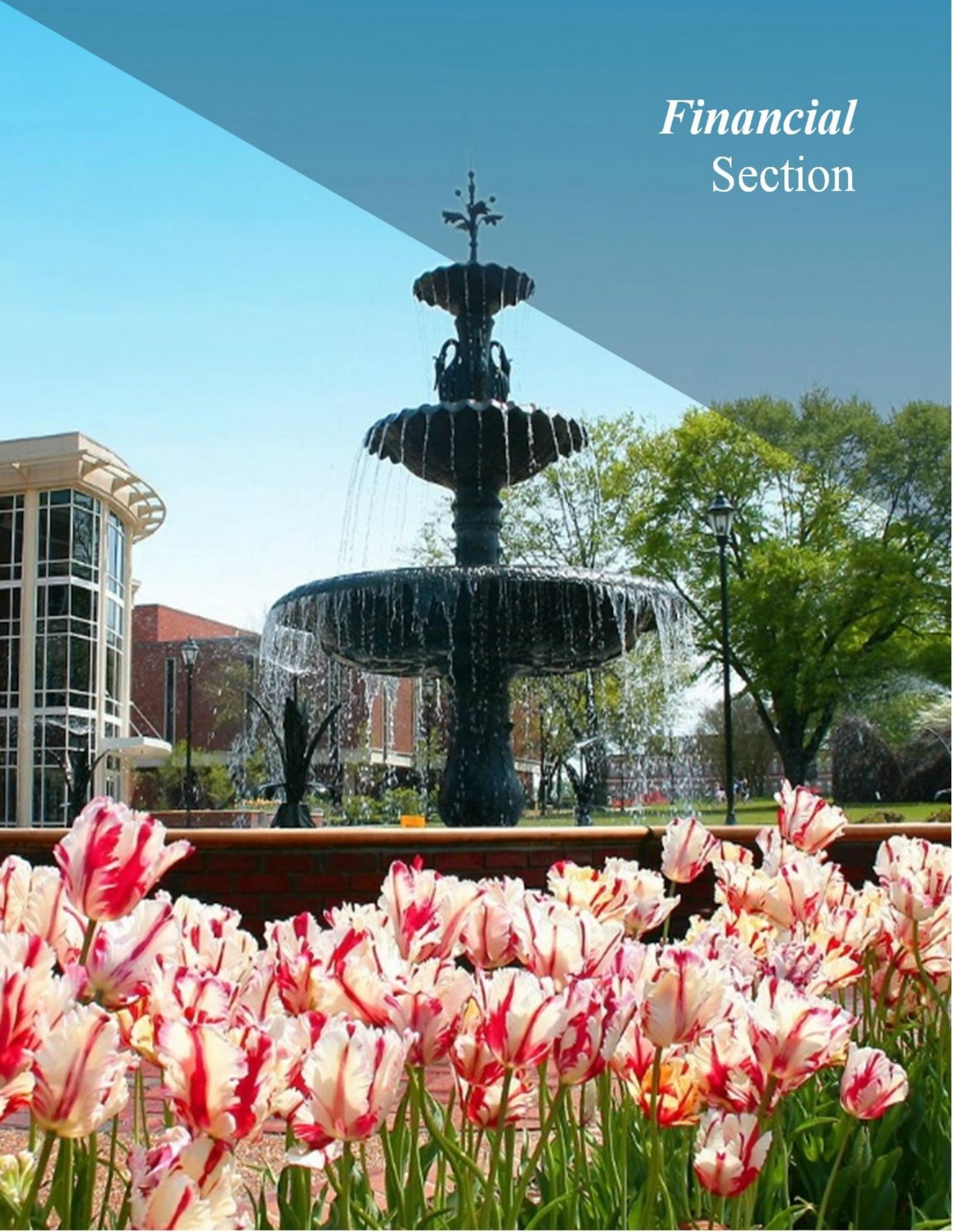


AUGUSTA
UNIVERSITY

AUGUSTA UNIVERSITY
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Financial
Section





DEPARTMENT OF AUDITS AND ACCOUNTS

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Atlanta, Georgia 30334-8400

GREG S. GRIFFIN
STATE AUDITOR
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Augusta University (University), a unit of the University System of Georgia, which is an organization unit of the State of Georgia as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described 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 and aggregate discretely presented component units of the State of Georgia that are attributable to the University's transactions. They do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As described in Note 1 to the financial statements, in 2017, the University adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units*, and GASB Statement No. 82, *Pension Issues*. Our opinions are not modified with respect to these matters.

As described in Note 1 to the financial statements, in 2017, the beginning net position for the University's discretely presented component units was restated due to a change in the financial reporting entity. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue our report 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 at a future date. 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.

Respectfully submitted,



Greg S. Griffin
State Auditor

December 18, 2017

AUGUSTA UNIVERSITY

Management's Discussion and Analysis

Introduction

Founded in 1828 and located in Augusta, Richmond County, Georgia, Augusta University (the University) is a public, research university and medical center dedicated to training the next generation of innovators, leaders, and health care providers. Home to three campuses in Augusta and various satellite 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 28 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.

Augusta University's mission is to provide leadership and excellence in teaching, discovery, clinical care, and service as a student-centered comprehensive research university and academic health center with a wide range of programs from learning assistance through postdoctoral studies.

Augusta University offers more than 140 degree programs in ten colleges and schools, including one of the nation's oldest medical schools, the Medical College of Georgia (MCG); the state's sole dental college; the nationally ranked James M. Hull College of Business; the Katherine Reese Pamplin School of Arts, Humanities, and Social Sciences; Education; Science and Mathematics; Allied Health Sciences; Graduate Studies; Nursing; and the School of Computer and Cyber Sciences.

Augusta University's more than 8,500 students come from countries around the globe and nearly all of Georgia's 159 counties. Students are taught by some of the most prestigious scientists, clinicians, artists, and scholars in the nation. Over 1,000 full-time faculty members not only convey vital information, many also conduct extensive research. Augusta University has a strong commitment to medical research, building on a proud tradition that boasts such breakthroughs as fertility treatments and beta-blocking drugs for cardiac arrhythmias. Graduate and undergraduate students have opportunities to conduct and present research, and many participate in faculty-led research.

Research plays an important role in the University's mission of providing leadership and excellence in teaching, discovery, clinical care, and service. Augusta University's clinical and translational research programs focus on three key areas: cancer, cardiometabolic disease, and neurological disease. Augusta University researchers are also developing three emerging areas of research strength: regenerative and reparative medicine, personalized medicine and genomics, and public and preventive health.

Augusta University's state-of-the-art research facilities help embody the vision of being a top-tier university that is a destination for education, health care, discovery, creativity, and innovation. The University has developed strong regional partnerships with the Charlie Norwood Veterans Affairs Medical Center, the Augusta Warrior Project, the Savannah River National Laboratory, and the Dwight D. Eisenhower Army Medical Center. This structure and partnership combined with Augusta University's collaborative environment and outstanding clinical resources place Augusta University at the leading edge of new scientific advancements targeting diseases that directly impact its patients.

Augusta University fields teams in NCAA Division I men's and women's golf, and the men's team claimed back-to-back national championships in 2010 and 2011. In 11 other sports, the Jaguars compete in the Peach Belt Conference in Division II in basketball (AU men's basketball has had 9 NCAA Tournament appearances and 3 Elite Eights), baseball, cross country, softball, volleyball, tennis, and outdoor track and field.

Augusta University is committed to creating and sharing new knowledge as a university and to growing national and international stature in education, research, and health care.

A brief historical comparison of student levels is shown by the comparison numbers that follow.

	STUDENT HEADCOUNT	STUDENT FTE
FY 2017	8,532	7,931
FY 2016	8,333	7,749
FY 2015	8,530	7,901

Overview of the Financial Statements and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2017. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the Institution's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2017 and fiscal year 2016.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2017 and includes all assets, deferred outflows of resources, liabilities, and deferred inflows or resources, both current and noncurrent. The differences between current and noncurrent 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 is net investment in capital assets. It provides the Institution's equity in property, plant, and equipment owned by the University.

The next category is restricted, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable, 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, 2017 and 2016, Condensed

CONDENSED STATEMENT OF NET POSITION	June 30, 2017	June 30, 2016	Increase/ (Decrease)	% Change
ASSETS				
Current Assets	\$ 107,353,853	\$ 105,894,122	\$ 1,459,731	1.38 %
Capital Assets, Net	526,986,011	534,921,000	(7,934,989)	(1.48)%
Other Assets	87,686,377	78,086,444	9,599,933	12.29 %
TOTAL ASSETS	722,026,241	718,901,566	3,124,675	0.43 %
DEFERRED OUTFLOWS	94,788,212	37,714,705	57,073,507	151.33 %
LIABILITIES				
Current Liabilities	96,602,397	111,401,169	(14,798,772)	(13.28)%
Noncurrent Liabilities	475,435,433	405,488,965	69,946,468	17.25 %
TOTAL LIABILITIES	572,037,830	516,890,134	55,147,696	10.67 %
DEFERRED INFLOWS	14,044,713	28,307,989	(14,263,276)	(50.39)%
NET POSITION				
Net Investment in Capital Assets	472,466,154	477,493,762	(5,027,608)	(1.05)%
Restricted, Nonexpendable	2,408,636	2,172,437	236,199	10.87 %
Restricted, Expendable	43,789,490	30,446,100	13,343,390	43.83 %
Unrestricted (Deficit)	(287,932,370)	(298,694,151)	10,761,781	(3.60)%
TOTAL NET POSITION	\$ 230,731,910	\$ 211,418,148	\$ 19,313,762	9.14 %

Total assets increased \$3,124,675 which was due to an increase in current assets of \$1,459,731, a decrease in net capital assets of \$(7,934,989), and an increase in other assets of \$9,599,933. The overall increase in unrestricted cash and investments was mostly driven by a transfer of excess cash to investments to take advantage of improved financial market conditions in fiscal year 2017 to maximize interest income. Accounts receivables increased due to the timing on collecting amounts due from sponsored grants and contracts, Georgia State Financing and Investment Commission, and affiliated organizations.

Total deferred outflows of resources increased by \$57,073,507 which was primarily due to the University's proportionate share of the actuarially determined deferred loss on defined benefit pension plans administered by Teachers Retirement System of Georgia, Employees' Retirement System of Georgia, and the Early Retirement Plan.

Total liabilities increased \$55,147,696 which was due to a decrease in current liabilities of \$(14,798,772) and an increase in non-current liabilities of \$69,946,468. Accounts payable increased \$1,061,078, which was largely attributable to increased expenses in Georgia Correctional Health Care services. Compensated absences increased \$1,274,942, which was related to an increase in salaries combined with a decrease in unused vacation leave. Funds held for others increased \$1,080,808 mainly as a result of the mandatory housing meal plan for Elm and Oak Halls. Net pension liability increased \$71,966,285 related to the University's proportionate share of the actuarially determined liability for defined benefit plans administered by Teachers Retirement System of Georgia, Employees' Retirement System of Georgia, and the Early Retirement Plan.

The combination of the change in total assets and deferred outflows of resources and the change in total liabilities and deferred inflows of resources yielded an increase in net position of \$19,313,762. This change in net position is primarily in the category of Expendable Net Position, in the amount of \$13,343,390, primarily due to the receipt of clinical reserve buildup.

Total deferred inflows of resources decreased by \$(14,263,276) which was primarily due to the University's proportionate share of the actuarially determined deferred gain on defined benefit pension plans administered by Teachers Retirement System of Georgia, Employees' Retirement System of Georgia, and the Early Retirement Plan.

Statement of Revenues, Expenses, and Changes in Net Position

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

Statement of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30, 2017 and 2016, Condensed

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	June 30, 2017	June 30, 2016	Increase/ (Decrease)	% Change
Operating Revenue	\$ 633,399,791	\$ 584,805,340	\$ 48,594,451	8.31 %
Operating Expense	842,163,769	799,623,572	42,540,197	5.32 %
Operating Income/Loss	(208,763,978)	(214,818,232)	6,054,254	(2.82)%
Net Nonoperating Revenues and Expenses	224,229,670	220,679,013	3,550,657	1.61 %
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	15,465,692	5,860,781	9,604,911	163.88 %
Other Revenues, Expenses, Gains, Losses and Special Items	3,848,070	8,478,364	(4,630,294)	-54.61 %
Change in Net Position	19,313,762	14,339,145	4,974,617	34.69 %
Net Position at Beginning of Year	211,418,148	197,079,003	14,339,145	7.28 %
Net Position at End of Year	\$ 230,731,910	\$ 211,418,148	\$ 19,313,762	9.14 %

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, which is represented by an increase in net position at the end of the year. Some highlights of the information presented on this statement are as follows.

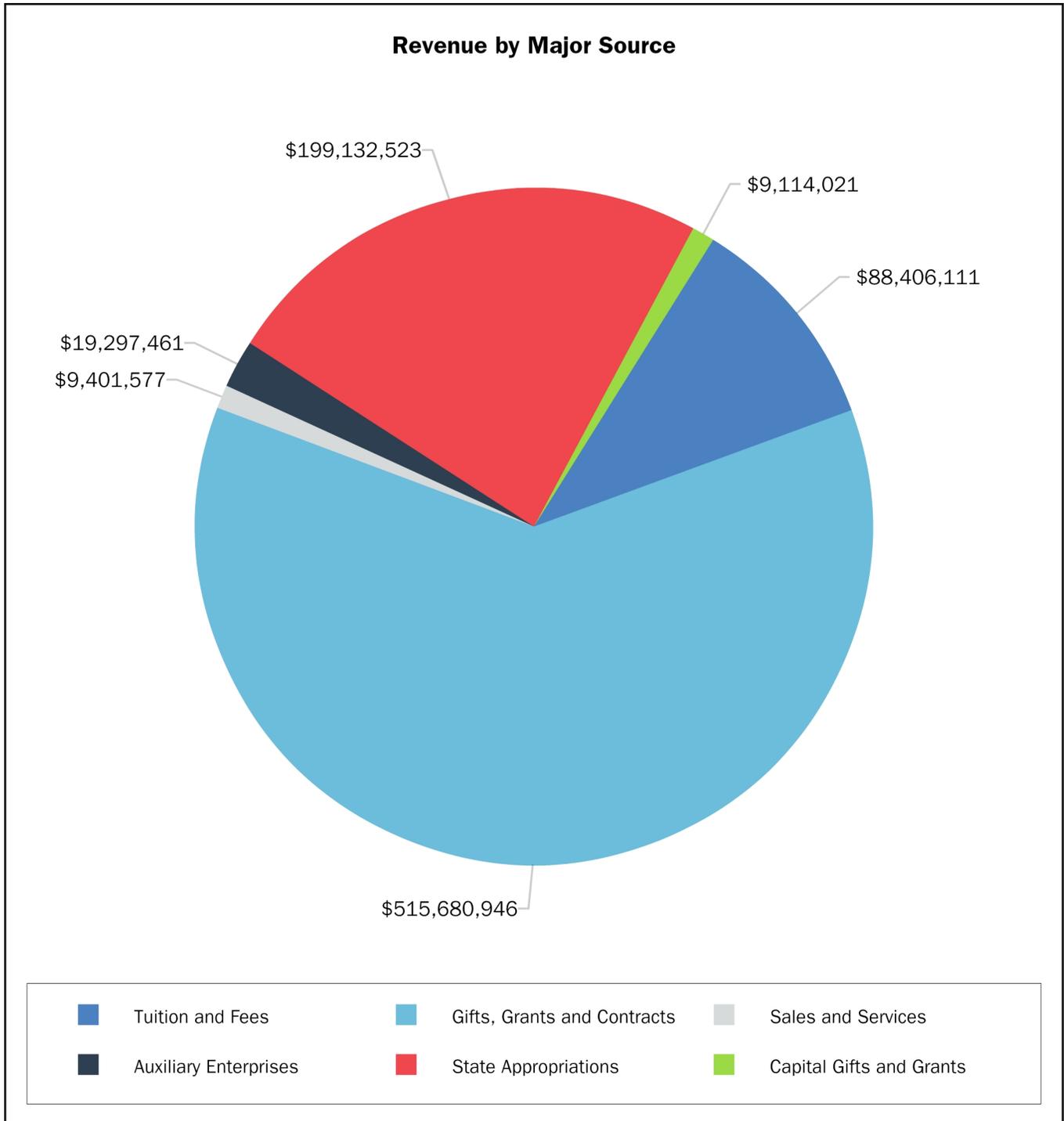
Revenues

For the years ended June 30, 2017 and June 30, 2016, revenues by source were as follows:

