Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

Prepared by: State Accounting Office

GEORGIA STATE CAPITOL
Atlanta, Georgia
Submitted by the State Accounting Office

GEORGIA

The Georgia State Capitol is one of only forty-three National Historic Landmarks in Georgia. The General Assembly convenes legislative sessions annually in January.

State of Georgia

Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2019

Prepared by:
State Accounting Office

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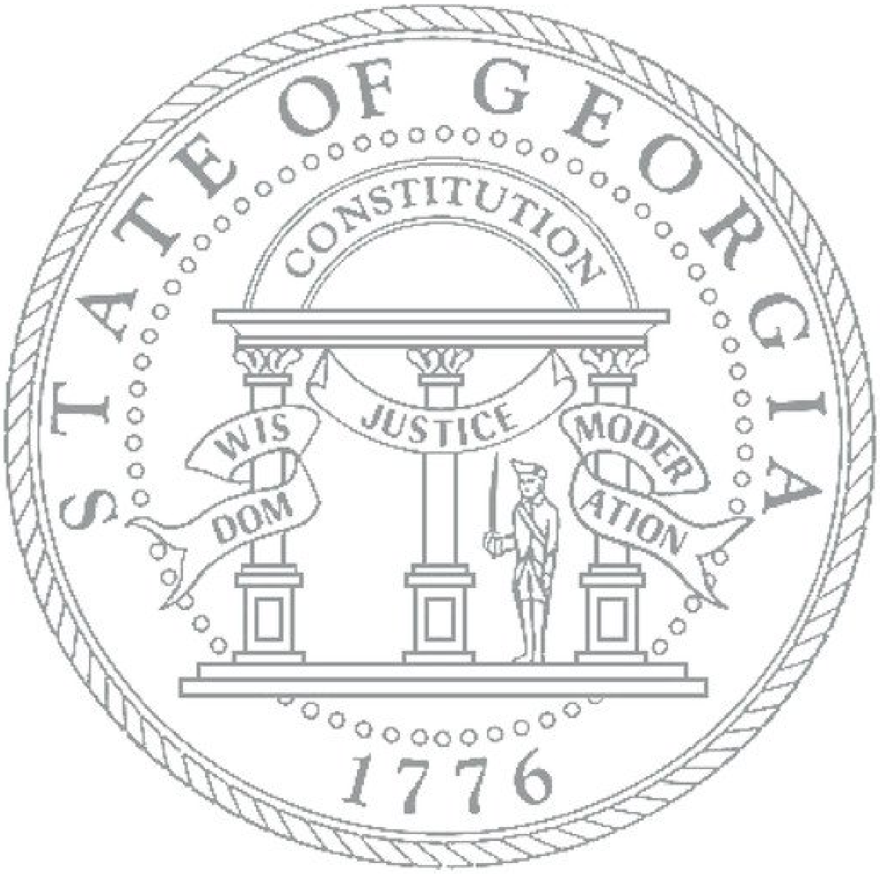
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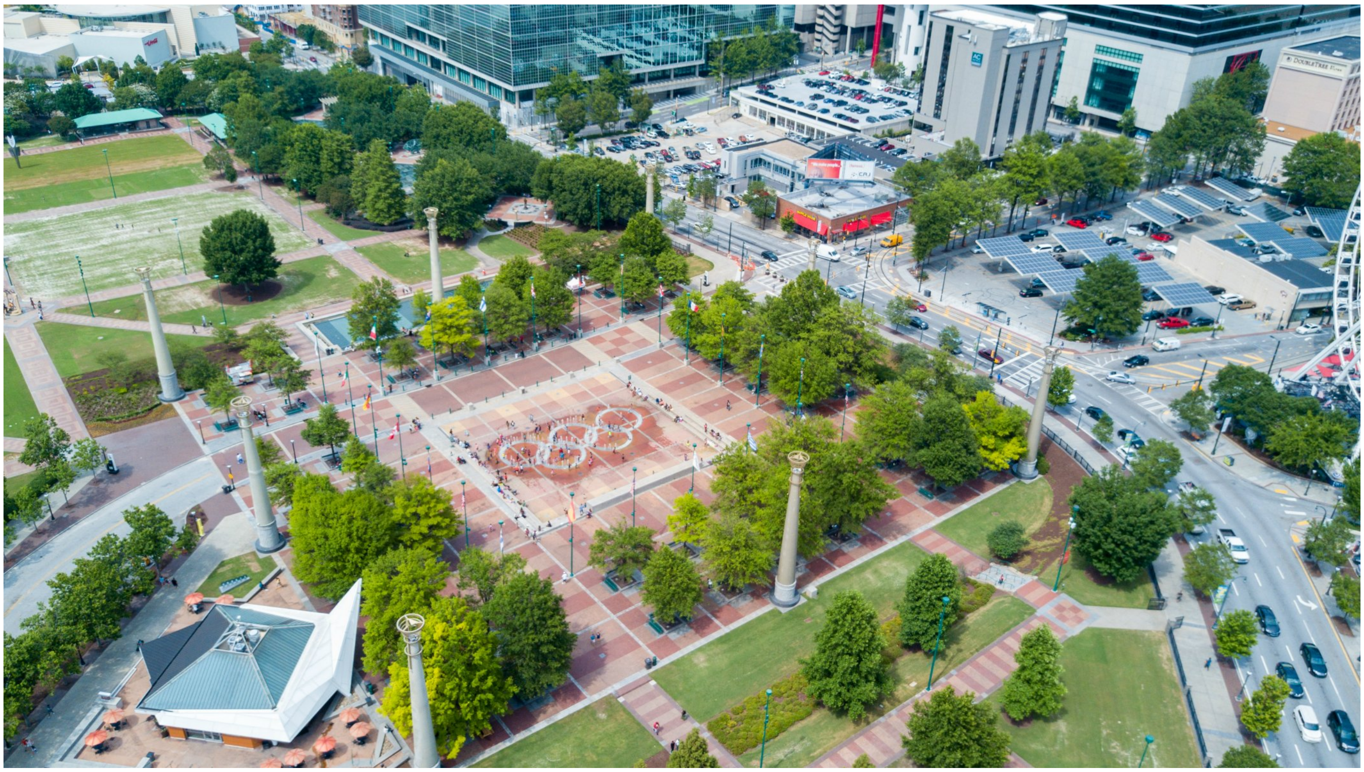
INTRODUCTORY SECTION



CENTENNIAL OLYMPIC PARK

Atlanta, Georgia

Submitted by the Georgia World Congress Center Authority

Brian P. Kemp
Governor

Thomas Alan Skelton
State Accounting Officer

December 30, 2019

The Honorable Brian P. Kemp, Governor of Georgia

The Honorable Members of the General Assembly

Citizens of the State of Georgia

It is my privilege to present the *Comprehensive Annual Financial Report* (CAFR) on the operations of the State of Georgia (State) for the fiscal year ended June 30, 2019, in accordance with the Official Code of Georgia Annotated (OCGA), Section 50-5B-3(a)(7). The objective of this report is to provide a clear picture of our government as a single comprehensive reporting entity.

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

Internal Controls

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

Independent Audit

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

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

Management's Discussion and Analysis

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

PROFILE OF THE STATE OF GEORGIA

The State, founded on February 12, 1733, was the last of the original 13 colonies and became the fourth state by ratifying the U.S. Constitution on January 2, 1788. The State is an economic hub of the southeast. Atlanta, the state capital, is the major economic and population center of the State with major regional economic and population centers in Augusta, Savannah, and Macon. The State's economic base is diverse with major port facilities on the coast, agricultural resources throughout the State, manufacturing and service industries, and is a major transportation center with one of the busiest airports in the nation. The State is the eighth largest state with an estimated population of 10.5 million people.

Reporting Entity

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

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

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

Budgetary Control

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

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

The statutory basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. Detailed information on the statutory basis of accounting and the results of operations on that basis for fiscal year 2019 can be found in the separately issued Budgetary Compliance Report (BCR) dated November 27, 2019.

Budget Stabilization

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

Long-term Financial Planning - Debt Management

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

Fiscal Year Budget Overview

State General Fund Receipts deposited with the Office of the State Treasurer during fiscal year 2019 were $25.6 billion, which was 1.0% greater than the final amended revenue estimate of $25.3 billion and 5.1% greater than prior year 2018. Total Net Taxes were 4.8% greater in fiscal year 2019 than fiscal year 2018 and indicated continued economic growth in Georgia. As a result, the balance of the RSR as of June 30, 2019 was $3.1 billion.

By statute, up to 1% of fiscal year 2019 net revenue collections ($255.7 million) may be appropriated from the RSR in fiscal year 2020 for K-12 needs. As of the date of this report, the $3.1 billion RSR balance has not been adjusted for this potential appropriation. In addition, the Governor may release, for appropriation in a subsequent year, funds in excess of 4% of current year (fiscal year 2019) revenue collections.

ECONOMIC FACTORS AND OUTLOOK

Many factors indicate that the State's economy has recovered from the Great Recession. Some of these indicators include job growth, personal income growth, lower initial unemployment claims and the recovery of home prices. Additional information on the economic outlook for the State, including detailed information on employment, personal income, and housing markets, can be found in the State's MD&A which can be found immediately following the independent auditor's report.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the seventh consecutive year that the State has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

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

Respectfully submitted,

Thomas Alan Skelton
State Accounting Officer

JUDICIAL

- Supreme Court
- Court of Appeals
- Superior Courts
- District Attorneys
- Judicial Agencies

EXECUTIVE

Constitutional Officers

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

Governor

- Office of Planning and Budget
- Governor's Office

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

LEGISLATIVE

General Assembly

- Senate
- House of Representatives

Legislative Agencies

Department of Audits and Accounts

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Principal State Officials
June 30, 2019

Executive:

Brian P. Kemp.. *Governor*

Brad Raffensperger.. *Secretary of State*

Chris Carr.. *Attorney General*

Mark Butler.. *Commissioner of Labor*

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

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

Gary W. Black.. *Commissioner of Agriculture*

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

Legislative:

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

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

Judicial:

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


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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

STATE OF GEORGIA

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ACKNOWLEDGEMENTS

The Georgia Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2019 was prepared by:

STATE ACCOUNTING OFFICE

Kris Martins, Deputy State Accounting Officer, Financial Reporting

STATEWIDE ACCOUNTING AND REPORTING

Nivia Allister	Metsehet Ketsela
Tanya Astin	Rachael Krizanek
Brian Benitez	Dan Lawson
Chelsea Bennett	Kim Le
Kevin Bryant	Vesna Mesihovic
Renita Coleman	Phyllis Raines
Bobbie R. Davis	Anna Read
Zeina Diallo	Amanda Weary
Kristi Fuss	Keri Williams
Tessica Harvey	Donna G. Winn

SPECIAL APPRECIATION

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

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FINANCIAL SECTION

ABRAHAM BALDWIN AGRICULTURAL COLLEGE

Tifton, Georgia

Submitted by the University System of Georgia Board of Regents

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156

Atlanta, Georgia 30334-8400

GREG S. GRIFFIN
STATE AUDITOR
(404) 656-2174

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia (State), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following entities:

AU Health System, Inc.
Augusta University Foundation, Inc. and Subsidiaries
Augusta University Research Institute, Inc.
Employees' Retirement System of Georgia
Georgia Advanced Technology Ventures, Inc. and Subsidiaries
Georgia College & State University Foundation, Inc. and Subsidiaries
Georgia Gwinnett College Foundation, Inc.
Georgia Health Sciences Foundation, Inc.
Georgia Student Finance Authority
Georgia Tech Athletic Association
Georgia Tech Facilities, Inc.
Georgia Tech Foundation, Inc.
Georgia Tech Research Corporation
Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
Teachers Retirement System of Georgia

Georgia Higher Education Facilities Authority
Georgia Housing and Finance Authority
Georgia Lottery Corporation
Georgia Ports Authority
Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State Financing and Investment Commission
Georgia State University Athletic Association, Inc.
Georgia State University Foundation, Inc
Georgia State University Research Foundation, Inc.
The University of Georgia Foundation
University of Georgia Athletic Association, Inc.
University of Georgia Research Foundation, Inc. and Subsidiaries
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
UWG Real Estate Foundation, Inc.
University System of Georgia Foundation, Inc. and Affiliates
VSU Auxiliary Services Real Estate Foundation, Inc.

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

Opinion Unit	**Percent of Total Assets**	**Percent of Net Position/ Fund Balance**	**Percent of Total Revenues/ Additions**
Governmental Activities	5%	33%	0%
Business-type Activities	3%	5%	0%
Aggregate Discretely Presented Component Units	72%	59%	91%
Governmental Fund – General Obligation Bond Projects Fund	100%	99%	100%
Aggregate Remaining Fund Information	85%	87%	38%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the above mentioned entities, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The following financial statements were not audited in accordance with *Government Auditing Standards:*

Georgia Advanced Technology Ventures, Inc. and Subsidiaries
Georgia College & State University Foundation, Inc. and Subsidiaries
Georgia Gwinnett College Foundation, Inc.
Georgia Health Sciences Foundation, Inc.
Georgia Lottery Corporation
Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State University Foundation, Inc.
Georgia Tech Foundation, Inc.
Georgia State University Athletic Association
Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
The University of Georgia Foundation
University of Georgia Athletic Association, Inc.
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries

Georgia Tech Athletic Association	UWG Real Estate Foundation, Inc.
Georgia Tech Facilities, Inc.	VSU Auxiliary Services Real Estate Foundation, Inc.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities include service by the State Auditor on the governing boards of various agencies, authorities, commissions, and component units of the State. The Department of Audits and Accounts elected not to provide audit services for the organizational units of the State of Georgia associated with these boards. 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 2 and 3 to the financial statements, the fiscal year 2018 ending balances of the Governmental funds, the Governmental Activities, the Nonmajor Special Revenue funds, Nonmajor Debt Service fund, Business-type Activities, Nonmajor Enterprise funds, Higher Education fund, and aggregate discretely presented component unit financial statements have been restated for changes in accounting principles and to correct errors in previously issued financial statements. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated December 30, 2019, on our consideration of State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report will be issued under separate cover in the State's *Single Audit Report*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Respectfully submitted,

Greg S Griffin

Greg S. Griffin
State Auditor

December 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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INTRODUCTION

The *Management's Discussion and Analysis* (MD&A) of the State of Georgia's *Comprehensive Annual Financial Report* (CAFR) presents an overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2019. It should be read in conjunction with the letter of transmittal, located in the Introductory Section of this report, and the State's financial statements, including the notes to the financial statements, which are an integral part of the statements that follow this narrative.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide

- Net Position - Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $24.6 billion. Contributing to this amount, a deficit of $10.6 billion was reported as unrestricted net position.

- Changes in Net Position - The State's total net position increased by $3.2 billion in fiscal year 2019 compared to the balances reported in the prior year. More specifically, net position of governmental activities increased by $2.1 billion while net position of business-type activities increased by $1.0 billion.

- Excess of Revenues over Expenses – Governmental Activities - The State's total revenues for governmental activities, which totaled $45.4 billion were $5.7 billion more than total expenses (excluding transfers). General revenues, which are primarily comprised of tax collections, totaled $26.2 billion, and program revenues, which primarily come from operating grants and contributions, totaled $19.2 billion.

Fund Level

- Governmental Funds – Fund Balances - The governmental funds reported combined ending fund balances of $10.8 billion. This amount represents an increase of $1.2 billion (12.9%) (as restated), when compared with the prior year. Of this total fund balance, $37.6 million (0.3%) represents nonspendable fund balance; $7.4 billion (67.9%) represents restricted fund balance; $9.4 million (0.1%) represents committed fund balance; $595.1 million (5.5%) represents assigned fund balance; and $2.8 billion (26.2%) represents unassigned fund balance.

- General Fund – Fund Balances - The General Fund ended the fiscal year with a total fund balance of $8.8 billion, of which $2.8 billion was classified as unassigned fund balance. Total revenues increased by $1.1 billion (2.4%) over the prior year.

- Enterprise Funds – Net position - The Enterprise Funds ended the fiscal year with a total net position of $5.7 billion. More specifically, the major funds areas with significant net positions were the Higher Education Fund of $2.4 billion, the Unemployment Compensation Fund of $2.5 billion, and the State Health Benefit Plan of $622.4 million.

Long-term Debt

The long-term bond debt of the primary government, prior to restatements, increased $285.0 million (2.6%) during the fiscal year. The increase represents the net difference between new issuances and maturing principal payments. The amount owed for general obligation bonds increased by $309.1 million (3.1%) for the primary government, while the amount owed for revenue bonds decreased $24.1 million (2.7%) for the primary government. The State issued new bonded debt during the year in the amount of $1.6 billion for the primary government. The State continues to balance the need to issue debt for capital improvements against State management's desire to maintain a conservative approach to debt management.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

Reconciliation between Government-wide and Fund Statements

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

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

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

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

Notes to the Financial Statements

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

Required and Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

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

As shown in Table 1 on the following page, the State reported a total net position of $24.6 billion, which is comprised of $25.6 billion in net investment in capital assets, $9.6 billion in restricted net position, and an unrestricted portion of net position deficit of $10.6 billion.

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

(Table on next page)

Table 1 - Net Position

As of June 30, 2019 and 2018 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets						
Non-Capital Assets	$ 18,926,472	$ 17,187,431	$ 6,827,176	$ 6,407,815	$ 25,753,648	$ 23,595,246
Net Capital Assets	23,695,200	23,009,176	11,592,071	11,072,098	35,287,271	34,081,274
Total Assets	42,621,672	40,196,607	18,419,247	17,479,913	61,040,919	57,676,520
Deferred Outflows of Resources	1,919,380	1,705,307	1,432,993	1,024,781	3,352,373	2,730,088
Liabilities						
Noncurrent Liabilities	17,764,845	18,555,692	11,698,551	11,740,526	29,463,396	30,296,218
Current Liabilities	6,345,445	5,787,154	1,110,481	1,092,444	7,455,926	6,879,598
Total Liabilities	24,110,290	24,342,846	12,809,032	12,832,970	36,919,322	37,175,816
Deferred Inflows of Resources	1,454,518	730,905	1,465,855	1,116,502	2,920,373	1,847,407
Net Position						
Net Investment in Capital Assets	20,361,680	19,542,361	8,429,136	7,849,961	25,566,212	24,372,160
Restricted	6,275,129	5,792,152	3,349,557	2,955,296	9,624,686	8,747,448
Unrestricted	(7,660,565)	(8,506,350)	(6,201,340)	(6,250,035)	(10,637,301)	(11,736,223)
Total Net Position	$ 18,976,244	$ 16,828,163	$ 5,577,353	$ 4,555,222	$ 24,553,597	$ 21,383,385
Percent Change in Total:						
Net Position from Prior Year	12.8%		22.4%		14.8%	
Percent Change after Restatements	13.3%		20.8%		14.9%	

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

Net position for governmental activities as originally reported increased by $2.1 billion (12.8%), and also increased by $2.2 billion (13.3%), when adjusted for restatements. The deficit unrestricted balance of $7.7 billion is primarily the result of the following three types of transactions:

- The State continues to issue general obligation debt for the purposes of capital acquisition and construction on behalf of county and independent school systems. Since the issuance of this debt does not result in capital assets acquisitions for governmental activities, the debt of $5.7 billion is not reflected in the net position category, net investment in capital assets, but rather in the unrestricted net position category.

- GASB Statement No. 68 (GASB 68), as related to pensions, required the State to recognize its proportional share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2019, this liability resulted in a $3.0 billion impact to unrestricted net position.

- GASB Statement No. 75 (GASB 75), as related to OPEB, required the State to recognize its proportional share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2019, this liability resulted in a $2.5 billion impact to unrestricted net position.

Net position for business-type activities as originally reported increased by $1.0 billion (22.4%), and also increased by $961.6 million (20.8%), when adjusted for restatements. The deficit unrestricted balance of $6.2 billion is primarily due to the recognition of net pension and OPEB liabilities.

- GASB 68, as related to pensions, required the State to recognize its proportional share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2019, this liability resulted in a $2.6 billion impact to unrestricted net position.

- GASB 75, as related to OPEB, required the State to recognize its proportional share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2019, this liability resulted in a $4.8 billion impact to unrestricted net position.

Changes in Net Position

The revenue and expense information, as shown in Table 2 on the following page, was derived from the government-wide *Statement of Activities* and summarizes the State's total revenues, expenses and changes in net position for fiscal year 2019. Consistent with the prior year, the State received a majority of its $55.7 billion in revenues from taxes and operating grants and contributions. Expenses of the primary government during fiscal year 2019 were $52.5 billion with the increase over the prior year driven largely by education and transportation. As a result of the excess revenues over expenses, the total net position of the primary government increased by $3.2 billion, net of transfers.

(Table on next page)

Table 2 - Changes in Net Position

For the Years Ended June 30, 2019 and 2018 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018 to 2019
Revenues:							
Program Revenues:							
Sales and Charges for Services	$ 1,300,343	$ 1,261,263	$ 6,887,111	$ 7,236,472	$ 8,187,454	$ 8,497,735	(3.7%)
Operating Grants/Contributions	16,236,248	16,277,251	3,354,730	3,031,969	19,590,978	19,309,220	1.5%
Capital Grants/Contributions	1,614,685	1,560,745	109,838	107,167	1,724,523	1,667,912	3.4%
General Revenues:							
Taxes	23,783,820	22,258,729	—	—	23,783,820	22,258,729	6.9%
Lottery for Education - Lottery Proceeds	1,207,369	1,143,515	—	—	1,207,369	1,143,515	5.6%
Nursing Home and Hospital Provider Fees	488,218	465,595	—	—	488,218	465,595	4.9%
Tobacco Settlement Funds	163,851	168,926	—	—	163,851	168,926	(3.0%)
Unrestricted Investment Income	205,072	104,230	—	—	205,072	104,230	96.7%
Unclaimed Property	144,841	151,462	—	—	144,841	151,462	(4.4%)
Other	221,221	184,240	—	—	221,221	184,240	20.1%
Total Revenues	45,365,668	43,575,956	10,351,679	10,375,608	55,717,347	53,951,564	3.3%
Expenses:							
General Government	1,262,837	1,380,132	—	—	1,262,837	1,380,132	(8.5%)
Education	13,892,451	13,266,545	—	—	13,892,451	13,266,545	4.7%
Health and Welfare	18,015,041	18,082,536	—	—	18,015,041	18,082,536	(0.4%)
Transportation	2,668,539	2,400,875	—	—	2,668,539	2,400,875	11.1%
Public Safety	2,605,402	2,525,521	—	—	2,605,402	2,525,521	3.2%
Economic Development and Assistance	465,465	524,516	—	—	465,465	524,516	(11.3%)
Culture and Recreation	309,863	308,917	—	—	309,863	308,917	0.3%
Conservation	54,758	72,135	—	—	54,758	72,135	(24.1%)
Interest and Other Charges on Long-Term Debt	381,895	379,211	—	—	381,895	379,211	0.7%
Higher Education Fund	—	—	9,739,025	9,300,291	9,739,025	9,300,291	4.7%
State Health Benefit Plan	—	—	2,613,192	2,882,954	2,613,192	2,882,954	(9.4%)
Unemployment Compensation Fund	—	—	319,367	325,523	319,367	325,523	(1.9%)
Nonmajor Enterprise Funds	—	—	205,638	207,054	205,638	207,054	(0.7%)
Total Expenses	39,656,251	38,940,388	12,877,222	12,715,822	52,533,473	51,656,210	1.7%
Increase (Decrease) in Net Position Before Contributions and Transfers	5,709,417	4,635,568	(2,525,543)	(2,340,214)	3,183,874	2,295,354	
Contributions to Permanent Endowments	—	—	1,300	345	1,300	345	
Transfers	(3,485,850)	(2,993,509)	3,485,850	2,993,509	—	—	
Change in Net Position	2,223,567	1,642,059	961,607	653,640	3,185,174	2,295,699	
Net Position July 1 - Restated	16,752,677	15,186,104	4,615,746	3,901,582	21,368,423	19,087,686	
Net Position June 30	$ 18,976,244	$ 16,828,163	$ 5,577,353	$ 4,555,222	$ 24,553,597	$ 21,383,385	14.8 %

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

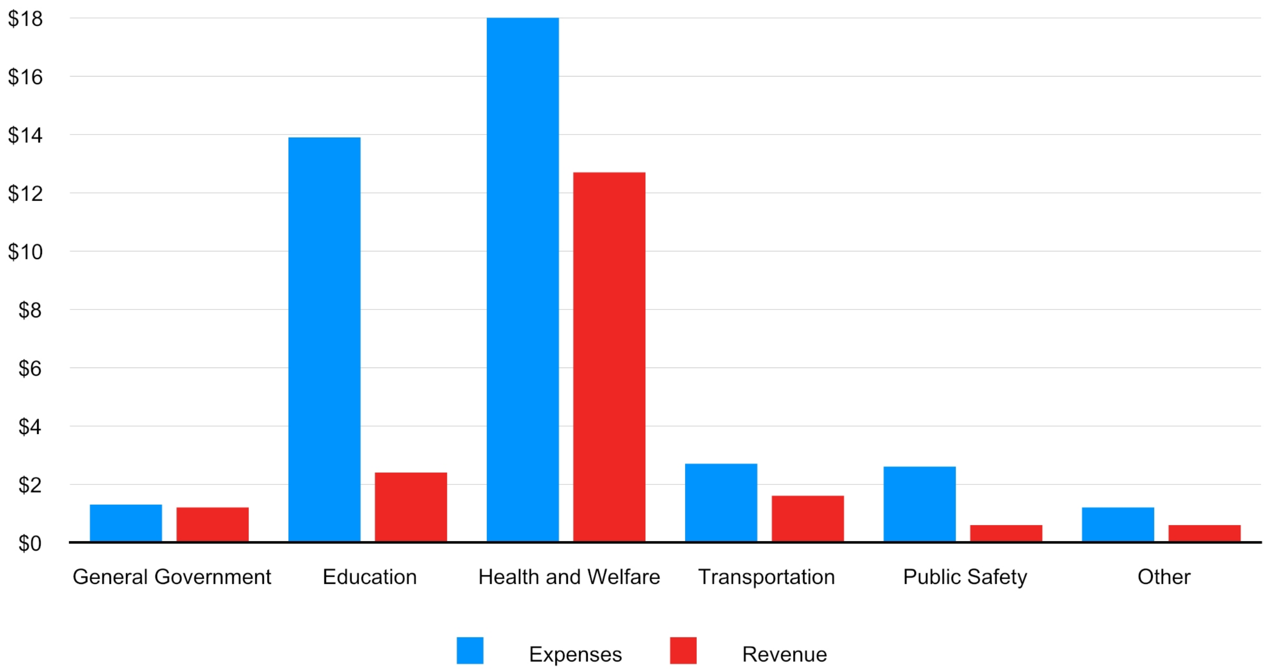
Governmental Activities

The State's total revenues for governmental activities from all sources increased by $1.8 billion (4.1%). The primary driver of this change was an increase in tax revenue totaling $1.5 billion which continues to reflect the overall economic growth of the state economy.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. During fiscal year 2019, program revenues covered $19.2 billion (48.3%) of the $39.7 billion in total program expenses.

For the remaining $20.5 billion (51.7%) of the total program expenses, the State relied on taxes and other general revenues.

Table 3 – Net Program Revenue
For the Year Ended June 30, 2019 (in billions)



<u>Business-type Activities</u>

Net position of business-type activities (as restated) increased by $961.6 million (20.8%) during the fiscal year. Total revenues and expenses for the State's business-type activities decreased by $23.9 million and increased by $161.4 million (0.2%) and 1.3% from prior year respectively.

In fiscal year 2019, business-type activities expenses were funded 80.4% from program revenues compared to 81.6% in the prior year. The amount of funding for these activities coming from program revenues remained flat at $10.4 billion in fiscal years 2018 and 2019. The remaining expenses were funded by $3.5 billion in transfers from governmental activities, of which the majority went to the Higher Education Fund. The amount of transfers increased by $492.3 million over the prior year due to an increase in capital contributions for the addition of new campus buildings and a cyber security center.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2019, the State's governmental funds reported a combined ending fund balance of $10.8 billion. Of this amount $7.4 billion (67.9%) is restricted for specific programs by constitutional provisions, external constraints, or contractual obligations and $2.8 billion (26.2%) of fund balance is unassigned.

General Fund

The General Fund is the chief operating fund of the State and had a total fund balance of $8.8 billion as of fiscal year end. The net change in fund balance during the fiscal year was $714.3 million (8.8%). The following major revenues, expenditures and other sources/uses contributed to the change in fund balance:

- Revenues - Revenues of the General Fund totaled $44.8 billion in the fiscal year, for an increase of $1.1 billion (2.4%) over the prior year. The primary factor contributing to this change was a $862.4 million increase in tax revenues from fiscal year 2018 as a result of continued overall growth in the Georgia economy. This growth was consistent with the expected growth in taxes contemplated by the fiscal year 2019 budget. In addition to the increase in tax revenues, revenues from fines and forfeitures and lottery proceeds increased by $47.3 million and $63.9 million respectively.

- Expenditures - Expenditures of the General Fund totaled $39.8 billion in the fiscal year, an increase of $1.0 billion over the prior year. The State continues to focus additional budgetary funding in the areas of education and transportation. For example, the two largest factors contributing to this change include:

  - Education expenses increased $587.9 million consistent with additional funds allocated in the fiscal year 2019 budget for K-12 education to fund enrollment growth and teacher training and experience.

  - Transportation expenses increased $357.7 million, which is consistent with continued long-term investment in infrastructure.

Capital Project Fund - General Obligation Bond Projects Fund

Fund balance in the General Obligation Bond Projects Fund increased by $341.5 million (29.9%) from the prior year. This was primarily the result of general revenues, debt issuances, and transfers in exceeding capital expenditures and transfers out. Capital outlay expenditures decreased by $11.5 million from the prior year.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Higher Education Fund

The total net position of the Higher Education Fund (as restated) increased $753.2 million (45.3%) primarily due to an increase in transfers in from the general fund.

Operating revenues of the Higher Education Fund increased by $336.1 million (6.2%), primarily due to increase in operating grants and contributions of $335.5 million and net student tuition and fees revenue of $29.3 million. Nonoperating revenues (net of expenses) decreased $2.5 million primarily due to grants and contributions. In addition, the Higher Education Fund received an increase of $196.8 million (7.3%) of transfers in, primarily from the General Fund and from Governmental Activities for the cyber security center, compared to the prior year.

Operating expenses increased $310.7 million (3.4%), compared to the prior year. This amount is primarily attributable to increases in Board of Regents expenses for the following functional classifications: Research ($73.4 million), Institutional Support ($91.4 million), Plant Operations ($81.7 million), and Patient Care ($40.8 million).

State Health Benefit Plan

Operating revenues for SHBP decreased by $441.4 million and operating expenses decreased by $269.8 million, which resulted in an operating income loss of $89.5 million in fiscal year 2019. The decrease in operating revenues and expenses is primarily due to a change in reporting of payments from the State Health Benefit Fund to fiduciary funds to contra-revenue from benefits expense.

Unemployment Compensation Fund

Georgia's unemployment rate at June 30, 2019 improved from 3.9% to 3.7% in fiscal year 2019. As a result, unemployment claims were slightly lower and unemployment benefit payments continued to decline annually and decreased $22.8 million (7.0%) this year as compared to the prior year. In addition, employer unemployment rates were reduced and the corresponding federal revenue and unemployment tax revenue decreased by $51.4 million (7.9%). In fiscal year 2019 employer taxes and other revenues exceeded benefit payments by $332.6 million. Employer Unemployment Insurance (UI) tax bills are based on both a base rate and the employer's experience rating. The base rate did not change during state fiscal year 2019; however, the experience ratings for many of Georgia's employers declined due to the continued decrease in the state's unemployment rate. This led to lower UI tax bills and a lower UI receivable.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's capital assets increased by a net $1.2 billion (3.5%) during the year. The change consisted of a net increase in infrastructure of $899.8 million, as well as net increases in machinery and equipment, software, land, and buildings of $20.7 million, $38.8 million, $212.4 million and $571.8 million respectively. Conversely, construction in progress decreased by $(569.3) million.

At June 30, 2019, the State had general fund commitments of $2.2 billion and capital project fund commitments of $525.0 million for highway infrastructure and bridge construction. The State Road and Tollway Authority had $465.2 million of commitments, which is primarily due to $343.9 million for the I-285/GA 400 Interchange, $109.4 million for the I-85 Widening Project and $5.5 million for the Northwest Corridor Express Lane Project. Additionally, the Board of Regents had $51.4 million for various construction and renovation projects.

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

Table 4 - Capital Assets, Net of Accumulated Depreciation

As of June 30, 2019 and 2018 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Buildings/Building Improvements	$ 2,232,297	$ 2,138,265	$ 9,490,556	$ 9,012,743	$ 11,722,853	$ 11,151,008
Improvements Other Than Buildings	111,379	87,447	188,454	175,874	299,833	263,321
Infrastructure	12,872,483	12,000,811	255,850	227,688	13,128,333	12,228,499
Intangibles - Other Than Software	125,568	123,822	—	—	125,568	123,822
Land	4,389,041	4,206,006	520,658	491,297	4,909,699	4,697,303
Library Collections	—	—	169,985	179,577	169,985	179,577
Machinery and Equipment	278,222	270,800	564,063	550,794	842,285	821,594
Software	283,852	267,735	108,651	85,946	392,503	353,681
Works of Art and Collections	1,400	1,391	60,018	57,006	61,418	58,397
Construction in Progress	3,400,958	3,912,899	233,836	291,173	3,634,794	4,204,072
Total	$ 23,695,200	$ 23,009,176	$ 11,592,071	$ 11,072,098	$ 35,287,271	$ 34,081,274

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

Debt Administration

The Constitution authorizes issuing general obligation debt only as approved by the legislature and prohibits the issuance of general obligation bonds for operating purposes. The Constitution requires the State to maintain a reserve sufficient to pay annual debt service requirements on all general obligation debt. If for any reason the reserve balance is insufficient to make all debt service payments when due, the first revenues received thereafter in the General Fund will be set aside for such use. The Constitution also stipulates that no debt may be incurred when the highest aggregate annual debt service requirements for any year for outstanding general obligation debt and guaranteed revenue debt, including proposed debt, exceed 10% of the total revenue receipts, less refunds in the state treasury, in the fiscal year immediately preceding the year in which any such debt is to be incurred. At June 30, 2019, the State was $1.1 billion below the annual debt service limit established by the Constitution.

(Table on next page)

Table 5 - Net Outstanding Bond Debt As of June 30, 2019 and 2018 (in thousands)	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	$10,352,603	$10,043,489	$ —	$ —	$10,352,603	$10,043,489
GARVEE Revenue Bonds	397,825	397,825	—	—	397,825	397,825
Revenue Bonds	215,945	215,945	242,003	266,150	457,948	482,095
	$10,966,373	$10,657,259	$242,003	$ 266,150	$11,208,376	$10,923,409

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

At the end of the fiscal year, the State had $11.2 billion in total outstanding bonded debt. Of this amount $10.6 billion (net of premiums and discounts) (94.3%), is secured by the full faith and credit of the government for general obligation bonds and guaranteed revenue bonds; $242.0 million (2.2%), is secured primarily by lease arrangements with the Board of Regents or applicable security deed and related assignment of contract documents; and $397.8 million (3.5%) in State Road and Tollway Authority GARVEE debt is secured by Federal Highway Administration grant funds and state motor fuel funds.

Total general obligation bonds and revenue bonds payable, net of premiums and discounts, increased $309.1 million (3.1%) and decreased $24.1 million (2.7%) respectively, prior to restatements. During the fiscal year, the State issued $1.2 billion of general obligation bonds, excluding premiums, discounts, and refunding issues. Of the general obligation bonds issued, $304.7 million was issued for K-12 school facilities, $485.1 million was issued for higher education facilities, $200.0 million was issued for transportation projects and bridge maintenance, $69.0 million for economic development, $16.0 million for water and sewer loans to local governments, and $153.8 million for various state agency facilities.

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

BUDGETARY HIGHLIGHTS

Fiscal Year 2019 Budget Highlights

The fiscal year 2019 budget focused on meeting growth needs in education, addressing needs in human services programming, and continuing to meet the state's pension obligations. The budget was built on 4.1% net revenue growth over the Amended FY 2018 budget, including 4.1% expected tax growth. Examples of growth in budgetary functions included:

K-12 Education

- $114.9 million in additional funds for the Quality Basic Education (QBE) program to fund enrollment growth and teacher training and experience.
- $166.8 million to eliminate remaining austerity adjustments and fully fund the QBE funding formula.
- $30.7 million for the Quality Basic Education Equalization program to assist low-wealth school systems.

Higher Education

- $54.3 million to fully fund enrollment growth for the University System.
- $82.4 million in federal funds to transfer the Governor's Office of Workforce Development from the Department of Economic Development to leverage workforce development initiatives and education resources to meet industry workforce training demands.
- $68.1 million in additional lottery funds to provide a 3% increase in the award amount for the HOPE scholarships and grants.
- $26.7 million for growth in the Dual Enrollment program.

Human Services

- $240.9 million for Medicaid.
- $41.2 million to meet increased demand in child welfare programs.
- $19.1 million for behavioral health services as recommended by the Commission on Children's Mental Health.
- $11.8 million for additional waivers and services as part of the DOJ settlement extension.

Transportation Infrastructure

- $31.6 million for transportation projects as a result of additional revenues from HB 170.
- $100 million in bond funds for the repair, replacement, and renovation of bridges throughout the state.
- $100 million in bond funds for transit grants statewide.
- $35 million in bond funds for the Savannah Harbor Deepening project.

Other

- $364.9 million to meet the ADEC for the Teachers Retirement System

Amended Fiscal Year 2019 Budget Highlights

	FY 2018 Original Budget	SFY 2019 Changes	AFY 2019 Changes	FY 2019 Amended Amount
State General Fund Receipts	24,873,812,920	270,826,277	178,013,404	25,322,652,601
Lottery for Education Proceeds and Interest	1,201,496,219		2,908,641	1,204,404,860
Tobacco Settlement Funds and Interest	150,159,978		11,563,053	161,723,031
Brain and Spinal Injury Trust Fund	1,445,857			1,445,857
Mid-Year Adjustment for Education (K-12)			243,198,693	243,198,693
Total State Treasury Receipts	26,226,914,974	270,826,277	435,683,791	26,933,425,042

In November 2018 Governor Nathan Deal convened a special session of the General Assembly to address supplemental funding needs resulting from Hurricane Michael, which caused widespread damage across southwest Georgia in October.

- Revenue estimate increase included $205.9 million in state general funds and $64.9 million in motor fuel funds.
- HB 1EX provided $270.8 million of additional anticipated fiscal year 2019 revenue growth to address disaster response and economic development efforts in hurricane impacted counties, including:
  - $69.3 million for the Governor's Emergency Fund to pay the state match for federal disaster assistance funding for expenses related to damages and operating costs associated with Hurricane Michael.
  - $55 million for emergency disaster relief assistance for farmers and $20 million for timberland owners in counties impacted by Hurricane Michael.
  - $8.2 million for the Georgia Forestry Commission to replace equipment and facilities damaged by Hurricane Michael.
  - $25 million for the OneGeorgia Authority to provide financial assistance to local communities impacted by Hurricane Michael and for statewide economic development efforts, and $15 million for Regional Economic Business Assistance (REBA) grants for projects with immediate statewide economic impact.
  - $69.3 million in state general and motor fuel funds estimated as a result of HB 170 to be used to offset expenses incurred as a result of Hurricane Michael.

The amended fiscal year 2019 appropriations bill was signed by the Governor on March 12, 2019 as passed by the General Assembly with no vetoes, and provides $435.7 million in additional revenue over the current budget.

- The amended fiscal year 2019 budget was built on a 4.1% increase in general fund revenue collections over fiscal year 2018 actuals, including a 4.1% increase in tax revenues.
- Limited changes in amended bill over those included in the special legislative session, focused on meeting growth needs in education and human services:
  - $88.9 million for a midterm adjustment for enrollment in the Quality Basic Education (QBE) program.
  - $42.1 million for the State Commission Charter Schools supplement to implement HB 787 (2018 Session).
  - $69.4 million to provide school security grants.
  - $8.4 million to provide school-based mental health services in high schools through the Georgia Apex Program.
  - $50.9 million for the Indigent Care Trust Fund and Medicaid
  - $9.9 million for child welfare services for expenses associated with the increased number of children in state custody.
  - $20 million for further disaster relief funding to agricultural communities affected by Hurricane Michael.

Fiscal Performance

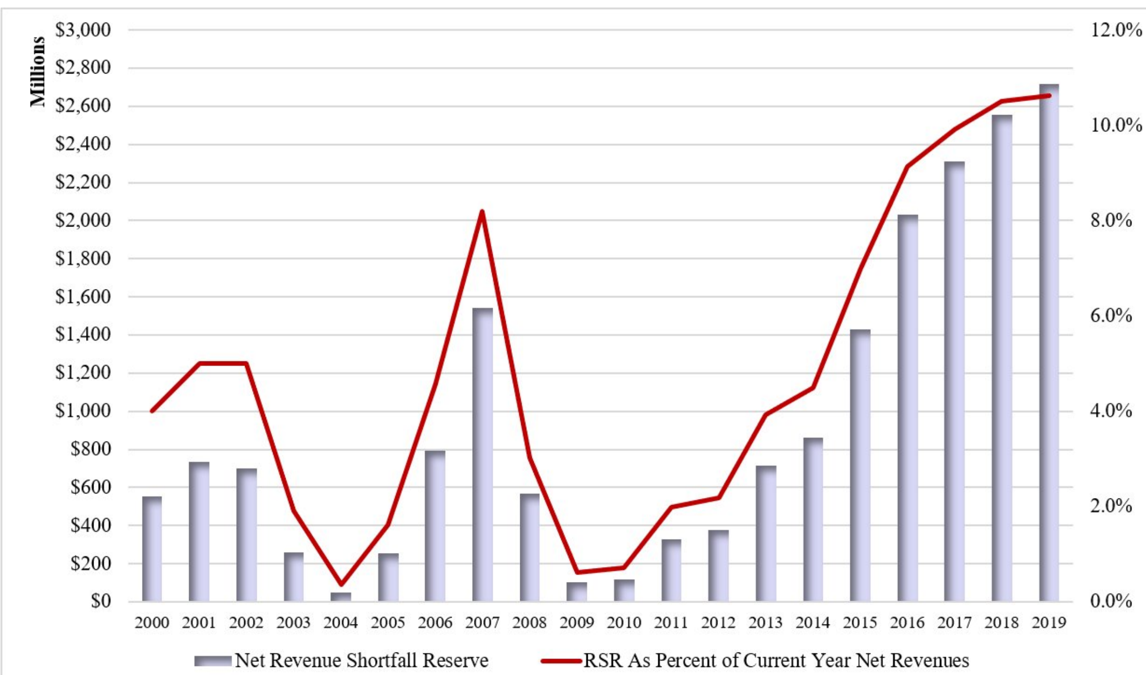
Total state fund revenues increased by 5.1% to $25.6 billion, which includes a 4.8% increase in tax revenue collections over fiscal year 2018, exceeding the revenue estimate by 1.0% and enabling the State to add to the revenue shortfall reserve.

These results are consistent with the State's practice of setting conservative revenue estimates and corresponding budgets. These results have a direct impact on the State's revenue shortfall reserve discussed below.

Revenue Shortfall Reserve (RSR)

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

The ending balance in the RSR is a critical tool in helping to address budget shortfalls similar to those witnessed during the Great Recession. After reaching a peak in fiscal year 2007 at $1.7 billion (9.2% of state general fund receipts/net revenue collections), the State's RSR balance declined to a low of $268.2 million in fiscal year 2010. For the year ended June 30, 2019, the RSR increased by $263.5 million and has a current balance of $3.1 billion. The RSR balance is now the largest balance in the history of the state.



The increase to the RSR was accomplished due to revenue collections exceeding revenue estimates ($248.4 million) and return of unexpended and unobligated funds by agencies. By statute, 1% of fiscal year 2019 state general fund receipts/net revenue collections ($255.7 million) is available from the RSR for the mid-year K-12 education appropriation adjustment in the amended fiscal year 2019 budget. However, this amount had not been appropriated as of the date of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Results During 2019

Governor's revenue estimates assumed an economic track in which GDP growth slows from 2018 levels but continues in line with the overall post-Great Recession period. This indicates moderate growth, tightening of job markets, a pick up in wage growth and gradually rising interest rates. No recession is anticipated during the budget period.

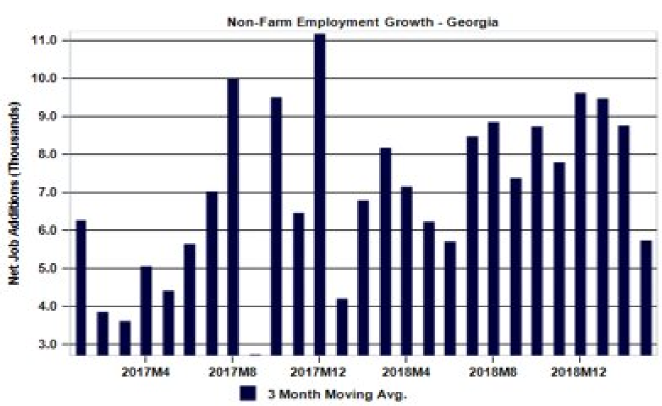
Market volatility, government shut-down, and other factors increased concerns about growth prospects but the most recent economic data has calmed those fears. Atlanta Fed GDPNow tracking estimate of 1st quarter GDP growth is 2.3%, still above trend growth post Great Recession.

Georgia's economy continues to grow. The pace of Georgia job growth exceeds that of the US. Unemployment is very low and unemployment insurance claims activity is below year ago levels. Home price growth nationally and, to a lesser extent, in Georgia is slowing but still positive. Growth in activity at Georgia's Ports remains strong.

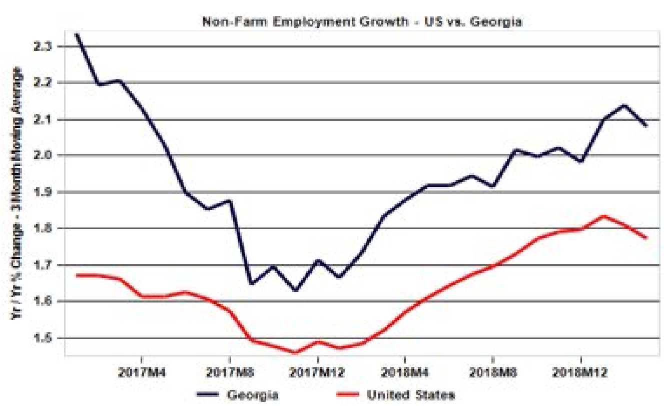
The economy appears to have shrugged off stock market volatility of December 2018 and the weak economic data of early 2019 and resumed growth in line with post-recession trends. This is expected to continue although there are risks. Slower global growth and potentially contentious trade negotiations could weigh on growth prospects.

Georgia Labor Market Continues to Expand

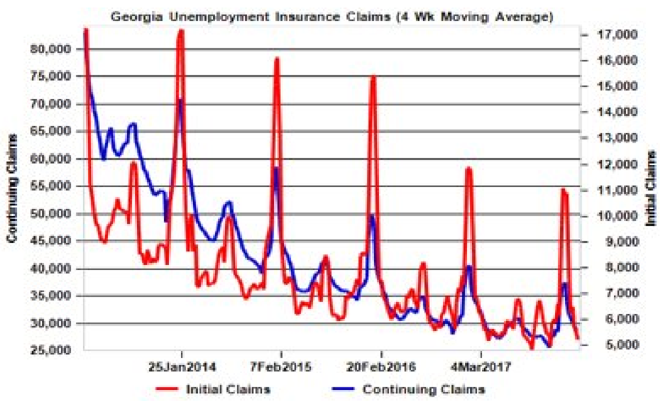
Georgia Added 85 Jobs over 12 Months Ended Mar18



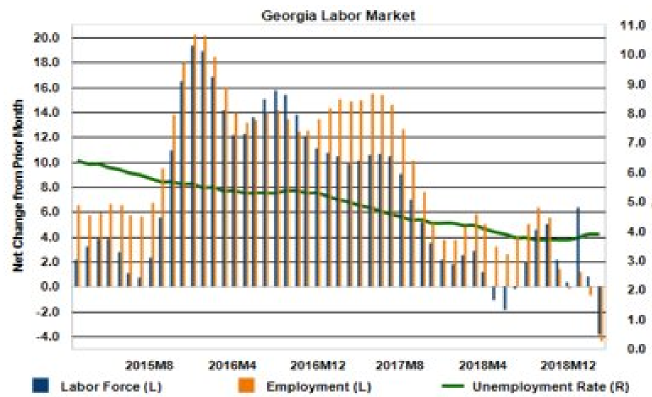
Georgia Job Growth Continues to Outpace that of US



Unemployment Insurance Claims Healthy

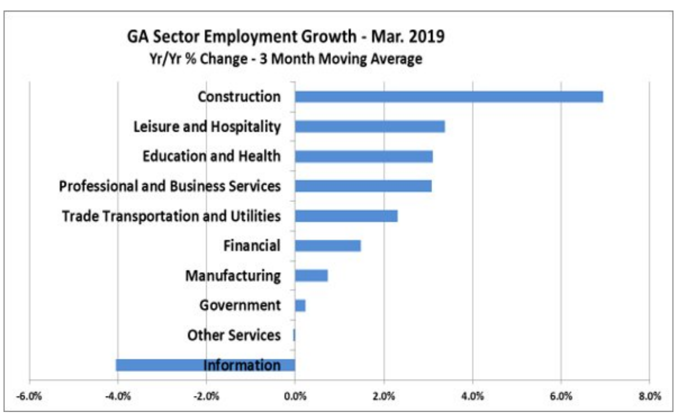


Household Survey Data Reflect Strong Labor Market Conditions

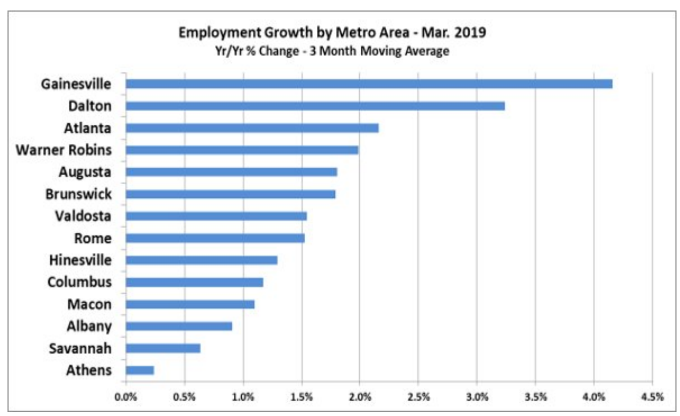


Job Growth is Diverse; International Trade Activity Still Strong

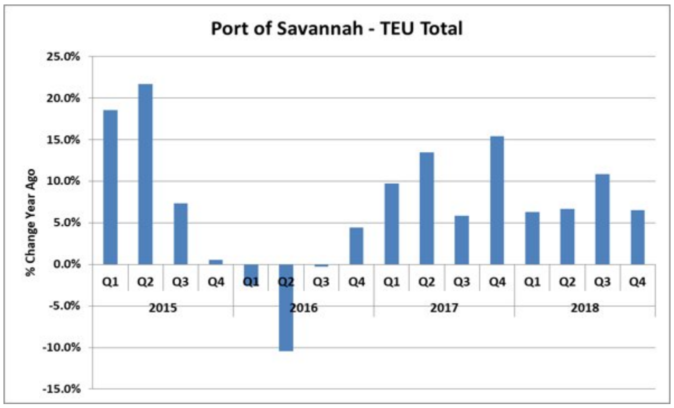
Job Growth Well-Diversified Across Sectors…



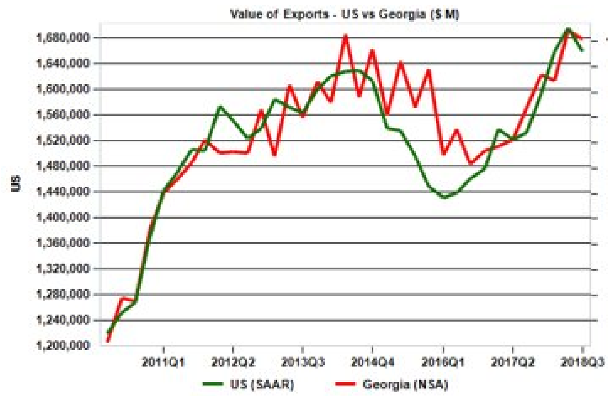
…And Across Metro Areas



Total Port Throughput Growing Briskly

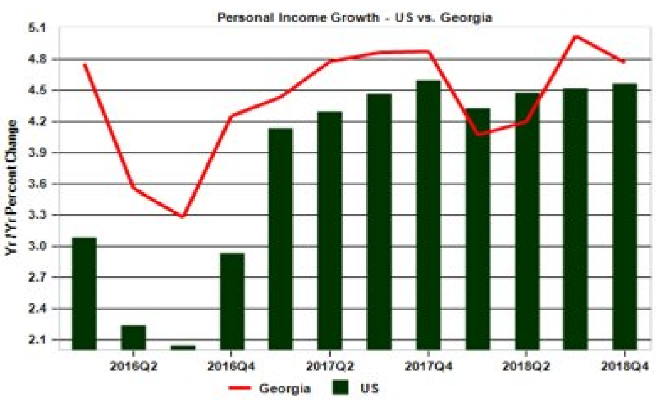


Georgia Exports Slightly Off Recent Peak

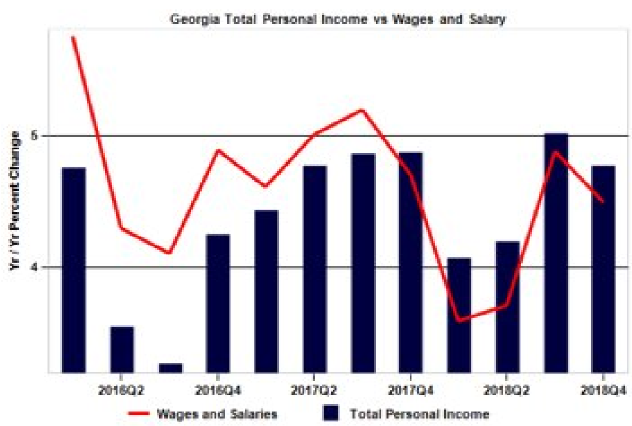


Personal Income Growing at Moderate Pace

Personal Income Growing at Moderate Pace; Georgia Growth Higher than US Growth

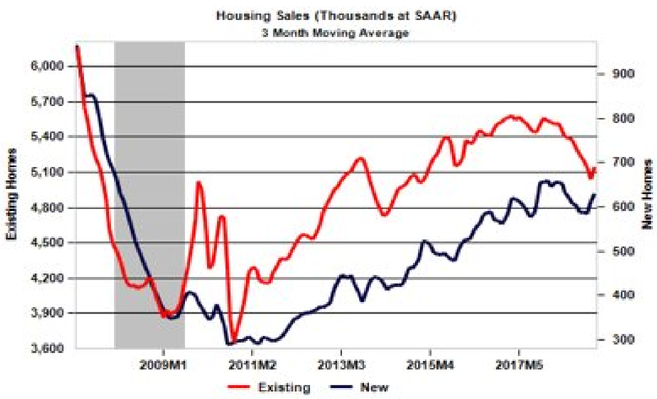


Georgia Wage and Salary Growth Lagging Overall Personal Income Growth

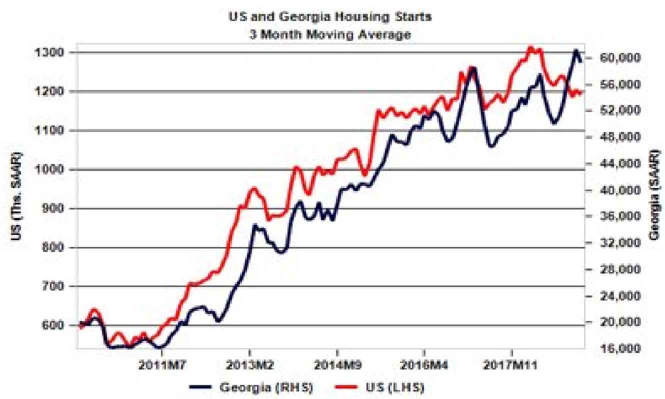


Housing Market has Weakened

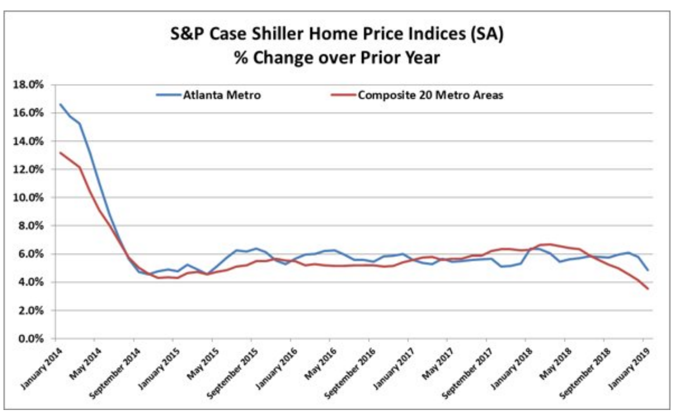
Home Sales have Weakened



Housing Starts Down in US; Holding Up in Georgia



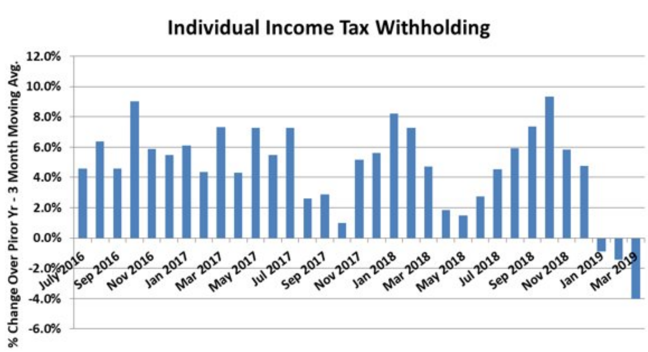
Growth in Home Prices Increasing is Slowing



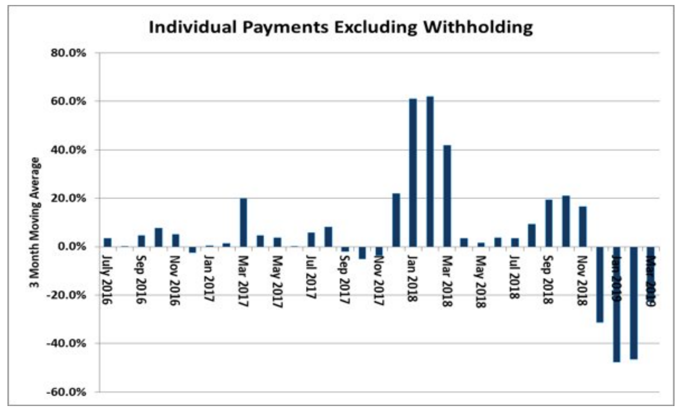
Mortgage Foreclosures Declined Below Pre-recession Rate