REVENUES BY SOURCE	June 30, 2017	June 30, 2016	Increase/ (Decrease)	% Change
Tuition and Fees	\$ 88,406,111	\$ 86,148,215	\$ 2,257,896	2.62%
Grants and Contracts	515,680,946	470,062,674	45,618,272	9.70%
Sales and Services	9,401,577	10,167,422	(765,845)	-7.53%
Auxiliary Enterprises	19,297,461	17,473,339	1,824,122	10.44%
Other Operating Revenues	613,696	953,690	(339,994)	-35.65%
Total Operating Revenues	633,399,791	584,805,340	48,594,451	8.31%
State Appropriations	199,132,523	195,068,634	4,063,889	2.08%
Grants and Contracts	13,337,028	13,626,484	(289,456)	-2.12%
Gifts	12,274,245	13,982,821	(1,708,576)	-12.22%
Investment Income	1,970,804	570,075	1,400,729	245.71%
Other Nonoperating Revenues	(440,259)	(571,795)	131,536	-23.00%
Total Nonoperating Revenues	226,274,341	222,676,219	3,598,122	1.62%
State Capital Gifts and Grants	8,837,521	8,433,386	404,135	4.79%
Other Capital Gifts and Grants	276,500	44,978	231,522	514.74%
Total Capital Gifts and Grants	9,114,021	8,478,364	635,657	7.50%
Special Items	(5,265,951)	—	(5,265,951)	100.00%
Extraordinary Items	—	—	—	0.00%
Total Revenues	\$ 863,522,202	\$ 815,959,923	\$ 47,562,279	5.83%

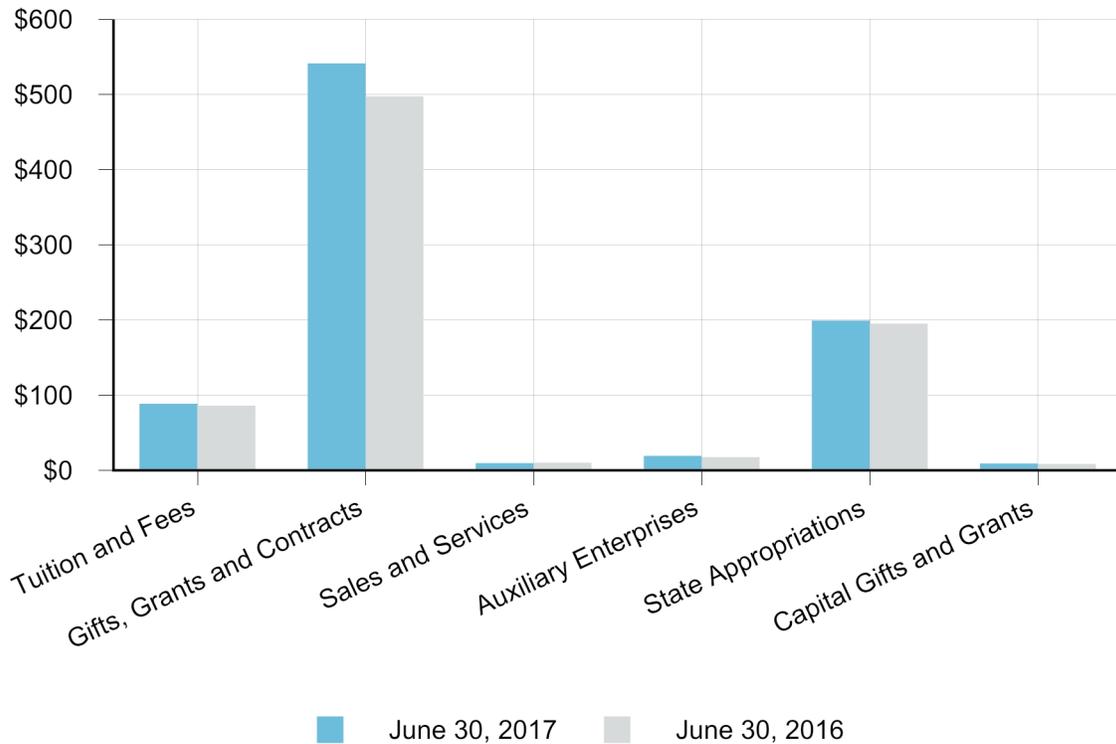
State appropriations increased \$4.1 million (2.08%) in fiscal year 2017 including an increase in Special Funding Initiative and an allocation for institutional priorities including cyber security education and undergraduate enrollment initiatives. Operating grants and contracts revenue increased \$45.6 million (9.70%) in fiscal year 2017 primarily as a result of increased Georgia Correctional Health Care revenue and receipt of clinical fee buildup. Tuition and fee revenues, net increased \$2.3 million (2.62%) in fiscal 2017 when compared with fiscal year 2016 due to enrollment increases and tuition and fee increases across the USG institutions as approved by the Board of Regents of the University System of Georgia.

Revenue by source is depicted by the following chart:



Revenue by major source for the years ended June 30, 2017 and June 30, 2016 is depicted by the following chart:

Revenue by Major Source (in millions)



Expenses

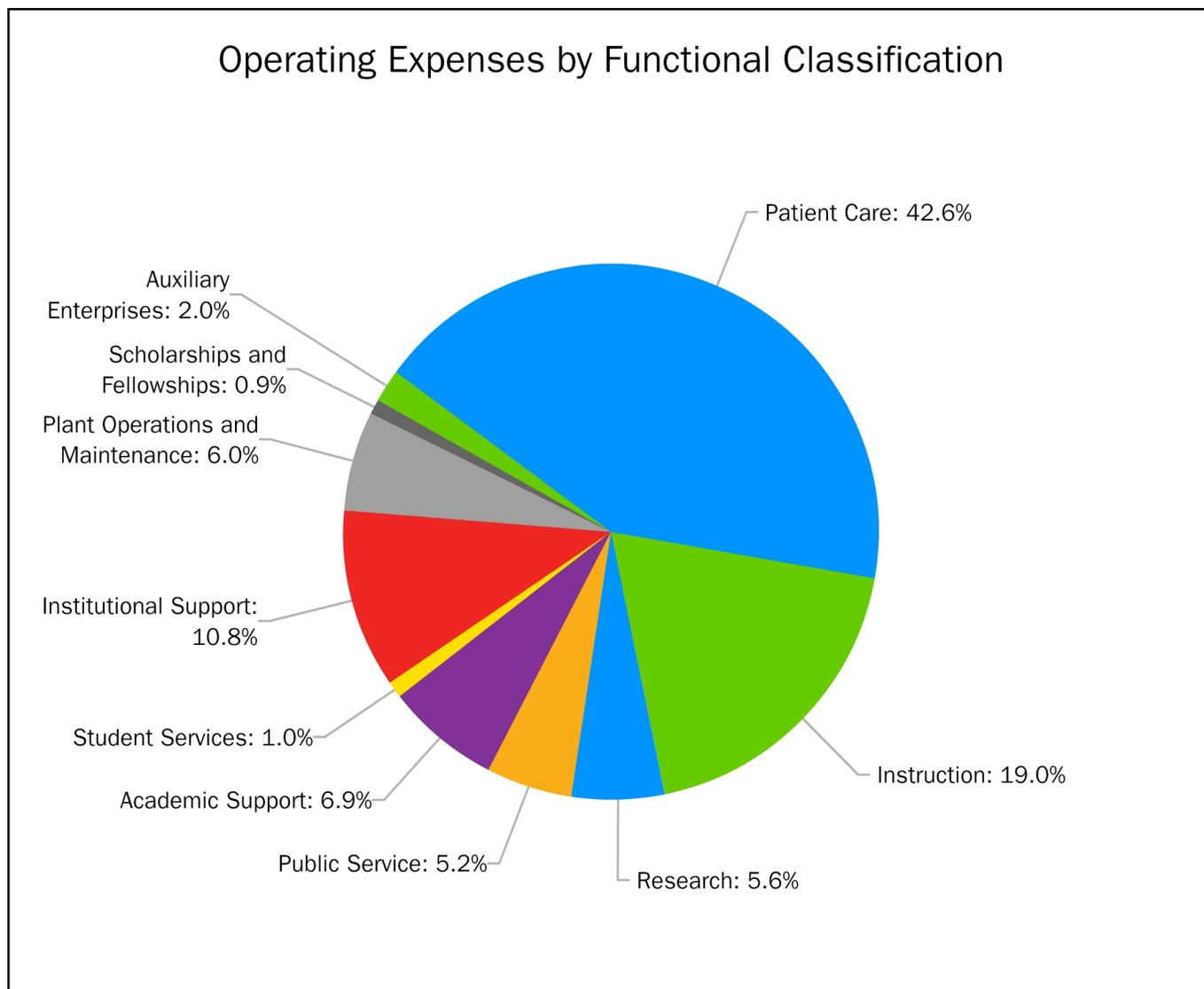
For the years ended June 30, 2017 and June 30, 2016, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2017	June 30, 2016	Increase/ (Decrease)	% Change
Instruction	\$ 160,289,518	\$ 158,840,109	\$ 1,449,409	0.91%
Research	47,073,943	46,651,886	422,057	0.90%
Public Service	43,686,981	43,779,261	(92,280)	-0.21%
Academic Support	57,701,780	57,002,258	699,522	1.23%
Student Services	8,190,813	7,549,692	641,121	8.49%
Institutional Support	90,963,143	79,236,910	11,726,233	14.80%
Plant Operations and Maintenance	50,437,124	42,821,068	7,616,056	17.79%
Scholarships and Fellowships	7,677,181	7,475,123	202,058	2.70%
Auxiliary Enterprises	17,482,914	15,521,733	1,961,181	12.64%
Patient Care	358,660,372	340,745,532	17,914,840	5.26%
Total Operating Expenses	842,163,769	799,623,572	42,540,197	5.32%
Interest Expense	2,044,671	1,997,206	47,465	2.38%
Total Nonoperating Expenses	2,044,671	1,997,206	47,465	2.38%
Total Expenses	\$ 844,208,440	\$ 801,620,778	\$ 42,587,662	5.31%

Total operating expenses were \$842.2 million in fiscal year 2017, an increase of \$42.5 million (5.32%) when compared with fiscal year 2016. The functional classifications with the greatest increase include Institutional Support (\$11.7 million), Plant Operations and Maintenance (\$7.6 million), and Patient Care (\$17.9 million). The functional classifications with the highest percent of change include Student Services (8.49%), Auxiliary Enterprises (12.64%), Institutional Support (14.80%), and Plant Operations and Maintenance (17.79%).

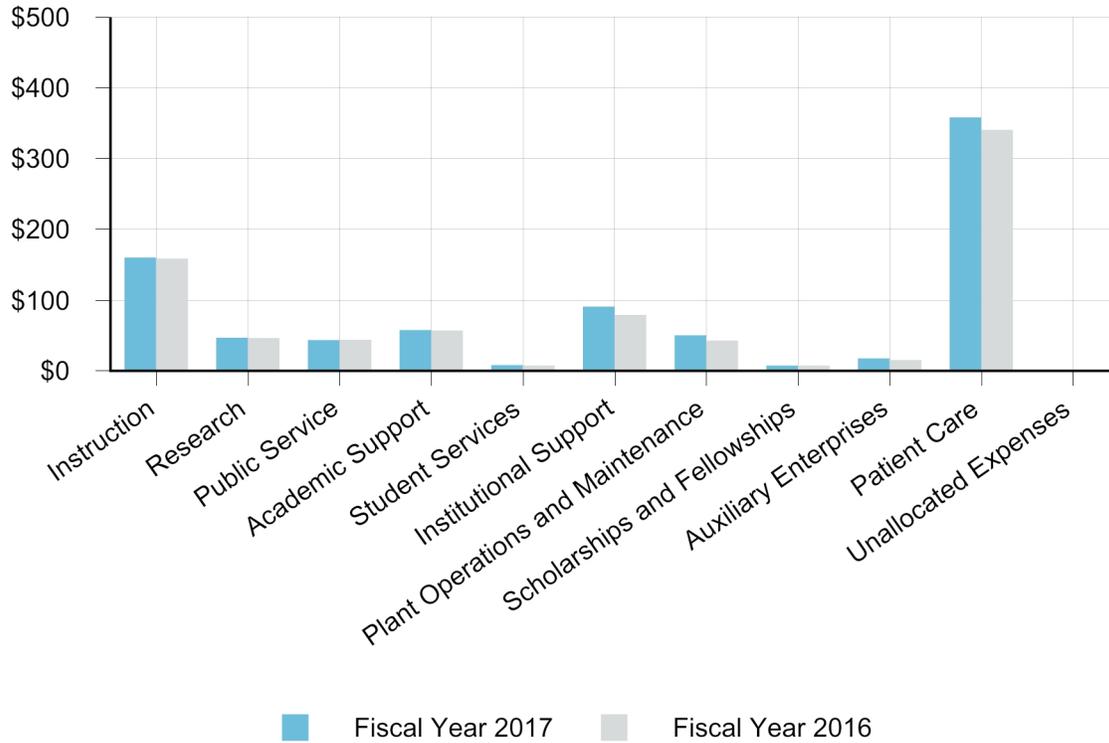
As noted above, total expenses increased \$42.6 million (5.31%) in fiscal year 2017 when compared with fiscal year 2016. The increases were substantially attributable to salaries and benefits (\$20.5 million) and supplies and other services (\$23.3 million).

The following chart depicts the fiscal 2017 operating expenses by functional classification.