Recent Revenue Collection Trends Impacted by Federal and State Tax Reform

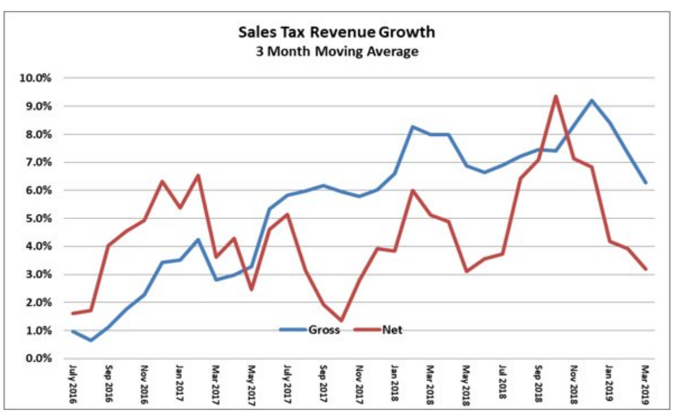
Tax Rate Reduction Impacting Withholding Revenue



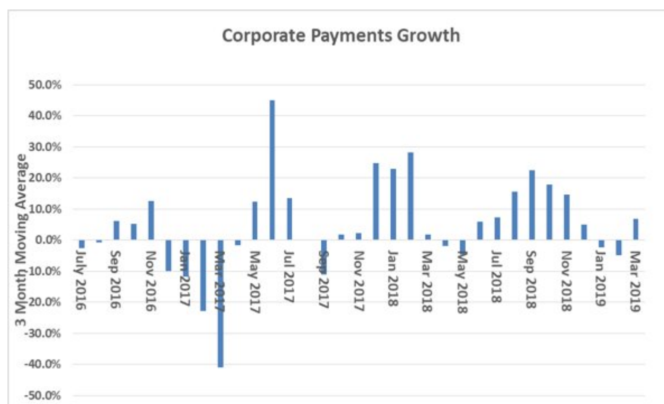
SALT Limitation Having Major Impact on Timing of Payments



Sales Tax Revenue Growth Slowing a Bit



Corporate Payments Growth

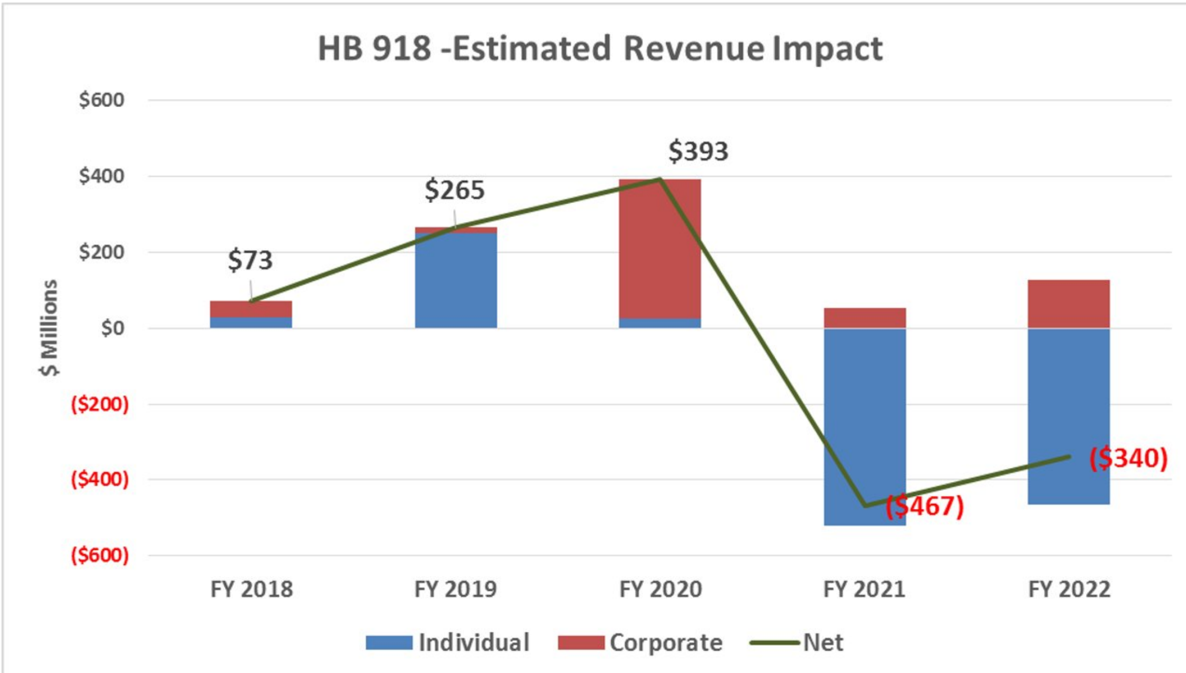


HB 918 - Annual Internal Revenue Code update (2018 Legislative Session)

Conforms to IRS code post-2017 Federal tax changes (with selected exceptions) and incorporates changes to Georgia tax structure.

- Step 1 - Double standard deduction (e.g. MFJ doubles from $3,000 to $6,000). Effective 1/1/2018.
- Step 2 - Reduce income tax rate from 6.0% to 5.75%. Applies to top PIT rate and corporate rate. Effective 1/1/2019.
- Step 3 - Reduce income tax rate to 5.5%. Applies to top PIT rate and corporate rate. Effective 1/1/2020 but requires joint resolution from House and Senate and signature of Governor on or after 1/13/2020.
- These changes to Georgia tax structure sunset on 12/31/2025.

(Graph on next page)



Fiscal Year 2020 Budget Highlights

The fiscal year 2020 budget focused on meeting growth needs in education, including increasing the base salaries for teachers, addressing needs in human services programming, and continuing to meet the state's pension obligations. The budget was built on 3.2% general fund revenue growth over the Amended fiscal year 2019 budget, including 3.5% expected tax growth. On a budgetary basis, the State of Georgia's fiscal year 2020 net tax revenue collections for July 2019 through November 2019 totaled $9.6 billion for a decrease of approximately $33.6 million (0.3%) compared to the same period of fiscal year 2019.

Education

- $532.3 million to provide a $3,000 increase to the state base salary schedule for certified teachers and employees and a two percent increase for non-certificated employees.
- $133.2 million for enrollment growth and training and experience to recognize a 0.05 percent increase in enrollment.
- $78.6 million for the QBE Equalization program to assist low-wealth school systems.
- $86.2 million for resident instruction to reflect an increase in credit hour enrollment, graduate medical education, and square footage at University System institutions.

Human Services

- $165 million for Medicaid and PeachCare for Kids.
- $12.6 million to meet increased demand in child welfare programs.
- $26.4 million for core behavioral health services.

Other

- $115.1 million to continue to address state employee salary needs through merit increases.
- $21.5 million to fully fund the actuarially determined employer contribution for the Teachers Retirement System.
- $32.2 million for transportation projects as a result of additional revenues from HB 170

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2019
(dollars in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents	$ 4,283,091	$ 1,220,937	$ 5,504,028	$ 732,726
Pooled Investments with State Treasury	4,734,377	769,977	5,504,354	1,626,783
Investments	2,966,999	794,708	3,761,707	1,156,086
Receivables (Net)	5,688,793	732,390	6,421,183	5,848,833
Due from Primary Government	—	—	—	78,944
Due from Component Units	104,910	473,068	577,978	—
Internal Balances	419,525	(419,525)	—	—
Inventories	35,990	30,313	66,303	34,139
Prepaid Items	48,774	66,783	115,557	59,380
Other Assets	76,646	2,751	79,397	164,138
Restricted Assets				
Cash and Cash Equivalents	—	2,769,053	2,769,053	424,097
Pooled Investments with State Treasury	235,652	124,191	359,843	99,527
Investments	—	250,495	250,495	3,522,081
Receivables (Net)	—	—	—	1,316,471
Net Pension Asset	100,647	—	100,647	9,420
Net OPEB Asset	231,068	12,035	243,103	3,000
Capital Assets				
Nondepreciable	7,916,524	809,738	8,726,262	911,576
Depreciable (Net of Accumulated Depreciation)	15,778,676	10,782,333	26,561,009	3,559,974
Total Assets	42,621,672	18,419,247	61,040,919	19,547,175
Deferred Outflows of Resources	1,919,380	1,432,993	3,352,373	137,423
Liabilities				
Accounts Payable and Accrued Liabilities	1,689,025	290,801	1,979,826	346,368
Local Education Agencies Payable	1,300,055	—	1,300,055	—
Due to Primary Government	—	—	—	577,978
Due to Component Units	64,716	14,228	78,944	—
Benefits Payable	1,540,677	248,343	1,789,020	8
Accrued Interest Payable	253,126	2,703	255,829	42,110
Contracts Payable	74,511	29,388	103,899	54,457
Funds Held for Others	156,547	99,507	256,054	43,338
Unearned Revenue	117,273	370,290	487,563	170,382
Claims and Judgments Payable	916,988	2,667	919,655	1,000
Other Liabilities	232,527	52,554	285,081	1,156,768
Noncurrent Liabilities:				
Due within one year	1,215,960	329,203	1,545,163	310,260
Due in more than one year				
Net Pension Liability	3,996,404	3,370,692	7,367,096	202,626
Net OPEB Liability	2,126,551	4,693,818	6,820,369	139,917
Other Noncurrent Liabilities	10,425,930	3,304,838	13,730,768	4,919,711
Total Liabilities	24,110,290	12,809,032	36,919,322	7,964,923
Deferred Inflows of Resources	1,454,518	1,465,855	2,920,373	74,569

(continued)

Statement of Net Position

June 30, 2019

(dollars in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net Position				
Net Investment in Capital Assets [1]	20,361,680	8,429,136	25,566,212	3,534,685
Restricted for:				
Bond Covenants/Debt Service	64,016	—	64,016	94,454
Capital Projects	—	13,076	13,076	217,230
Guaranteed Revenue Debt Common Reserve Fund	53,776	—	53,776	—
Loan and Grant Programs	—	—	—	1,844,780
Lottery for Education	1,354,630	—	1,354,630	—
Motor Fuel Tax Funds	3,508,961	—	3,508,961	—
Nonexpendable:				
Permanent Trust	—	181,016	181,016	2,398,751
Other Programs	—	—	—	46,977
Other Benefits	—	305,877	305,877	—
Other Purposes	1,293,746	313,732	1,607,478	407,868
Permanent Trust Expendable	—	—	—	804,556
Unemployment Compensation Benefits	—	2,535,856	2,535,856	—
Unrestricted [1]	(7,660,565)	(6,201,340)	(10,637,301)	2,295,805
Total Net Position	$ 18,976,244	$ 5,577,353	$ 24,553,597	$ 11,645,106

[1] Refer to Note 4 for additional details

Statement of Activities
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

		Program Revenues		
	Expenses	Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities:				
General Government	$ 1,262,837	$ 761,015	$ 384,320	$ 68,681
Education	13,892,451	12,656	2,358,034	—
Health and Welfare	18,015,041	75,300	12,655,639	4,028
Transportation	2,668,539	42,858	61,500	1,525,618
Public Safety	2,605,402	187,020	416,394	10,125
Economic Development and Assistance	465,465	52,198	248,575	2,080
Culture and Recreation	309,863	165,437	93,895	3,472
Conservation	54,758	3,859	17,891	681
Interest and Other Charges on Long-Term Debt	381,895	—	—	—
Total Governmental Activities	39,656,251	1,300,343	16,236,248	1,614,685
Business-type Activities:				
Higher Education	9,739,025	3,730,124	3,251,794	25,431
State Health Benefit Plan	2,613,192	2,523,714	21,978	—
Unemployment Compensation	319,367	592,707	58,391	—
Other Business-type Activities	205,638	40,566	22,567	84,407
Total Business-type Activities	12,877,222	6,887,111	3,354,730	109,838
Total Primary Government	$ 52,533,473	$ 8,187,454	$ 19,590,978	$ 1,724,523
Component Units				
Georgia Environmental Finance Authority	$ 47,011	$ 32,668	$ 122,416	$ —
Geo. L. Smith II Georgia World Congress Center Authority	197,590	66,004	13,349	6,790
Georgia Housing and Finance Authority	187,208	87,787	125,496	—
Georgia Lottery Corporation	4,545,758	4,553,368	—	—
Georgia Ports Authority	304,938	473,619	7,498	21,151
Georgia Tech Foundation, Incorporated	122,586	32,981	137,048	—
Nonmajor Component Units	3,199,983	1,523,881	1,682,709	33,503
Total Component Units	$ 8,605,074	$ 6,770,308	$ 2,088,516	$ 61,444

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

Contributions to Permanent Endowments
Transfers
Total General Revenues, Contributions to Permanent Endowments and Transfers
Change in Net Position
Net Position, July 1 - Restated (Note 3)
Net Position, June 30

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (48,821)		$ (48,821)	
(11,521,761)		(11,521,761)	
(5,280,074)		(5,280,074)	
(1,038,563)		(1,038,563)	
(1,991,863)		(1,991,863)	
(162,612)		(162,612)	
(47,059)		(47,059)	
(32,327)		(32,327)	
(381,895)		(381,895)	
(20,504,975)		(20,504,975)	
	$ (2,731,676)	(2,731,676)	
	(67,500)	(67,500)	
	331,731	331,731	
	(58,098)	(58,098)	
	(2,525,543)	(2,525,543)	
(20,504,975)	(2,525,543)	(23,030,518)	
			$ 108,073
			(111,447)
			26,075
			7,610
			197,330
			47,443
			40,110
			315,194
12,255,424	—	12,255,424	—
6,226,817	—	6,226,817	—
1,836,890	—	1,836,890	—
1,253,113	—	1,253,113	—
1,272,157	—	1,272,157	—
939,419	—	939,419	28,663
1,207,369	—	1,207,369	—
488,218	—	488,218	—
163,851	—	163,851	—
205,072	—	205,072	61,717
144,841	—	144,841	—
221,221	—	221,221	—
—	—	—	123,793
—	1,300	1,300	80,954
(3,485,850)	3,485,850	—	—
22,728,542	3,487,150	26,215,692	295,127
2,223,567	961,607	3,185,174	610,321
16,752,677	4,615,746	21,368,423	11,034,785
$ 18,976,244	$ 5,577,353	$ 24,553,597	$ 11,645,106

Balance Sheet
Governmental Funds
June 30, 2019
(dollars in thousands)

	General Fund	General Obligation Bond Projects Fund	Nonmajor Funds	Total
Assets				
Cash and Cash Equivalents	$ 3,028,133	$ 941,321	$ 289,948	$ 4,259,402
Pooled Investments with State Treasury	4,600,903	—	5,462	4,606,365
Investments	2,180,667	659,699	85,030	2,925,396
Receivables (Net)	5,540,703	—	38,686	5,579,389
Due from Other Funds	17,245	—	25,654	42,899
Due from Component Units	104,859	—	—	104,859
Inventories	20,397	—	—	20,397
Restricted Assets				
Pooled Investments with State Treasury	61,640	—	174,012	235,652
Other Assets	124,938	—	190	125,128
Total Assets	$ 15,679,485	$ 1,601,020	$ 618,982	$ 17,899,487
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable and Other Accruals	$ 2,874,874	$ 49,356	$ 2,449	$ 2,926,679
Due to Other Funds	595,929	16,687	15,292	627,908
Due to Component Units	64,716	—	—	64,716
Benefits Payable	1,540,677	—	—	1,540,677
Contracts Payable	25,636	26,029	22,846	74,511
Undistributed Local Government Sales Tax	13,200	—	—	13,200
Funds Held for Others	155,758	—	—	155,758
Unearned Revenue	116,451	714	—	117,165
Other Liabilities	91,033	24,922	55,563	171,518
Total Liabilities	5,478,274	117,708	96,150	5,692,132
Deferred Inflows of Resources	1,377,093	—	—	1,377,093
Fund Balances:				
Nonspendable	20,780	—	16,770	37,550
Restricted	5,438,608	1,454,773	461,805	7,355,186
Unrestricted				
Committed	9,385	—	—	9,385
Assigned	522,273	28,539	44,257	595,069
Unassigned	2,833,072	—	—	2,833,072
Total Fund Balances	8,824,118	1,483,312	522,832	10,830,262
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,679,485	$ 1,601,020	$ 618,982	$ 17,899,487

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

Reconciliation of Fund Balances
To the Statement of Net Position
June 30, 2019
(dollars in thousands)

Total Fund Balances - Governmental Funds (from previous page)		$ 10,830,262
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 4,366,669	
Buildings and Building Improvements	3,784,230	
Improvements Other Than Buildings	153,409	
Machinery and Equipment	1,067,712	
Infrastructure	32,464,073	
Construction in Progress	3,386,798	
Works of Art	126	
Intangibles - Other Than Software	126,769	
Software	545,806	
Accumulated Depreciation	(22,568,499)	23,327,093
Deferred inflows of resources are not reported in the governmental funds:		
Revenues are not available soon enough after year end to pay for current period's expenditures	1,339,931	
Amount on refunding of bonded debt	(854)	
Related to OPEB	(1,104,514)	
Related to pensions	(292,210)	(57,647)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		590,564
Deferred outflows of resources are not reported in the governmental funds:		
Amount on refunding of bonded debt	101,630	
Related to OPEB	678,939	
Related to pensions	1,119,259	1,899,828
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net OPEB Asset	227,194	
Net Pension Asset	100,647	
Other Assets	100	327,941
Certain long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds	(9,388,795)	
Premiums	(963,808)	
Accrued Interest Payable	(248,727)	
Revenue Bonds	(570,480)	
Premiums	(43,290)	
Accrued Interest Payable	(4,399)	
Capital Leases	(178,564)	
Compensated Absences	(382,056)	
Long-Term Notes	(56,709)	
Net OPEB Liability	(2,097,668)	
Net Pension Liability	(3,946,432)	
Other	(60,869)	(17,941,797)
Total Net Position - Governmental Activities		$ 18,976,244

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	General Fund	General Obligation Bond Projects Fund	Nonmajor Funds	Total
Revenues:				
Taxes	$ 23,702,030	$ —	$ —	$ 23,702,030
Licenses and Permits	406,811	—	—	406,811
Intergovernmental - Federal	16,911,870	18,810	—	16,930,680
Intergovernmental - Other	472,214	38,598	152,786	663,598
Sales and Services	428,836	—	214	429,050
Fines and Forfeits	523,033	—	—	523,033
Interest and Other Investment Income	211,664	62,857	10,704	285,225
Unclaimed Property	144,841	—	—	144,841
Lottery Proceeds	1,207,369	—	—	1,207,369
Nursing Home Provider Fees	154,263	—	—	154,263
Hospital Provider Payments	333,955	—	—	333,955
Other	327,806	406	—	328,212
Total Revenues	44,824,692	120,671	163,704	45,109,067
Expenditures:				
Current:				
General Government	1,014,394	4,396	—	1,018,790
Education	13,859,041	—	—	13,859,041
Health and Welfare	18,192,601	—	—	18,192,601
Transportation	3,144,609	—	95,135	3,239,744
Public Safety	2,697,770	—	—	2,697,770
Economic Development and Assistance	493,208	—	31,918	525,126
Culture and Recreation	311,170	—	—	311,170
Conservation	62,549	—	—	62,549
Capital Outlay	—	890,631	—	890,631
Debt Service				
Principal	—	—	1,029,075	1,029,075
Interest	178	—	436,038	436,216
Accrued Interest on Bonds Retired in Advance	—	—	5	5
Discount on Bonds Retired in Advance	—	—	27	27
Other Debt Service Expenditures	—	22,258	1,475	23,733
Intergovernmental	—	178,421	—	178,421
Total Expenditures	39,775,520	1,095,706	1,593,673	42,464,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,049,172	(975,035)	(1,429,969)	2,644,168
Other Financing Sources (Uses):				
Debt Issuance - General Obligation Bonds	—	1,228,625	—	1,228,625
Debt Issuance - Refunding Bonds	—	—	285,915	285,915
Debt Issuance - GARVEE Bonds	—	—	63,850	63,850
Debt Issuance - General Obligation Bonds - Premium	—	95,163	—	95,163
Debt Issuance - Refunding Bonds - Premium	—	—	27,159	27,159
Debt Issuance - GARVEE Bonds - Premium	—	—	11,455	11,455
Payment to Refunded Bond Escrow Agent	—	—	(313,095)	(313,095)
Capital Leases	16,304	—	—	16,304
Transfers In	69,333	9,359	1,574,347	1,653,039
Transfers Out	(4,420,502)	(16,632)	(40,311)	(4,477,445)
Net Other Financing Sources (Uses)	(4,334,865)	1,316,515	1,609,320	(1,409,030)
Net Change in Fund Balances	714,307	341,480	179,351	1,235,138
Fund Balances, July 1	8,109,811	1,141,832	343,481	9,595,124
Fund Balances, June 30	$ 8,824,118	$ 1,483,312	$ 522,832	$ 10,830,262

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

Net Change in Fund Balances - Governmental Funds (from previous page)		$ 1,235,138
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations	$ 1,816,475	
Depreciation expense	(1,165,231)	651,244
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(17,251)
Bond proceeds (net of payments to refunding escrow) and notes provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		
Revenue Bonds Issued	(349,765)	
Premiums on Revenue Bonds Issued	(38,614)	
General Obligation Bonds Issued	(1,228,625)	
Premiums on General Obligation Bonds Issued	(95,163)	
Payments to escrow agent for refunding	313,095	(1,399,072)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.		(16,304)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position. Payments were made on the following long-term liabilities:		
General Obligation Bonds	833,870	
Revenue Bonds	195,205	
Notes	2,903	
Capital Leases	21,351	1,053,329
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities.		28,538
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:		
Compensated Absences	(14,642)	
Accrued Interest on Bonds Payable	(6,345)	
Amortization of Deferred Amount on Refunding	(43,478)	
Bond Premiums	124,167	
OPEB costs, net	547,380	
Pension costs, net	107,163	
Other	(26,300)	687,945
Change in Net Position - Governmental Activities		$ 2,223,567

Statement of Net Position
Proprietary Funds
June 30, 2019
(dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Assets						
Current Assets:						
Cash and Cash Equivalents	$ 1,025,378	$ 195,472	$ —	$ 87	$ 1,220,937	$ 23,695
Pooled Investments with State Treasury	427,038	303,835	—	39,104	769,977	128,012
Investments	72,644	135,481	—	305,795	513,920	6,290
Accounts Receivable (Net)	447,679	118,292	120,985	10,104	697,060	109,385
Due from Other Funds	16,687	4,706	—	72	21,465	834,254
Due from Component Units	275,493	—	—	197,575	473,068	50
Inventories	30,187	—	—	126	30,313	15,593
Other Assets	69,504	—	—	30	69,534	193
Restricted Assets:						
Cash and Cash Equivalents	262,315	—	2,495,750	7,652	2,765,717	—
Restricted Pooled Investments with State Treasury	—	—	—	124,191	124,191	—
Investments	519	—	—	—	519	—
Total Current Assets	2,627,444	757,786	2,616,735	684,736	6,686,701	1,117,472
Noncurrent Assets:						
Investments	197,695	83,093	—	—	280,788	35,313
Other Receivables	1,655	—	—	—	1,655	—
Notes Receivable	33,603	—	—	—	33,603	—
Restricted Assets:						
Cash and Cash Equivalents	3,336	—	—	—	3,336	—
Investments	249,976	—	—	—	249,976	—
Net OPEB Asset	11,340	293	—	402	12,035	3,874
Non-Depreciable Capital Assets	767,673	—	—	42,065	809,738	37,806
Depreciable Capital Assets, net	10,724,825	—	—	57,508	10,782,333	330,300
Total Noncurrent Assets	11,990,103	83,386	—	99,975	12,173,464	407,293
Total Assets	14,617,547	841,172	2,616,735	784,711	18,860,165	1,524,765
Deferred Outflows of Resources	1,417,337	2,457	—	13,199	1,432,993	19,556

(continued)

Statement of Net Position
Proprietary Funds
June 30, 2019
(dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Liabilities						
Current Liabilities:						
Accounts Payable and Other Accruals	255,471	3,877	10,255	21,190	290,793	49,202
Due to Other Funds	244,955	—	—	25,654	270,609	12
Due to Component Units	14,228	—	—	—	14,228	—
Benefits Payable	45,015	195,355	7,973	—	248,343	—
Unearned Revenue	256,803	9,700	62,651	—	329,154	108
Notes and Loans Payable	1,141	—	—	35,000	36,141	3,891
Claims and Judgments Payable	2,667	—	—	—	2,667	916,988
Compensated Absences Payable	174,136	215	—	179	174,530	2,112
Capital Leases/Installment Purchases Payable						
Component Units	92,116	—	—	—	92,116	—
Other	20,545	—	—	—	20,545	5,548
Revenue Bonds Payable	—	—	—	5,580	5,580	—
Other Current Liabilities	150,152	8	—	29,828	179,988	931
Current Liabilities Payable from Restricted Assets	—	—	—	29,671	29,671	—
Total Current Liabilities	1,257,229	209,155	80,879	147,102	1,694,365	978,792
Noncurrent Liabilities:						
Compensated Absences Payable	89,951	190	—	559	90,700	2,828
Capital Leases/Installment Purchases Payable						
Component Units	2,273,012	—	—	—	2,273,012	—
Other	470,536	—	—	—	470,536	35,147
Claims and Judgments Payable	4,464	—	—	—	4,464	—
Revenue Bonds Payable	—	—	—	236,423	236,423	—
Notes and Loans Payable	11,620	—	—	221,698	233,318	8,662
Net OPEB Liability	4,684,160	2,848	—	6,810	4,693,818	28,884
Net Pension Liability	3,354,840	7,215	—	8,637	3,370,692	49,973
Other Noncurrent Liabilities	11,465	—	—	849	12,314	—
Total Noncurrent Liabilities	10,900,048	10,253	—	474,976	11,385,277	125,494
Total Liabilities	12,157,277	219,408	80,879	622,078	13,079,642	1,104,286
Deferred Inflows of Resources	1,462,682	1,849	—	1,324	1,465,855	19,779
Net Position						
Net Investment in Capital Assets	8,340,144	—	—	88,992	8,429,136	323,800
Restricted for:						
Capital Projects	13,076	—	—	—	13,076	—
Other Purpose	270,889	261	—	42,582	313,732	3,066
Nonexpendable:						
Permanent Trust	181,016	—	—	—	181,016	—
Other Benefits	—	—	—	305,877	305,877	—
Unemployment Compensation Benefits	—	—	2,535,856	—	2,535,856	—
Unrestricted	(6,390,200)	622,111	—	(262,943)	(6,031,032)	93,390
Total Net Position	$ 2,414,925	$ 622,372	$ 2,535,856	$ 174,508	5,747,661	$ 420,256
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					(170,308)	
Net Position of Business-type Activities					$ 5,577,353	

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

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Operating Revenues:						
Operating Contributions/Premiums	$ 150,884	$ 2,523,714	$ 592,707	$ 531	$ 3,267,836	$ 243,652
Operating Grants	2,016,509	—	5,529	—	2,022,038	—
Rents and Royalties	11,400	—	—	—	11,400	49,178
Sales and Services	1,241,922	—	—	40,035	1,281,957	355,564
Tuition and Fees	3,010,313	—	—	—	3,010,313	—
Less: Scholarship Allowances	(737,801)	—	—	—	(737,801)	—
Other	53,406	—	—	—	53,406	7,384
Total Operating Revenues	5,746,633	2,523,714	598,236	40,566	8,909,149	655,778
Operating Expenses:						
Personal Services	5,443,270	4,094	—	10,012	5,457,376	41,231
Services and Supplies	2,494,627	113,581	—	34,843	2,643,051	364,192
Scholarships and Fellowships	478,914	—	—	—	478,914	—
Benefits Expense	434,268	2,495,517	302,700	3,424	3,235,909	—
Claims and Judgments	—	—	—	—	—	250,585
Interest Expense	—	—	—	8,698	8,698	—
Depreciation	587,775	—	—	11,685	599,460	27,657
Amortization	—	—	—	(312)	(312)	—
Other	—	—	—	649	649	—
Total Operating Expenses	9,438,854	2,613,192	302,700	68,999	12,423,745	683,665
Operating Income (Loss)	(3,692,221)	(89,478)	295,536	(28,433)	(3,514,596)	(27,887)
Nonoperating Revenues (Expenses):						
Grants and Contributions	1,164,563	—	—	—	1,164,563	7,388
Interest and Other Investment Income	67,497	21,978	52,862	22,217	164,554	5,055
Interest Expense	(139,227)	—	—	(10,012)	(149,239)	—
Other	(144,524)	—	(16,667)	(126,283)	(287,474)	(1,825)
Net Nonoperating Revenues (Expenses)	948,309	21,978	36,195	(114,078)	892,404	10,618
Income (Loss) Before Contributions and transfers	(2,743,912)	(67,500)	331,731	(142,511)	(2,622,192)	(17,269)
Contributions to Permanent Endowments	1,300	—	—	—	1,300	—
Capital Grants and Contributions	603,888	—	—	84,407	688,295	118,339
Total Contributions	605,188	—	—	84,407	689,595	118,339
Transfers:						
Transfers In	2,904,607	—	864	14,660	2,920,131	15,065
Transfers Out	(12,671)	—	—	—	(12,671)	(100,846)
Net Transfers	2,891,936	—	864	14,660	2,907,460	(85,781)
Change in Net Position	753,212	(67,500)	332,595	(43,444)	974,863	15,289
Net Position, July 1 - Restated (Note 3)	1,661,713	689,872	2,203,261	217,952		404,967
Net Position, June 30	$ 2,414,925	$ 622,372	$ 2,535,856	$ 174,508		$ 420,256
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					(13,256)	
Change in Net Position of business-type activities					$ 961,607	