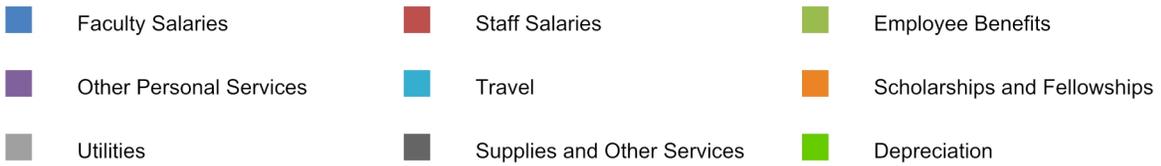
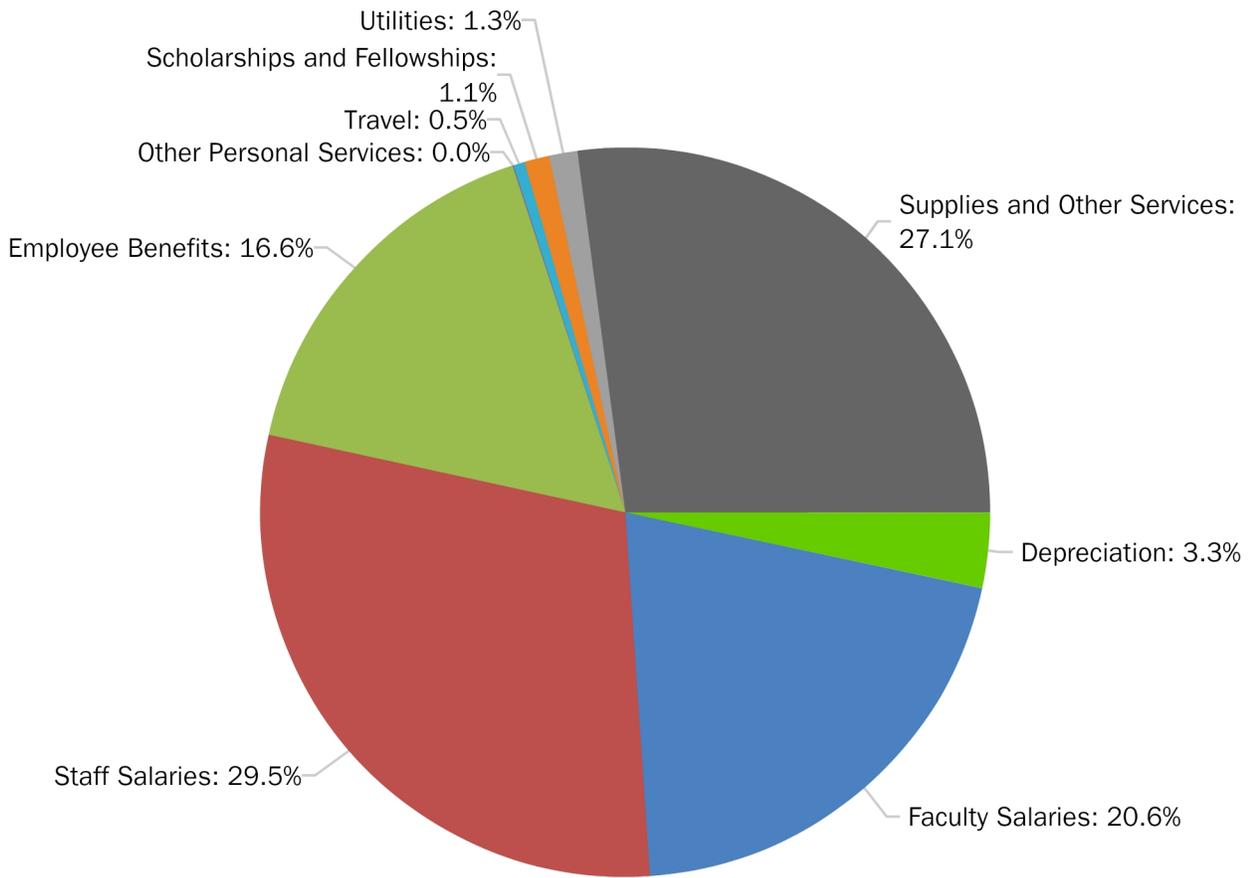
Operating expenses by functional classification for the years ended June 30, 2017 and June 30, 2016 is depicted by the following chart:

Operating Expenses by Functional Classification (in millions)



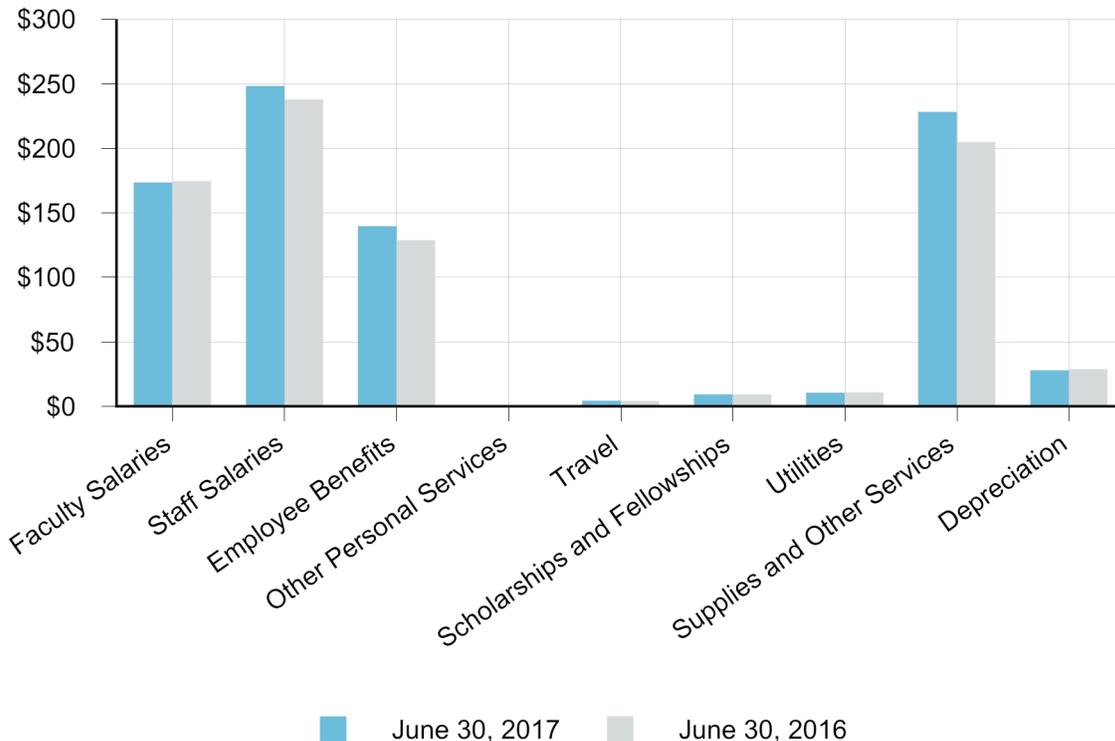
The following chart depicts the fiscal 2017 operating expenses by natural classification.

Operating Expenses by Natural Classification



Operating expenses by natural classification for the years ended June 30, 2017 and June 30, 2016 is depicted by the following chart:

Operating Expenses by Natural Classification (in millions)



Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2017 and 2016, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS		
	June 30, 2017	June 30, 2016
Cash Provided (Used) by:		
Operating Activities	\$ (204,801,851)	\$ (208,903,768)
Non-Capital Financing Activities	229,181,689	219,974,030
Capital and Related Financing Activities	(21,388,416)	(32,087,181)
Investing Activities	(7,825,066)	4,753,588
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,833,644)	(16,263,331)
Cash and Cash Equivalents, beginning of year (restated)	17,892,544	34,155,875
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,058,900	\$ 17,892,544

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2017 and June 30, 2016 were as follows:

CAPITAL ASSETS, net of accumulated depreciation	June 30, 2017	June 30, 2016	Increase (Decrease)	% Change
Land	\$ 23,214,736	\$ 28,365,902	\$ (5,151,166)	-18.16 %
Capitalized Collections	87,006	87,006	—	0.00 %
Construction Work-in-Progress	18,425,893	19,218,372	(792,479)	-4.12 %
Infrastructure	4,641,544	4,270,083	371,461	8.70 %
Building and Building Improvements	435,497,293	436,847,804	(1,350,511)	-0.31 %
Facilities and Other Improvements	11,552,203	9,639,324	1,912,879	19.84 %
Equipment	27,136,328	29,202,492	(2,066,164)	-7.08 %
Library Collections	6,431,008	7,290,017	(859,009)	-11.78 %
CAPITAL ASSETS, net of accumulated depreciation	\$ 526,986,011	\$ 534,921,000	\$ (7,934,989)	(1.48) %

University managed capital projects for building and building improvements, site development, and equipment in fiscal year 2017 totaled \$14,148,790 including the Allgood Hall Classroom Refresh and the Cyber Lab Renovation projects. In addition, completed building and building improvements, equipment, and research and development infrastructure totaling \$3,387,578 were funded by Georgia State Financing and Investment Commission (GSFIC) and included \$50,752 prepaid by the University.

Other on-going projects funded by GSFIC included \$4,912,820. Projected funding by GSFIC for fiscal year 2018 will be approximately the same.

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

Long-Term Liabilities

Augusta University had Long-Term Liabilities of \$500,416,876 of which \$24,981,443 was reflected as current liability at June 30, 2017.

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

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

Economic Outlook

Augusta University continued to manage resources prudently in fiscal year 2017 and remains committed to student affordability and strategic allocation of resources to our core mission of teaching, discovery, clinical care, and service. For the first time since consolidation, the University saw a modest increase in enrollment of 2.4% from Fall 2016 to Fall 2017. We anticipate another modest increase in enrollment during fiscal year 2018 which will result in additional tuition revenue. It should also be noted that the Board of Regents allocated \$9.2 million in new recurring state appropriations for strategic priorities during the fiscal year 2018 budget process.

Operating Revenue Highlights

State appropriations increased from \$195.1 million in fiscal year 2016 to \$199.1 million in fiscal year 2017, an increase of 2.08%. This included \$15.8 million in special funding initiative. In fiscal year 2017, Augusta University was allocated \$1.5 million in new recurring funds for institutional priorities including cyber security education and undergraduate enrollment initiatives. State appropriations accounted for 23.06% of total revenue in fiscal year 2017.

Tuition and fee revenue increased from \$86.1 million in fiscal year 2016 to \$88.4 million in fiscal year 2017. This is a direct result of the increase in enrollment noted above. Tuition and fees accounted for 10.24% of total revenue for fiscal year 2017.

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

Anthony E. Wagner, Executive Vice President
Augusta University

Financial Statements

Children's Hospital
of Georgia



AUGUSTA UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Augusta University	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 13,058,900	\$ 58,094,308
Short-term Investments	—	63,629,343
Federal Financial Assistance	8,976,659	5,254,618
Affiliated Organizations	553,799	2,778,875
Component Units	37,163,716	—
Primary Government	—	4,640,632
Other	33,612,275	142,421,129
Investment in Capital Leases - Primary Government	—	2,202,435
Inventories	843,658	19,002,610
Prepaid Items	13,144,846	17,124,167
Total Current Assets	107,353,853	315,148,117
Non-Current Assets		
Cash and Cash Equivalents	—	4,378,955
Due From USO - Capital Liability Reserve Fund	197,730	—
Pledges & Contributions	—	2,990,181
Other	—	235,806
Investments	82,393,086	241,837,177
Notes Receivable, net	2,686,925	201,290
Investment in Capital Leases - Primary Government	—	48,801,402
Other Assets	—	9,881,763
Investments (Externally Restricted)	2,408,636	149,677,449
Capital Assets, net	526,986,011	275,919,811
Total Non-Current Assets	614,672,388	733,923,834
TOTAL ASSETS	722,026,241	1,049,071,951
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Debt Refunding	2,808,243	—
Deferred Loss on Defined Benefit Pension Plan	91,979,969	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 94,788,212	\$ —

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

AUGUSTA UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Augusta University	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 7,133,767	\$ 61,992,917
Salaries Payable	3,116,835	6,463,832
Benefits Payable	2,391,267	—
Contracts Payable	1,457,960	—
Retainage Payable	346,850	—
Due to Affiliated Organizations	987,096	2,853,274
Due to Component Units	4,640,632	—
Due to Primary Government	—	37,163,716
Advances (Including Tuition and Fees)	48,859,656	1,541,873
Deposits Held for Other Organizations	2,686,891	—
Other Liabilities	—	9,512,265
Notes and Loans Payable	—	6,544,623
Lease Purchase Obligations - External	1,431,449	5,932,665
Lease Purchase Obligations - Component Units	2,202,435	—
Revenue Bonds & Notes Payable	—	5,715,000
Liabilities Under Split Interest Agreements	—	90,485
Compensated Absences	21,347,559	18,843,484
Total Current Liabilities	96,602,397	156,654,134
Non-Current Liabilities		
Other Liabilities	—	10,785,836
Notes and Loans Payable	—	37,413,500
Lease Purchase Obligations - External	3,090,915	24,048,493
Lease Purchase Obligations - Component Units	48,801,402	—
Revenue Bonds & Notes Payable	—	158,432,633
Liabilities Under Split Interest Agreements	—	1,148,655
Interest Rate Swap	—	20,812,794
Compensated Absences	17,634,667	—
Other Post Employment Benefits Obligation	—	11,531,792
Net Pension Liability	405,908,449	—
Total Non-Current Liabilities	475,435,433	264,173,703
TOTAL LIABILITIES	572,037,830	420,827,837
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Debt Refunding	847,464	—
Deferred Gain on Defined Benefit Pension Plan	13,197,249	—
TOTAL DEFERRED INFLOWS OF RESOURCES	14,044,713	—
NET POSITION		
Net Investment in Capital Assets	472,466,154	88,592,846
Restricted for:		
Nonexpendable	2,408,636	149,023,449
Expendable	43,789,490	109,632,810
Unrestricted (Deficit)	(287,932,370)	280,995,009
TOTAL NET POSITION	\$ 230,731,910	\$ 628,244,114

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, 2017

	Augusta University	Component Units
OPERATING REVENUES		
Student Tuition and Fees (net)	\$ 88,406,111	\$ —
Grants and Contracts		
Federal	56,994,286	52,357,954
State	230,211,800	—
Other	228,474,860	9,953,058
Sales and Services	9,401,577	33,339,046
Rents and Royalties	346,122	3,557,149
Auxiliary Enterprises		
Residence Halls	3,888,820	—
Bookstore	1,845,069	—
Food Services	1,136,833	1,941,197
Parking/Transportation	3,189,528	—
Health Services	2,330,164	753,080,486
Intercollegiate Athletics	3,058,368	—
Other Organizations	3,848,679	—
Gifts and Contributions	—	4,871,877
Endowment Income	—	1,023,803
Other Operating Revenues	267,574	1,639,674
	<hr/>	<hr/>
Total Operating Revenues	633,399,791	861,764,244
	<hr/>	<hr/>
OPERATING EXPENSES		
Faculty Salaries	173,381,811	—
Staff Salaries	248,371,709	278,798,382
Employee Benefits	139,646,583	81,584,033
Other Personal Services	341,695	169,243,470
Travel	4,260,152	3,346,618
Scholarships and Fellowships	9,288,780	4,162,840
Utilities	10,590,512	4,107,530
Supplies and Other Services	228,271,076	353,708,182
Depreciation	28,011,451	34,410,532
	<hr/>	<hr/>
Total Operating Expenses	842,163,769	929,361,587
	<hr/>	<hr/>
Operating Income (Loss)	\$ (208,763,978)	\$ (67,597,343)