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

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:						
Cash Received from Customers	$ 56,961	$ —	$ —	$ 31,812	$ 88,773	$ 87,321
Cash Received from Other Funds (Internal Activity)	—	—	—	1,754	1,754	324,793
Cash Received from Grants and Required Contributions/ Premiums	2,000,946	2,436,867	624,352	—	5,062,165	23,688
Cash Received from Grants and Required Contributions/ Premiums (Internal Activity)	—	—	—	—	—	150,710
Cash Received from Tuition and Fees	3,599,463	—	—	—	3,599,463	—
Cash Paid to Vendors	(3,980,867)	(113,612)	—	(29,351)	(4,123,830)	(370,004)
Cash Paid to Employees	(4,322,895)	(5,062)	—	(11,271)	(4,339,228)	(55,015)
Cash Paid for Benefits	—	(2,500,454)	(302,314)	—	(2,802,768)	—
Cash Paid for Claims and Judgments	—	—	—	—	—	(160,763)
Cash Paid to Other Funds (Internal Activity)	—	—	—	(1,223)	(1,223)	—
Cash Paid for Scholarships, Fellowships and Loans	(486,232)	—	—	—	(486,232)	—
Other Operating Receipts	9,522	—	—	27,135	36,657	—
Other Operating Payments	(22)	—	—	—	(22)	(538)
Net Cash Provided by (Used in) Operating Activities	(3,123,124)	(182,261)	322,038	18,856	(2,964,491)	192
Cash Flows from Noncapital Financing Activities:						
Interest Paid on Debt	—	—	—	(8,788)	(8,788)	—
Transfers from Other Funds	2,806,965	—	—	8,060	2,815,025	9,411
Transfers to Other Funds	(12,671)	—	—	—	(12,671)	(3,201)
Payments on Noncapital Financing Debt	—	—	—	(21,970)	(21,970)	—
Other Noncapital Receipts	1,020,487	—	864	—	1,021,351	21,766
Other Noncapital Payments	(39,831)	—	—	—	(39,831)	(12,976)
Net Cash Provided by (Used in) Noncapital Financing Activities	3,774,950	—	864	(22,698)	3,753,116	15,000
Cash Flows from Capital and Related Financing Activities:						
Capital Contributions	—	—	—	—	—	43,359
Capital Grants and Gifts Received	78,097	—	—	—	78,097	—
Grant Disbursements	—	—	—	(96,315)	(96,315)	—
Proceeds from Sale of Capital Assets	18,560	—	—	—	18,560	2,224
Intergovernmental Grant	—	—	—	39,343	39,343	—
Proceeds from Capital Debt	—	—	—	2,459	2,459	—
Acquisition and Construction of Capital Assets	(451,268)	—	—	(28,737)	(480,005)	(48,264)
Principal Paid on Capital Debt	(134,196)	—	—	—	(134,196)	(9,090)
Interest Paid on Capital Debt	(140,799)	—	—	—	(140,799)	—
Net Cash Used in Capital and Related Financing Activities	(629,606)	—	—	(83,250)	(712,856)	(11,771)
Cash Flows from Investing Activities:						
Proceeds from Sales of Investments	1,320,874	49,648	—	289,087	1,659,609	53,459
Purchase of Investments	(1,322,409)	(193,488)	—	(305,795)	(1,821,692)	(42,082)
Interest and Dividends Received	64,566	20,801	52,863	22,152	160,382	5,534
Other Investing Activities	—	—	—	30,759	30,759	—
Net Cash Provided by (Used in) Investing Activities	63,031	(123,039)	52,863	36,203	29,058	16,911
Net Increase (Decrease) in Cash and Cash Equivalents	85,251	(305,300)	375,765	(50,889)	104,827	20,332
Cash and Cash Equivalents, July 1 - Restated (Note 3)	1,632,816	804,607	2,119,985	221,923	4,779,331	131,369
Cash and Cash Equivalents, June 30	$ 1,718,067	$ 499,307	$ 2,495,750	$ 171,034	$ 4,884,158	$ 151,701

(continued)

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities						
Operating Income (Loss)	$ (3,692,221)	$ (89,478)	$ 295,536	$ (28,433)	$ (3,514,596)	$ (27,887)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation/Amortization Expense	587,775	—	—	11,373	599,148	27,656
Other Reconciling Items	6,340	—	—	649	6,989	—
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:						
Accounts Receivable	(85,869)	(60,148)	15,643	266	(130,108)	(6,201)
Due from Other Funds	—	(4,706)	—	—	(4,706)	(63,283)
Due from Component Units	—	—	—	—	—	(3)
Notes Receivable	4,406	—	—	—	4,406	—
Net OPEB Asset	(174,003)	(293)	—	(402)	(174,698)	(210)
Other Assets	(15,094)	—	—	74	(15,020)	191
Deferred Outflows of Resources	(242,299)	(355)	—	170	(242,484)	(4,282)
Accounts Payable and Other Accruals	38,632	(159)	1,061	34,681	74,215	(5,956)
Due to Other Funds	—	(8,737)	—	—	(8,737)	(148)
Benefits Payable	—	(4,936)	386	—	(4,550)	—
Unearned Revenue	(4,163)	(13,127)	9,412	(7,300)	(15,178)	9
Claims and Judgments Payable	—	—	—	—	—	89,820
Compensated Absences Payable	1,536	8	—	(82)	1,462	58
Net OPEB Liability	208,176	(1,505)	—	(434)	206,237	(18,582)
Net Pension Liability	11,938	(4)	—	(1,851)	10,083	(1,364)
Other Liabilities	23,872	87	—	8,899	32,858	(418)
Deferred Inflows of Resources	207,850	1,092	—	1,246	210,188	10,792
Net Cash Provided by (Used in) Operating Activities	$ (3,123,124)	$ (182,261)	$ 322,038	$ 18,856	$ (2,964,491)	$ 192
Noncash Investing, Capital, and Financing Activities:						
Gifts other than Capital Assets Reducing Proceeds of Grants and Gifts for Other than Capital Assets	$ 15,124	$ —	$ —	$ —	$ 15,124	$ —
Donation of Capital Assets	515,001	—	—	—	515,001	—
Change in Receivable from Grantor Agency Affecting Proceeds of Capital Debt	651	—	—	—	651	—
Change in Accrued Interest Payable Affecting Interest Paid	212	—	—	—	212	—
Capital Assets Acquired by Incurring Capital Lease Obligations	77,234	—	—	—	77,234	—
Change in Fair Value of Investments	2,339	1,177	—	—	3,516	(479)
Special Item - Equipment-Capital Asset Transfer	52,678	—	—	37,942	90,620	—
Gain (Loss) of Debt Refunding	9,463	—	—	—	9,463	—
Claims and Judgments Reducing Other Noncap Fin Pmts & Proceeds frm Cap Debt	1,291	—	—	—	1,291	—
Loss on Disposal of Capital Assets Reducing Proceeds from Sale of Capital Assets	(24,547)	—	—	—	(24,547)	—
Other	25,444	—	—	9,947	35,391	—
Total Noncash Investing, Capital and Financing Activities	$ 674,890	$ 1,177	$ —	$ 47,889	$ 723,956	$ (479)

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019
(dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Agency	Total
Assets					
Cash and Cash Equivalents	$ 2,846,035	$ —	$ 11,307	$ 137,911	$ 2,995,253
Pooled Investments with State Treasury	1,729,573	9,292,165	274,729	70,493	11,366,960
Restricted Pooled Investments with State Treasury	626	—	—	—	626
Receivables					
Interest and Dividends	457,099	5,105	—	—	462,204
Due from Brokers for Securities Sold	26,706	—	—	—	26,706
Other	324,703	—	21,106	5,570	351,379
Due from Other Funds	478	—	—	—	478
Investments, at Fair Value					
Certificates of Deposit	—	—	—	1,394	1,394
Pooled Investments	16,268,876	—	—	158,907	16,427,783
Exchange Traded Funds	9,044	—	—	—	9,044
Mutual Funds	2,579,070	—	—	—	2,579,070
Municipal, U.S. and Foreign Government Obligations	17,911,665	—	—	24,758	17,936,423
Corporate Bonds/Notes/Debentures	5,251,328	—	—	—	5,251,328
Stocks	54,320,924	—	—	—	54,320,924
Asset-backed Securities	43,332	—	—	—	43,332
Mortgage Investments	104,022	—	—	—	104,022
Real Estate Investment Trusts	57,328	—	—	—	57,328
Capital Assets					
Land	8,883	—	—	—	8,883
Buildings	7,793	—	826	—	8,619
Software	29,325	—	—	—	29,325
Machinery and Equipment	6,804	—	94	—	6,898
Works of Art	114	—	—	—	114
Construction in Progress	550	—	—	—	550
Accumulated Depreciation	(37,369)	—	(698)	—	(38,067)
Net OPEB Asset	2,883	—	114	—	2,997
Other Assets	—	—	—	10,369	10,369
Total Assets	101,949,792	9,297,270	307,478	409,402	111,963,942
Deferred Outflows of Resources	12,167	—	421	—	12,588
Liabilities					
Accounts Payable and Other Accruals	46,378	14	37	2,474	48,903
Due to Other Funds	567	—	—	—	567
Due to Brokers for Securities Purchased	204,494	—	—	—	204,494
Salaries/Withholdings Payable	2	—	—	14	16
Benefits Payable	39,825	—	—	—	39,825
Funds Held for Others	—	—	—	406,712	406,712
Unearned Revenue	3	—	—	198	201
Compensated Absences Payable	71	—	68	—	139
Net Pension Liability	22,840	—	658	—	23,498
Net OPEB Liability	27,823	—	1,153	—	28,976
Other Liabilities	—	—	282	4	286
Total Liabilities	342,003	14	2,198	409,402	753,617
Deferred Inflows of Resources	12,131	—	626	—	12,757
Net Position					
Restricted for:					
Pension Benefits	98,017,176	—	—	—	98,017,176
Other Postemployment Benefits	3,590,649	—	—	—	3,590,649
Pool Participants	—	9,297,257	—	—	9,297,257
Other Purposes	—	—	305,075	—	305,075
Total Net Position	$ 101,607,825	$ 9,297,257	$ 305,075	$ —	$ 111,210,157

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Total
Additions:				
Contributions/Assessments				
Employer	$ 4,497,955	$ —	$ —	$ 4,497,955
NonEmployer	108,720	—	—	108,720
Plan Members/Participants	966,568	—	110,339	1,076,907
Other Contributions				
Insurance Premiums	3,328	—	—	3,328
Other Fees	497	—	—	497
Interest and Other Investment Income				
Dividends and Interest	2,167,392	210,694	5,523	2,383,609
Net Appreciation (Depreciation) in Investments Reported at Fair Value	4,248,097	53	—	4,248,150
Less: Investment Expense	(78,510)	(4,464)	—	(82,974)
Pool Participant Deposits	—	12,411,525	—	12,411,525
Other				
Transfers from Other Funds	2,727	—	—	2,727
Miscellaneous	1,045	—	—	1,045
Total Additions	11,917,819	12,617,808	115,862	24,651,489
Deductions:				
General and Administrative Expenses	41,181	—	1,248	42,429
Benefits	7,374,315	—	33,734	7,408,049
Pool Participant Withdrawals	5,753	10,678,886	—	10,684,639
Refunds	98,024	—	—	98,024
Total Deductions	7,519,273	10,678,886	34,982	18,233,141
Change in Net Position Restricted for:				
Pension and Other Employee Benefits	4,398,546	—	—	4,398,546
Pool Participants	—	1,938,922	—	1,938,922
Other Purposes	—	—	80,880	80,880
Net Position, July 1	97,209,279	7,358,335	224,195	104,791,809
Net Position, June 30	$ 101,607,825	$ 9,297,257	$ 305,075	$ 111,210,157

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

Statement of Net Position
Component Units
June 30, 2019
(dollars in thousands)

	Georgia Environmental Finance Authority	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 5,372	$ 10,939	$ 104,636	$ 32,229
Pooled Investments with State Treasury	1,066,798	15,240	74,948	—
Investments	4,925	—	83,683	—
Receivables				
Accounts (Net)	4,319	14,514	—	193,063
Capital Leases from Primary Government	—	—	—	—
Interest and Dividends	3,399	—	752	—
Notes and Loans (Net)	—	—	—	—
Taxes	—	3,070	—	—
Due from Primary Government	—	—	—	119
Due from Component Units	—	—	—	—
Intergovernmental Receivables	1,716	—	—	—
Inventory	—	377	—	—
Other Current Assets	—	115	84,695	1,095
Restricted for:				
Cash and Cash Equivalents	—	—	—	—
Pooled Investments with State Treasury	—	—	99,527	—
Investments	—	—	—	—
Other Receivables (Net)	—	75,826	—	—
Total Current Assets	1,086,529	120,081	448,241	226,506
Noncurrent Assets:				
Investments	—	—	159,832	—
Receivables				
Capital Leases from Primary Government	—	—	—	—
Notes and Loans (Net)	1,473,389	—	858,200	—
Other (Net)	—	—	—	—
Restricted Assets				
Cash and Cash Equivalents	—	17,198	25,867	17,902
Investments	—	—	68,477	190,224
Net OPEB Asset	343	1,295	—	—
Receivables				
Notes and Loans (Net)	—	—	1,016,822	—
Interest and Dividends	—	—	8,901	—
Other (Net)	—	—	—	—
Non-depreciable Capital Assets	—	73,557	800	—
Depreciable Capital Assets (Net)	217	1,496,993	2,114	11,477
Net Pension Asset	—	—	—	—
Other Noncurrent Assets	—	—	—	—
Total Noncurrent Assets	1,473,949	1,589,043	2,141,013	219,603
Total Assets	2,560,478	1,709,124	2,589,254	446,109
Deferred Outflows of Resources	1,458	6,674	—	50

Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
$ 78,804	$ 6,895	$ 493,851	$ 732,726
321,903	—	147,894	1,626,783
17,243	—	138,816	244,667
70,633	12,958	428,264	723,751
—	7,373	84,743	92,116
—	—	4,040	8,191
—	700	168,199	168,899
—	—	859	3,929
—	3,286	75,539	78,944
—	373	25,385	25,758
—	—	11,666	13,382
5,571	—	28,191	34,139
13,817	1,504	73,584	174,810
—	14,343	85,169	99,512
—	—	—	99,527
—	—	154,443	154,443
—	23,922	46,474	146,222
507,971	71,354	1,967,117	4,427,799
—	293,194	458,393	911,419
—	102,857	2,170,155	2,273,012
—	—	175,848	2,507,437
—	15,008	43,108	58,116
—	—	263,618	324,585
—	1,470,060	1,638,877	3,367,638
—	—	1,362	3,000
—	—	—	1,016,822
—	—	—	8,901
—	69,088	75,438	144,526
488,022	68,154	281,043	911,576
822,338	79,243	1,147,592	3,559,974
9,420	—	—	9,420
4,581	23,519	20,608	48,708
1,324,361	2,121,123	6,276,042	15,145,134
1,832,332	2,192,477	8,243,159	19,572,933
29,728	—	99,513	137,423

(continued)

Statement of Net Position
Component Units
June 30, 2019
(dollars in thousands)

	Georgia Environmental Finance Authority	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
Liabilities				
Current Liabilities:				
Accounts Payable and Other Accruals	3,682	90	7,382	150,187
Due to Primary Government	1,450	27,516	1,283	74,229
Due to Component Units	—	—	—	—
Funds Held for Others	—	—	—	—
Unearned Revenue	—	5,425	3,070	—
Notes and Loans Payable	—	—	—	—
Revenue/Mortgage Bonds Payable	2,025	—	38,385	—
Other Current Liabilities	101	9,785	313,740	5,191
Current Liabilities Payable from				
Restricted Assets:				
Other	—	13,181	—	17,589
Total Current Liabilities	7,258	55,997	363,860	247,196
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	—
Notes and Loans Payable	—	—	—	—
Revenue/Mortgage Bonds Payable	30,215	—	1,407,057	—
Grand Prizes Payable	—	—	—	173,363
Derivative Instrument Payable	—	—	—	—
Net OPEB Liability	2,264	21,255	—	—
Net Pension Liability	4,440	24,816	—	244
Other Noncurrent Liabilities	304	65,530	595,780	4,766
Total Noncurrent Liabilities	37,223	111,601	2,002,837	178,373
Total Liabilities	44,481	167,598	2,366,697	425,569
Deferred Inflows	1,793	8,244	—	7,176
Net Position				
Net Investment in Capital Assets	216	1,570,549	2,914	11,477
Restricted for:				
Bond Covenants/Debt Service	81,326	—	—	—
Capital Projects	—	—	—	—
Permanent Trust Expendable				
Other Purposes	—	17,353	—	—
Nonexpendable:				
Permanent Trust	—	—	—	—
Other Purposes	—	—	—	—
Loan and Grant Programs	1,844,780	—	—	—
Unrestricted	589,340	(47,946)	219,643	1,937
Total Net Position	$ 2,515,662	$ 1,539,956	$ 222,557	$ 13,414

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

Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
71,209	5,329	166,977	404,856
410	9,376	463,714	577,978
—	6,414	19,344	25,758
—	—	43,338	43,338
—	18,164	117,260	143,919
—	55,613	42,459	98,072
—	12,065	113,687	166,162
3,346	2,816	94,825	429,804
—	—	7,317	38,087
74,965	109,777	1,068,921	1,927,974
11,321	—	15,142	26,463
—	70,347	117,571	187,918
—	222,659	2,756,002	4,415,933
—	—	—	173,363
—	—	37,493	37,493
11,580	—	104,818	139,917
42,560	—	130,566	202,626
20,845	24,183	167,586	878,994
86,306	317,189	3,329,178	6,062,707
161,271	426,966	4,398,099	7,990,681
4,622	—	52,734	74,569
1,310,360	(12,793)	651,962	3,534,685
—	—	13,128	94,454
—	16,984	200,246	217,230
—	175,413	629,143	804,556
—	—	390,515	407,868
—	1,396,470	1,002,281	2,398,751
—	—	46,977	46,977
—	—	—	1,844,780
385,807	189,437	957,587	2,295,805
$ 1,696,167	$ 1,765,511	$ 3,891,839	$ 11,645,106

Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Georgia Environmental Finance Authority	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
Expenses	$ 47,011	$ 197,590	$ 187,208	$ 4,545,758
Program Revenues:				
Sales and Charges for Services	32,668	66,004	87,787	4,553,368
Operating Grants and Contributions	122,416	13,349	125,496	—
Capital Grants and Contributions	—	6,790	—	—
Total Program Revenues	155,084	86,143	213,283	4,553,368
Net (Expenses) Revenue	108,073	(111,447)	26,075	7,610
General Revenues:				
Taxes	—	21,905	—	—
Unrestricted Investment Income/(Loss)	—	—	—	—
Payments from the Primary Government	—	—	—	—
Contributions to Permanent Endowments	—	—	—	—
Total General Revenues	—	21,905	—	—
Change in Net Position	108,073	(89,542)	26,075	7,610
Net Position, July 1 - Restated (Note 3)	2,407,589	1,629,498	196,482	5,804
Net Position, June 30	$ 2,515,662	$ 1,539,956	$ 222,557	$ 13,414

Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
$ 304,938	$ 122,586	$ 3,199,983	$ 8,605,074
473,619	32,981	1,523,881	6,770,308
7,498	137,048	1,682,709	2,088,516
21,151	—	33,503	61,444
502,268	170,029	3,240,093	8,920,268
197,330	47,443	40,110	315,194
—	—	6,758	28,663
—	19,893	41,824	61,717
—	—	123,793	123,793
—	23,754	57,200	80,954
—	43,647	229,575	295,127
197,330	91,090	269,685	610,321
1,498,837	1,674,421	3,622,154	11,034,785
$ 1,696,167	$ 1,765,511	$ 3,891,839	$ 11,645,106

STATE OF GEORGIA

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Notes to the Financial Statements
Index

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

B. Financial Reporting Entity

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

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

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

<u>Blended Component Units</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Special Revenue Funds

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

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

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

Debt Service Fund

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

Enterprise Funds

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal Service Funds

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

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

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

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

Discretely Presented Component Units

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Economic Development Organizations

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

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Authority is governed by a board of directors composed of 7 members; 4 are appointed by the Governor and 3 are State Agency heads. (AUD)

The **Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes, and to construct, operate and maintain the Savannah International Trade and Convention Center. The Authority is governed by a board of directors composed of 12 members; 9 members of the board are appointed by the General Assembly. (AUD)

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

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

The **Georgia Military College (GMC)** is a body corporate and politic, and is an instrumentality and a public corporation of the State. GMC is dedicated to providing a high-quality military education to the youth of the State. The Board of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The **Georgia Regional Transportation Authority** is a body corporate and politic. Within its jurisdiction, the purpose of the Authority is to manage land transportation and air quality, review all Developments of Regional Impact (DRI), and approve the allocation of state and federal transportation resources in metro Atlanta via the Atlanta Transportation Improvement Program (TIP). The Authority also serves in an advisory capacity to the State Road and Tollway Authority related to the management and operations of the Xpress Commuter Bus Service. The Governor appoints all 15 Board Members of the Authority.

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

The **REACH Georgia Foundation** is a nonprofit organization that was formed to ensure that Georgia's academically promising students have the academic, social and financial support needed to graduate from high school, access college and achieve postsecondary success. The REACH Georgia Program is the State of Georgia's first needs-based mentorship and college scholarship program and the Foundation's mission is to raise and invest funds. (AUD)

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

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

Tourism / State Attractions

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

> The **Georgia Agricultural Exposition Authority** is a body corporate and politic. The Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. (NSR)
>
> The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. The Authority includes its component unit, Jekyll Island Foundation, Inc. (NSR)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Georgia Advanced Technology Ventures, Inc. and Subsidiaries
AU Health System, Inc.
Augusta University Foundation, Inc. and Subsidiaries
Augusta University Research Institute, Inc.
Georgia College & State University Foundation, Inc. and Subsidiaries
Georgia Gwinnett College Foundation, Inc.
Georgia Health Sciences Foundation, Inc.
Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State University Athletic Association, Inc.
Georgia State University Foundation, Inc.
Georgia State University Research Foundation, Inc.
Georgia Tech Athletic Association
Georgia Tech Facilities, Inc.
Georgia Tech Research Corporation
Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
University of Georgia Athletic Association, Inc.
University of Georgia Foundation
University of Georgia Research Foundation, Inc. and Subsidiaries
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
UWG Real Estate Foundation, Inc.
University System of Georgia Foundation, Inc. and Affiliates
VSU Auxiliary Services Real Estate Foundation, Inc.

Fiduciary Component Units

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

governmental and proprietary funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year-end. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after year-end. All unearned revenue reported represents transactions for which assets have been received, but for which not all earning criteria have been met. Capital purchases are recorded as expenditures and neither capital assets nor long-term liabilities, such as long-term debt, are reflected on the balance sheet.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The State reports the following major funds:

Major Governmental Funds

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

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

Major Enterprise Funds

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

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

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

Additionally, the State reports the following fund types:

Governmental Funds

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

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

Proprietary Funds

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

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

Internal Service Funds – Account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

basis. The predominant participant in internal service fund activity is the primary government. The activities accounted for in the State's internal service funds include risk management, prison industries, property management, technology, and personnel administration.

Fiduciary Funds

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

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

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

Agency Funds – Account for the assets and liabilities for deposits and investments entrusted to the State as an agent for other governmental units, other organizations, or individuals. These funds include tax collections, child support recoveries, and correctional detainees' accounts.

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

Cash and Cash Equivalents

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

Investments

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

Pooled Investments with State Treasury

The Office of the State Treasurer (OST) manages the Local Government Investment Pool (LGIP) Trust. The LGIP Trust consists of 3 pools: Georgia Fund 1 ("GF1"), Georgia Fund 1 Plus ("GF1 Plus"), and Georgia Extended Asset Pool Plus ("GEAP Plus") and the LGIP Trust Reserve. For cash flow purposes, amounts reported in the Pooled Investments with State Treasury are considered cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

External Investment Pools

The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short-term time deposit agreements, provided that the interest income of those funds is remitted to the State Treasurer as revenues of the State. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating expenses are required to be deposited with the State Treasurer for the purpose of pooled investment per Official Code of Georgia (OCGA) 50-17-63. Such cash is managed primarily in pooled investment funds to maximize interest earnings. The pooled investment funds "Georgia Fund 1, and "Georgia Fund 1 Plus" are also available on a voluntary basis to organizations outside of the State reporting entity. The funds in the local government investment pool may be consolidated with State funds under control of the State Treasurer for investment purposes, per OCGA 36-83-8.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Investments

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

Receivables

Receivables in the State's governmental funds pertain primarily to the accrual of taxes, as well as to federal grants and to revenues related to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded, net of an allowance for uncollectible accounts, when either the asset or revenue recognition criteria (See Note 1-D) have been met. Receivables from the federal government are reasonably assured; an allowance for uncollectible accounts is not typically established for federal receivables. In the governmental fund financial statements, the portion considered "available" is recorded as revenue; the remainder is recorded as a deferred inflow of resources-unavailable.

Inventories and Prepaid Items

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

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

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

Restricted Assets

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

Capital Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

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

Compensated Absences

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

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

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

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

Long-term Obligations

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The *Tax Reform Act of 1986* requires governmental organizations issuing tax-exempt bonds to refund to the U.S. Treasury, interest earnings on bond proceeds in excess of the yield on those bonds. Governmental organizations must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Organizations are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Arbitrage liability is treated as an expense in the government-wide statements when the liability is recognized. In the fund financial statements, governmental funds report arbitrage (other debt service) expenditures when the liability is due.

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

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

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

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

Deferred Inflows of Resources

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

Net Position

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Fund Balances

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity and Balances

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

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

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

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

NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

A. Implementation of New Accounting Standards

In fiscal year 2019, the State implemented the following GASB Statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations,* establishes uniform guidance for accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Adoption of this Statement did not have a significant impact on the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Adoption of this Statement did not have a significant impact on the financial statements.

B. Change in Accounting Principles

Primary Government

Management has decided to report the State Road and Tollway Authority's financial position and activities on a one-year lag. This change resulted in a decrease to net position of $14.5 million.

Component Units

During the fiscal year, it was determined that the Georgia Tech Facilities, Inc., part of the Higher Education Foundations discretely presented component unit, decreased net position by $5.9 million due to changes related to revenue recognition, bond issuance cost accounting policy, and investment in sales-type lease policy.

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

C. Correction of Prior Year Errors

Primary Government

Unamortized premiums and deferred outflows were not appropriately adjusted for instances in which original bond offerings were partially refunded. This error resulted in a decrease of $70.0 million to deferred outflows of resources and an increase of $68.4 million to unamortized premiums for a net prior period adjustment of $1.5 million.

An adjustment was made to Higher Education Fund, an Enterprise fund, for correction of prior year errors relating to capital assets, lease purchase obligations, accounts receivable and deferred outflows of resources. These adjustments resulted in an increase to beginning net position by $1.0 million.

Component Units

During prior years, the Georgia International and Maritime Trade Center Authority operated under a policy of recording expense relating to its agreement to reimburse the Georgia World Congress Center Authority (GWCCA) for employees' rights to receive compensation for future absences based upon services already rendered. This obligation related to vesting of annual leave, compensated leave and banked holiday leave. It was determined that such earned, but unpaid compensated absences should remain the obligation of the GWCCA. As a result, the Authority recorded an entry adjusting beginning net position totaling an increase of $0.1 million.

During the fiscal year, VSU Auxiliary Services Real Estate Foundation, part of the Higher Education Foundations discretely presented component unit, restated net position due to prior year errors in receivables. An adjustment was made in fiscal year 2019 to increase beginning net position by $2.0 million.

NOTE 3 - FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

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

	6/30/2018 As Previously Reported	Change in Accounting Principles	Correction of Prior Year Errors	6/30/2018 (Restated)
Governmental Funds and Activities				
Major Funds:				
General Fund	$ 8,109,811	$ —	$ —	$ 8,109,811
General Obligation Bond Projects Fund	1,141,832	—	—	1,141,832
Nonmajor Funds:				
Special Revenue Funds	371,762	(28,551)	—	343,211
Debt Service Fund	64,016	(63,746)	—	270
Total Governmental Funds	9,687,421	(92,297)	—	9,595,124
Government-wide Adjustments				
Capital Assets, net of depreciation	22,637,242	9,235		22,646,477
Other Noncurrent Assets and Liabilities	(644,126)	144,215		(499,911)
Deferred Inflows/Outflows of Resources	1,241,674	(3,871)	(69,962)	1,167,841
Long-Term Liabilities Related to Debt	(10,686,267)	(131,707)	68,422	(10,749,552)
OPEB Assets/Liabilities	(2,842,826)	(213)	—	(2,843,039)
Pension Assets/Liabilities	(3,126,971)	692	—	(3,126,279)
Inclusion of Internal Service Funds in Governmental Activities	562,016	—	—	562,016
Total Governmental Funds and Activities	**$ 16,828,163**	**$ (73,946)**	**$ (1,540)**	**$ 16,752,677**
Proprietary Funds and Business-type Activities				
Major Funds:				
Higher Education Fund	$ 1,660,674	$ —	$ 1,039	$ 1,661,713
State Health Benefit Plan	689,872	—	—	689,872
Unemployment Compensation Fund	2,203,261	—	—	2,203,261
Nonmajor Funds:				
Enterprise Funds	158,464	59,488	—	217,952
Internal Service Funds	404,967	—	—	404,967
Internal Service Funds Look-Back Adjustments				
Removal of Internal Service Funds Relating to Governmental Activities	(562,016)	—	—	(562,016)
Total Proprietary Funds and Business-type Activities	**$ 4,555,222**	**$ 59,488**	**$ 1,039**	**$ 4,615,749**
Fiduciary Funds				
Pension and Other Employee Benefit Trust Funds	$ 97,209,279	$ —	$ —	$ 97,209,279
Investment Trust Funds	7,358,335	—	—	7,358,335
Private Purpose Trust Funds	224,195	—	—	224,195
Total Fiduciary Funds	**$ 104,791,809**	**$ —**	**$ —**	**$ 104,791,809**
Discretely Presented Component Units	**$ 11,038,477**	**$ (5,858)**	**$ 2,166**	**$ 11,034,785**
Total Reporting Entity	**$ 137,213,671**	**$ (20,316)**	**$ 1,665**	**$ 137,195,020**

NOTE 4 - FUND BALANCE AND NET POSITION

A. Fund Balances

The specific purposes of the governmental funds fund balances, classified as other than unassigned, at June 30, 2019 are as follows (amount in thousands):

	General Fund	General Obligation Bond Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable Fund Balance				
Inventories and Prepaid Amounts	**$ 20,780**	**$ —**	**$ 16,770**	**$ 37,550**
Restricted Fund Balance				
Capital Projects	$ —	$ 1,384,813	$ —	$ 1,384,813
Guaranteed Revenue Debt				
Common Reserve Fund	53,776	—	—	53,776
Emission Regulation	5,102	—	—	5,102
Healthcare Facility Regulation	17,321	—	—	17,321
Health Care Access and Improvement	23,095	—	—	23,095
Indigent Care Trust Fund	8,643	—	—	8,643
Jasper Ocean Terminal Project	7,551	—	—	7,551
Lottery For Education	1,354,631	—	—	1,354,631
Roads and Bridges (Motor Fuel Tax Funds)	3,414,944	—	94,017	3,508,961
Unclaimed Property	39,977	—	—	39,977
Underground Storage Tank Trust Fund	75,297	—	—	75,297
Unissued Debt/Debt Service	157,201	—	64,016	221,217
Help America Vote Act	13,177	—	—	13,177
Victims of Violent Crime Emergency Fund	21,234	—	—	21,234
Health and Welfare				
Behavioral Health	2,461	—	—	2,461
Community Health	13,115	—	—	13,115
Human Services	853	—	—	853
Public Health	13,646	—	—	13,646
Transportation	116,914	—	303,772	420,686
Public Safety	7,531	—	—	7,531
Economic Development and Assistance	3,640	—	—	3,640
Culture and Recreation	59,684	—	—	59,684
Other	28,815	69,960	—	98,775
Total Restricted Fund Balance	**$ 5,438,608**	**$ 1,454,773**	**$ 461,805**	**$ 7,355,186**
Committed Fund Balance				
Administrative Services Fleet Management	$ 7,898	$ —	$ —	$ 7,898
Billeting Funding	1,173	—	—	1,173
Other	314	—	—	314
Total Committed Fund Balance	**$ 9,385**	**$ —**	**$ —**	**$ 9,385**

(continued)

NOTE 4 - NET POSITION AND FUND BALANCES (continued)

	General Fund	General Obligation Bond Projects Fund	Nonmajor Governmental Funds	Total
Assigned Fund Balance				
General Government	$ 198,625	$ 28,539	$ 2,896	$ 230,060
Education	26,258	—	—	26,258
Health and Welfare	151,852	—	—	151,852
Transportation	36,130	—	—	36,130
Public Safety	81,598	—	—	81,598
Economic Development and Assistance	10,710	—	—	10,710
Culture and Recreation	10,638	—	—	10,638
Conservation	6,462	—	41,361	47,823
Total Assigned Fund Balance	**$ 522,273**	**$ 28,539**	**$ 44,257**	**$ 595,069**

B. Restricted Net Position

The State's net position restricted by enabling legislation represents resources which a party external to a government, such as citizens, public interest groups, or the judiciary, can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports $9.6 billion of restricted net position.

C. Deficit Net Position

The governmental activities of the State ended the year with an unrestricted net position deficit of $7.7 billion. The deficit is a result of pension and Other Postemployment Benefit (OPEB) liabilities and the continued practice of incurring debt for the purposes of capital acquisition and construction on behalf of county and independent school systems, business-type activities and State schools. As of June 30, 2019, outstanding general obligation bonds applicable to these projects was $5.7 billion. Since the occurrence of this debt does not result in capital asset acquisitions for governmental activities, the debt is not reflected in the net position category, Net Investment in Capital Assets, but rather in the unrestricted net position category. The unrestricted deficit balance of the primary government however has been adjusted for the governmental activities outstanding debt balances related to capital assets reported in business-type activities in the amount of $3.2 billion. GASB 68, as related to pensions required the State to recognize its proportional share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2019, the liability resulted in a $3.0 billion impact to unrestricted net position. GASB 75, as related to OPEB required the State to recognize its proportional share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2019, the liability resulted in a $2.5 billion impact to unrestricted net position.

The business-type activities of the State ended the year with an unrestricted net position deficit of $6.2 billion, which is primarily due to the recognition of net pension and OPEB liabilities. The higher education fund has deficit balances due to pension and OPEB. GASB 68, as related to pensions, required the State to recognize its proportional share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2019, the liability resulted in a $2.6 billion impact to unrestricted net position. GASB 75, as related to OPEB, required the State to recognize its proportional share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2019, the liability resulted in a $4.8 billion impact to unrestricted net position. The State Road and Tollway Authority's deficit of $263.7 million in unrestricted net position of business-type activities is primarily a result of $256.7 million in outstanding balances for the TIFIA and Design Building finance loans related to the I-75 Northwest Corridor project and $34.1 million in outstanding balances for the transportation revenue bonds related to the I-75S express Lanes project.

NOTE 5 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents and investments as of June 30, 2019 are classified in the accompanying financial statements as follows (amount in thousands):

	Primary Government and Fiduciary Funds	Component Units	Total
Primary Government			
Cash and Cash Equivalents	$ 5,504,028	$ 732,726	$ 6,236,754
Pooled Investments with State Treasury	5,504,354	1,626,783	7,131,137
Investments	3,761,707	1,156,086	4,917,793
Restricted Assets			
Cash and Cash Equivalents	2,769,053	424,097	3,193,150
Pooled Investments with State Treasury	359,843	99,527	459,370
Investments	250,495	3,522,081	3,772,576
Fiduciary Funds			
Cash and Cash Equivalents	2,995,253	—	2,995,253
Pooled Investments with State Treasury	11,366,960	—	11,366,960
Investments	96,730,648	—	96,730,648
Restricted Assets			
Pooled Investments with State Treasury	626	—	626
Total Cash and Investments	**$ 129,242,967**	**$ 7,561,300**	**$ 136,804,267**

Cash on hand, deposits and investments as of June 30, 2019 consist of the following (amount in thousands):

	Primary Government and Fiduciary Funds	Component Units	Total
Cash on Hand	$ 1,909	$ 55	$ 1,964
Deposits with Financial Institutions (Note 5A)	4,211,654	958,028	5,169,682
Investments (Note 5B)	105,430,759	4,748,018	110,178,777
Pooled Investments with State Treasury (Note 5D)	17,231,784	1,726,310	18,958,094
Unemployment Compensation Funds with U.S. Treasury	2,495,750	—	2,495,750
Assets Held at the Board of Regents on Behalf of Other Organizations	(128,889)	128,889	—
Total Cash and Investments	**$ 129,242,967**	**$ 7,561,300**	**$ 136,804,267**

A. Deposits

Deposits include certificates of deposit and demand deposit accounts. The State Depository Board (Board) has authority to determine collateral requirements for State demand deposit accounts. Beginning in October 2008, in response to the U.S. financial crisis, the Board required all uninsured State deposits to be fully collateralized until September 2012. Its investment policy was amended to permit the Office of the State Treasurer (OST) to diversify its portfolio to include

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

investments in deposit agreements that are with highly rated U.S. banks classified to be low or very low risk, as measured by the OST counterparty risk assessment model.

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

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

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

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

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

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

5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the U.S. Government, which are fully guaranteed, both as to principal and interest and debt obligations issued, or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

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

Beginning in 2018, the Board implemented the Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The State Treasurer sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The State Treasurer approves authorized custodians.

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

At June 30, 2019, bank balances of the primary government and its component units' deposits not included in the SDP totaled $3.5 billion. It includes balances reported in fiduciary funds other than Pension and Other Employee Benefit Trust Funds as these balances are not separable from the holdings of the primary government. Of these bank balances, $308.7 million were exposed to custodial credit risk as follows (amount in thousands):

	Primary Government and Fiduciary Funds	Component Units	Total
Uninsured and uncollateralized	$ 28,847	$ 134,952	$ 163,799
Uninsured and collateralized with securities held by the pledging financial institutions	1,412	549	1,961
Uninsured and collateralized with securities held by the pledging institutions' trust departments or agents, but not in the State's name	59,407	83,543	142,950
Total deposits exposed to custodial credit risk	**$ 89,666**	**$ 219,044**	**$ 308,710**

The carrying amounts of deposits of certain higher education foundations which utilize FASB standards were $414.9 million. These deposits are not included in the balances reflected above.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

B. Investments

Investment Policies

Primary Government

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

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

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

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

OST Investment Policy

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

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

to the State Depository Board. All reverse repurchase agreements shall be approved in advance by the Treasurer.

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

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

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

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

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

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

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

Investment Policy for Approved Agency Accounts

The OST Investment Policy does not authorize organizations other than OST to invest funds. OCGA 50-17-63(a) requires all demand funds held by any State organization to be deposited in accounts at State depositories approved by the Board. In the alternative, with prior approval of the Board, a state entity may be permitted to invest in time deposits, other permitted investments and any interest income from the invested funds must be remitted to the Treasurer as revenues of the State unless specific statutes provide otherwise. Therefore, the Board adopted the Investment Policy for Approved State Agency Investment Accounts to govern investment activity in accounts approved by the Board other than investments managed or overseen by OST or “excluded entities”. These “excluded entities” include, but are not limited to, the Georgia Higher Education Savings Plan, USG, the Employees’ Retirement System (ERS), Teachers Retirement System (TRS), and the Georgia Lottery Corporation. Only organizations that are approved by the Board to establish and maintain investment accounts may rely on the Investment Policy for Approved Agency Accounts to invest funds. As of June 30, 2019, no State organizations had received Board approval to establish investment accounts governed by the Investment Policy for Approved Agencies.

Board of Regents Investment Policies

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The USG maintains investment policy guidelines for each pooled investment fund that is offered to qualified University System participants. These policies are intended to foster sound and prudent responsibility each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable Federal and state laws.

Units of the University System of Georgia and their affiliated organizations may participate in the Pooled Investment Fund program. The overall character of the pooled fund portfolio should be one of above average quality, possessing at most an average degree of investment risk. The Board of Regents' pooled investment fund options are described below:

1. Short-Term Fund - The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under OCGA § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between daily and three years, and the fund will typically have an overall average duration of 9 months to 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Short Term Fund at June 30, 2019 was $608.8 million.

2. Legal Fund - The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under OCGA § 50-17-59 and 50-17-63. The average maturities of investments in this fund will typically range between three and five years, with a maximum of 30 years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the Legal Fund at June 30, 2019 was $11.8 million.

3. Balanced Income Fund - The Balanced Income Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents. The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Balanced Income Fund at June 30, 2019 was $152.3 million.

4. Total Return Fund - The Total Return Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers greater overall equity exposure and is appropriate for investing longer term funds such as endowments. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents. The equity allocation shall range between 60% and 80%, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Total Return Fund at June 30, 2019 was $14.7 million.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

5. Diversified Fund - The Diversified Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to provide improved return characteristics with reduced volatility through greater diversification. This pool is appropriate for investing longer term funds such as endowments. Permitted investments in the fund may include domestic, international and emerging market equities, domestic fixed income and global fixed income. The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Diversified Fund at June 30, 2019 was $208.7 million.

6. Diversified Fund for Foundations - The Diversified Fund for Foundations is available only to University System of Georgia affiliated organizations. Like the Diversified Fund, the fund is designed to provide improved return characteristics with reduced volatility through greater diversification and is appropriate for investing longer term funds such as endowments. Investments in the fund may include domestic, international and emerging market equities, domestic and global investment grade and non-investment grade fixed income and liquid alternative investments. The equity allocation shall range between 40% and 75% of the portfolio, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 10% and 40% of the portfolio, with a target of 20% of the total portfolio. The alternatives portion of the portfolio shall range between 0% and 30% of the portfolio, with a target of 15% of the total portfolio. Cash reserves and invested income are invested at all times in the highest quality par stable (A1, P1) institutional money market funds, or other high quality short term instruments. The market value of the Diversified Fund for Foundations at June 30, 2019 was $68.0 million.

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

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

1) U.S. or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.

2) Repurchase and reverse repurchase agreements for direct obligations of the U.S. Government and for obligations unconditionally guaranteed by agencies.

3) FDIC insured cash assets or deposits.

4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the U.S. Government.

5) Taxable bonds, notes, warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.

6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the U.S. Government.

7) Investment grade collateralized mortgage obligations.

8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.

10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.

11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the U.S., and the right to receive determinate portions or related income.

12) Loans that are secured by pledge or securities eligible for investment.

13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.

14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.

15) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business with restrictions.

16) Real property and equipment acquired under various circumstances.

17) Shares of mutual funds registered with Securities and Exchange Commission.

18) Commingled funds and collective investment funds maintained by state chartered banks or trust companies.

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

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

Other Postemployment Benefits (OPEB)

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

Component units follow applicable investing criteria as specifically authorized by statute or by the component unit's governing authority. Certain higher education foundations utilize FASB standards. Balances for those component units as of June 30, 2019, are as follows (amount in thousands):

	Fair Value
Bond Securities	$ 192,424
Certificates of Deposit	1,000
Corporate Bonds	24,180
Equity Securities- Domestic	758,039
Equity Securities- International	402,338
Equity Mutual Funds - Domestic	98,151
Equity Mutual Funds - International	313,592
Government and Agency Securities	4,224
Investment Pools	57,034
Money Market Accounts	161,584
Mutual Bond Funds	81,013
Real Estate Investment Trusts	79,697
Real Estate Held for Investment Purposes	81,371
Repurchase Agreements	654
U.S. Treasuries	150,797
Other	1,479,801
Total Investments	**$ 3,885,899**

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

Primary Government

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

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

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

(Table on next page)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

		Maturity Period				
	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities						
Domestic	$ 4,689	$ 2,203	$ 1,750	$ 736	$ —	$ —
Bank Deposits Held for Investment Purposes	1,475,948	1,475,948	—	—	—	—
Bond Securities	19	—	—	—	—	19
Corporate Debt						
Domestic	211,178	10,338	62,539	137,763	538	—
Money Market Mutual Funds	69,008	68,405	—	603	—	—
Mortgage-Backed Securities						
Commercial	5,812	3,993	166	1,653	—	—
Municipal Bonds	997	6	101	332	338	220
Mutual Funds - Debt*	93,778	129	—	18,988	29,924	44,737
Repurchase Agreements	3,297,250	2,529,250	768,000	—	—	—
Sovereign Credit	25,007	—	9,999	15,008	—	—
Supranational Obligations	381,000	109,973	42,841	228,186	—	—
U.S. Agency Obligations	1,893,933	385,400	284,402	1,129,129	33,607	61,395
U.S. Treasury Obligations	571,365	77,619	153,216	337,622	2,908	—
Total Debt Securities	**8,029,984**	**$ 4,663,264**	**$ 1,323,014**	**$ 1,870,020**	**$ 67,315**	**$ 106,371**
Equity Mutual Funds						
Domestic	138,422					
International	2,650					
Equity Securities						
Domestic	156,957					
International	357					
Real Estate Held for Investments	6,345					
Real Estate Investment Trust	1,006					
Other	130					
Total Investments	**$ 8,335,851**					

*Maturity Period is weighted average maturity.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

	Total Fair Value	Effective Duration (Years)
Corporate and Other Bonds	$ 5,751,008	3.8
International Obligations:		
Corporate	500,705	0.8
U.S. Treasury Obligations	21,416,644	5.6
Total Debt Securities	27,668,357	
Common Stock		
Domestic	48,612,790	
International	15,957,938	
Mutual Funds - Equity	8,114	
Private Equity	335,306	
Commingled Funds	1,761,203	
Total Investments	**$ 94,343,708**	

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

		Maturity Period				
	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-backed Securities						
Domestic	$ 51,572	$ —	$ 1	$ 23,768	$ 9,696	$ 18,107
International	3,214	—	—	509	2,208	497
Corporate Debt						
Domestic	180,265	637	11,992	75,492	58,723	33,421
International	11,211	—	455	7,626	2,420	710
Exchange Traded Funds	6,191	6,191	—	—	—	—
Guaranteed Investment Contracts	1,384	—	—	—	—	1,384
International Government Obligations	257	—	—	28	—	229
Money Market Mutual Funds	84,864	83,754	—	—	—	1,110
Mortgage-backed Securities	119,624	—	—	586	2,534	116,504
Municipal Bonds	957	—	—	174	—	783
Mutual Funds - Debt*	134,531	26,967	—	16,326	36,463	54,775
U.S. Agency Obligations	72,927	—	836	2,097	1,239	68,755
U.S. Treasury Obligations	76,407	1,688	1,195	30,135	28,664	14,725
Total Debt Securities	**743,404**	**$ 119,237**	**$ 14,479**	**$ 156,741**	**$ 141,947**	**$ 311,000**
Commingled Funds	122,374					
Equity Mutual Funds						
Domestic	522,840					
International	13,848					
Equity Securities						
Domestic	1,164,729					
International	82,585					
Exchange Traded Funds - Equity	2,853					
Private Equity	44,606					
Real Estate Investment Trust	53,075					
Other	882					
Total Investments	**$ 2,751,196**					

*Maturity period is weighted average maturity.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

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

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

		Maturity Period				
	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities						
Domestic	$ 27	$ —	$ —	$ —	$ 8	$ 19
Certificate of Deposits	5,682	489	733	4,460	—	—
Corporate Debt						
Domestic	134,534	10,175	10,672	83,007	13,056	17,624
Insurance Contracts	17,243	—	—	—	—	17,243
International Government						
Obligations	6,177	1,069	725	3,627	756	—
Investment Agreements	14,638	—	—	5,468	2,354	6,816
Money Market Mutual Funds	79,091	77,340	1,751	—	—	—
Mortgage-Backed Securities	92,381	—	—	2,158	1,371	88,852
Municipal Bonds	3,372	30	325	2,752	57	208
Mutual Funds - Debt*	21,501	—	—	14,074	7,427	—
Non-purpose investments	37,526	—	37,526	—	—	—
Repurchase Agreements	58,377	52,612	—	—	—	5,765
Strategic Income Opportunities Funds	24,851	—	—	24,851	—	—
U.S. Agency Obligations	93,966	18,248	13,773	41,324	15,647	4,974
U.S. Treasury Obligations	232,407	1,384	6,566	32,851	190,892	714
Total Debt Securities	**821,773**	**$ 161,347**	**$ 72,071**	**$ 214,572**	**$ 231,568**	**$ 142,215**
Equity Mutual Funds						
Domestic	32,554					
International	14,645					
Equity Securities						
Domestic	25,841					
International	10,180					
Exchange Traded Funds	10,124					
USG Investment Pool - Not LGIP	71,855					
Other Investments	4,036					
Total Investments	**$ 991,008**					

* Maturity Period is weighted average maturity.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

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

Primary Government

OST utilizes a counterparty risk assessment model to assess credit risk of financial institutions that have been approved to serve as counterparties and major depositories. OST has assigned credit limits to each financial institution based upon its counterparty risk assessment model which incorporates market indicators, default probabilities, issuer research and issuer ratings to determine maximum credit exposure per institution, term of investment for respective counterparties and collateralization requirements in accordance with the OST Investment Policy.

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

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

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

3) In the Diversified Fund for Foundations, fixed income investments include investment grade and high yield domestic bonds, dollar-and non-dollar denominated global bonds, and emerging market bonds. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

	Total Fair Value	AAA	AA	A	BBB	BB	Short Term A-1	Not Rated
Asset-Backed Securities								
Domestic	$ 4,689	$ 4,689	$ —	$ —	$ —	$ —	$ —	$ —
Bond Securities	19	—	—	—	19	—	—	—
Corporate Debt								
Domestic	211,178	1,746	2,918	203,306	3,197	—	—	11
Money Market Mutual Funds	69,008	3,722	—	—	—	—	—	65,286
Mortgage-Backed Securities								
Commercial	5,812	5,812	—	—	—	—	—	—
Municipal Bonds	997	322	389	276	10	—	—	—
Mutual Funds - Debt	93,778	381	47	46	—	25	—	93,279
Repurchase Agreements	1,822,753	62,412	141,641	655,864	949,017	—	13,819	—
Sovereign Credit	25,007	—	—	25,007	—	—	—	—
Supranational Obligations	381,000	381,000	—	—	—	—	—	—
U.S. Agency Obligations	1,657,492	383,656	1,273,836	—	—	—	—	—
Total Credit Risk-Investments	**4,271,733**	**$ 843,740**	**$ 1,418,831**	**$ 884,499**	**$ 952,243**	**$ 25**	**$ 13,819**	**$ 158,576**
Bank Deposit Held for								
Investment Purposes	1,475,948							
U.S. Agency Obligations								
Explicitly Guaranteed	236,441							
U.S. Treasury Obligations	571,365							
Repurchase Agreements Backed by:								
U.S. Treasury Obligations	204							
U.S. Agency Obligations								
Explicitly Guaranteed	1,474,293							
Total Debt Securities	**$ 8,029,984**							

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

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

	Total Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
Asset-backed Securities												
Domestic	$ 51,572	$ 32,862	$ 2,752	$ 2,796	$ 4,238	$ —	$ —	$ 500	$273	$150	$373	$ 7,628
International	3,214	3,214	—	—	—	—	—	—	—	—	—	—
Corporate Debt												
Domestic	5,931,273	855,580	809,297	2,892,065	1,364,064	5,575	—	—	—	—	—	4,692
International	511,916	445	1,083	505,442	4,369	238	—	—	—	—	—	339
Exchange Traded Funds	6,191	—	—	—	—	—	—	—	—	—	—	6,191
Guaranteed Investment Contracts	1,384	—	—	—	—	—	—	—	—	—	—	1,384
International Government Obligations	257	—	229	—	28	—	—	—	—	—	—	—
Money Market Mutual Funds	84,864	2,783	—	387	—	—	—	—	—	—	—	81,694
Mortgage-backed Securities	119,624	43,997	18,606	13,390	6,968	777	1,031	1,343	212	80	—	33,220
Municipal Bonds	957	—	957	—	—	—	—	—	—	—	—	—
Mutual Funds - Debt	134,531	—	—	—	—	—	—	—	—	—	—	134,531
U.S. Agency Obligations	66,397	—	2,441	—	252	—	—	—	—	—	—	63,704
Total Credit Risk - Investments	**6,912,180**	**$938,881**	**$835,365**	**$3,414,080**	**$1,379,919**	**$6,590**	**$1,031**	**$1,843**	**$485**	**$230**	**$373**	**$333,383**
U.S. Agency Obligations												
Explicitly Guaranteed	6,530											
U.S. Treasury Obligations	21,493,051											
	$28,411,761											

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

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

	Total Fair Value	AAA	AA	A	BBB	BB	CCC	A-1	Not Rated
Asset-Backed Securities									
Domestic	$ 26	$ —	$ 26	$ —	$ —	$ —	$ —	$ —	$ —
Certificate of Deposits	5,683	5,683	—	—	—	—	—	—	—
Corporate Debt									
Domestic	134,534	44,283	21,794	35,303	26,207	20	750	—	6,177
Insurance Contracts	17,243	—	—	—	—	—	—	—	17,243
International Government									
Obligations	6,177	300	619	2,336	2,842	80	—	—	—
Investment Agreements	14,637	8,076	—	6,561	—	—	—	—	—
Money Market Mutual Funds	79,091	71,660	—	—	—	—	—	2,831	4,600
Mortgage-Backed Securities	92,381	6,749	84,850	678	—	—	—	—	104
Municipal Bonds	3,373	45	2,008	1,320	—	—	—	—	—
Mutual Funds - Debt	21,502	—	736	3,610	3,817	—	—	—	13,339
Non-purpose investments	37,526	—	—	—	—	—	—	—	37,526
Strategic Income									
Opportunities Funds	24,851	—	—	—	—	—	—	—	24,851
Repurchase Agreements	58,377	5,765	—	—	—	—	—	—	52,612
U.S. Agency Obligations	93,298	45,113	48,185	—	—	—	—	—	—
Total Credit Risk - Investments	**588,699**	**$ 187,674**	**$ 158,218**	**$ 49,808**	**$ 32,866**	**$ 100**	**$ 750**	**$ 2,831**	**$ 156,452**
U.S. Treasury Obligations	232,408								
U.S. Agency Obligations									
Explicitly Guaranteed	668								
Total Debt Securities	**$ 821,775**								

Custodial Credit Risk - Investments

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

Primary Government

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

1) OST has appointed a federally regulated banking institution, State Street, as its custodian. State Street performs its duties to the standards of a professional custodian.

2) All securities transactions are settled on a delivery versus payment basis through an approved depository institution such as the Federal Reserve or the Depository Trust Company.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

3) Repurchase agreements are collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government or other securities authorized by the Treasurer in subsection (b) of Code Section 50-17-63 in accordance with the State Depository Board policy.

4) OST has retained an independent firm to serve as its liquidation agent in the event of a counterparty default.

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

1) The University System has appointed a federally regulated banking institution as custodian. The custodian performs its duties to the standards of a professional custodian and is liable to the University System of Georgia for claims, losses, liabilities and expenses arising from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.

2) All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.

3) Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

The custodial credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above. At June 30, 2019, $25.1 million of the pension and other employee benefit trust funds' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

Component Units

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

Concentration of Credit Risk

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

Primary Government

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

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

At June 30, 2019, approximately 11.77%, 10.89%, 5.33%, 5.20% and 5.18% of business-type activity and fiduciary fund investments were investments in Federal National Mortgage Assoc. notes and pools, Government National

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Mortgage Assn. notes and pools, Vanguard Institutional Index Fund, Federal Home Loan Bank notes and pools, and Western Asset Core Bond Portfolio, respectively.

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 Western Asset Core Plus Bond Fund, VanGuard Institutional Index Fund, and Vanguard Total Stock Market Exchange-traded Fund (ETF). These investments are 7.58%, 30.27%, and 19.93% respectively of the Plan's total investments.

At June 30, 2019, specifically for the Deferred Compensation Fiduciary Fund, approximately 31.98%, 20.37%, 16.54%, 8.26%, 7.90%, 5.49% and 5.31% of investments were invested in TIAA traditional annuity, TIAA Real Estate Fund, Fidelity Contrafund Fund, Fidelity Strategic Income Fund, Fidelity U.S. Bond Index Fund, Fidelity Low Priced Stock Fund, and Fidelity Investments Money Market Government Portfolio, respectively.

At June 30, 2019, approximately 72.2% of the primary government's total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. Government or Repurchase Agreements that were collateralized with investments in securities of U.S. agencies not explicitly guaranteed by the U.S. Government, and 5.6% was invested in supranational obligations.

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

The concentration of credit risk policy of pension limits investments to no more than 5% of total net investments in any one issuer of corporate bonds. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At June 30, 2019, no more than 5% of the pension's total investments were investments in any single issuer other than the U.S. Government or its agencies.

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

Component Units

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority. At June 30, 2019, 10.2% of the component units' total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. Government.