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

AUGUSTA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2017

	Augusta University	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 199,132,523	\$ 31,409,501
Grants and Contracts		
Federal	9,837,028	2,967,388
State	—	3,178,581
Other	3,500,000	741
Gifts	12,274,245	—
Investment Income	1,970,804	35,715,150
Interest Expense	(2,044,671)	495,762
Other Nonoperating Revenues (Expenses)	(440,259)	(25,086,864)
Net Nonoperating Revenues	<u>224,229,670</u>	<u>48,680,259</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>15,465,692</u>	<u>(18,917,084)</u>
Capital Grants and Gifts		
Federal	—	88,747
State	8,837,521	—
Other	276,500	1,955,837
Additions to Permanent and Term Endowments	—	3,084,565
Special Item	(5,265,951)	—
Extraordinary Item	—	—
Total Other Revenues, Expenses, Gains or Losses	<u>3,848,070</u>	<u>5,129,149</u>
Change in Net Position	<u>19,313,762</u>	<u>(13,787,935)</u>
Net Position, Beginning of Year, As Originally Reported	211,418,148	576,130,168
Prior Year Adjustments	—	65,901,881
Net Position, Beginning of Year, Restated	<u>211,418,148</u>	<u>642,032,049</u>
Net Position-End of Year	<u>\$ 230,731,910</u>	<u>\$ 628,244,114</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, 2017**

	Augusta University
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from Customers	\$ 118,113,900
Grants and Contracts (Exchange)	503,288,608
Payments to Suppliers	(397,630,340)
Payments to Employees	(419,481,176)
Payments for Scholarships and Fellowships	(9,288,780)
Loans Issued to Students	(557,295)
Collection of Loans from Students	753,232
Net Cash Used by Operating Activities	<u>(204,801,851)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	199,132,523
Agency Funds Transactions - Receipts	139,393,386
Agency Funds Transactions - Disbursements	(138,666,231)
Gifts and Grants Received for Other Than Capital Purposes	29,322,011
Net Cash Flows Provided by Non-capital Financing Activities	<u>229,181,689</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Gifts and Grants Received	8,837,521
Proceeds from Sale of Capital Assets	44,878
Purchases of Capital Assets	(24,861,842)
Principal Paid on Capital Debt and Leases	(3,482,411)
Interest Paid on Capital Debt and Leases	(1,926,562)
Net Cash Used by Capital and Related Financing Activities	<u>(21,388,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,287,465
Investment Income	1,270,470
Purchase of Investments	(10,383,001)
Net Cash Used by Investing Activities	<u>(7,825,066)</u>
Net Decrease in Cash and Cash Equivalents	(4,833,644)
Cash and Cash Equivalents, Beginning of year	<u>17,892,544</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 13,058,900</u></u>

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

AUGUSTA UNIVERSITY
STATEMENT OF CASH FLOWS
JUNE 30, 2017

Augusta University

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (208,763,978)
Net Cash Used by Operating Activities	
Depreciation	28,011,451
Change in Assets and Liabilities:	
Receivables, net	(10,198,761)
Inventories	78,343
Prepaid Items	237,673
Notes Receivable, Net	195,937
Accounts Payable	(15,977,693)
Salaries Payable	997,402
Benefits Payable	197,090
Contracts Payable	118,413
Advances (Including Tuition & Fees)	(1,798,522)
Compensated Absences	1,274,942
Due to Affiliated Organizations	314,459
Net Pension Liability	71,966,285
Change in Deferred inflows/outflows of resources:	
Deferred Inflows of Resources	(14,216,195)
Deferred Outflows of Resources	(57,238,697)
Net Cash Used by Operating Activities	<u>\$ (204,801,851)</u>
NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS	
Gift of Capital Assets	<u>\$ 276,500</u>
Loss on Disposal of Capital Assets	<u>\$ 2,082,593</u>
Accrual of Capital Asset Related Payables	<u>\$ 954,435</u>
Capital Assets Acquired by Incurring Capital Lease Obligations	<u>\$ 1,147,517</u>
Amortization of Deferred Gain/Loss of Capital Debt Refunded	<u>\$ 118,109</u>
Special Item - Capital Asset Transfer	<u>\$ 5,265,951</u>
Unrealized Gain/Loss on Investments	<u>\$ 700,334</u>

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

**AUGUSTA UNIVERSITY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	Early Retirement Plan - Augusta University
	<hr/>
ASSETS	
Cash and Cash Equivalents	\$ 6,241,462
Investments	
Bond Securities	12,190,357
Equity Mutual Funds - Domestic	44,174,540
Equity Securities - Domestic	27,801,706
	<hr/>
Total Assets	90,408,065
	<hr/>
NET POSITION	
Held in Trust for:	
Pension Benefits	\$ 90,408,065
	<hr/> <hr/>

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

AUGUSTA UNIVERSITY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2017

	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	AU Health System Inc	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation	AU Medical Associates	Total
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 544,073	\$ 8,395,707	\$ 36,607,910	\$ 263,626	\$ 2,530,713	\$ 9,752,279	\$ 58,094,308
Short-term Investments	1,466,910		38,494,241	10,196,373		13,471,819	63,629,343
Accounts Receivable, net							
Federal Financial Assistance		5,254,618					5,254,618
Affiliated Organizations	211,941		505,048			2,061,886	2,778,875
Component Units				500,000			500,000
Primary Government		18,196	4,150,056			472,380	4,640,632
Other	244,713		126,458,519	4,270,347	166,242	11,281,308	142,421,129
Investment in Capital Leases - Primary Government	1,051,395					1,151,040	2,202,435
Inventories			19,002,610				19,002,610
Prepaid Items	885		16,525,792	58,754		538,736	17,124,167
Total Current Assets	3,519,917	13,668,521	241,744,176	15,289,100	2,696,955	38,729,448	315,648,117
Non-Current Assets							
Cash and Cash Equivalents	4,308,982	69,973					4,378,955
Accounts Receivable, net							
Pledges & Contributions	237,174			1,780,440	972,567		2,990,181
Other	219,218				16,588		235,806
Investments	7,776,876	291,102	95,322,236	4,629,129	108,479,442	25,338,392	241,837,177
Notes Receivable, net			201,290				201,290
Investment in Capital Leases - Primary Government	25,095,150					23,706,252	48,801,402
Other Assets	522,500		6,353,031	522,500	300,291	2,183,441	9,881,763
Investments (Externally Restricted)	19,539,674			2,423,183	127,714,592		149,677,449
Capital Assets, net	897,307		262,810,454		5,487,039	6,725,011	275,919,811
Total Non-Current Assets	58,596,881	361,075	364,687,011	9,355,252	242,970,519	57,953,096	733,923,834
TOTAL ASSETS	\$ 62,116,798	\$ 14,029,596	\$ 606,431,187	\$ 24,644,352	\$ 245,667,474	\$ 96,682,544	\$ 1,049,571,954

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

**AUGUSTA UNIVERSITY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2017**

	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	AU Health System Inc	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation	AU Medical Associates	Total
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 474,559	\$ 76,753	\$ 54,936,629	\$ 125,769		\$ 6,379,207	\$ 61,992,917
Salaries Payable			5,796,209			667,623	6,463,832
Due to Affiliated Organizations	197,028		2,061,886	9,195		585,165	2,853,274
Due to Component Units			500,000				500,000
Due to Primary Government	113,505	5,472,694	17,911,829	62,440		13,603,248	37,163,716
Advances (Including Tuition and Fees)				1,541,873			1,541,873
Other Liabilities	82,445	16,536	8,314,540	3,058	27,172	1,068,514	9,512,265
Notes and Loans Payable			3,445,833	789,686	2,309,104		6,544,623
Lease Purchase Obligations - External			5,932,665				5,932,665
Revenue Bonds & Notes Payable	900,000		3,950,000			865,000	5,715,000
Liabilities Under Split Interest Agreements				90,485			90,485
Compensated Absences			16,893,026			1,950,458	18,843,484
Total Current Liabilities	1,767,537	5,565,983	119,742,617	2,622,506	2,336,276	25,119,215	157,154,134
Non-Current Liabilities							
Other Liabilities			8,682,920		—	2,102,916	10,785,836
Notes and Loans Payable	376,000		37,037,500				37,413,500
Lease Purchase Obligations - External			24,048,493				24,048,493
Revenue Bonds & Notes Payable	24,158,605		110,420,000			23,854,028	158,432,633
Liabilities Under Split Interest Agreements				203,461	945,194		1,148,655
Interest Rate Swap			20,812,794				20,812,794
Other Post Employment Benefits Obligation						11,531,792	11,531,792
Total Non-Current Liabilities	24,534,605	—	201,001,707	203,461	945,194	37,488,736	264,173,703
TOTAL LIABILITIES	26,302,142	5,565,983	320,744,324	2,825,967	3,281,470	62,607,951	421,327,837
NET POSITION							
Net Investment in Capital Assets	713,937	—	77,975,963	—	3,177,935	6,725,011	88,592,846
Restricted for:							
Nonexpendable	18,885,674	—	—	2,423,183	127,714,592	—	149,023,449
Expendable	16,426,174	69,973	—	15,336,006	77,800,657	—	109,632,810
Unrestricted (Deficit)	(211,129)	8,393,640	207,710,900	4,059,196	33,692,820	27,349,582	280,995,009
TOTAL NET POSITION	\$ 35,814,656	\$ 8,463,613	\$ 285,686,863	\$ 21,818,385	\$ 242,386,004	\$ 34,074,593	\$ 628,244,114

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, 2017**

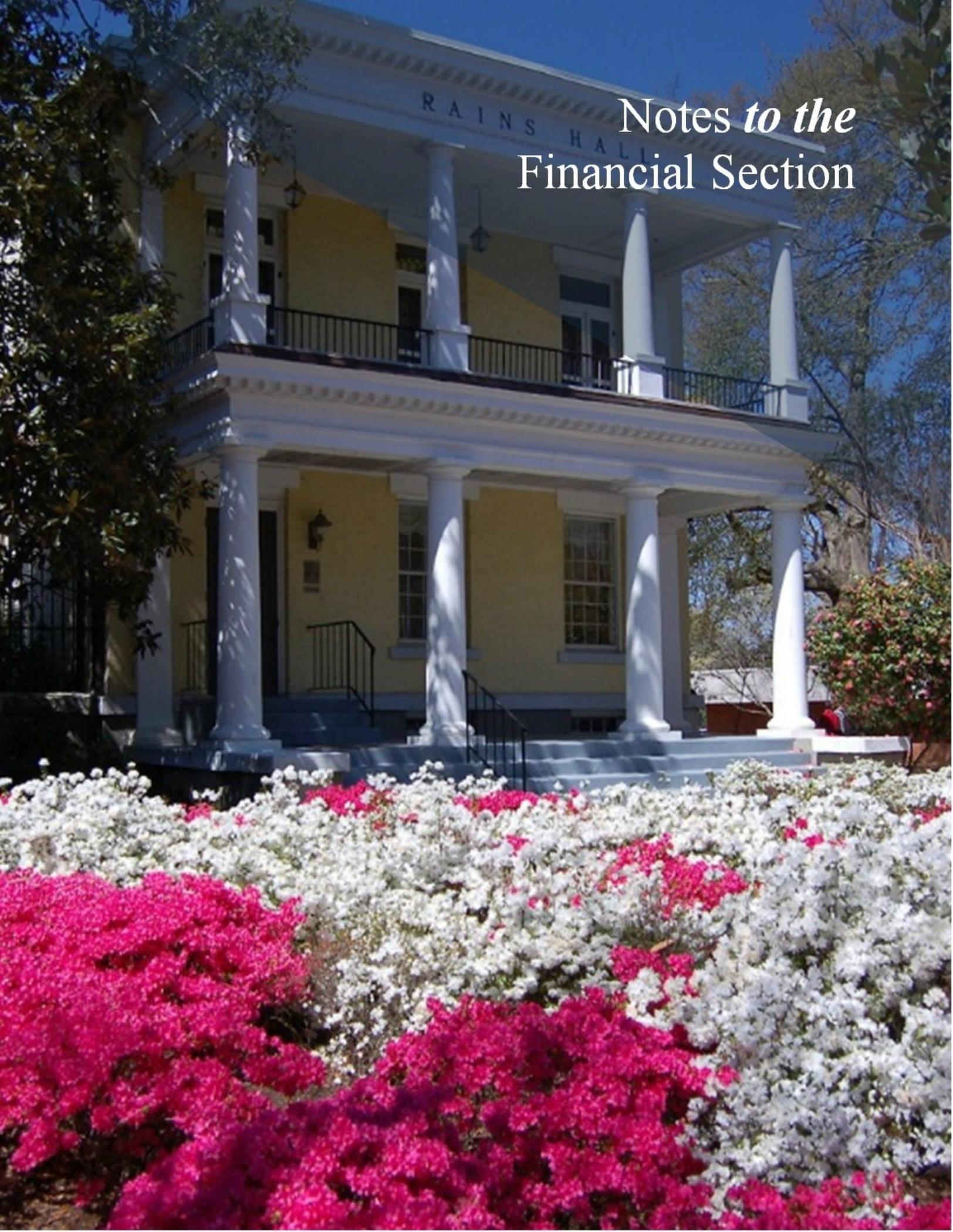
	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	AU Health System Inc	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation	AU Medical Associates	Total
OPERATING REVENUES							
Grants and Contracts							
Federal		\$ 50,742,878				\$ 1,615,076	\$ 52,357,954
Other		9,547,201		\$ 405,857			9,953,058
Sales and Services	\$ 453,808		\$ 31,962,778	922,460			33,339,046
Rents and Royalties	1,276,274	478,227	250,102	12,300	\$ 1,458,843	81,403	3,557,149
Auxiliary Enterprises							
Food Services			1,941,197				1,941,197
Health Services			612,613,382			140,467,104	753,080,486
Gifts and Contributions	1,108,608			1,356,302	2,406,967		4,871,877
Endowment Income	1,023,803						1,023,803
Other Operating Revenues	16,966			1,595,639	27,069		1,639,674
Total Operating Revenues	3,879,459	60,768,306	646,767,459	4,292,558	3,892,879	142,163,583	861,764,244
OPERATING EXPENSES							
Staff Salaries			248,460,099		848,864	29,489,419	278,798,382
Employee Benefits			54,263,244		127,613	27,193,176	81,584,033
Other Personal Services			78,804,212	987,036		89,452,222	169,243,470
Travel			813,662	134,746	4,367	2,393,843	3,346,618
Scholarships and Fellowships	1,051,168			1,096,559	1,845,941	169,172	4,162,840
Utilities			3,982,641		26,524	98,365	4,107,530
Supplies and Other Services	1,059,977	60,496,796	265,946,995	6,037,878	6,847,271	13,319,265	353,708,182
Depreciation	16,122		33,593,642		19,502	781,266	34,410,532
Total Operating Expenses	2,127,267	60,496,796	685,864,495	8,256,219	9,720,082	162,896,728	929,361,587
Operating Income (Loss)	\$ 1,752,192	\$ 271,510	\$ (39,097,036)	\$ (3,963,661)	\$ (5,827,203)	\$ (20,733,145)	\$ (67,597,343)

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
JUNE 30, 2017

	Augusta University Foundation, Inc.	Augusta University Research Institute, Inc.	AU Health System Inc	Georgia Health Sciences Foundation, Inc.	Medical College of Georgia Foundation	AU Medical Associates	Total
NONOPERATING REVENUES (EXPENSES)							
State Appropriations			\$ 31,409,501				\$ 31,409,501
Grants and Contracts							
Federal			2,967,388				2,967,388
State			3,178,581				3,178,581
Other			741				741
Investment Income	\$ 1,912,775	\$ 55,228	4,114,965	\$ 342,379	\$ 27,183,044	\$ 2,106,759	35,715,150
Interest Expense	(997,521)		2,307,576	(26,021)		(788,272)	495,762
Other Nonoperating Revenues (Expenses)	(271,369)	(99,563)	359,819			(25,075,751)	(25,086,864)
Net Nonoperating Revenues	643,885	(44,335)	44,338,571	316,358	27,183,044	(23,757,264)	48,680,259
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	2,396,077	227,175	5,241,535	(3,647,303)	21,355,841	(44,490,409)	(18,917,084)
Capital Grants and Gifts							
Federal			88,747				88,747
Other			1,955,837				1,955,837
Additions to Permanent and Term Endowments	741,239			355,219	1,988,107		3,084,565
Total Other Revenues, Expenses, Gains or Losses	741,239	—	2,044,584	355,219	1,988,107	—	5,129,149
Change in Net Position	3,137,316	227,175	7,286,119	(3,292,084)	23,343,948	(44,490,409)	(13,787,935)
Net Position, Beginning of Year, As Originally Reported		—	278,400,744	—	219,042,056	78,687,368	576,130,168
Prior Year Adjustments	32,677,340	8,236,438		25,110,469		(122,366)	65,901,881
Net Position, Beginning of Year, Restated	32,677,340	8,236,438	278,400,744	25,110,469	219,042,056	78,565,002	642,032,049
Net Position-End of Year	\$ 35,814,656	\$ 8,463,613	\$ 285,686,863	\$ 21,818,385	\$ 242,386,004	\$ 34,074,593	\$ 628,244,114

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

A photograph of a two-story classical building with a portico supported by white columns. The name "RAINS HALL" is inscribed on the pediment. The building is surrounded by lush greenery and a large bed of white and pink azaleas in the foreground. The sky is clear and blue.