C. *Fair Value Measurements*

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

In general, investments were valued using the following techniques:

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

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

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Primary Government

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

Investments by fair value levels	Total	Level 1	Level 2	Level 3	Net Asset Value
Asset-backed Securities	$ 4,689	$ 1,990	$ 2,699	$ —	$ —
Bond Securities	19	19	—	—	—
Corporate Debt	211,178	11	211,167	—	—
Equity Mutual Fund					
Domestic	138,422	138,422	—	—	—
International	2,650	2,650	—	—	—
Equity Securities					
Domestic	156,957	156,805	—	—	152
International	357	119	238	—	—
Money Market Mutual Funds	69,008	69,008	—	—	—
Municipal Bonds	997	997	—	—	—
Mutual Funds - Debt	93,778	93,778	—	—	—
Mortgage Backed Securities	5,812	3,993	1,819	—	—
Real Estate Investment Trusts	1,006	1,006	—	—	—
Real Estate Held for Investment Purposes	6,345	—	—	6,345	—
Sovereign Credit	25,007	—	—	25,007	—
Supranational Obligations	381,000	—	381,000	—	—
U.S. Agencies	1,893,933	95,634	1,798,299	—	—
U.S. Treasuries	571,365	571,365	—	—	—
Other	130	130	—	—	—
	3,562,653	**$ 1,135,927**	**$ 2,395,222**	**$ 31,352**	**$ 152**
Reconciling Items:					
Bank Deposits Held for Investment Purposes	1,475,948				
Repurchase Agreements	3,297,250				
	$ 8,335,851				

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Fiduciary Funds

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

Investments by fair value levels	Total	Level 1	Level 2	Level 3	Net Asset Value
Asset-backed Securities					
Domestic	$ 51,572	$ —	$ 51,572	$ —	$ —
International	3,214	—	3,214	—	—
Commingled Funds	1,883,577	79,080	1,804,497	—	—
Corporate Debt					
Domestic	5,931,273	—	5,931,273	—	—
International	511,916	—	511,916	—	—
Equity Securities					
Domestic	49,777,519	49,777,519	—	—	—
International	16,040,523	15,887,131	153,392	—	—
Exchange Traded Funds	9,044	9,044	—	—	—
Guaranteed Investment Contracts	1,384	—	—	1,384	—
International Government Obligations	257	—	257	—	—
Money Market Mutual Funds	84,864	8,184	76,680	—	—
Mortgage Backed Securities	119,624	—	119,624	—	—
Municipal bonds	957	—	957	—	—
Mutual Funds-Debt	134,531	134,531	—	—	—
Mutual Fund Equities					
Domestic	530,954	368,846	162,108	—	—
International	13,848	13,848	—	—	—
Private Equities	379,912	—	—	—	379,912
Real Estate Investment Trust	53,075	53,075	—	—	—
U.S. Agencies Obligations	72,927	—	72,927	—	—
U.S. Treasuries Obligations	21,493,051	21,421,834	71,217	—	—
Other	882	882	—	—	—
	$ 97,094,904	**$ 87,753,974**	**$ 8,959,634**	**$ 1,384**	**$ 379,912**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

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

Investments by fair value levels	Total	Level 1	Level 2	Level 3	Net Asset Value
Asset-backed Securities	$ 26	$ —	$ 26	$ —	$ —
Bond Securities	192,424	141,100	21,999	—	29,325
Certificate of Deposits	5,683	5,683	—	—	—
Corporate Debt	158,714	47,753	110,961	—	—
Equity Mutual Funds- Domestic	130,705	129,990	715	—	—
Equity Mutual Funds- International	328,237	288,543	7,337	—	32,357
Equity Securities- Domestic	783,880	610,056	—	173,456	368
Equity Securities- International	412,516	364,197	—	—	48,319
Exchange Traded Funds	10,124	10,124	—	—	—
Insurance Contracts	17,243	—	—	—	17,243
International Government Obligations	6,177	6,177	—	—	—
Investment Agreements	14,638	—	—	14,638	—
Money Market Mutual Funds	240,675	239,049	1,626	—	—
Municipal Obligations	3,373	—	3,373	—	—
Mutual Bond Funds	102,514	43,053	46,206	13,255	—
Mortgage Backed Securities	92,381	92,381	—	—	—
Non Purpose Investments	37,526	—	37,526	—	—
Real Estate Held for Investment Purposes	81,371	—	—	81,371	—
Real Estate Investment Trusts	79,697	44,425	—	—	35,272
Strategic Income Opportunity fund	24,851	24,851	—	—	—
US Agencies	98,190	85,633	12,557	—	—
US Treasuries	383,204	162,590	220,614	—	—
Other	1,483,838	90,583	8,245	19,575	1,365,435
	4,687,987	**$ 2,386,188**	**$ 471,185**	**$ 302,295**	**$ 1,528,319**
Repurchase Agreements	59,031				
	$ 4,747,018				

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

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

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

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

As of June 30, 2019, the State's exposure to foreign currency risk in U.S. Dollars are highlighted in the tables below (amounts in thousands):

(Table on next page)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

International Investment Securities at Fair Value as of June 30, 2019

	Employees' Retirement System of Georgia				Teachers Retirement System of Georgia			
Currency	Cash & Cash Equivalents	Equities	Fixed Income	Total	Cash & Cash Equivalents	Equities	Fixed Income	Total
Australian Dollar	$ —	$ 42,445	$ —	$ 42,445	$ —	$ 205,801	$ —	$ 205,801
Brazilian Real	—	26,253	—	26,253	—	126,557	—	126,557
British Pound	—	103,475	—	103,475	—	487,348	—	487,348
Canadian Dollar	—	34,070	—	34,070	—	168,556	—	168,556
Chilean Peso	—	3,312	—	3,312	—	15,952	—	15,952
Chinese Renminbi	19	8,000	—	8,019	91	39,077	—	39,168
Columbian Peso	—	2,037	—	2,037	—	9,945	—	9,945
Czech Krone	—	1,982	—	1,982	—	9,676	—	9,676
Danish Krone	—	18,818	—	18,818	—	87,616	—	87,616
Euro	—	287,497	—	287,497	—	1,362,125	—	1,362,125
Hong Kong Dollar	—	95,446	—	95,446	—	453,948	—	453,948
Indian Rupee	47	69,506	—	69,553	217	327,307	—	327,524
Indonesian Rupiah	—	6,098	—	6,098	—	29,773	—	29,773
Israeli Sheke	—	2,288	—	2,288	—	11,433	—	11,433
Japanese Yen	—	194,315	—	194,315	—	932,129	—	932,129
Malaysian Ringgit	—	14,066	—	14,066	—	68,347	—	68,347
Mexican Peso	—	9,801	—	9,801	—	45,546	—	45,546
New Taiwan Dollar	—	35,607	—	35,607	—	173,458	—	173,458
Norwegian Krone	—	2,074	—	2,074	—	10,416	—	10,416
Philippine Peso	—	4,619	—	4,619	—	22,951	—	22,951
Polish Zloty	—	2,997	—	2,997	—	14,812	—	14,812
Qatari Riyal	—	3,771	—	3,771	—	18,421	—	18,421
Singapore Dollar	—	22,411	—	22,411	—	104,384	—	104,384
South African Rand	—	32,631	—	32,631	—	154,997	—	154,997
South Korean Won	—	62,573	—	62,573	—	300,711	—	300,711
Swedish Krona	—	31,653	—	31,653	—	147,920	—	147,920
Swiss Franc	—	31,739	—	31,739	—	149,532	—	149,532
Thailand Baht	—	26,527	—	26,527	—	126,757	—	126,757
UAE Dirham	—	4,006	—	4,006	—	19,428	—	19,428
Total Holdings subject to Foreign Currency Risk	66	1,180,017	—	1,180,083	308	5,624,923	—	5,625,231
Investment Securities payable in U.S. Dollars	—	1,604,785	95,134	1,699,919	—	7,546,446	405,571	7,952,017
Total International Investment Securities - at Fair Value	**$ 66**	**$ 2,784,802**	**$ 95,134**	**$ 2,880,002**	**$ 308**	**$ 13,171,369**	**$ 405,571**	**$ 13,577,248**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Other Pension and Employee Benefit Trust Funds

Australian Dollar	$ —	$ 1,741	$ —	$ 1,741
British Pound	91	25,423	—	25,514
Canadian Dollar	—	1,528	—	1,528
Euro	67	4,275	—	4,342
Japanese Yen	1	149	—	150
Norwegian Krone	—	643	—	643
Swedish Krona	—	1,133	—	1,133
Total Holdings subject to Foreign Currency Risk	159	34,892	—	35,051
Investment Securities payable in U.S. Dollars	—	16,758	1,708	18,466
Total International Investment Securities - at Fair Value	$ 159	$ 51,650	$ 1,708	$ 53,517

D. Pooled Investments with State Treasury

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

E. Securities Lending Program

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

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

Securities loaned totaled $26.3 billion at June 30, 2019, and the collateral value was equal to 104.3%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Position because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Fiduciary Net Position, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities. In accordance with the criteria set forth in GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the State is deemed not to have the ability to pledge or sell collateral securities, since the State's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default. The State has not previously demonstrated that ability, and there are no indications of the State's ability to pledge or sell collateral securities.

F. Other Investments

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

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2019, the Department held surety bonds in the amount of $59.4 million, and cash bonds in the amount of $15.2 million. These bonds are not recorded on the Statement of Net Position.

Securities are held by the Commissioner of Insurance pursuant to statutes that require licensed insurance companies to deposit securities prior to issuance of a certificate of authority to transact insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2019, securities valued at $187.3 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of $901.0 million for construction performance to ensure proper completion and complete performance of construction contracts, and $837.2 million for construction payment to ensure that payments are made by the general contractor to all subcontractors. These bonds are not recorded on the Statement of Net Position.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The Georgia State Financing and Investment Commission (GSFIC) State Construction Manual policies require that surety bonds be provided for payment and performance of all State projects of $0.1 million or more. The Department of Corrections holds surety bonds in the amount of $19.7 million for construction performance to ensure proper completion and complete performance of construction contracts. These bonds are not recorded on the Statement of Net Position.

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor is authorized by statute to require such organization to execute and file with the Commissioner a cash deposit or surety bond. Cash deposits are held on behalf of such organizations in the Department's name, and are reported as agency funds. At June 30, 2019, the Department held surety bonds in the amount of $70.5 million, and cash bonds in the amount of $2.2 million. These bonds are not recorded on the Statement of Net Position.

NOTE 6 - DERIVATIVE INSTRUMENTS

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

Component Units – GASB Organizations

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2019 financial statements for higher education foundations reported as component units reporting under GASB provisions are as follows (amount in thousands):

	Change in Fair Value		June 30, 2019		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - GASB					
Cash flow hedges:					
AU Health System Inc.					
2014A&B - Interest Rate Swap	Investment Revenue	$ (5,267)	Debt	$ (20,084)	$ 106,340
University of Georgia Athletic Association, Inc.					
2005B - Interest Rate Swap	Deferred outflow of resources	(953)	Debt	(3,738)	20,685
				$ (23,822)	

	Change in Fair Value		Fair Value at 06/30/18		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - GASB					
Cash flow hedges:					
AU Health System Inc.					
2014A&B - Interest Rate Swap	Investment Revenue	$ 5,994	Debt	$ (14,819)	$ 108,380
University of Georgia Athletic Association, Inc.					
2005B - Interest Rate Swap	Deferred outflow of resources	(1,177)	Debt	(2,784)	21,565
				$ (17,603)	

Interest Rate Swap Derivatives

AU Health System, Inc.

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

The Swap matures on July 1, 2037. The notional amount of the Swap at June 30, 2019 and 2018, was $106.3 and $108.4 million, respectively. The notional amount decreased from the initial notional amount of $135.0 million. The notional value of the Swap declines in conjunction with payments of bond principal such that the outstanding balance of the 2014A and 2014B Bonds approximate the notional amount of the Swap at all times. Under the Swap, the Health System pays the counterparty interest at a fixed rate of 3.302% and receives interest payments at a variable rate computed as 68% of LIBOR.

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

The fair value of the Swap is recorded as an asset or liability, depending on whether the termination of the Swap would result in amounts due to the Health System or the Swap counterparty. At June 30, 2019 and 2018, the fair value of the Swap represented a liability to the Health System in the amount of $20.1 and $14.8 million, respectively. The Health System or the Swap counterparty is required to post collateral with the other party in the event that the fair value of the Swap exceeds certain thresholds, as defined. At June 30, 2019 and 2018, the Health System had $20.2 and $15.0 million posted cash and investment collateral with the Swap counterparty, respectively, which is included in other assets in the accompanying statements of net position.

As of June 30, 2019 and 2018, the Health System was exposed to credit risk in the amount of the fair value of the Swap. The Health System has two Swap counterparties. As of June 30, 2019 and 2018, the Swap counterparties were rated A+ and A by Fitch Ratings, A1 and A2 by Moody’s Investors Services and A+ and A by Standard & Poor’s. To mitigate the potential for credit risk, various levels of collateralization by the counterparty may be required should the counterparty's credit rating be downgraded and the fair value of the Swap be in a liability position at a level above certain thresholds specified in the Swap agreement.

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

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

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

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

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

As of June 30, 2019, the fair value of the interest rate swap agreements was $3.7 million, indicating the amount that the Association would be required to pay the Counterparty to terminate the swap agreements.

Swap Payments and Associated Debt - As of June 30, 2019, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary

	Variable Rate Bonds		Interest Rate	
	Principal	Interest	Swaps, Net	Total
Years ending:				
2020	$ 910	$ 317	$ 372	$ 1,599
2021	945	301	354	1,600
2022	980	286	336	1,602
2023	1,010	269	316	1,595
2024	1,045	253	297	1,595
2025-2029	5,800	992	1,165	7,957
2030-2034	6,890	476	560	7,926
2035-2036	3,105	25	30	3,160
Total	**$ 20,685**	**$ 2,919**	**$ 3,430**	**$ 27,034**

Credit Risk - As of June 30, 2019, the fair value of the swaps represents the Association's exposure to the Counterparty. Should the Counterparty fail to perform in accordance with the terms of the swap agreement and variable interest rates remain at the current level, the Association could see a possible gain equivalent to $4.0 million less the cumulative fair value of $3.7 million.

As of June 30, 2019, the Counterparty was rated as follows by Moody's and S&P:

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

Basis Risk - The swaps expose the Association to basis risk. The interest rate on the Series 2003 Bonds and the Series 2005B Bonds is a tax-exempt interest rate, while the LIBOR basis on the variable rate receipt on the interest rate swap agreements is taxable. Tax-exempt interest rates can change without a corresponding change in the 30-day LIBOR rate due to factors affecting the tax-exempt market that do not have a similar effect on the taxable market. The Association will be exposed to basis risk under the swaps to the extent that the interest rates on the tax-exempt bonds trade at greater than 67% of LIBOR for extended periods of time. The Association would also be exposed to tax risk stemming from changes in the marginal income tax rates or those caused by a reduction or elimination in the benefits of tax exemption for municipal bonds.

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

Termination Risk - The interest rate swap agreement uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Association or the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetically fixed interest rate. Also, if at the time of termination, the swap has a negative fair value, then the Association would be liable to the Counterparty for a payment equal to the swap's fair value.

Component Units – FASB Organizations

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2019 financial statements for higher education foundations reported as component units reporting under FASB provisions are as follows (amount in thousands):

	Change in Fair Value		Fair Value at 06/30/19		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - FASB					
Cash flow hedges:					
Georgia College & State University Foundation, Inc.	Investment Revenue	$ (36)	Debt	$ (1,219)	$ 20,600
	Investment Revenue	(974)	Debt	(5,271)	69,820
University of Georgia Foundation	Investment Revenue	(334)	Debt	(1,518)	4,192
	Investment Revenue	(722)	Debt	(808)	10,925
VSU Auxillary Services Real Estate Foundation	Investment Revenue	968	Debt	(4,855)	27,130
				$ (13,671)	

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

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

In connection with the 2007 Series bonds, GCSUF entered into an interest rate swap transaction to convert its variable-rate bond obligations to fixed rates. This swap is utilized to manage interest rate exposures over the period of the interest rate swap. The differential to be paid or received on all swap agreements is accrued as interest rates change and is recognized in interest expense over the life of the agreement. The swap agreements expire at various dates and have a fixed rate of 4.065%. The interest rate swap contains no credit-risk-related contingent features and is cross collateralized by certain assets of GCSUF.

On January 31, 2013, GCSUF modified the swap agreement to lower the interest rate from 4.715% to 4.065%. The present value of the interest savings over the life of the modified swap agreement is approximately $6.9 million. The lease agreements with the Board of Regents was not modified as a result of the swap modification; however, 40% of the present value of the interest savings will be paid to the University annually. The deferred swap savings was $1.8 million at June 30, 2019.

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

The University of Georgia Foundation (UGAF)

The Foundation has an outstanding interest rate swap agreement effectively converting the interest rate exposure on the $6.2 million note payable from variable to a 5.95% fixed rate over the term of the note payable. During November 2017, the Foundation modified and extended the agreement which included a fixed rate fee payment of $0.3 million. As of June 30, 2019 and 2018, the total notional amount of the swap was $4.2 and $4.3 million, respectively. As of June 30, 2018 and 2017, the fair value of this interest rate swap was a liability of $1.5 and $1.2 million, respectively. The Foundation recorded an unrealized gain on such swap of $0.3 million and $0.4 million for the years ended June 30, 2019 and 2018, respectively.

The Foundation has an outstanding interest rate swap agreement effectively converting the interest rate exposure on the $12.5 million note payable from variable to a 3.37% fixed rate over the term of the note payable. As of June 30, 2019 and 2018, the total notional amount of the swap was $10.9 and $11.3 million, respectively. As of June 30, 2019 and 2018, the fair value of this interest rate swap was a liability of $0.8 and $0.1 million, respectively. The Foundation recorded an unrealized gain on such swap of $0.7 and $0.5 million for the years ended June 30, 2019 and 2018, respectively.

VSU Auxiliary Services Real Estate Foundation, Inc,

The Foundation has an outstanding interest rate swap agreement effectively changing the interest rate exposure on the Georgia & Reade, LLC bond payable from variable to a 3.7196% fixed rate over the term of the bond payable. As of December 31, 2018 and 2017, the total notional amount of the swap was $27.1 and $27.5 million, respectively. As of December 31, 2018 and 2017, the fair value of this interest rate swap was a liability of $4.9 and $5.8 million, respectively, in the accompanying consolidated statements of financial position. The Foundation recorded gains on the swap of $1.0 and $0.5 million for the years ended December 31, 2018 and 2017, respectively.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2019, consisted of the following (amount in thousands):

	Taxes	Notes and Loans	Other	Inter-governmental Receivables	Gross Receivables	Allowance for Uncollectibles	Total Receivables (Net)
Governmental Activities							
General Fund	$ 4,774,129	$ —	$ 632,077	$ 1,865,384	$ 7,271,590	$ (1,730,887)	$ 5,540,703
Nonmajor Governmental Funds	—	—	38,686	—	38,686	—	38,686
Total - Governmental Funds	4,774,129	—	670,763	1,865,384	7,310,276	(1,730,887)	5,579,389
Government-wide adjustments:							
Internal Service Funds	—	—	104,786	5,111	109,897	(493)	109,404
Total - Governmental Activities	**$ 4,774,129**	**$ —**	**$ 775,549**	**$ 1,870,495**	**$ 7,420,173**	**$ (1,731,380)**	**$ 5,688,793**
Business-type Activities							
Higher Education Fund	$ —	$ 35,849	$ 396,949	$ 105,101	$ 537,899	$ (54,962)	$ 482,937
State Health Benefit Plan	—	—	122,211	—	122,211	(3,919)	118,292
Unemployment Compensation Fund	—	—	136,885	56	136,941	(15,956)	120,985
Georgia Higher Education Facilities Authority	—	—	371	—	371	—	371
State Road and Tollway Authority	—	—	9,733	—	9,733	—	9,733
Government-wide adjustments:							
Other	—	—	72	—	72	—	72
Total - Business-type Activities	**$ —**	**$ 35,849**	**$ 666,221**	**$ 105,157**	**$ 807,227**	**$ (74,837)**	**$ 732,390**
Component Units							
Unrestricted:							
Georgia Environmental Finance Authority	$ —	$ 1,473,389	$ 7,718	$ 1,716	$ 1,482,823	$ —	$ 1,482,823
Georgia Geo. L. Smith II World Congress Center Authority	3,070	—	14,514	—	17,584	—	17,584
Georgia Housing and Finance Authority	—	862,936	752	—	863,688	(4,736)	858,952
Georgia Lottery Corporation	—	—	197,057	—	197,057	(3,994)	193,063
Georgia Ports Authority	—	—	74,641	—	74,641	(4,008)	70,633
Georgia Tech Foundation, Incorporated	—	700	138,196	—	138,896	—	138,896
Nonmajor Component Units	859	373,720	2,815,316	15,972	3,205,867	(118,985)	3,086,882
Total - Unrestricted	3,929	2,710,745	3,248,194	17,688	5,980,556	(131,723)	5,848,833
Restricted:							
Georgia Geo. L. Smith II World Congress Center Authority	—	—	105,931	—	105,931	(30,105)	75,826
Georgia Housing and Finance Authority	—	1,021,322	8,901	—	1,030,223	(4,500)	1,025,723
Georgia Tech Foundation, Incorporated	—	—	101,358	—	101,358	(8,348)	93,010
Nonmajor Component Units	—	—	126,685	—	126,685	(4,773)	121,912
Total - Restricted	—	1,021,322	342,875	—	1,364,197	(47,726)	1,316,471
Total - Component Units	**$ 3,929**	**$ 3,732,067**	**$ 3,591,069**	**$ 17,688**	**$ 7,344,753**	**$ (179,449)**	**$ 7,165,304**

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

A. Due To/From Other Funds

Due To/From Other Funds at June 30, 2019, consist of the following (amount in thousands):

	Due From Other Funds							
	General Fund	Nonmajor Governmental Fund	Higher Education Funds	State Health Benefit Plan	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Due To Other Funds
Due To Other Funds								
General Fund	$ —	$ —	$ —	$ 2,380	$ —	$ 593,549	$ —	$ 595,929
General Obligation Bond Projects Fund	—	—	16,687	—	—	—	—	16,687
Nonmajor Governmental Funds	15,292	—	—	—	—	—	—	15,292
Higher Education Fund	1,953	—	—	2,326	—	240,676	—	244,955
Nonmajor Enterprise Funds	—	25,654	—	—	—	—	—	25,654
Internal Service Funds	—	—	—	—	—	12	—	12
Fiduciary Funds	—	—	—	—	72	17	478	567
Total Due From Other Funds	**$ 17,245**	**$ 25,654**	**$ 16,687**	**$ 4,706**	**$ 72**	**$ 834,254**	**$ 478**	**$ 899,096**

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

NOTE 8 - INTERFUND BALANCES AND TRANSFERS (continued)

B. Interfund Transfers

Interfund transfers at June 30, 2019, consist of the following (amount in thousands):

	Transfers In								
	Governmental Funds			Proprietary Funds					
	General Fund	General Obligation Bond Projects Fund	Nonmajor Governmental Funds	Higher Education Fund	Unemployment Compensation Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Transfers Out
Transfers Out:									
General Fund	$ —	$ 9,359	$ 1,573,881	$2,806,962	$ 864	$ 11,644	$ 15,065	$ 2,727	$4,420,502
General Obligation Bond Projects Fund	16,200	—	432	—	—	—	—	—	16,632
Nonmajor Governmental Funds	37,261	—	34	—	—	3,016	—	—	40,311
Higher Education Fund	12,671	—	—	—	—	—	—	—	12,671
Internal Service Funds	3,201	—	—	97,645	—	—	—	—	100,846
Total Transfers In	**$ 69,333**	**$ 9,359**	**$ 1,574,347**	**$2,904,607**	**$ 864**	**$ 14,660**	**$ 15,065**	**$ 2,727**	**$4,590,962**

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

NOTE 9 - CAPITAL ASSETS

A. Primary Government

Capital Asset activity for the fiscal year-ended June 30, 2019, was as follows (amount in thousands):

	Balance 7/1/2018 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2019
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 4,206,006	$ 210,291	$ (27,256)	$ 4,389,041
Works of Art and Collections	1,391	12	(3)	1,400
Intangibles - Other Than Software	123,493	1,632	—	125,125
Construction in Progress	3,914,014	2,736,318	(3,249,374)	3,400,958
Total Capital Assets, Not Being Depreciated	8,244,904	2,948,253	(3,276,633)	7,916,524
Capital Assets Being Depreciated:				
Infrastructure	30,686,930	1,799,985	(22,842)	32,464,073
Buildings and Building Improvements	4,287,357	375,902	(239,199)	4,424,060
Improvements Other Than Buildings	149,407	27,396	—	176,803
Intangibles - Other than Software	1,383	261	—	1,644
Machinery and Equipment	1,099,035	126,195	(84,858)	1,140,372
Software	549,581	59,926	(8,622)	600,885
Total Capital Assets Being Depreciated	36,773,693	2,389,665	(355,521)	38,807,837
Less Accumulated Depreciation For:				
Infrastructure	18,686,119	919,797	(14,326)	19,591,590
Buildings and Building Improvements	2,149,092	128,231	(85,560)	2,191,763
Improvements Other Than Buildings	61,960	3,563	(99)	65,424
Intangibles - Other Than Software	1,054	148	(1)	1,201
Machinery and Equipment	820,115	105,885	(63,850)	862,150
Software	281,846	35,264	(77)	317,033
Total Accumulated Depreciation	22,000,186	1,192,888	(163,913)	23,029,161
Total Capital Assets, Being Depreciated, Net	14,773,507	1,196,777	(191,608)	15,778,676
Governmental Activities Capital Assets, Net	**$ 23,018,411**	**$ 4,145,030**	**$ (3,468,241)**	**$ 23,695,200**

NOTE 9 - CAPITAL ASSETS (continued)

	Balance 7/1/2018 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2019
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	$ 482,654	$ 38,032	$ (28)	$ 520,658
Works of Art and Collections	52,015	4,971	(1,742)	55,244
Construction in Progress	275,011	200,760	(241,935)	233,836
Total Capital Assets, Not Being Depreciated	809,680	243,763	(243,705)	809,738
Capital Assets Being Depreciated:				
Infrastructure	357,921	55,157	(1,104)	411,974
Buildings and Building Improvements	13,501,931	863,444	(35,758)	14,329,617
Improvements Other Than Buildings	353,326	28,184	(1,437)	380,073
Machinery and Equipment	2,123,371	198,444	(81,102)	2,240,713
Software	130,375	44,381	—	174,756
Library Collections	959,851	32,945	(9,010)	983,786
Works of Art and Collections	6,711	10	(116)	6,605
Total Capital Assets Being Depreciated	17,433,486	1,222,565	(128,527)	18,527,524
Less Accumulated Depreciation For:				
Infrastructure	139,621	17,118	(615)	156,124
Buildings and Building Improvements	4,504,702	358,593	(24,234)	4,839,061
Improvements Other Than Buildings	177,452	14,787	(620)	191,619
Machinery and Equipment	1,575,777	145,790	(44,917)	1,676,650
Software	44,430	21,675	—	66,105
Library Collections	781,468	41,343	(9,010)	813,801
Works of Art and Collections	1,672	159	—	1,831
Total Accumulated Depreciation	7,225,122	599,465	(79,396)	7,745,191
Total Capital Assets, Being Depreciated, Net	10,208,364	623,100	(49,131)	10,782,333
Business-type Activities, Capital Assets, Net	**$ 11,018,044**	**$ 866,863**	**$ (292,836)**	**$ 11,592,071**

NOTE 9 - CAPITAL ASSETS (continued)

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

Governmental Activities		
General Government	$	29,929
Education		9,253
Health and Welfare		71,263
Transportation		937,578
Public Safety		74,397
Economic Development		17,974
Culture and Recreation		17,247
Conservation		7,590
Internal Service Funds (Depreciation on capital assets held by the State's internal service funds are charged to the various functions based on their usage of assets)		27,657
Depreciation Expense - Governmental Activities	**$**	**1,192,888**

Business-type Activities		
Higher Education Fund	$	587,775
Nonmajor Enterprise Funds		11,685
Depreciation Expense - Business-type Activities	**$**	**599,460**

NOTE 9 - CAPITAL ASSETS (continued)

B. Component Units

Capital Asset activity for the fiscal year-ended June 30, 2019, was as follows (amount in thousands):

	Balance July 1, 2018 (Restated - Note 3)	Increases	Decreases	Balance June 30, 2019
Component Units				
Capital Assets Not Being Depreciated:				
Land	$ 389,680	$ 24,780	$ (12,839)	$ 401,621
Works of Art and Collections	1,670	—	—	1,670
Construction in Progress	186,869	252,547	(146,809)	292,607
Total Capital Assets, Not Being Depreciated	578,219	277,327	(159,648)	695,898
Capital Assets Being Depreciated:				
Infrastructure	349,816	3,646	(44)	353,418
Buildings and Building Improvements	2,749,680	96,105	(4,770)	2,841,015
Improvements Other Than Buildings	748,386	68,421	(552)	816,255
Machinery and Equipment	1,131,181	69,084	(9,213)	1,191,052
Software	35,101	2,597	—	37,698
Library Collections	4,364	255	—	4,619
Works of Art and Collections	71	—	—	71
Total Capital Assets Being Depreciated	5,018,599	240,108	(14,579)	5,244,128
Less Accumulated Depreciation For:				
Infrastructure	168,685	10,783	(51)	179,417
Buildings and Building Improvements	502,909	126,661	(4,310)	625,260
Improvements Other Than Buildings	359,435	33,384	(509)	392,310
Machinery and Equipment	635,600	73,070	(5,983)	702,687
Software	27,926	1,736	—	29,662
Library Collections	3,107	267	(1)	3,373
Works of Art and Collections	21	1	—	22
Total Accumulated Depreciation	1,697,683	245,902	(10,854)	1,932,731
Total Capital Assets, Being Depreciated, Net	3,320,916	(5,794)	(3,725)	3,311,397
Component Units Capital Assets, Net*	**$ 3,899,135**	**$ 271,533**	**$ (163,373)**	**$ 4,007,295**

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

NOTE 9 - CAPITAL ASSETS (continued)

As of June 30, 2019, the capital assets balances of FASB organizations are as follows:

Capital Assets Not Being Depreciated:		
Land	$	152,548
Works of Art and Collections		2,876
Construction in Progress		60,254
Total Capital Assets, Not Being Depreciated		215,678
Capital Assets Being Depreciated		
Infrastructure		4,225
Buildings and Building Improvements		345,897
Improvements Other Than Buildings		10,848
Machinery and Equipment		32,233
Software		83
Total Capital Assets Being Depreciated		393,286
Less: Accumulated Depreciation		(144,709)
Total Capital Assets, Being Depreciated, Net		248,577
Capital Assets, Net (FASB presentation)		464,255
Total Capital Assets, Net - All Component Units	**$**	**4,471,550**

NOTE 10 - LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2019, are as follows (amount in thousands):

	Balance 7/1/2018 (Restated - Note 3)	Additions	Reductions	Balance 6/30/2019	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	$ 8,994,040	$ 1,228,625	$ (833,870)	$ 9,388,795	$ 852,750
Revenue Bonds Payable	244,555	—	(41,980)	202,575	44,105
GARVEE Bonds Payable	469,980	349,765	(451,840)	367,905	123,220
Net Unamortized Premiums/(Discounts):					
General Obligation Bonds	981,027	95,163	(112,382)	963,808	—
Revenue Bonds	18,883	—	(5,513)	13,370	—
GARVEE Bonds	12,059	38,614	(20,753)	29,920	—
Total Bonds Payable	10,720,544	1,712,167	(1,466,338)	10,966,373	1,020,075
Notes and Loans Payable - Direct Borrowings	62,317	6,554	(8,521)	60,350	3,958
Notes and Loans Payable - Other	11,824	—	(2,912)	8,912	2,941
Capital Lease Obligations	233,395	16,304	(30,440)	219,259	22,097
Compensated Absences Payable	372,294	198,813	(184,111)	386,996	166,889
Total Governmental Activities	**$ 11,400,374**	**$ 1,933,838**	**$ (1,692,322)**	**$ 11,641,890**	**$ 1,215,960**
Business-type Activities					
Revenue Bonds Payable	$ 261,066	$ 60,610	$ (89,970)	$ 231,706	$ 5,580
Net Unamortized Premiums/(Discounts):					
Revenue Bonds	2,869	7,837	(409)	10,297	—
Total Bonds Payable	263,935	68,447	(90,379)	242,003	5,580
Notes and Loans Payable	254,602	41,493	(26,636)	269,459	36,141
Capital Lease Obligations	2,915,354	166,176	(225,321)	2,856,209	112,661
Compensated Absences Payable	263,456	203,431	(201,657)	265,230	174,530
Other Liabilities	1,431	—	(291)	1,140	291
Total Business-type Activities	**$ 3,698,778**	**$ 479,547**	**$ (544,284)**	**$ 3,634,041**	**$ 329,203**

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above total for governmental activities. The following long-term liabilities of internal service funds were included in the above balance as of June 30, 2019: capital leases of $40.7 million, compensated absences of $4.9 million and notes payable of $12.6 million. Of these amounts, $5.6 million, $2.1 million and $3.9 million, respectively, are due within one year. In general, the capital leases and compensated absences of the governmental activities are liquidated by the general fund.

NOTE 10 - LONG-TERM LIABILITIES (continued)

Component Units

Changes in long-term liabilities for the fiscal year ended June 30, 2019, are as follows (amount in thousands):

	Balance 7/1/2018 (Restated - Note 3)	Additions	Reductions	Balance 6/30/2019	Amounts Due Within One Year
Component Units					
Revenue Bonds Payable	$ 2,936,586	$ 211,755	$ (154,237)	$ 2,994,104	$ 127,777
Mortgage Bonds Payable	1,329,635	236,640	(130,175)	1,436,100	38,385
Net Unamortized Premiums/(Discounts):					
Revenue Bonds	122,838	32,116	(12,405)	142,549	—
Mortgage Bonds	12,019	—	(2,677)	9,342	—
Total Bonds Payable	4,401,078	480,511	(299,494)	4,582,095	166,162
Notes and Loans Payable	280,784	134,757	(127,613)	287,928	98,072
Net Unamortized Premiums	(1,694)	11	(255)	(1,938)	—
Capital Lease Obligations	83,168	13,094	(12,391)	83,871	9,099
Compensated Absences Payable	33,315	12,834	(11,948)	34,201	26,469
Grand Prizes Payable	188,720	7,952	(18,658)	178,014	4,651
Derivative Instruments Payable	30,176	8,286	(969)	37,493	—
Other Liabilities	27,213	6,668	(5,574)	28,307	5,807
Total Component Units	**$ 5,042,760**	**$ 664,113**	**$ (476,902)**	**$ 5,229,971**	**$ 310,260**

B. Bonds and Notes Payable

At June 30, 2019, bonds and notes payable currently outstanding are as follows (amount in thousands):

	Interest Rates	Maturing Through Year	Original Issue Amount	Outstanding Amount
Governmental Activities				
General Obligation Bonds				
General Government	0.30% - 5.75%	2038	$ 12,618,820	$ 6,654,605
General Government - Refunding	1.50% - 5.00%	2030	3,993,770	2,734,190
Revenue Bonds				
Transportation Projects	4.00% - 5.00%	2024	363,685	202,575
GARVEE Bonds	2.50% - 5.00%	2029	949,765	367,905
Notes and Loans Payable	1.00% - 5.92%	2034	89,918	69,262
Business-type Activities				
Revenue Bonds				
Georgia Higher Education Facilities Authority	2.00% - 6.25%	2041	438,880	197,575
Transportation Projects	6.25% - 7.00%	2049	26,070	34,131
Notes and Loans Payable	2.00% - 3.79%	2031	351,486	269,459
Component Units				
Revenue Bonds				
Higher Education Foundations	1.05% - 5.50%	2052	3,128,560	2,732,346
Georgia Tech Foundation	1.76% - 6.66%	2049	358,955	222,095
Other Revenue Bonds	4.16% - 5.28%	2031	218,505	39,663
Mortgage Bonds				
Georgia Housing and Financing Authority	0.15% - 5.00%	2049	2,041,640	1,436,100
Notes and Loans Payable				
Higher Education Foundations	0.00% - 6.55%	2040	220,124	150,633
Georgia Tech Foundation	0.00% - 5.04%	2029	153,152	126,371
Other Notes and Loans Payable	2.98% - 4.16%	2027	22,724	10,924

NOTE 10 - LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds

Primary Government

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. On July 12, 2018, the State issued general obligation bonds, (Series 2018A and 2018B), totaling $1.2 billion to provide funds for various capital outlay projects of the State, for county and independent school systems through the Department of Education, for county and local libraries through the Board of Regents, and to provide loans through the Georgia Environmental Finance Authority to local governments and local government entities for water and sewerage facilities. General obligation bonds are direct obligations of the State to which the full faith and credit of the State are pledged.

Bonds Authorized but Unissued

Authorized but unissued general obligation bonds as of June 30, 2019, are as follows (amount in thousands):

Purpose	Authorized Unissued Debt
K-12 Education	$ 229,075
Georgia World Congress Center	6,300
General Assembly	2,500
Agriculture	500
Total	**$ 238,375**

Defeasance and Refunding of General Obligation Bonds

As of June 30, 2019, the State had total outstanding advance refunded bonds of $216.2 million. The debt service for the refunded bonds is paid by a combination of cash and U.S. Treasury securities held irrevocably in escrow accounts. The escrow account assets and the liability for the defeased bonds are not included in the State's financial statements. There were no refunding bonds issued during fiscal year 2019.

Early Retirement of Debt

From funds received from the sale of state property and from interest earnings available for the advance retirement of debt, the State made two purchases of various series of State of Georgia General Obligation Bonds in the secondary market with a par value of $0.4 million. The early retirements of the bonds will save the State $0.7 million in future principal and interest appropriations. Since July 1, 2000 the early retirement program has saved the State over $1.1 billion in future principal and interest appropriations.

NOTE 10 - LONG-TERM LIABILITIES (continued)

D. Revenue Bonds

Governmental Activities

State Road and Tollway Authority (SRTA) has issued Guaranteed Revenue Bonds for the purpose of financing certain road and bridge projects in the State. The guaranteed revenue bonds are secured by a joint resolution between Department of Transportation (DOT) (General Fund) and SRTA (Nonmajor Governmental Fund) whereby DOT has pledged to provide sufficient motor fuel tax funds to pay the principal and interest of the revenue bonds. According to the State Constitution, motor fuel tax funds are imposed and appropriated for all activities incident to maintaining an adequate system of roads and bridges in the State. In fiscal year 2019, the State collected $1.8 billion of motor fuel tax funds, which exceeds the principal and interest due on the revenue bonds of $54.0 million for the same fiscal year. Further, the State has guaranteed the full payment of the bonds and the interest.

SRTA has issued Federal Highway Grant Anticipation Revenue Bonds and Federal Highway Reimbursement Revenue Bonds (GARVEE's) of $349.8 million. These bond proceeds will be used for the purpose of providing funds for an approved land public transportation project. These bonds are pledged and payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA or the State.

Of the SRTA bonds issued, $285.9 million were refunding bonds used to refund a total of $298.6 million in outstanding principal from previous revenue bond issuances. The difference between the cash flows required to service the old debt, the new debt, and complete the refunding transactions is $27.2 million. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt.

Business-type Activities

SRTA has issued toll revenue bonds of $26.1 million for the purpose of paying the costs of certain tolling infrastructure relating to the I-75 South Metro Express Lanes Project, financing a debt service reserve and paying the costs of issuance of the bonds. Interest on the bonds will not be paid on a current basis, but will be added to the principal amount of such bonds on each "accretion date," which is each June 1 and December 1, commencing December 1, 2014. Interest on these bonds ranges from 6.25% to 7.00%. As of June 30, 2019, the outstanding principal balance is $34.1 million. These bonds are pledged and payable solely from I-75 South Metro Express Lanes toll revenue.

Georgia Higher Education Facilities Authority (GHEFA) has issued revenue bonds for the purpose of acquiring, constructing and equipping several projects on college campuses throughout the State. The bonds are secured solely by the related security deed and related assignment of contract documents. As of June 30, 2019, the outstanding principal for these revenue bonds is $197.6 million.

Component Units

Higher Education Foundations have issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campuses of the Board of Regents. The bond issues have interest rates ranging from 1.05% to 5.50% with maturity dates through fiscal year 2052. As of June 30, 2019, the outstanding principal for these revenue bonds was $2.7 billion. These bonds are secured by lease arrangements for these various facilities with the Board of Regents.

NOTE 10 - LONG-TERM LIABILITIES (continued)

Georgia Tech Foundation, Inc. has issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campus of The Georgia Institute of Technology. The bond issues have interest rates ranging from 1.76% to 6.66% with maturity dates through fiscal year 2049. As of June 30, 2019, the outstanding principal for these revenue bonds was $222.1 million. These bonds are secured by lease arrangements for these various facilities with the Board of Regents.

Other component units had revenue bonds payable outstanding at June 30, 2019, of $39.7 million as detailed below (amounts in thousands):

	Amount
Georgia Environmental Finance Authority	$ 32,345
Lake Lanier Islands Development Authority	5,803
Regional Educational Service Agencies (RESA)	1,515
Total	**$ 39,663**

E. Mortgage Bonds

Component Units

Mortgage bonds outstanding of $1.4 billion at June 30, 2019, were issued by the Georgia Housing and Finance Authority for financing the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State. The bonds are secured by certain assets, which include mortgage loan purchased and certain cash and cash equivalents and investment securities in mortgage bond accounts, and any interest earned thereon.

F. Notes and Loans Payable

Governmental Activities

Notes and loans payable for direct borrowings in governmental activities as of June 30, 2019, were $60.4 million.

- Of this amount, Energy Performance Contracts for the Department of Economic Development, the Department of Corrections and the Department of Natural Resources, attributed $27.5 million, $25.0 million, and $4.2 million, respectively. These contracts contain provisions related to events of default. Significant to these provisions, an event of default occurs when: (a) the Primary Government fails to pay any payment of purchase price or other payment required to be paid when due, (b) the Primary Government has a breach in any material respect of the contract or failure of the Primary Government to observe or perform contract covenants for a period of 30 days after written notice, or (c) initiation by or against the Primary Government of a proceeding under any federal or state bankruptcy or insolvency seeking relief under such laws. Upon the occurrence of any event of default, the seller shall have the right to proceed by court action to enforce performance by the Primary Government of the applicable contract covenants or to recover for the the breach. The Primary Government would be responsible for attorney fees and expenses incurred by seller.

NOTE 10 - LONG-TERM LIABILITIES (continued)

- Georgia Technology Authority has total notes payable of $3.6 million related to the Cyber Center Audio Visual with a 3.25% to 5.92% interest rate, and matures in 2023, and $0.03 million in financing for equipment purchases with 4.6% interest rate and matures in 2019. Default occurs when payment is not made, at which point the assets revert back to the seller and additional penalties may be incurred.

Notes and loans payable - Other in governmental activities as of June 30, 2019, were $8.9 million.

- Georgia Technology Authority has total notes payable $8.9 million related to the Statewide Cost Allocation Plan for the fiscal years 2004 to 2009, and is payable to the U.S. Department of Health and Human Services with a 1.0% interest rate, and matures in 2022.

Business-type Activities

Notes and loans payable for business-type activities as of June 30, 2019, were as follows (amount in thousands):

	Amount
Transportation Projects	$ 256,698
Georgia Institute of Technology	11,684
University of Georgia	1,077
Total	**$ 269,459**

Transportation Projects Notes and Loans

The notes and loans payable balance in Transportation Projects primarily consists of a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan which is related to the I-75 Northwest Corridor Express Lanes Project. In November 2013, SRTA executed a TIFIA loan of up to $275.0 million which proceeds, when drawn upon, will finance a portion of the costs for the project. During construction and for a period of up to five years following substantial completion, interest is compounded and added to the initial TIFIA loan. The TIFIA loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent additional funds are available. TIFIA debt service payments are expected to commence in 2023, which is five years after substantial completion. The interest rate of the TIFIA loan is 3.79%. $184.5 million was drawn on the TIFIA loan during fiscal year 2017. An additional $27.3 million was drawn on the TIFIA loan.

NOTE 10 - LONG-TERM LIABILITIES (continued)

Component Units

Notes and loans payable for component units as of June 30, 2019, were as follows (amount in thousands):

	Amount
Higher Education Foundations	$ 150,633
Georgia Tech Foundation, Inc.	126,371
Lake Lanier Islands Development Authority	8,292
Georgia Military College	2,379
Pioneer RESA	253
Total	**$ 287,928**

Higher Education Foundations Notes and Loans

As of June 30, 2019 Georgia Tech Athletic Association has an unsecured notes payable representing the Association's obligation to Georgia Tech Foundation, Inc. with respect to the William C. Wardlaw Center, interest payable semi-annually. Effective interest rate at June 30, 2019, is 4.25%. The outstanding balance at June 30, 2019 is $0.5 million.

As of June 30, 2019 Georgia Tech Athletic Association has an secured notes payable by real property, interest payable quarterly at a variable rate of 30-day LIBOR plus 1.85% per annum (3.10% at June 30, 2019) with quarterly principal payment of $ 0.9 million beginning July 2014 through July 2023. The outstanding balance at June 30, 2019 is $13.6 million.

In October 2016, the University System of Georgia (USG) Real Estate IV, LLC purchased the FVSU WildCat Commons Phase I (a student housing dormitory) from the Fort Valley State University Foundation Property, LLC for $40.4 million by issuing a two year interest-only bond anticipation note (BAN) payable. At maturity, the BAN payable will be refinanced with a 30 year low-interest fixed rate USDA loan. The terms of the BAN payable require the USG Real Estate Foundation IV, LLC to lease the related facilities to the Board of Regents through year-to-year rental agreements that have multi-year renewal options, in amounts necessary to maintain the properties, pay interest on the note, and retire the debt. The BAN payable will mature on October 1, 2018, bears interest at a fixed rate of 1.2%, and is payable semiannually on October 1 and April 1. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the Indenture. At maturity, the BAN payable was fully refinanced with five, individual 30-year low-interest fixed rate USDA notes.

In November 2017, the University System of Georgia (USG) Real Estate V, LLC purchased the four real estate properties from various South Georgia State College (SGSC) LLC entities for $35.6 million by issuing a two year interest-only BAN payable. At maturity, the BAN payable will be refinanced with a 30 year low-interest fixed rate USDA loan. The terms of the BAN payable require the USG Real Estate Foundation V, LLC to lease the related facilities to the Board of Regents through year-to-year rental agreements that have multi-year renewal options, in amounts necessary to maintain the properties, pay interest on the note, and retire the debt. The BAN payable will mature on December 1, 2019, bears interest at a fixed rate of 1.65% and is payable semiannually on June 1 and December 1. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The balance on the note at June 30, 2019 was $35.6 million.

NOTE 10 - LONG-TERM LIABILITIES (continued)

In September 2019, the University System of Georgia (USG) Real Estate V, LLC fully refinanced the BAN payable with five individual, 30 year low-interest fixed rate notes payable with the USDA. The real estate on which the facilities are constructed will be leased to USG Real Estate Foundation IV, LLC by the Board of Regents pursuant to a ground lease for minimal rent. The USDA notes payable will all mature on September 20, 2037, with a fixed interest rate of 2.75%, and are payable annually. The outstanding balance at June 30, 2019 is 40.5 million.

During fiscal year 2007, the University of Georgia Foundation signed a 10 year $6.2 million promissory loan. During November 2017, the Foundation amended the agreement and made a one-time principal payment of $0.8 million, extending the maturity date of the remaining outstanding balance to November 1, 2032. Interest is charged at the bank's 30-day LIBOR plus 0.33% basis points; such rate was 2.77% at June 30, 2019. Principal and interest are payable monthly. The outstanding balance at June 30, 2019 was $4.2 million.

During October 2014, the University of Georgia Foundation entered into a series of transactions, as follows: (1) The Foundation entered into a tax-exempt financing project with the Washington D.C. District Council for $12.5 million involving tax-exempt bonds, which expire on November 1, 2039 and accrue interest at a per annum rate equal to 75.00% of the sum of one-month LIBOR plus 1.60% payable monthly, (2) the University of Georgia Foundation entered into a loan agreement with a bank in which the Foundation fully repaid its obligation under the newly acquired tax-exempt bonds in exchange for a promissory loan relating to the same principal. The promissory loan agreement expires on November 1, 2039 and includes certain debt covenants and restrictions. Interest on the promissory loan agreement is charged at 75.00% of the sum of one-month LIBOR plus 1.60%; such rate was 3.03% at June 30, 2019. Principal and interest on the promissory loan agreement are payable quarterly. The outstanding balance at June 30, 2019 was $10.8 million.

In October 2017, the University of Georgia Athletic Association, Inc. entered into a $50.0 million revolving credit agreement, for a draw period of 18 months and a final maturity of five years. Borrowings under the revolving credit agreement bear interest at the bank's one month LIBOR plus 0.73%. At June 30, 2019, the rate applicable to the borrowings was 3.11%. The outstanding balance at June 30, 2019 was $15.8 million.

In addition to the notes and loans discussed in the previous paragraphs, as of June 30, 2019, an additional $29.6 million in notes was held by various higher education foundations.

Other Component Units Notes and Loans

The Georgia Tech Foundation, Inc. has $46.0 million revolving lines of credit. One line of credit in the name of the Foundation totaling to $ 5.0 million and two lines of credit totaling $ 15.0 million. Interest is calculated using the 30-day LIBOR rate. This resulted in an average effective interest rate of 2.99% at June 30, 2019. As of June 30, 2019, the outstanding balance on the note was $42.7 million.

In October 2016, the Georgia Tech Foundation, Inc. entered into a loan assumption and substitution agreement with the previous borrower and assumed a $35.7 million note payable from a third party lender under terms of the existing loan agreement. The effective rate of interest at June 30, 2019 was 5.04%. As of June 30, 2019, the outstanding balance on the note was $34.2 million.

In May 2017, the Georgia Tech Foundation, Inc. entered into a loan agreement with a bank, borrowing $13.0 million. The effective interest rate at June 30, 2019 was 4.75%. As of June 30, 2019, the outstanding balance on the loan was $12.4 million.

NOTE 10 - LONG-TERM LIABILITIES (continued)

In September 2018, the Georgia Tech Foundation, Inc. entered into a loan agreement with a bank, borrowing $25.1 million. The effective interest rate at June 30, 2019 was 4.75%. As of June 30, 2019, the outstanding balance on the loan was $25.1 million.

In November 2018, the Georgia Tech Foundation, Inc. entered into a loan agreement with a bank, borrowing $24.0 million. The effective interest rate at June 30, 2019 was 0.00%. As of June 30, 2019, the outstanding balance on the loan was $12.0 million.

G. Interest Rate Swaps

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

H. Pollution Remediation

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

Governmental Activities

Department of Natural Resources

Department of Natural Resources has recorded liabilities totaling $60.5 million at June 30, 2019 for pollution remediation primarily related to sites included in the hazardous site inventory, Superfund sites where only operations and maintenance remains, and site containing underground storage tanks that are enrolled for remediation coverage in the Georgia Underground Storage Tank Program. The liabilities were determined by previous experience. Pollution remediation liability activity in fiscal year 2019 was as follows (amount in thousands):

Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts Due Within One Year
$ 31,534	$ 46,332	$ 17,360	$ 60,506	$ 220

NOTE 10 - LONG-TERM LIABILITIES (continued)

I. Debt Service Requirements

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

Primary Government

	Governmental Activities							
	General Obligation Bonds		Revenue Bonds		GARVEE Bonds		Notes and Loans Payable - Direct Borrowings	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 852,750	$ 390,020	$ 44,105	$ 9,665	$ 123,220	$ 18,375	$ 3,958	$ 2,324
2021	822,675	352,117	46,335	7,436	129,385	12,213	4,094	2,163
2022	751,620	315,793	48,675	5,095	68,305	5,744	4,286	1,996
2023	707,965	283,495	21,545	2,634	4,930	2,339	4,124	1,820
2024	686,955	252,909	22,650	1,530	5,170	2,092	3,571	1,674
2025-2029	2,947,950	856,765	19,265	482	36,895	6,706	20,429	6,215
2030-2034	1,934,285	320,763	—	—	—	—	19,888	1,939
2035-2039	684,595	51,895	—	—	—	—	—	—
2040-2044	—	—	—	—	—	—	—	—
2045-2049	—	—	—	—	—	—	—	—
2050-2054	—	—	—	—	—	—	—	—
Total	**$ 9,388,795**	**$ 2,823,757**	**$ 202,575**	**$ 26,842**	**$ 367,905**	**$ 47,469**	**$ 60,350**	**$ 18,131**

	Governmental Activities		Business-type Activities			
	Notes and Loans Payable - Other		Revenue Bonds		Notes and Loans Payable	
Year	Principal	Interest	Principal *	Interest	Principal **	Interest
2020	$ 2,941	$ 89	$ 5,580	$ 8,906	$ 36,141	$ 259
2021	2,971	60	6,888	8,656	2,051	261
2022	3,000	30	7,735	8,354	2,097	216
2023	—	—	8,458	8,032	2,143	169
2024	—	—	9,190	7,692	1,205	123
2025-2029	—	—	46,572	42,922	3,244	345
2030-2034	—	—	57,267	35,286	880	17
2035-2039	—	—	70,440	22,349	—	—
2040-2044	—	—	21,040	9,222	—	—
2045-2049	—	—	14,175	4,435	—	—
2050-2054	—	—	3,795	267	—	—
Total	**$ 8,912**	**$ 179**	**$ 251,140**	**$ 156,121**	**$ 47,761**	**$ 1,390**

* Includes accreted interest of $19.4 million that will be recorded in future years to increase bonds payable as the interest accretes.

** A debt service schedule for the TIFIA loan will be provided after the last loan draw.

NOTE 10 - LONG-TERM LIABILITIES (continued)

Component Units

	Higher Education Foundations		Georgia Tech Foundations		Other Component Units	
	Revenue Bonds		Revenue Bonds		Revenue Bonds	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 112,684	$ 138,829	$ 12,065	$ 10,843	$ 3,028	$ 1,931
2021	90,893	134,215	12,850	10,163	1,051	1,865
2022	96,799	129,624	13,780	9,437	1,100	1,815
2023	130,236	123,852	12,430	8,721	606	1,762
2024	107,189	117,716	13,195	8,019	639	1,729
2025-2029	630,535	497,595	69,185	29,249	2,918	8,108
2030-2034	686,875	326,352	45,370	12,503	30,320	2,719
2035-2039	584,920	158,415	10,910	7,702	—	—
2040-2044	221,930	37,345	15,360	5,089	—	—
2045-2049	53,790	11,264	16,950	1,487	—	—
2050-2054	16,495	1,410	—	—	—	—
Total	**$ 2,732,346**	**$ 1,676,617**	**$ 222,095**	**$ 103,213**	**$ 39,662**	**$ 19,929**

	Higher Education Foundations		Georgia Tech Foundations		Other Component Units	
	Notes and Loans Payable		Notes and Loans Payable		Notes and Loans Payable	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 41,079	$ 3,033	$ 55,613	$ 3,482	$ 1,380	$ 381
2021	5,002	2,726	973	3,436	1,408	337
2022	30,426	2,104	1,022	3,386	3,047	283
2023	4,828	1,773	1,473	3,328	1,150	171
2024	12,571	1,536	43,182	2,557	1,194	127
2025-2029	22,040	6,134	24,108	4,526	2,745	117
2030-2034	19,749	2,591	—	—	—	—
2035-2039	14,893	1,332	—	—	—	—
2040-2044	45	—	—	—	—	—
Total	**$ 150,633**	**$ 21,229**	**$ 126,371**	**$ 20,715**	**$ 10,924**	**$ 1,416**

	Georgia Housing and Finance Authority	
	Mortgage Bonds	
Year	Principal	Interest
2020	$ 38,385	$ 48,618
2021	42,755	47,385
2022	41,255	46,326
2023	39,950	45,246
2024	37,315	44,184
2025-2029	190,300	204,885
2030-2034	262,065	169,417
2035-2039	306,405	119,552
2040-2044	302,420	63,332
2045-2049	175,250	16,311
Total	**$ 1,436,100**	**$ 805,256**

NOTE 11 - LEASES

A. Operating Leases

The State leases land, office facilities, office and computer equipment, and other assets. Some of these leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the State has the option of renewing the lease on a year-to-year basis. Leases renewed yearly for a specified time period, i.e. lease expires at 12 months and must be renewed for the next year, may not meet the qualification as an operating lease.

Total lease payments for the State's governmental activities, business-type activities, and component units were \$21.2 million, \$58.5 million, and \$26.5 million, respectively, for the year ended June 30, 2019. Future minimum commitments for operating leases as of June 30, 2019, are listed below (amount in thousands).

	Primary Government		
Fiscal Year Ended June 30	**Governmental Activities**	**Business-type Activities**	**Component Units**
2020	$ 15,446	$ 58,715	$ 30,464
2021	11,091	53,144	29,628
2022	7,505	48,023	26,221
2023	5,573	46,352	23,497
2024	4,588	43,166	14,622
2025-2029	23,434	153,623	37,358
2030-2034	6,914	91,207	12,022
2035-2039	335	4,696	5,892
2040-2044	—	806	474
2045-2049	—	664	190
2050-2054	—	265	—
Total Future Minimum Commitments	**$ 74,886**	**$ 500,661**	**$ 180,368**

NOTE 11 - LEASES (continued)

B. *Capital Leases*

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. In accordance with OCGA 50-5-64, the majority of these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the State. The agreements shall terminate immediately at such time as appropriated and otherwise unobligated funds are no longer available to satisfy the obligations of the State.

The expense resulting from the amortization of assets recorded under capital leases is included in depreciation expense. At June 30, 2019, the historical cost of assets acquired through capital leases was as follows (amount in thousands):

	Primary Government		
	Governmental Activities	Business-type Activities	Component Units
Land	$ —	$ 58,410	$ —
Infrastructure	—	39,705	—
Buildings	324,095	3,407,692	66,936
Improvements Other Than Buildings	—	6,458	—
Machinery and Equipment	13,290	35,728	529
Software	1,887	—	—
Less: Accumulated Depreciation	(182,335)	(1,117,350)	(18,811)
Total Assets Held Under Capital Lease	**$ 156,937**	**$ 2,430,643**	**$ 48,654**

NOTE 11 - LEASES (continued)

At June 30, 2019, future commitments under capital leases were as follows (amount in thousands):

	Primary Government		
Fiscal Year Ended June 30	Governmental Activities	Business-type Activities	Component Units
2020	$ 56,319	$ 264,515	$ 13,446
2021	52,532	264,487	12,088
2022	54,769	264,126	11,318
2023	38,472	261,629	10,050
2024	35,796	260,620	8,469
2025-2029	203,310	1,301,502	30,056
2030-2034	26,120	1,121,403	25,455
2035-2039	5,853	768,358	2,069
2040-2044	2,993	181,445	—
2045-2049	30	27,964	—
2050-2054	30	2,322	—
2055-2059	30	—	—
2060-2064	—	—	—
2062-2066	—	—	—
Total Capital Lease Payments	476,254	4,718,371	112,951
Less: Interest	(248,521)	(1,502,240)	(29,077)
Executory Costs	(8,474)	(359,922)	(3)
Present Value of Capital Lease Payments	**$ 219,259**	**$ 2,856,209**	**$ 83,871**

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

NOTE 11 - LEASES (continued)

C. *Leases Receivable*

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

Total revenues from rental of land and facilities for the State's governmental activities and component units were $9.2 million, and $73.9 million, respectively, for the year ended June 30, 2019. Minimum future revenues and rentals to be received under operating leases as of June 30, 2019, are as follows (amount in thousands):

	Primary Government		
Fiscal Year Ended June 30	Governmental Activities	Business-type Activities	Component Units
2020	$ 1,099	$ —	$ 67,284
2021	1,060	—	38,436
2022	1,052	—	35,234
2023	430	—	29,339
2024	407	—	27,923
2025-2029	1,957	—	113,310
2030-2034	1,606	—	97,571
2035-2039	1,536	—	69,258
2040-2044	1,229	—	63,336
2045-2049	172	—	50,993
2050-2054	6	—	43,364
2055-2059	5	—	312,405
2060-2064	4	—	14,819
2065-2069	4	—	14,819
2070-2074	4	—	14,819
2075-2079	4	—	14,819
Total Minimum Revenues	**$ 10,575**	**$ —**	**$ 1,007,729**

NOTE 11 - LEASES (continued)

Component Units

Foundations related to Higher Education have lease operations consisting of real estate leases to the Board of Regents. Minimum future payments to be received from these capital leases as of June 30, 2019, are as follows (amount in thousands):

Fiscal Year Ended June 30		Amount
2020	$	202,638
2021		204,349
2022		205,526
2023		204,279
2024		203,880
Thereafter		2,901,984
Total Minimum Revenues		3,922,656
Less: Unearned Income		(1,557,529)
Net Revenue	**$**	**2,365,127**

D. Related Parties

Primary Government

University System of Georgia Foundations

During fiscal year 2019, various foundations that are not included in the government-wide financial statements have entered into transactions with institutions of the University System of Georgia. The University System of Georgia institutions have capital leases payable to these foundations that are not included as component units in the amount of $340.3 million as of June 30, 2019.