Notes *to the*
Financial Section

AUGUSTA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies

Nature of Operations

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

Reporting Entity

As defined by Official Code of Georgia Annotated (O.C.G.A) § 20-3-50, the Institution 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 Comprehensive Annual Financial Report (CAFR) by presenting the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State that are attributable to the transactions of the University. In addition, certain discretely presented component units of the State, as discussed below, have been included since they have been determined to be essential to the fair presentation to these departmental financial statements. These financial statements do not purport to, and do not, present fairly the financial position of the State as of June 30, 2017, 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 CAFR. The most recent State of Georgia CAFR can be obtained through the State Accounting Office, 200 Piedmont Avenue, Suite 1604 (West Tower), Atlanta, Georgia 30334 or online at sao.georgia.gov/comprehensive-annual-financial-reports.

Discretely Presented Component Units

The below organizations are legally separate, tax-exempt component units of the State. Although the University (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 addresses listed below.

- Augusta University Foundation, Inc. 1120 15th Street, FI-1049, Augusta, GA, 30912
- Augusta University Research Institute, Inc. 1120 15th Street, AA 311, Richmond, Augusta, GA, 30912
- Medical College of Georgia Foundation, 545 15th Street, Augusta, GA 30901
- MCG Health Systems, Inc. d/b/a AU Health System, 1120 15th Street. FY139, Augusta, GA 30912

- Medical College of Georgia Physicians Practice Group Foundation d/b/a AU Medical Associates and Subsidiaries, 1499 Walton Way, Ste. 1400, Augusta, GA 30901
- Georgia Health Sciences Foundation, Inc., 1120 15th Street, FI-1000, Augusta, GA, 30912

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

Basis of Accounting and Financial Statement Presentation

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

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

The University reports the following Fiduciary Fund:

Pension Trust Fund - Accounts for the activities of the Early Retirement Plan.

New Accounting Pronouncements

For fiscal year 2017, the University adopted GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses accounting and financial reporting issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

For fiscal year 2017, the University adopted GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2017, the University adopted GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2017, the University adopted GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The adoption of this Statement does not have a significant impact on the University's financial statements.

For fiscal year 2017, the University adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution other postemployment benefit (OPEB) plans that replace the requirements for those OPEB plans in GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, No. 43, and No. 50, *Pension Disclosures*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions. The adoption of this Statement does not have a significant impact on the University's financial statements.

Future Accounting Pronouncements

In fiscal year 2018, the University will adopt GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this Statement establish accounting and financial reporting standards for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. Implementation of this Statement will require the University to record a liability for its proportionate share of the OPEB Liability of plans in which it participates. Actuarial estimates are currently being made to determine the University's liability, the effects of which are believed to be material.

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.

Investments

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

Accounts Receivable

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

Inventories

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

Non-current Investments

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

Prepaid Items

Payments made to vendors and state and local government organizations for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

Capital Assets

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

To fully understand plant additions in the University, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) - an organization that is external to the University. 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 USG when complete. For projects managed by institutions of the USG, the institutions retain construction in progress on their books and are reimbursed by GSFIC.

Capital Liability Reserve Fund

The Capital Liability Reserve Fund (Fund) was established by the Board of Regents to protect the fiscal integrity of the USG to maintain the strongest possible credit ratings associated with Public Private Venture (PPV) projects and to ensure that the Board of Regents can effectively support its long-term capital lease obligations. All USG institutions participating in the PPV program finance the Fund. The Fund serves as a pooled reserve that is managed by the Board of Regents. The Fund shall only be used to address significant shortfalls and only insofar as a requesting USG institution is unable to make the required PPV capital lease payment to the designated affiliated organization. The Fund will continue as long as the Board of Regents has rental obligations under the PPV program and at the conclusion of the program, funds will be returned to each institution. The \$197,730 balance included on the Institution'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 by the institution that are applicable to a future reporting period.

Advances

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

Deposits Held for Other Organizations

Deposits held for other organizations result primarily from the University acting as an agent or fiduciary for another entity. Deposits held for others include scholarships, fellowships, study abroad deposits and other funds held for various governments, companies, clubs or individuals.

Compensated Absences

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

Non-current Liabilities

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

Deferred Inflows of Resources

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

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 fiduciary net position, additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by Teachers' Retirement System of Georgia and Employees' Retirement System of Georgia. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

The University's net position is classified as follows:

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

Restricted - 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. The University maintains pertinent information related to each endowment fund including donor; amount and date of donation; restrictions by the source of limitations; limitations on investments, etc.

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board 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 non-operating 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 nonexchange 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.

Special Item

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

Augusta University transferred property to the Georgia Technology Authority in fiscal year 2017 consisting of approximately 16.47 acres of land formerly known as the Georgia Golf Hall of Fame located at 1 Eleventh Street in Augusta, Richmond County, Georgia valued at \$5,265,951.

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. Student tuition and fees reported on the Statement of Revenues, Expenses and Changes in Net Position are net of discounts and allowances of \$15,603,679.

Restatement of Prior Year Net Position

The University made the following restatements:

	Discretely Presented Component Units
Net position, beginning of year, as originally reported	\$ 576,130,168
Changes in financial reporting entity	66,024,247
Correction of prior year errors	<u>(122,366)</u>
Net position, beginning of year, restated	<u>\$ 642,032,049</u>

Changes in Financial Reporting Entity

The determination was made that Augusta University Foundation, Inc., Augusta University Research Institute, Inc., and Georgia Health Sciences Foundation, Inc. met requirements for inclusion as discretely presented component units, which increased beginning net position in the amount of \$66,024,247.

Note 2 Deposits and Investments

Cash and cash equivalents and investments as of June 30, 2017 are classified in the accompanying statement of net position and statement of fiduciary net position as follows:

Cash & Cash Equivalents	\$ 19,300,362
Investments	84,166,603
Non Current - Investments	82,393,086
Investments (Externally Restricted)	2,408,636
	<u>\$ 188,268,687</u>

Cash on hand, deposits and investments as of June 30, 2017 consist of the following:

Cash on Hand	\$	77,543
Deposits with Financial Institutions		9,666,012
Investments		178,525,132
	\$	<u>188,268,687</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 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. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation. The Treasurer of the Board of Regents is responsible for all details relative to furnishing the required depository protection for all units of the University System of Georgia.

At June 30, 2017, the bank balances of the University's deposits totaled \$28,090,035. This balance includes deposits in Fiduciary funds as these balances are not separable from the holdings of the USG. 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.

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

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

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

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

The following table summarizes the valuation of the University's investments measured at fair value on a recurring basis and at net asset value as of June 30, 2017.

Investment type:	Fair Value	Fair Value Hierarchy	
		Level 1	Level 2
Debt Securities			
U.S. Treasuries	\$ 4,015,232	\$ 4,015,232	
U.S. Agencies			
Explicitly Guaranteed	25,180,564		\$ 25,180,564
Implicitly Guaranteed	50,942,385		50,942,385
Bond Securities	12,190,357	12,190,357	
Money Market Mutual Funds	3,407,163	3,407,163	
Equity Mutual Funds - Domestic	44,174,540	44,174,540	
Equity Securities - Domestic	27,801,706	27,801,706	
	167,711,947	\$ 91,588,998	\$ 76,122,949
Investment Pools			
Board of Regents			
Diversified Fund	10,813,185		
Total Investments	\$ 178,525,132		

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

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

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

Investment Pool

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the USG. This audit can be obtained from USG's web site at usg.edu/fiscal_affairs/financial_reporting.

The Effective Duration of the Diversified Fund is 5.65 years. Of the University's total investment in the Diversified Fund, 33% is invested in debt securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The University's Investment Policy and Guidelines manages interest rate risk by recognizing that short-term loss of principal may be necessary in order to achieve long-term safety and growth of principal; and that in order to maximize income from debt instruments with maturities longer than sixty days, market values may be exposed to short-term volatility.

	Fair Value	Investment Maturity				More Than 10 Years
		Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	
Investment type:						
Debt Securities						
U.S. Treasuries	\$ 4,015,232	\$ 9,999		\$ 4,005,233		
U.S. Agencies						
Explicitly Guaranteed	25,180,564	19,950,563	\$ 2,365,797	2,864,204		
Implicitly Guaranteed	50,942,385	33,066,874	9,618,179	8,257,332		
Bond Securities	12,190,357				\$ 9,589,149	\$ 2,601,208
Money Market Mutual Funds	3,407,163	3,407,163				
	95,735,701	\$ 56,434,599	\$ 11,983,976	\$ 15,126,769	\$ 9,589,149	\$ 2,601,208
Other Investments						
Equity Mutual Funds - Domestic	44,174,540					
Equity Securities - Domestic	27,801,706					
Investment Pools						
Board of Regents						
Diversified Fund	10,813,185					
Total Investments	\$ 178,525,132					

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 does not have a formal policy for managing custodial credit risk for investments. Investment Managers are held accountable for custodial safety. The Institution's Investment Policy and Guidelines require that managers be registered in good standing as investment advisors; and will be experienced with proven track records.

At June 30, 2017, \$95,735,701 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 does not have a formal policy for managing credit quality risk. All investment vehicles are designed to comply with Georgia Code 50-17-63.

The investments subject to credit quality risk are reflected below:

	Fair Value	AA	Unrated
Related Debt Investments			
U. S. Agency Securities	\$ 50,942,385		\$ 50,942,385
Bond Securities	12,190,357		12,190,357
Money Market Mutual Fund	3,407,163	\$ 2,043,331	1,363,832
	\$ 66,539,905	\$ 2,043,331	\$ 64,496,574

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 Investment Policy and Guidelines for managing concentration of credit risk requires that stocks and debt issues be diversified. The University also relies upon the concentration of credit risk policy of the individual investment vehicles related to Augusta University's investment assets.

At June 30, 2017, approximately 10.57%, 7.22%, 9.15%, 6.63%, and 20.45% of the Institution's investments were invested in Government National Mortgage Association, Federal National Mortgage Association, Federal National Mortgage Association Pool, Federal Home Loan Mortgage Corporation, and Vanguard Institutional Index Fund respectively.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30, 2017:

	<u>Business Type Activities</u>
Student Tuition and Fees	\$ 9,234,285
Auxiliary Enterprises and Other Operating Activities	867,824
Federal Financial Assistance	8,976,659
Georgia State Financing and Investment Commission	1,534,351
Due from Component Units	37,163,716
Due From Other USG Institutions	197,730
Other	23,062,532
	<u>81,037,097</u>
Less: Allowance for Doubtful Accounts	532,918
	<u><u>\$ 80,504,179</u></u>

Note 4 Inventories

Inventories consisted of the following at June 30, 2017:

Consumable Supplies	\$ 140,435
Merchandise for Resale	703,223
	<u>703,223</u>
Total	<u><u>\$ 843,658</u></u>

Note 5 Notes and Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2017. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for amounts canceled under these provisions. As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2017, the allowance for uncollectible loans was \$396,258.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2017 are shown below:

	Beginning Balances July 1, 2016	Special Item and Other Transfers	Additions	Reductions	Ending Balance June 30, 2017
Capital Assets, Not Being Depreciated:					
Land	\$ 28,365,902	\$ (5,265,951)	\$ 114,785		\$ 23,214,736
Capitalized Collections	87,006				87,006
Construction Work-in-Progress	19,218,372		10,587,866	11,380,345	18,425,893
Total Capital Assets Not Being Depreciated	47,671,280	(5,265,951)	10,702,651	11,380,345	41,727,635
Capital Assets, Being Depreciated/Amortized:					
Infrastructure	6,526,145		672,853		7,198,998
Building and Building Improvements	702,623,281		13,693,008	(1,958,940)	718,275,229
Facilities and Other Improvements	16,953,730		2,627,513	375,028	19,206,215
Equipment	119,309,109		6,495,180	6,322,293	119,481,996
Library Collections	29,007,155		448,960	546,323	28,909,792
Total Capital Assets Being Depreciated/Amortized	874,419,420	—	23,937,514	5,284,704	893,072,230
Less: Accumulated Depreciation/Amortization					
Infrastructure	2,256,062		301,392		2,557,454
Building and Building Improvements	265,775,477		17,715,259	712,800	282,777,936
Facilities and Other Improvements	7,314,406		677,131	337,525	7,654,012
Equipment	90,106,617		8,009,700	5,770,649	92,345,668
Library Collections	21,717,138		1,307,969	546,323	22,478,784
Total Accumulated Depreciation/Amortization	387,169,700	—	28,011,451	7,367,297	407,813,854
Total Capital Assets, Being Depreciated/Amortized, Net	487,249,720	—	(4,073,937)	(2,082,593)	485,258,376
Capital Assets, net	\$ 534,921,000	\$ (5,265,951)	\$ 6,628,714	\$ 9,297,752	\$ 526,986,011

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2017, GSFIC did not transfer capital additions to the University related to GSFIC managed projects. At June 30, 2017, GSFIC had construction in progress of approximately \$40,157,236 for incomplete GSFIC managed projects for the University.

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

Fiscal Year	Depreciation Expense
2017	\$ 28,011,451
2016	\$ 28,894,244
2015	\$ 28,498,895

Note 7 Advances (Including Tuition and Fees)

Advances, including tuition and fees, consisted of the following at June 30, 2017:

	<u>Current Liabilities</u>
Prepaid Tuition and Fees	\$ 15,019,943
Research	32,084,721
Other - Advances	<u>1,754,992</u>
Totals	<u>\$ 48,859,656</u>

Note 8 Long-Term Liabilities

Changes in long-term liability for the year ended June 30, 2017 was as follows:

	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	Current Portion
Lease Purchase Obligations	\$ 57,861,095	\$ 1,147,517	\$ 3,482,411	\$ 55,526,201	\$ 3,633,884
Other Liabilities					
Compensated Absences	37,707,284	27,274,878	25,999,936	38,982,226	21,347,559
Net Pension Liability	333,942,164	84,716,066	12,749,781	405,908,449	
Total	<u>371,649,448</u>	<u>111,990,944</u>	<u>38,749,717</u>	<u>444,890,675</u>	<u>21,347,559</u>
Total Long-Term Obligations	<u>\$ 429,510,543</u>	<u>\$ 113,138,461</u>	<u>\$ 42,232,128</u>	<u>\$ 500,416,876</u>	<u>\$ 24,981,443</u>

Note 9 Service Concession Arrangements

At June 30, 2017, the University had no service concession arrangements that met the materiality threshold for discrete financial reporting.

Note 10 Net Position

The breakdown of business type activity net position for the University fund at June 30, 2017 is as follows:

Net Investment in Capital Assets	\$ 472,466,154
<hr/>	
Restricted for	
Nonexpendable	
Permanent Endowment	2,408,636
<hr/>	
Expendable	
Sponsored and Other Organized Activities	28,991,305
Federal Loans	5,400,825
Institutional Loans	1,022,961
Quasi-Endowments	8,374,399
Capital Projects	
Sub-Total	43,789,490
<hr/>	
Unrestricted	
Auxiliary Enterprises Operations	1,759,981
Auxiliary Enterprises Renewals & Replacement Reserve	3,705,638
Reserve for Encumbrances	17,914,990
Reserve for Inventory	144,616
Other Unrestricted	(311,457,595)
Sub-Total	(287,932,370)
<hr/>	
Total Net Position	\$ 230,731,910
<hr/>	

Changes in Net Position for the year ended June 30, 2017 are as follows:

	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017
	<hr/>	<hr/>	<hr/>	<hr/>
Net Investments in Capital Assets	\$ 477,493,762	\$ 26,742,231	\$ 31,769,839	\$ 472,466,154
Restricted Net Position	32,618,537	538,131,995	524,552,406	46,198,126
Unrestricted Net Position	(298,694,151)	325,830,466	315,068,685	(287,932,370)
Total Net Position	<hr/> <hr/> \$ 211,418,148	<hr/> <hr/> \$ 890,704,692	<hr/> <hr/> \$ 871,390,930	<hr/> <hr/> \$ 230,731,910

Note 11 Endowments

Donor Restricted Endowments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. For University controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits Institutions to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determined to be prudent. Realized and unrealized appreciation in excess of the amount budgeted for current spending is retained by the endowments. Current year net appreciation for the endowment accounts was \$235,150 and is reflected as expendable restricted net position.

Note 12 Significant Commitments

See the net position note for amounts reserved for outstanding encumbrances at June 30, 2017. In addition to these encumbrances, the University had other significant unearned outstanding construction or renovation contracts in the

amount of \$2,332,069 executed as of June 30, 2017. This amount is not reflected in the accompanying basic financial statements.

Note 13 Leases

Lease Obligations

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

Capital Leases

The University acquires certain real property and equipment through multi-year capital leases with varying terms and options. In accordance with O.C.G.A 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University's principal and interest expenditures related to capital leases for fiscal year 2017 were \$3,482,411 and \$1,926,562, respectively. Interest rates range from 2.437% - 10.10%.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2017:

Description	Gross Amount	Less: Accumulated Depreciation	Net, Assets Held Under Capital Lease at June 30, 2017	Outstanding Balances per Lease Schedules at June 30, 2017
	(+)	(-)	(=)	
Leased Equipment	\$ 7,458,579	\$ 2,719,730	\$ 4,738,849	\$ 4,522,363
Leased Buildings & Building Improvements	59,576,418	20,375,022	39,201,396	51,003,838
Total Assets Held Under Capital Lease	<u>\$ 67,034,997</u>	<u>\$ 23,094,752</u>	<u>\$ 43,940,245</u>	<u>\$ 55,526,201</u>

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

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
CRC	MCG-PPG, CRC LLC	\$ 27,704,398	30 years	1/2006	6/2034	\$ 24,857,292 (1)
University Housing	ASU Foundation	20,246,137	30 years	9/2005	1/2035	16,914,315 (1)
Student Center	ASU Foundation	11,782,962	29 years	3/2006	12/2033	9,232,231 (1)
Telephone System	Key Govt Finance, Inc.	4,972,657	4 years	9/2015	9/2019	3,057,582
Telephone System	Key Govt Finance, Inc.	302,400	2 years	3/2017	3/2019	189,726
Computer Lease	DeLage Landen	100,980	3 years	1/2016	1/2019	54,793
Multiple Individual Copier Leases	Pollock	1,709,727	5 years	9/2012	4/2022	1,220,262
Total Leases		<u>\$ 66,819,261</u>				<u>\$ 55,526,201</u>

(1) These capital leases are related party transactions with affiliated organizations.

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

Operating Leases

The University is obligated under various operating leases for the use of equipment. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the University has the option of renewing the lease on a year-to-

year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease. The University's operating lease expense for fiscal 2017 was \$2,643.

Future commitments for capital leases and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2017, are as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2018	\$ 5,513,733	\$ 376
2019	5,465,191	
2020	5,325,329	
2021	4,195,732	
2022	4,128,703	
2023 through 2027	19,762,136	
2028 through 2032	19,747,303	
2033 through 2035	8,202,656	
Total minimum lease payments	72,340,783	\$ 376
Less: Interest	13,771,920	
Less: Executory costs	3,042,662	
Principal Outstanding	\$ 55,526,201	

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 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 §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) 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 2017. The University's contractually required contribution rate for the year ended June 30, 2017 was 14.27% of annual the University payroll. The University's contributions to TRS totaled \$27,473,760 for the year ended June 30, 2017.

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/formspubs/formspubs.

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. University's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2017 was 24.69% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. The University's contributions to ERS totaled \$457,473 for the year ended June 30, 2017. 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, 2017, 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, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 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, 2016. At June 30, 2016, the University's TRS proportion was 1.675586%, which was an decrease of (0.041076)% from its proportion measured as of June 30, 2015. At June 30, 2016, the University's ERS proportion was 0.031106%, which was a increase of 0.003888% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the University recognized pension expense of \$35,876,044 for TRS and \$242,228 for ERS. At June 30, 2017, 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	\$ 5,149,880	\$ 1,709,450		\$ 3,398
Changes of assumptions	8,959,861		12,464	
Net difference between projected and actual earnings on pension plan investments	43,731,471		149,605	
Changes in proportion and differences between contributions and proportionate share of contributions	2,298,767	7,793,076	114,869	
Contributions subsequent to the measurement date	27,473,760		457,473	
Total	\$ 87,613,739	\$ 9,502,526	\$ 734,411	\$ 3,398

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, 2017. 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 Ended June 30:	TRS	ERS
2018	\$ 5,581,047	\$ 108,347
2019	\$ 5,581,031	\$ 34,532
2020	\$ 23,456,098	\$ 80,659
2021	\$ 15,610,318	\$ 50,002
2022	\$ 408,959	

Actuarial assumptions

The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System

Inflation	2.75%
Salary increases	3.25% - 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Post - retirement mortality rates were based on the RP - 2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service retirements and dependent beneficiaries. The RP - 2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and

four years for females) was used for death after disability retirement. Rates of mortality in active service were based on the RP - 2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

Employees' Retirement System

Inflation	2.75%
Salary increases	3.25 – 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Asset class	TRS target allocation	ERS target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.50)%
Domestic large equities	39.80%	37.20%	9.00 %
Domestic mid equities	3.70%	3.40%	12.00 %
Domestic small equities	1.50%	1.40%	13.50 %
International developed market equities	19.40%	17.80%	8.00 %
International emerging market equities	5.60%	5.20%	12.00 %
Alternatives	—%	5.00%	10.50 %
Total	100.00%	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount rate

The discount rate used to measure the total TRS and ERS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Teachers Retirement System:

	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$ 538,073,978	\$ 345,692,075	\$ 187,297,288

Employees' Retirement System:

	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$ 1,994,080	\$ 1,471,444	\$ 1,026,055

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/formspubs/formspubs, 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 Bryan, Pendleton, Swats, and McAllister, LLC. 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, 2017, plan participants consisted of the following:

Inactive Plan Participants:

Retirees and Beneficiaries Currently Receiving Benefits	628
Terminated Employees Entitled to Deferred Benefits	0
Disabled Employees Entitled to Deferred Benefits	0
	<hr/>
Total	<u>628</u>

Benefits Provided

TRS provides a benefit equal to 2.0% 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): 1-1/2% 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 2017, affiliated organizations contributed \$5,886,802 to the plan on-behalf of the University.

Since this plan was not pre-funded, Augusta University's approach 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, 2016, the period to amortize the unfunded accrued liability was extended 2 years. With this change, the plan should be fully funded by June 30, 2025. The funding policy is reasonable and in compliance with minimum funding requirements set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law.

Investments

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

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. The Augusta University's Investment Policy and Guidelines for managing concentration of credit risk requires that stocks and debt issues be diversified. Augusta University also relies upon the concentration of credit risk policy of the individual investment vehicles related to plan assets. More than 5% of the Pension Plan's Investments are in iShares Core Total U.S. Aggregate Bond Exchange-traded Fund (ETF), Vanguard Institutional Index Fund, iShares Russell 1000 Value ETF, and iShares Russell 1000 Growth ETF. These investments are 8.51%, 41.69%, 5.98%, and 10.19% respectively of the Plan's total investments.

For the fiscal year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.39%.

Net Pension Liability (NPL)

The components of the net pension liability at June 30, 2017 were as follows:

Total Pension Liability	\$ 149,152,995
Plan Fiduciary Net Position	<u>(90,408,065)</u>
Net Pension Liability	<u><u>\$ 58,744,930</u></u>

Plan Fiduciary Net Position as a percentage of total pension liability is 60.61%.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017 with the results rolled forward to the June 30, 2017 measurement date using the following actuarial assumptions, applied to all periods included in the measurement: (a) rate of return of 7.50% per annum, compounded annually (b) inflation of 3 percent, and (c) cost of living increases of 3 percent per annum.

To better recognize current and future mortality improvements, effective June 30, 2016 mortality rates were based on the RP-2014 Mortality Table, adjusted to 2006, with generational mortality improvement projected after year 2006 using Scale MP-2015 rather than the previously used RP-2000 Mortality Table for Healthy Annuitants with projected improvement from year 2000 to year 2022 under Projection Scale AA.

The projection of cash flows used to determine the discount rate of 7.5% 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 determined using a building-block method in which best-estimate ranges 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 ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	79.62%	6.50%
International Equity	—%	7.25%
Fixed Income	13.48%	1.25%
Real Estate	—%	5.75%
Cash	6.90%	0.50%

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 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 71,235,851	\$ 58,744,930	\$ 47,883,650

Schedule of Changes in Net Pension Liability

For the year ended June 30, 2017, the USG recognized net pension liability of \$58,744,930 calculated as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2016	\$ 151,817,059	\$ 80,322,348	\$ 71,494,711
Interest	10,875,630		10,875,630
Experience losses (gains)	77,619		77,619
Contributions - Employer		13,084,672	(13,084,672)
Net investment income		10,618,358	(10,618,358)
Benefit payments	(13,617,313)	(13,617,313)	—
Net Change	(2,664,064)	10,085,717	(12,749,781)
Balance, June 30, 2017	\$ 149,152,995	\$ 90,408,065	\$ 58,744,930

Affiliated organizations contributed \$5,886,802 to the plan on behalf of the USG.

Schedule of Changes in Pension Expense

For the year ended June 30, 2017, the USG recognized pension expense of \$5,409,026 from the following sources:

	Pension Expense
Interest	\$ 10,875,630
Projected investment income	(6,004,202)
Recognition of experience (gain)/loss	77,619
Investment losses (gains)	459,979
Pension Expense June 30, 2016	\$ 5,409,026

Deferred Outflows/Inflows of Resources

At June 30, 2017, the USG 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	3,631,819	3,691,325

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		
2018	\$	459,979
2019	\$	459,979
2020	\$	(56,630)
2021	\$	(922,834)

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 2017, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6% 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 \$13,457,333 (9.24%) and \$8,738,532 (6%), 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 2017, 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 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

Note 17 Post-Employment Benefits Other Than Pension Benefits

Pursuant to the general powers conferred by the Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System of Georgia pay the employer portion for group insurance for affected individuals. With regard to life insurance, the employer covers the total 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 employee.

The Board of Regents Retiree Health Benefit Plan is a single-employer, defined benefit plan. Financial statements and required supplementary information for the Plan are included in the publicly available Consolidated Annual Financial Report of the University System of Georgia. The University pays the employer portion of health insurance for its eligible retirees based on rates that are established annually by the Board of Regents for the upcoming plan year.

As of June 30, 2017, there were 2,040 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2017, the University recognized \$11,177,314 in expenses, which was net of \$2,630,051 of participant contributions.

Note 18 Operating Expenses with Functional Classifications

Business-type activity operating expenses by functional classification for fiscal 2017 are shown below:

Functional Classification	Natural Classification				
	Faculty Salaries	Staff Salaries	Employee Benefits	Personal Services	Travel
Instruction	\$ 67,271,644	\$ 31,448,195	\$ 34,269,080	\$ 85,678	\$ 2,047,689
Research	9,758,747	12,952,846	5,737,471	61	466,452
Public Service	9,371,402	17,180,728	7,074,725	5,066	551,434
Academic Support	11,070,890	28,149,492	13,348,507	8,312	266,866
Student Services	286,662	3,939,293	1,340,650	40,628	127,094
Institutional Support	1,716,715	29,029,249	26,104,932	191,075	267,284
Plant Operations and Maintenance	88,171	11,808,342	4,452,506	6,993	45,770
Scholarships and Fellowships		1,600			
Auxiliary Enterprises	124,852	4,437,191	1,702,237	3,882	77,545
Patient Care	73,692,728	109,424,773	45,616,475		410,018
Total Operating Expenses	\$ 173,381,811	\$ 248,371,709	\$ 139,646,583	\$ 341,695	\$ 4,260,152

Functional Classification	Natural Classification				
	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation/Amortization	Total Operating Expenses
Instruction	\$ 516,710	\$ 788,235	\$ 15,016,692	\$ 8,845,595	\$ 160,289,518
Research	37,468	4,426	17,651,576	464,896	47,073,943
Public Service	93,141	128,670	8,977,991	303,824	43,686,981
Academic Support	34,762	109,859	2,945,762	1,767,330	57,701,780
Student Services	6,457	44,571	2,394,094	11,364	8,190,813
Institutional Support		183,752	25,157,386	8,312,750	90,963,143
Plant Operations and Maintenance		8,459,509	18,949,534	6,626,299	50,437,124
Scholarships and Fellowships	7,675,581				7,677,181
Auxiliary Enterprises	924,661	479,137	8,054,016	1,679,393	17,482,914
Patient Care		392,353	129,124,025		358,660,372
Total Operating Expenses	\$ 9,288,780	\$ 10,590,512	\$ 228,271,076	\$ 28,011,451	\$ 842,163,769

Note 19 Component Units

Augusta University Foundation, Inc.

The Augusta University Foundation (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, 2017, the AUF distributed approximately \$993,566 to Augusta University in support of capital outlay projects, scholarships and other supporting activities.

Medical College of Georgia Foundation

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. (the "Foundation") 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, 2017, the Foundation paid approximately \$3,450,000 to Augusta University and its affiliates in support of students and University programs. The Foundation paid approximately \$6,260,000 to non-affiliated organizations on behalf of Augusta University.

AU Medical Associates

AU Medical Associates (the Company), was formed in 1958 as a nonprofit organization for the purpose of enhancing the clinical, research, and educational missions of the Augusta University (AU or the University) and billing and collecting for medical services provided to patients. Revenues are obtained primarily from physician fees charged to patients at AU Medical Center and AU Children's Medical Center, which are operated by AU Health System, Inc. and AU Medical Center (AUMC).

Augusta University Research Institute, Inc.

Augusta University Research Institute (AURI) is a legally separate, tax-exempt component unit of the State of Georgia reporting entity. The AURI serves to enhance the research mission of Augusta University by securing sponsored research funding and by providing funding of special research initiatives. During the year ended June 30, 2017, the AURI distributed approximately \$59,758,599 million to Augusta University in support of capital outlay projects, scholarships and other supporting activities.

AU Health System Inc

AU Health System, Inc. (the Health System), located in Augusta, Georgia, is a legally separate, tax-exempt organization, which was established to promote the health science education missions and other tax-exempt functions and purposes of the Augusta University (the University), AU Medical Associates (AUMA) and AU Medical Center, Inc. (AUMC) (a discretely presented component unit) by strategically coordinating operations of AUMA and AUMC. The Health System was incorporated under the laws of the State of Georgia as a non-profit corporation on June 1, 2010. It began operations on June 1, 2010 as part of a Joint Operating Agreement (the Agreement) with AUMA and AUMC. The Agreement was subsequently amended on June 26, 2014 to incorporate Roosevelt Warm Springs Rehabilitation & Specialty Hospitals, Inc. (RWSH) (a discretely presented component unit) and on August 28, 2014 to incorporate AU Health Professions Associates, Inc. (Health Professions Associates), Augusta University Nursing Associates, Inc. (Nursing Associates) and AU - Dental Associates (Dental Associates).

Georgia Health Sciences Foundation, Inc.

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

The GHSF acts primarily as a fund-raising organization to supplement the resources that are available to Augusta University in support of its programs. During the year ended June 30, 2017, the GHSF distributed approximately \$3,872,387 to Augusta University in support of capital outlay projects, scholarships and other supporting activities.

Component unit's investments are comprised of the following amounts at June 30, 2017:

Investment type	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
U.S. Treasuries	\$ 31,639,999	\$ 8,368,347	\$ 23,271,652	\$ —
U.S. Agencies				
Explicitly Guaranteed	2,279,263	—	2,279,263	—
Implicitly Guaranteed	8,621,434	—	8,621,434	—
Bond Securities	41,233,946	22,492,411	18,741,535	—
Corporate Debt	57,972,747	—	57,972,747	—
Money Market Mutual Funds	2,289,511	212,349	2,077,162	—
Municipal Obligations	10,687,844	—	10,687,844	—
Mutual Bond Funds	3,786,916	3,786,916	—	—
Repurchase Agreements	654,000	—	654,000	—
Equity Mutual Funds - Domestic	8,111,189	8,111,189	—	—
Equity Mutual Funds - International	1,740,089	1,740,089	—	—
Equity Securities - Domestic	83,937,136	83,937,136	—	—
Equity Securities - International	37,563,974	37,563,974	—	—
Real Estate Held for Investment Purposes	24,346,197	—	—	24,346,197
Real Estate Investment Trusts	207,418	207,418	—	—
Split Interest Investments	1,906,300	—	1,906,300	—
Commodity Fund	177,095	177,095	—	—
Certificates of Deposit	5,970,898	5,970,898	—	—
Joint Ventures/Partnerships	107,685,947	—	—	107,685,947
Other				
Pooled Investments	296,720	—	296,720	—
Alternative Investments	803,246	—	—	803,246
Accrued Interest and Dividends	587,426	587,426	—	—
	432,499,295	\$ 173,155,248	\$ 126,508,657	\$ 132,835,390
Investment Pools				
Board of Regents				
Short-Term Fund	22,991,748			
Balanced Income Fund	422,025			
Total Return Fund	443,688			
Diversified Fund for Foundations	3,855,824			
Other Investment Pools	291,102			
Total Investments	\$ 460,503,682			

Of the investments disclosed above, \$5,359,713 of the Board of Regents Short-Term investment pool held by Augusta University Research Institute, Inc. is reported as cash and equivalents on the Statement of Net Position.

Component unit's endowments are comprised of the following amounts at June 30, 2017:

	Unrestricted and Quasi Endowments	Temporarily Restricted and Term Endowment	Permanently Restricted and True Endowment	Total
Beginning	\$ 4,384,246	\$ 56,749,511	\$ 157,142,752	\$ 218,276,509
Contributions	—	28,269	3,101,267	3,129,536
Net realized and unrealized gains	149,111	29,409,816	—	29,558,927
Appropriation of endowment assets for expenditure	—	(4,182,270)	—	(4,182,270)
Transfers to comply with donor intent	8,227,553	(8,001,175)	(11,221,243)	(10,994,865)
Ending	<u>\$ 12,760,910</u>	<u>\$ 74,004,151</u>	<u>\$ 149,022,776</u>	<u>\$ 235,787,837</u>

Component unit's capital assets are comprised of the following amounts at June 30, 2017:

Capital Assets not being Depreciated:	
Land (and other assets)	\$ 25,814,647
Construction in Progress	9,467,135
Software Development-in-Progress	16,686,054
Total Capital Assets not being Depreciated	<u>51,967,836</u>
Capital Assets being Depreciated:	
Buildings and Building Improvements	35,748,622
Leased Buildings and Building Improvements	1,486,141
Improvements other than Buildings	169,050,673
Machinery and Equipment	257,417,248
Software	26,510,913
Total Capital Assets being Depreciated/Amortized	<u>490,213,597</u>
Less Total Accumulated Depreciation/Amortization	<u>266,261,622</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>223,951,975</u>
Capital Assets, Net	<u>\$ 275,919,811</u>

Component unit's long-term liabilities are comprised of the following amounts at June 30, 2017:

	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	Amounts due within One Year
Compensated Absences	\$ 16,878,469	\$ 6,609,853	\$ 4,644,838	\$ 18,843,484	\$ 18,843,484
Lease Purchase Obligation (Capital Lease)	38,250,418	6,987,756	15,257,016	29,981,158	5,932,665
Liabilities under split interest agreement	1,302,793	702	64,355	1,239,140	90,485
Notes and Loans Payable	46,566,981	885,592	3,494,450	43,958,123	6,544,623
Interest Rate Swap	30,884,787	—	10,071,993	20,812,794	—
Other Post Employment Benefits Obligation	5,274,929	6,256,863	—	11,531,792	—
Revenue/Mortgage Bonds Payable	167,010,000	—	5,505,000	161,505,000	5,715,000
Unamortized Issuance and Other Bond Related Costs	(937,116)	—	(41,806)	(895,310)	—
Bond - Premium	3,851,537	—	313,594	3,537,943	—
Total Long Term Liabilities	<u>\$ 309,082,798</u>	<u>\$ 20,740,766</u>	<u>\$ 39,309,440</u>	<u>\$ 290,514,124</u>	<u>\$ 37,126,257</u>

Component unit's capital lease obligations are comprised of the following amounts at June 30, 2017:

Year ending June 30:			
2018	1	\$	7,571,738
2019	2		7,041,306
2020	3		6,479,949
2021	4		5,009,286
2022	5		3,935,316
2023 through 2027	6-10		5,141,578
2028 through 2032	11-15		153,870
Total minimum lease payments			<u>35,333,043</u>
Less: Interest			<u>5,351,885</u>
Principal Outstanding		\$	<u><u>29,981,158</u></u>

Component unit's notes and loans are comprised of the following amounts at June 30, 2017:

			Principal		Interest		Total
Year ending June 30:							
2018	1	\$	6,544,623	\$	512,038	\$	7,056,661
2019	2		<u>37,413,500</u>		—		<u>37,413,500</u>
		\$	<u>43,958,123</u>	\$	<u>512,038</u>	\$	<u>44,470,161</u>

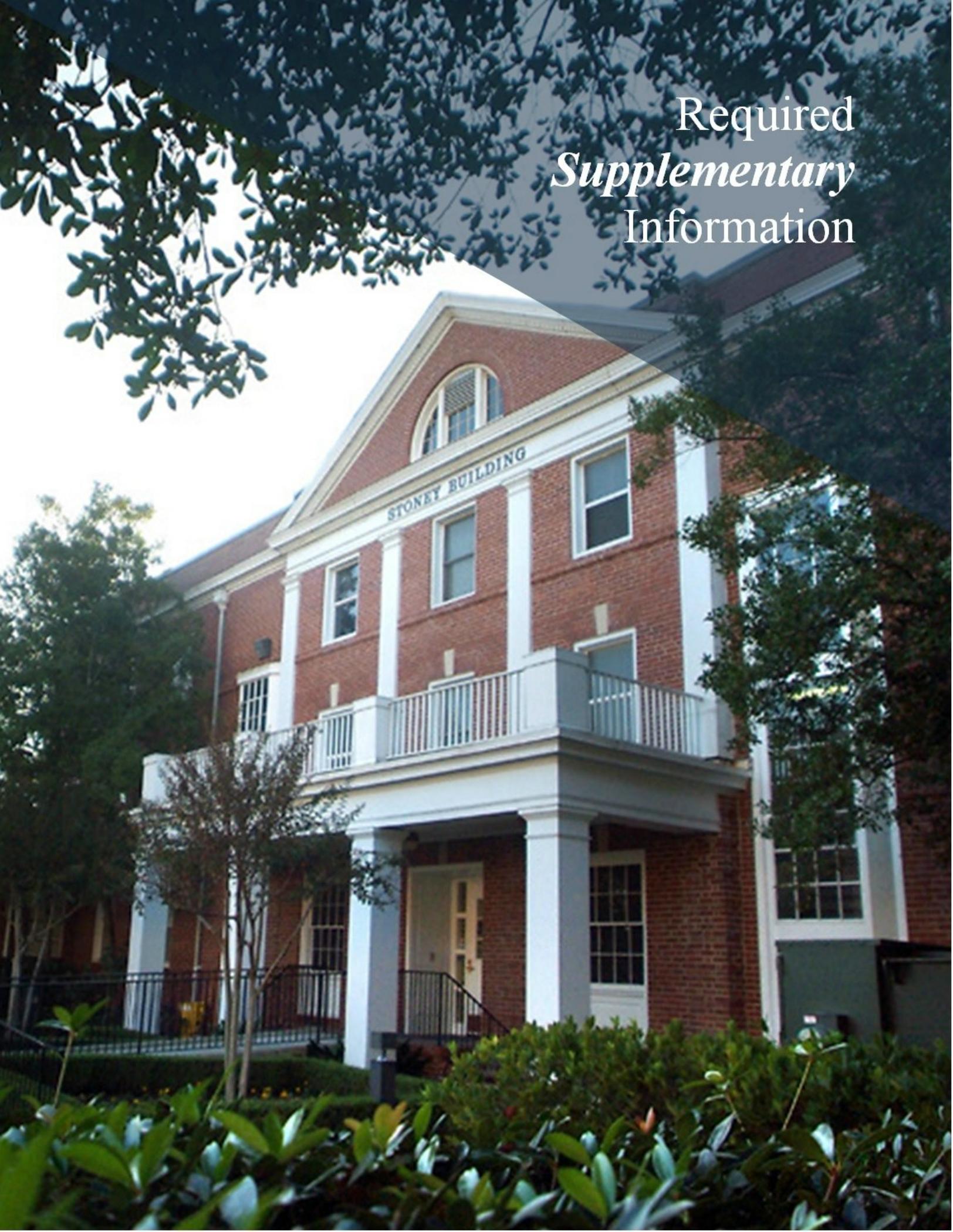
Component unit's bonds payable are comprised of the following amounts at June 30, 2017:

			Principal		Interest		Total
Year ending June 30:							
2018	1	\$	5,715,000	\$	6,366,382	\$	12,081,382
2019	2		5,945,000		6,112,814		12,057,814
2020	3		6,190,000		5,871,461		12,061,461
2021	4		6,405,000		5,613,125		12,018,125
2022	5		6,650,000		5,332,889		11,982,889
2023 through 2027	6-10		37,195,000		21,963,120		59,158,120
2028 through 2032	11-15		44,335,000		12,545,962		56,880,962
2033 through 2037	16-20		44,760,000		4,407,612		49,167,612
2038 through 2042	21-25		4,310,000		—		4,310,000
			<u>161,505,000</u>		<u>68,213,365</u>		<u>229,718,365</u>
Unamortized Issuance and Other Bond Related Costs			(895,310)		—		(895,310)
Bond Premium			<u>3,537,943</u>		<u>—</u>		<u>3,537,943</u>
		\$	<u>164,147,633</u>	\$	<u>68,213,365</u>	\$	<u>232,360,998</u>

Amounts due to component units related to direct financing lease activity as of June 30, 2017 is as follows:

Year Ending June 30:	Year:		
2018	1	\$	3,887,916
2019	2		3,918,012
2020	3		3,953,260
2021	4		3,951,870
2022	5		3,952,459
2023 through 2027	6-10		19,762,136
2028 through 2032	11-15		19,747,303
2033 through 2037	16-20		8,202,657
Total minimum lease payments to be received			<u>67,375,613</u>
Less: Unearned Income			<u>(16,371,776)</u>
Net Investment in Direct Financing Lease		\$	<u><u>51,003,837</u></u>

Required
Supplementary
Information



**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS
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	6/30/2017	\$ 12,107,903	\$ 13,084,672	\$ (976,769)	N/A	N/A
	6/30/2016	\$ 12,760,669	\$ 13,084,672	\$ (324,003)	N/A	N/A
	6/30/2015	\$ 12,996,582	\$ 13,084,672	\$ (88,090)	N/A	N/A
	6/30/2014	\$ 13,045,051	\$ 13,084,672	\$ (39,621)	N/A	N/A
	6/30/2013	\$ 13,055,907	\$ 13,225,850	\$ (169,943)	N/A	N/A
	6/30/2012	\$ 12,861,601	\$ 13,225,850	\$ (364,249)	N/A	N/A
	6/30/2011	\$ 12,973,559	\$ 13,225,850	\$ (252,291)	N/A	N/A
	6/30/2010	\$ 13,050,409	\$ 13,225,850	\$ (175,441)	N/A	N/A
	6/30/2009	\$ 13,225,850	\$ 13,225,850	\$ —	N/A	N/A
	6/30/2008	\$ 12,996,492	\$ 12,996,492	\$ —	N/A	N/A
Employees' Retirement System	6/30/2017	\$ 457,473	\$ 457,473	\$ —	\$ 1,845,641	24.79%
	6/30/2016	\$ 178,786	\$ 178,786	\$ —	\$ 723,246	24.72%
	6/30/2015	\$ 143,532	\$ 143,532	\$ —	\$ 653,608	21.96%
	6/30/2014	\$ 104,806	\$ 104,806	\$ —	\$ 567,746	18.46%
	6/30/2013	\$ 89,395	\$ 89,395	\$ —	\$ 599,617	14.91%
	6/30/2012	\$ 65,638	\$ 65,638	\$ —	\$ 564,385	11.63%
	6/30/2011	\$ 87,040	\$ 87,040	\$ —	\$ 836,119	10.41%
	6/30/2010	\$ 94,168	\$ 94,168	\$ —	\$ 904,592	10.41%
	6/30/2009	\$ 89,258	\$ 89,258	\$ —	\$ 853,028	10.46%
	6/30/2008	\$ 65,531	\$ 65,531	\$ —	\$ 625,917	10.47%
Teachers' Retirement System	6/30/2017	\$ 27,473,760	\$ 27,473,760	\$ —	\$ 192,528,053	14.27%
	6/30/2016	\$ 26,234,649	\$ 26,234,649	\$ —	\$ 183,847,072	14.27%
	6/30/2015	\$ 23,837,005	\$ 23,837,005	\$ —	\$ 181,274,041	13.15%
	6/30/2014	\$ 21,780,531	\$ 21,780,531	\$ —	\$ 177,368,194	12.28%
	6/30/2013	\$ 19,623,178	\$ 19,623,178	\$ —	\$ 171,985,813	11.41%
	6/30/2012	\$ 18,166,483	\$ 18,166,483	\$ —	\$ 176,716,761	10.28%
	6/30/2011	\$ 17,965,990	\$ 17,965,990	\$ —	\$ 174,766,440	10.28%
	6/30/2010	\$ 17,059,127	\$ 17,059,127	\$ —	\$ 175,145,041	9.74%
	6/30/2009	\$ 16,179,733	\$ 16,179,733	\$ —	\$ 174,350,571	9.28%
	6/30/2008	\$ 15,920,765	\$ 15,920,765	\$ —	\$ 171,559,968	9.28%

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
FOR THE LAST THREE 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	6/30/2017	0.03%	\$ 1,471,444	\$ 723,246	203.45%	72.34%
	6/30/2016	0.03%	\$ 1,102,710	\$ 653,608	168.71%	76.20%
	6/30/2015	0.03%	\$ 945,681	\$ 567,746	166.57%	77.99%
Teachers Retirement System	6/30/2017	1.68%	\$ 345,692,075	\$ 183,847,072	188.03%	76.06%
	6/30/2016	1.71%	\$ 261,344,743	\$ 181,274,041	144.17%	81.44%
	6/30/2015	1.74%	\$ 219,614,941	\$ 177,368,194	123.82%	84.03%

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

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYERS' AND NONEMPLOYERS' NET PENSION LIABILITY
EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
FOR THE LAST FOUR FISCAL YEARS*
(Dollar amounts in millions)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 149.2	\$ 151.8	\$ 143.8	\$ 145.4
Plan Fiduciary Net Position	<u>(90.4)</u>	<u>(80.3)</u>	<u>(79.1)</u>	<u>(76.2)</u>
Net Pension Liability	<u>\$ 58.8</u>	<u>\$ 71.5</u>	<u>\$ 64.7</u>	<u>\$ 69.2</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.6%	52.9%	55.0%	52.4%
Covered Payroll	—%	—%	—%	—%
Employers' and Nonemployers' Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

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

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
EARLY RETIREMENT PLAN - AUGUSTA UNIVERSITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
FOR THE LAST FOUR FISCAL YEARS*
(Dollar amounts in millions)**

	2017	2016	2015	2014
<u>Total Pension Liability</u>				
Interest	\$ 10.9	\$ 10.3	\$ 10.4	\$ 10.6
Differences Between Expected and Actual Experience	0.1	1.3	1.3	(0.1)
Changes of Assumptions		9.9		
Benefit Payments/Refunds	(13.6)	(13.5)	(13.3)	(13.1)
Net Change in Total Pension Liability	(2.6)	8	(1.6)	(2.6)
Total Pension Liability - Beginning	151.8	143.8	145.4	148
Total Pension Liability - Ending (a)	<u>\$ 149.2</u>	<u>\$ 151.8</u>	<u>\$ 143.8</u>	<u>\$ 145.4</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	\$ 13.1	\$ 13.1	\$ 13.1	\$ 13.1
Net Investment Income	10.6	1.6	3.1	11.8
Benefit Payments/Refunds	(13.6)	(13.5)	(13.3)	(13.1)
Net Change in Plan Fiduciary Net Position	10.1	1.2	2.9	11.8
Plan Fiduciary Net Position - Beginning	80.3	79.1	76.2	64.4
Plan Fiduciary Net Position - Ending (b)	<u>\$ 90.4</u>	<u>\$ 80.3</u>	<u>\$ 79.1</u>	<u>\$ 76.2</u>
Net Pension Liability Ending (a - b)	<u>\$ 58.8</u>	<u>\$ 71.5</u>	<u>\$ 64.7</u>	<u>\$ 69.2</u>

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

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

	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	13.39%	2.02%	4.13%	18.35%

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

**AUGUSTA UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
DEFINED BENEFIT PENSION PLANS
METHODS AND ASSUMPTIONS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Changes of Assumptions

Early Retirement Plan:

The expectation of retired life mortality was changed effective June 30, 2016 to the RP-2014 Mortality Table rather than the RP-2000 Mortality Table used previously. Mortality rates were adjusted to better recognize current and future mortality improvements.

Employees' Retirement System:

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

Teachers Retirement System:

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

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

*Supplementary
Information*



**AUGUSTA UNIVERSITY
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUNDS
JUNE 30. 2017
(UNAUDITED)**

ASSETS

Investments	\$ 76,596,750.91
Accounts Receivable	
Federal Financial Assistance	6,773,709.24
Other	69,749,337.22
Prepaid Expenditures	637,005.42
Inventories	140,435.25
	<hr/>
Total Assets	<u>\$ 153,897,238.04</u>

LIABILITIES AND FUND EQUITY

Liabilities

Cash Overdraft	\$ 3,919,634.22
Accrued Payroll	3,038,330.26
Encumbrance Payable	17,117,851.61
Accounts Payable	2,006,748.41
Unearned Revenue	48,104,692.44
	<hr/>
Total Liabilities	<u>74,187,256.94</u>

Fund Balances

Reserved	
Department Sales and Services	5,236,606.99
Indirect Cost Recoveries	27,153,934.15
Technology Fees	102,721.78
Restricted/Sponsored Funds	41,582,045.46
Uncollectible Accounts Receivable	324,865.53
Inventories	144,616.30
Tuition Carry - Forward	2,400,337.05
Carry-Over "Per Governor's Office of Planning and Budget"	2,700,782.22
Unreserved	
Surplus	64,071.62
	<hr/>
Total Fund Balances	<u>79,709,981.10</u>
Total Liabilities and Fund Balances	<u>\$ 153,897,238.04</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
SUMMARY BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)
BUDGET FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
State Appropriations	\$ 199,176,690.00	\$ 199,176,690.00	\$ —
Other Funds	780,075,435.00	633,367,090.58	(146,708,344.42)
Total Revenue	<u>979,252,125.00</u>	<u>832,543,780.58</u>	<u>(146,708,344.42)</u>
CARRY-OVER FROM PRIOR YEARS			
Transfers from Reserved Fund Balance	7,322,608.00	64,579,508.42	57,256,900.42
Total Funds Available	<u>986,574,733.00</u>	<u>897,123,289.00</u>	<u>(89,451,444.00)</u>
EXPENDITURES			
Public Service/Special Funding Initiative	23,131,617.00	20,430,832.97	2,700,784.03
Teaching	963,443,116.00	797,483,079.89	165,960,036.11
Total Expenditures	<u>986,574,733.00</u>	<u>817,913,912.86</u>	<u>168,660,820.14</u>
Excess of Funds Available over Expenditures	<u>\$ —</u>	<u>79,209,376.14</u>	<u>\$ 79,209,376.14</u>
FUND BALANCE JULY 1			
Reserved		65,020,216.94	
Unreserved		44,166.59	
ADJUSTMENTS			
Prior Year Payables/Expenditures		59,896.44	
Year Ended June 30, 2016		(44,166.59)	
Prior Year Reserved Fund Balance Included in Funds Available		<u>(64,579,508.42)</u>	
ENDING FUND BALANCE JUNE 30		<u>\$ 79,709,981.10</u>	
SUMMARY OF FUND BALANCE			
Reserved			
Department Sales and Services		\$ 5,236,606.99	
Indirect Cost Recovery		27,153,934.15	
Inventories		144,616.30	
Technology Fees		102,721.78	
Restricted/Sponsored Funds		41,582,045.46	
Uncollectible Accounts Receivable		324,865.53	
Tuition Carry - Forward		2,400,337.05	
Carry-Over "Per Governor's Office of Planning and Budget"		<u>2,700,782.22</u>	
Total Reserved		79,645,909.48	
Unreserved			
Surplus		<u>64,071.62</u>	
Total Fund Balance		<u>\$ 79,709,981.10</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 FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Appropriation	Amended Appropriation	Final Budget	Funds Available Compared to Budget	
				Current Year Revenues	Prior Year Reserve Carry-Over
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	\$ 13,699,009.00	\$ 13,699,009.00	\$ 15,809,009.00	\$ 15,809,009.00	\$ —
State Funds - Prior Year Carry-Over					
State General Funds - Prior Year	—	—	7,322,608.00	—	7,322,608.45
	<u>13,699,009.00</u>	<u>13,699,009.00</u>	<u>23,131,617.00</u>	<u>15,809,009.00</u>	<u>7,322,608.45</u>
Total Public Service / Special Funding Initiatives					
Teaching					
State Appropriation					
State General Funds	189,237,117.00	189,237,117.00	183,367,681.00	183,367,681.00	—
Other Funds	593,660,580.00	593,660,580.00	780,075,435.00	633,367,090.58	57,256,899.97
	<u>782,897,697.00</u>	<u>782,897,697.00</u>	<u>963,443,116.00</u>	<u>816,734,771.58</u>	<u>57,256,899.97</u>
Total Teaching					
Total Operating Activity	<u>\$ 796,596,706.00</u>	<u>\$ 796,596,706.00</u>	<u>\$ 986,574,733.00</u>	<u>\$ 832,543,780.58</u>	<u>\$ 64,579,508.42</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 FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Funds Available Compared to Budget			Expenditures Compared to Budget		Excess of Funds Available Over Expenditures
	Program Transfers or Adjustments	Total Funds Available	Variance Negative	Actual	Variance Positive	
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	\$ —	\$ 15,809,009.00	\$ —	\$ 15,809,006.74	\$ 2.26	\$ 2.26
State Funds - Prior Year Carry-Over						
State General Funds - Prior Year	—	7,322,608.45	0.45	4,621,826.23	2,700,781.77	2,700,782.22
Total Public Service / Special Funding Initiatives	—	23,131,617.45	0.45	20,430,832.97	2,700,784.03	2,700,784.48
Teaching						
State Appropriation						
State General Funds	—	183,367,681.00	—	183,367,681.00	—	—
Other Funds	—	690,623,990.55	(89,451,444.45)	614,115,398.89	165,960,036.11	76,508,591.66
Total Teaching	—	873,991,671.55	(89,451,444.45)	797,483,079.89	165,960,036.11	76,508,591.66
Total Operating Activity	\$ —	\$ 897,123,289.00	\$ (89,451,444.00)	\$ 817,913,912.86	\$ 168,660,820.14	\$ 79,209,376.14

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
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Beginning Fund Balance	Fund Balance Carried Over from Prior Year as Funds Available	Return of Fiscal Year 2016 Surplus	Prior Year Adjustments	Other Adjustments
Public Service / Special Funding Initiatives					
State Appropriation					
State General Funds	\$ —	\$ —	\$ —	\$ —	\$ —
State Funds - Prior Year Carry-Over					
State General Funds - Prior Year	7,323,210.05	(7,322,608.45)	(601.60)	16,845.07	—
Total Public Service / Special Funding Initiatives	7,323,210.05	(7,322,608.45)	(601.60)	16,845.07	—
Teaching					
State Appropriation					
State General Funds	41,494.06	—	(41,494.06)	33,194.13	4,134.91
Other Funds	57,258,970.90	(57,256,899.97)	(2,070.93)	9,857.24	(32,908.22)
Total Teaching	57,300,464.96	(57,256,899.97)	(43,564.99)	43,051.37	(28,773.31)
Total Operating Activity	64,623,675.01	(64,579,508.42)	(44,166.59)	59,896.44	(28,773.31)
Prior Year Reserves					
Not Available for Expenditure					
Inventories	148,751.21				(4,134.91)
Uncollectible Accounts Receivable	291,957.31				32,908.22
Budget Unit Totals	\$ 65,064,383.53	\$ (64,579,508.42)	\$ (44,166.59)	\$ 59,896.44	\$ —

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
BY PROGRAM AND FUNDING SOURCE
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Early Return of Fiscal Year 2017 Surplus	Excess of Funds Available Over Expenditures	Ending Fund Balance	Analysis of Ending Fund Balance		
				Reserved	Surplus	Total
Public Service / Special Funding Initiatives						
State Appropriation						
State General Funds	\$ —	\$ 2.26	\$ 2.26	\$ —	\$ 2.26	\$ 2.26
State Funds - Prior Year Carry-Over						
State General Funds - Prior Year	—	2,700,782.22	2,717,627.29	2,700,782.22	16,845.07	2,717,627.29
Total Public Service / Special Funding Initiatives	—	2,700,784.48	2,717,629.55	2,700,782.22	16,847.33	2,717,629.55
Teaching						
State Appropriation						
State General Funds	—	—	37,329.04	—	37,329.04	37,329.04
Other Funds	—	76,508,591.66	76,485,540.68	76,475,645.43	9,895.25	76,485,540.68
Total Teaching	—	76,508,591.66	76,522,869.72	76,475,645.43	47,224.29	76,522,869.72
Total Operating Activity	—	79,209,376.14	79,240,499.27	79,176,427.65	64,071.62	79,240,499.27
Prior Year Reserves						
Not Available for Expenditure						
Inventories			144,616.30	144,616.30		144,616.30
Uncollectible Accounts Receivable			324,865.53	324,865.53		324,865.53
Budget Unit Totals	\$ —	\$ 79,209,376.14	\$ 79,709,981.10	\$ 79,645,909.48	\$ 64,071.62	\$ 79,709,981.10
				Reserved	Surplus	Total
				Departmental Sales and Services	\$ —	\$ 5,236,606.99
				Indirect Cost Recovery	—	27,153,934.15
				Technology Fees	—	102,721.78
				Restricted/Sponsored Funds	—	41,582,045.46
				Carry-Over "Per Governor's Office of Planning and Budget"	—	2,700,782.22
				Tuition Carry-Forward	—	2,400,337.05
				Uncollectible Accounts Receivable	—	324,865.53
				Inventories	—	144,616.30
				Surplus	64,071.62	64,071.62
				\$ 79,645,909.48	\$ 64,071.62	\$ 79,709,981.10

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



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