NOTE 12 - ENDOWMENTS

The State's donor restricted endowment funds reside primarily within the higher education institutions. The funds are pooled at the individual member institution level, unless required to be separately invested by the donor. There is no state law that governs endowment spending; rather, for University System of Georgia member institution controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits the individual member institution to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determine to be prudent. Current year net appreciation for the endowment accounts was $9.6 million and is reflected as restricted net position.

Changes in the endowment net position for the year ended June 30, 2019, are as follows (amount in thousands):

Component Units	Without Donor Restriction	With Donor Restriction	Total
Endowment net position, July 1 (Restated)	$ 270,306	$ 2,695,210	$ 2,965,516
Contributions	9,987	111,840	121,827
Net realized and unrealized gains	11,864	144,054	155,918
Appropriation of endowment assets for expenditure	(7,741)	(103,710)	(111,451)
Transfers to comply with donor intent	(800)	(244)	(1,044)
Other	4,954	1,296	6,250
Endowment net position, June 30	**$ 288,570**	**$ 2,848,446**	**$ 3,137,016**

NOTE 13 - SERVICE CONCESSION ARRANGEMENTS

A. Primary Government

University System of Georgia

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

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

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

For the $311.6 million that was originally received from Corvias in fiscal year 2015, $8.0 million was amortized at June 30, 2018, leaving a remaining deferred inflow of resources balance of $287.7 million at year end.

In addition to the existing student housing arrangement, Corvias designs and constructs authorized new housing projects that, once constructed, are similarly managed, maintained and operated on seven of the nine campuses with existing student housing resources. Two of these projects were completed in fiscal year 2016 and their fair market values were capitalized increasing Capital Assets by $23.1 million. In fiscal year 2017, five additional housing projects were completed and their fair market values were capitalized increasing capital assets by $154.4 million. The deferred inflows associated with these projects are being amortized over the remaining life of the SCA in accordance with the term revision noted above. At June 30, 2019, the USO amortized $4.6 million of deferred inflows related to these seven projects, leaving a remaining deferred inflow of resources balance of $166.9 million at year end.

Also, as part of this SCA, and beginning in fiscal year 2016, the USO receives $8.0 million in Ground Rent and $0.5 million in Supplemental Capital Repair and Replacement funds each year for the next ten years, with each amount escalating by 3% annually. The USO recorded accounts receivable and deferred inflow of resources in the amount of $73.2 million representing the present value of this revenue stream based on the agreement terms and will amortize the deferred inflows over a ten-year period. For the year ended June 30, 2019, the USO amortized $7.6 million and recognized $1.7 million in associated interest income, leaving a deferred inflow balance of $42.0 million as of June 30, 2019.

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

The USO has no reportable future obligation for these services.

NOTE 13 - SERVICE CONCESSION ARRANGEMENTS (continued)

Georgia Gwinnett College

On May 13, 2014, Georgia Gwinnett College (GGC) entered into an agreement with Aramark Education Services, LLC (Aramark), whereby Aramark will operate food services operations from service participants. The agreement is renewable for each year for ten years.

Aramark is required to operate the food service facilities in accordance with the contractual agreement. The contract includes a period fixed fee ("Annual Fixed Fee") payable to Aramark in the amount of $5.3 million per operating year. In the event that the amount paid to or retained by Aramark is less that the Annual Fixed Fee of $5.3 million, then GGC shall remit the amount equivalent to the difference of the Annual Fixed Fee minus Actual Operating Retainage. In the event that the actual operation year retainage is greater than 199.9% (upper threshold amount) of the Annual Fixed Fee, then Aramark shall remit the difference of the Annual Fixed Fee minus the upper threshold amount to GGC. If the actual operation year retainage is more than the Annual Fixed Fee but less than the 199.9% of the Annual Fixed Fee, then neither party shall owe anything to the other. GGC and Aramark will review the annual Fixed Fee prior to the commencement of each operating year and a revised Annual Fixed Fee shall be set forth in a written supplemental contract.

Under the terms of the contract Aramark committed a lump sum upfront payment of $0.4 million. The amortized revenue recorded related to the lump sum payment in fiscal year 2018 was $36.0 thousand and the remaining deferred inflow was $0.2 million.

Under terms of the original agreement Aramark also committed $5.3 million in dining facility renovations. In fiscal year 2017, the contract amendment called for a return of outstanding unamortized amounts of $1.6 million and for a reduction of $0.7 million to deferred inflows for uncollected funds. The amortized revenue recorded in fiscal year 2019 for the remaining construction commitment was $0.3 million leaving deferred inflow balance of $1.6 million.

For Fiscal Year 2019, GGC reported a total remaining deferred inflow of resources of $1.8 million related to the SCA.

Kennesaw State University

At June 30, 2019, Kennesaw State University (KSU) was a participant in four SCAs.

1. In August 2001, KSU entered into an agreement with KSUF whereby Kennesaw State University Foundation, Inc. (KSUF) will operate and collect revenues for housing operations from students. KSUF is required to operate the residence hall ("University Place") in accordance with a contractual agreement between the two parties. Under the terms of the agreement, the Institution received no funds upfront from KSUF, but will take full ownership of the residence hall at the end of the operating agreement in June, 2031.

2. In August 2003, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Village") in accordance with a contractual agreement between the parties. Under the terms of the agreement, the Institution received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in June 2034.

3. In August 2007, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing ("University Suites") in accordance with a contractual agreement between the parties. Under the terms of the agreement, the Institution received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in June 2037.

NOTE 13 - SERVICE CONCESSION ARRANGEMENTS (continued)

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

At June 30, 2019, the University reports the three housing residences and one retail space as capital assets with a net carrying value of $57.0 million. For fiscal year 2019, the University reported a remaining deferred inflow of resources of $57.0 million and amortized revenue of $3.6 million.

NOTE 14 - DEFERRED INFLOWS AND OUTFLOWS

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2019, consisted of the following (amount in thousands):

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	$ —	$ —	$ —	$ 3,738
Deferred Amount on Refundings of Bonded Debt	101,630	48,565	150,195	46,782
Deferred Outflows Relating to Other Postemployment Benefits:				
Difference between expected and actual experience	2,522	307,698	310,220	1,167
Change of assumptions	11,866	598	12,464	1,321
Net difference between projected and actual earnings on pension plan investments	49,123	7,355	56,478	1,591
Change in proportion	186,236	1,607	187,843	10,290
State contribution subsequent to the measurement date	436,238	218,131	654,369	6,347
Deferred Outflows Relating to Pensions:				
Difference between expected and actual experience	135,078	212,213	347,291	11,539
Change of assumptions	224,046	56,926	280,972	7,724
Net difference between projected and actual earnings on pension plan investments	585	882	1,467	5,703
Change in proportion	107,557	115,504	223,061	5,234
State contribution subsequent to the measurement date	664,499	463,514	1,128,013	35,987
Total Deferred Outflows of Resources	**$ 1,919,380**	**$ 1,432,993**	**$ 3,352,373**	**$ 137,423**
Deferred Inflows of Resources				
Deferred Amount on Refundings of Bonded Debt	$ 854	$ 67,214	$ 68,068	$ —
Deferred Service Concession Arrangement Receipts	—	555,391	555,391	—
Deferred Inflows Relating to Other Postemployment Benefits:				
Difference between expected and actual experience	167,115	21,722	188,837	5,220
Change of assumptions	770,327	595,761	1,366,088	20,573
Net difference between projected and actual earnings on pension plan investments	38,200	1,984	40,184	495
Change in proportion	145,652	21,165	166,817	5,384
Deferred Inflows Relating to Pensions:				
Difference between expected and actual experience	23,242	6,398	29,640	2,068
Change of assumptions	27,007	—	27,007	2,034
Net difference between projected and actual earnings on pension plan investments	115,604	93,636	209,240	4,132
Change in proportion	129,355	73,466	202,821	11,249
Unavailable Revenue	37,162	29,118	66,280	23,414
Total Deferred Inflows of Resources	**$ 1,454,518**	**$ 1,465,855**	**$ 2,920,373**	**$ 74,569**

NOTE 14 - DEFERRED INFLOWS AND OUTFLOWS (continued)

Of the $1.9 billion of deferred outflows of resources reported in the governmental activities, $686.0 million represent deferred outflows related to other postemployment benefits, of which $7.0 million are reported in the internal service funds and $1.1 billion represent deferred outflows relating to pensions, of which $12.5 million are reported in the internal service funds. The remaining $101.6 million represent deferred amounts on refundings of bonded debt.

Of the $1.5 billion of deferred inflows of resources reported in the governmental activities, $1.1 billion represent deferred inflows related to other postemployment benefits, of which $16.8 million are reported in the internal service funds and $295.2 million represent deferred inflows relating to pensions, of which $3.0 million are reported in the internal service funds. Additionally, the U.S. Department of Justice settled an agreement with the Volkswagen Corporation in which an Environmental Mitigation Trust was established. The State has $36.8 million in unavailable revenues to fund future eligible mitigation actions. The remaining $1.2 million represent deferred amounts on refundings of bonded debt and unavailable revenue related to grant funds received before the period when those resources are permitted to be used.

Deferred outflows reported in business-type activities include $1.4 billion which represent $535.4 million relating to other postemployment benefits, $849.0 million which represent deferred outflows relating to pensions and $48.6 million, which represent deferred amounts on refundings of bonded debt.

Of the $1.5 billion of deferred inflows of resources reported in the business-type activities, $640.6 million represent deferred inflows relating to other postemployment benefits, $173.5 million represent deferred inflows relating to pensions, $555.4 million represent deferred service concession arrangement receipts described in *Note 13 - Service Concession Arrangements*, $67.2 million represent deferred amounts on refundings of bonded debt and $29.1 million in unavailable revenue represent grant funds received before the period when those resources are permitted to be used.

Of the $137.4 million of deferred outflows of resources reported in the component units, $20.7 million represent deferred outflows relating to other postemployment benefits, $66.2 million represent deferred outflows relating to pensions and $46.8 million represent deferred amounts on refundings of bonded debt.

Of the $74.6 million of deferred inflows of resources reported in the component units, $31.7 million represent deferred inflows relating to other postemployment benefits, $19.5 million represent deferred inflows relating to pensions, and $23.4 million in unavailable revenue represent grants funds received before the period when those resources are permitted to be used.

Under the modified accrual basis of accounting, governmental funds reported $1.3 billion in unavailable revenue as deferred inflows of resources, which consisted primarily of taxes and interest received more than 30 days after close of the current fiscal year.

NOTE 15 - RETIREMENT SYSTEMS

The State administers various retirement plans. Two of the major retirement systems are: the Teachers Retirement System (TRS) and the Employees' Retirement System of Georgia (the System) which includes the Employees' Retirement System (ERS), the Public School Employees Retirement System (PSERS), the Georgia Judicial Retirement System (GJRS). The State also administers retirement plans for the State's peace officers and firefighters. Those plans are the Peace Officers' Annuity and Benefit Fund of Georgia (Peace Officers') and the Georgia Firefighters' Pension Fund (Firefighters'). The State is the plan sponsor (Plan) of these plans and in many cases the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as Plan sponsor and the State as Employer. In addition, the State is the only entity with a statutory requirement to contribute on behalf of the employer directly to many of these Plans creating a situation defined as a Nonemployer Contributing Entity in a Special Funding Situation (SFS).

Each of these systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained by visiting the following websites:

Employees' Retirement System:	www.ers.ga.gov
Teachers Retirement System:	www.trsga.com
Peace Officers' Annuity and Benefit Fund of Georgia:	www.poab.georgia.gov
Georgia Firefighters' Pension Fund:	www.gfpf.org

In addition, the State administers the Regents Retirement Plan, which is an optional retirement plan for certain university employees.

The State's significant retirement plans 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. Basis of Accounting

Retirement plan financial statements are prepared on the accrual basis of accounting, except for the collection of fines and forfeitures which are recognized when collected from the courts and insurance company premium taxes which are recognized annually, upon receipt. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement benefits and refund payments are recognized as deductions when due and payable. The retirement plan's fiduciary net positions have been determined on the same basis as they are reported by the various plans.

B. Investments

Investments are reported at fair value and net asset value (NAV) as a practical expedient to fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

NOTE 15 - RETIREMENT SYSTEMS (continued)

For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for the System, is represented below, along with the TRS, Peace Officers', and Firefighters' plans.

Pension Plans	Net Annual Money-Weighted Rate
ERS/PSERS/GJRS	(1.80%)
Teacher's Retirement System	4.08 %
Peace Officers'	6.14 %
Firefighters'	5.11 %

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

ERS, PSERS, GJRS, TRS, Peace Officers' and Firefighters' have investment policies regarding the allocation of invested assets.

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

Peace Officers' maintains an investment policy that may be amended by its Board of Commissioners both upon its own initiative and upon consideration of the advice and recommendations of its investment managers. The fund's policy in regard to the allocation of invested assets is established on a cost basis in compliance with Georgia Statute. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

Firefighters' policy in regard to the allocation of invested assets is established and may be amended by the fund's Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

NOTE 15 - RETIREMENT SYSTEMS (continued)

The following table summarizes the adopted asset allocation policy by plan at June 30, 2019:

Target Allocation

Asset Class	ERS	PSERS	GJRS	TRS	Peace Officers'	Firefighters'
Fixed Income	25% - 45%	25% - 45%	25% - 45%	25% - 45%	20% - 40%	19.5% - 49.5%
Equities	55% - 75%	55% - 75%	55% - 75%	55% - 75%	30% - 75%	25.5% - 75.5%
Alternative Investments	0% - 5%	0% - 5%	0% - 5%	—	0% - 5%	—
Cash and Cash Equivalents	—	—	—	—	0% - 10%	—
Other	—	—	—	—	—	5% - 25%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

C. Defined Benefit Plans Descriptions and Funding Policies

Employees' Retirement System of Georgia (The System)

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

Employees' Retirement System (ERS)

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

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

Under the old plan, new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless

NOTE 15 - RETIREMENT SYSTEMS (continued)

of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

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

Contributions: Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to $4,200 plus 6% of annual compensation in excess of $4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The State is required to contribute at a specified percentage of active member payroll established by the Board of Trustees and determined annually in accordance with an actuarial valuation and minimum funding standards as provided by law. These State contributions are not at any time refundable to the member or his/her beneficiary.

Employer and nonemployer contributions required, as a percentage of covered payroll, for fiscal year 2019 were based on the June 30, 2016 actuarial valuation as follows:

Plan Segment	Contribution Rate 2019
Old Plan*	24.66%
New Plan	24.66%
GSEPS	21.66%

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

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

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

NOTE 15 - RETIREMENT SYSTEMS (continued)

Public School Employees Retirement System (PSERS)

Plan Description: PSERS is also a plan within the System, and is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969, for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS.

Benefits Provided: A member may retire and elect to receive normal monthly retirement benefits after completion of 10 years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of 10 years of service. Upon retirement, the member will receive a monthly benefit of $15.25, multiplied by the number of years of creditable service. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Death and disability benefits are also available through PSERS.

Contributions: Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year.

The State makes contributions to PSERS on behalf of certain non-State employers as follows: Pursuant to OCGA §47-4-29(a) and 60(b), the Georgia General Assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer. 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.

Employer contributions required for the year ended June 30, 2019 were $777.04 per active member and were based on the June 30, 2016, actuarial valuation.

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

Georgia Judicial Retirement System (GJRS)

Plan Description: Another plan within the System, GJRS, is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1998 for the purpose of providing retirement allowances for judges and solicitors generals of the state courts and juvenile court judges in Georgia, and their survivors and other beneficiaries, superior court judges of the state of Georgia, and district attorneys of the state of Georgia. The ERS Board of Trustees and three additional trustees administer GJRS.

GJRS was also created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement fund, the Superior Court Judges Retirement System, and the District Attorneys Retirement System (collectively, the Predecessor Retirement Systems). As of June 30, 1998, any person who was an active, inactive, or retired member or beneficiary of the Predecessor Retirement Systems was transferred to GJRS in the same status effective July 1, 1998. All assets of the Predecessor Retirement Systems were transferred to GJRS as of July 1, 1998.

Benefits Provided: The normal retirement for GJRS is age 60, with 16 years of creditable service; however, a member may retire at age 60 with a minimum of 10 years of creditable service.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Annual retirement benefits paid to members are computed as 66.67% of State paid salary at retirement for district attorneys and superior court judges and 66.67% of the average over 24 consecutive months for trial judges and solicitors, plus 1% for each year of creditable service over 16 years, not to exceed 24 years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed 16 years. Death, disability, and spousal benefits are also available.

Contributions: Members are required to contribute 7.5% of their annual salary. Those who became members prior to July 1, 2012 must also contribute an additional 2.5% of their annual salary if spousal benefit is elected. Employer contributions are actuarially determined and approved and certified by the GJRS Board of Trustees.

The State makes contributions to GJRS on behalf of certain non-State employers as follows: Pursuant to OCGA 47-23-81 the employer contributions for state court judges and solicitors are funded by the State of Georgia on behalf of the local county employers and pursuant to OCGA 47-23-82 the employer contributions for juvenile court judges are funded by the State on behalf of local county employers.

Employer and nonemployer contributions required for year ended June 30, 2019 were 7.83% of compensation and were based on the June 30, 2016 actuarial valuation.

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

Teachers Retirement System of Georgia (TRS)

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

Benefits Provided: TRS provides service retirement, disability retirement, and survivor's benefits. Title 47 of the OCGA assigns the authority to establish and amend the provisions of TRS to the State Legislature. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

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

NOTE 15 - RETIREMENT SYSTEMS (continued)

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

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

Member contributions as adopted by the Board of Trustees for fiscal year 2019 were 6% of covered payroll. Employer and Nonemployer contributions required for fiscal year 2019 were 20.90% of annual salary as required by the June 30, 2016, actuarial valuation.

Peace Officers' Annuity and Benefit Fund of Georgia (Peace Officers')

Plan Description: Peace Officers' is a cost-sharing multiple-employer defined benefit pension plan established in 1950 by the General Assembly of Georgia for the purpose of paying retirement benefits to peace officers of the State of Georgia. The Board of Commissioners of the Peace Officers' fund is comprised of six members consisting of the Governor or his designee, an appointee of the Governor other than the Attorney General, the Commissioner of Insurance or his designee and three active or retired peace officers appointed by the Governor in accordance with OCGA 47-17-20.

Individuals eligible to apply for membership in the Peace Officers' fund are defined in the OCGA 47-17-1 and generally include: any individual employed by the State of Georgia or any municipality, county, or other political subdivision thereof for the preservation of public order, the protection of life and property or the detection of crime; wardens and correction officers of correctional institutions; full-time parole officers; other individuals employed full-time for the purpose of law enforcement; and full-time employees of the Peace Officers' fund.

Benefits Provided: The Peace Officers' fund provides retirement as well as disability and death benefits. Title 47 of the OCGA assigns the authority to establish and amend the provisions of the Peace Officers' fund to the State Assembly. A member is eligible to receive retirement benefits with 30 years of service, regardless of age. A member is also eligible to receive retirement benefits at age 55 with 10 years of service; however, members joining on or after July 1, 2010, must have 15 years of service to be eligible for benefits. A member must have terminated his or her active employment as a peace officer to receive benefits.

The monthly benefit is a single life annuity payable in monthly payments for the life of the member only. The monthly payment amount at June 30, 2019, was $24.78 per month (plus 1/12 of this amount for each month of any partial year) for each full year of creditable service up to a maximum of 30 years of total service. The Board of Commissioners is authorized to provide for increases effective as of January 1 and July 1 of each year up to 1.5% of the maximum monthly retirement benefit then in effect. Members may elect, as an alternate to the benefit described above, to receive a 100% joint life annuity payable during the life of the member or the member's spouse, or a contingency life annuity with a 50% monthly payment to the surviving spouse. The amount of the benefit for these options is an actuarially reduced portion of the single life annuity benefit described above.

At any time before a member begins drawing retirement benefits, the member may request a refund of 95% of all member contributions paid into the Peace Officers' fund during creditable service. No interest is paid on these withdrawals.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Contributions: The Peace Officers' fund is funded by member and nonemployer contributing entity (Nonemployer) contributions. Contribution provisions are established by statute and may be amended only by the General Assembly of Georgia. A description of contribution requirements is as follows:

Member Contributions: Member contribution requirements are set forth in OCGA 47-17-44 and are not actuarially determined. Each member must contribute $20 per month, to be paid no later than the tenth day of each month.

Nonemployer Contributions: Pursuant to OCGA 47-14-60, the State makes contributions to the Peace Officers' fund on behalf of non-State employers through the collection of court fines and forfeitures.

The fines and forfeitures are considered employer contributions for the purpose of determining whether the Peace Officers' fund has met minimum funding requirements specified in OCGA 47-20-10. This statute also prohibits any action to grant a benefit increase until such time as the minimum annual contribution requirements meet or exceed legislative requirements. The actuarial valuation as of June 30, 2019, calculated the minimum employer contribution for the fiscal year ended June 30, 2019, as $10.4 million. The fines and forfeitures revenue of $14.4 million for the fiscal year ended June 30, 2019, did meet the minimum required fund contribution.

Administrative expenses are generally funded from current member and court fine and forfeiture contributions. Investment earnings may be utilized to fund any expenses in excess of contributions.

Georgia Firefighters' Pension Fund (Firefighters')

Plan Description: Firefighters' is a cost-sharing multiple-employer defined benefit pension plan established in 1955 by the General Assembly of Georgia for the purpose of paying retirement benefits to firefighters of the State of Georgia. The Board of Trustees of the pension fund is comprised of five members and consists of the Governor or his designee, the Commissioner of Insurance or his designee, two active members of the pension fund appointed by the Governor and one retired beneficiary of the pension fund appointed by the Governor. Any person employed as a firefighter or enrolled as a volunteer firefighter within the State of Georgia or any regular employee of the pension fund is eligible for membership.

Benefits Provided: The Firefighters' fund provides retirement and death benefits. Disability benefits are provided under certain circumstances, and only as awarded to members prior to July 1, 1993. Benefit provisions and vesting requirements are established by statute and may be amended only by the General Assembly of Georgia. A member shall be eligible to receive retirement benefits at age 55 provided the member has 25 years of service. A member may be eligible to receive a pro rata share of benefits, at the latter of age 55 or at the member's termination as a firefighter or volunteer firefighter, after at least 15 years of service (amount received to be the maximum benefit amount times a ratio of years of service to 25 years). At age 50, a member may elect to receive a percentage of benefits to which the member would have been eligible to receive at age 55. Members may receive benefits and continue service as a volunteer firefighter as long as they receive no form of compensation for their volunteer department activity.

The maximum retirement benefit at June 30, 2019 is $931 per month for the life of the member. The Board of Trustees is authorized to provide for ad hoc cost-of-living adjustments (COLAs) effective as of January 1 and July 1 of each year up to 1.5% of the maximum retirement benefit then in effect. Members retiring after July 1, 1984 with service in excess of 25 years are entitled to an additional 1% of the maximum benefit in effect at the time of retirement for each additional full year of service. Members retiring after July 1, 2002 with service in excess of 25 years are entitled to an additional 2% of the maximum benefit in effect at the time of retirement for each additional full year of service.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Members may elect, as an alternate to the benefit described above, to receive either an actuarially reduced benefit payable during the joint lifetime of the member and the member's spouse, continuing after the death of the member during the lifetime of the spouse or a 10 years' certain and life option where an actuarially reduced benefit is received during the member's lifetime and, in the event of the member's death within 10 years of retirement, the same monthly benefits shall be payable to the member's selected beneficiary for the balance of the 10 year period.

In the event a member terminates prior to receiving retirement benefits, 95% of the member's contribution will be returned. No interest is paid upon amounts so withdrawn.

Contributions: The Firefighters' fund is funded by member and nonemployer contributing entity (Nonemployer) contributions. Contribution provisions are established by statute and may be amended only by the General Assembly of Georgia. A description of contribution requirements is as follows:

Member Contributions: Member contributions are set forth in OCGA 47-7-60 and are not actuarially determined. Each member must contribute $25 per month, to be paid no later than the tenth day of each month.

Nonemployer Contributions: Pursuant to OCGA 47-7-61, the State makes contributions to the Firefighters' fund on behalf of non-State employers as follows: Nonemployer contributing entity contributions consist of contributions from fire insurance companies, corporations or associations doing business within the State of Georgia. These contributions must be paid to the Firefighters' fund and are comprised of 1% of the gross premiums, written by such insurance companies, corporations, or associations for fire, lightning, or extended coverage, inland marine or allied lines, or windstorm insurance policies covering property within the State of Georgia.

In accordance with OCGA 47-20-10, the insurance premiums tax are considered employer contributions for the purpose of determining whether the Pension Fund has met minimum funding requirements. This statute also prohibits any action to grant a benefit increase until such time as the minimum annual contribution requirements meet or exceed legislative requirements. The actuarial valuation as of June 30, 2019, calculated the minimum employer contribution for the fiscal year ended June 30, 2019, as $29.7 million. The insurance premium tax revenue of $37.9 million for the fiscal year ended June 30, 2019, meets the minimum required fund contribution.

Administrative expenses are generally funded from current member and insurance premium tax contributions. Investment earnings may be utilized to fund any expenses in excess of contributions.

NOTE 15 - RETIREMENT SYSTEMS (continued)

D. Defined Benefit Plans Membership and Participating Employers

The following table summarizes the participating membership and participating employers at June 30, 2019:

Participating Membership by Plan
June 30, 2019

Plan Membership	ERS	PSERS	GJRS	TRS	Peace Officers'	Firefighters'
Inactive plan members or beneficiaries currently receiving benefits	52,275	18,990	400	131,802	6,572	5,864
Inactive plan members entitled to but not yet receiving benefits	60,574	49,213	64	14,060	1,576	336
Inactive plan members not entitled to benefits	—	—	—	99,744	—	2,439
Active plan members	59,207	34,768	521	226,387	13,103	13,520
Total	172,056	102,971	985	471,993	21,251	22,159
Number of Employers	420	187	93	316	659	430

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

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

The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the components of the Net Pension Liability (NPL)/ Net Pension Asset (NPA) of the participating employers and nonemployer contributing entities, as of June 30, 2019, by Plan (amount in thousands):

Components of the Net Pension Liability/(Asset)	ERS	PSERS	GJRS	TRS	Peace Officers'	Firefighters'
Total Pension Liability	$17,744,003	$ 1,107,496	$ 440,041	$ 100,291,641	$ 802,169	$ 1,103,481
Plan Fiduciary Net Position	13,617,472	941,588	479,372	78,788,937	825,675	934,352
Employers' and non-employer contributing entity's net pension liability/(asset)	$ 4,126,531	$ 165,908	$ (39,331)	$ 21,502,704	$ (23,506)	$ 169,129
Plan fiduciary net position as a percentage of the total pension liability	76.74%	85.02%	108.94%	78.56%	102.93%	84.67%

NOTE 15 - RETIREMENT SYSTEMS (continued)

F. Defined Benefit Plans Actuarial Methods and Assumptions

Actuarial Valuation Date

The total pension liability at June 30, 2019 is based upon the June 30, 2018 actuarial valuation for ERS, PSERS, GJRS, TRS, and Peace Officers, and upon the June 30, 2019 actuarial valuations for Firefighters', using generally accepted actuarial procedures/techniques.

Actuarial Assumptions

The total pension liability, as of June 30, 2019, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement:

(Table on next page)

NOTE 15 - RETIREMENT SYSTEMS (continued)

Plan	Valuation date	Inflation	Salary increases	Investment rate of return[1]	Cost of Living Adjustment	Mortality	Actuarial experience study
ERS	6/30/2018	2.75%	3.25% - 7.00%*	7.30%	N/A	Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward two years for both males and females) for service retirements and dependents beneficiaries. The RP-2000 Disabled Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set back seven years for males and set forward three years for females) was used for death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan.	7/1/2009-6/30/2014
PSERS	6/30/2018	2.75%	N/A	7.30%	1.5% semi-annually	Post-retirement mortality rates were based on the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward for three years for males and two years for females) for the period after service retirement and dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward five years for both males and females) was used for death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan.	7/1/2009-6/30/2014
GJRS	6/30/2018	2.75%	4.50%*	7.30%	N/A	Mortality rates were based in the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward two years for both males and females) for the period after retirement and for dependent beneficiaries. For the period after disability retirement, the RP-2000 Disability Mortality Table projected to 2025 with projection scale BB (set back seven years for males and set forward three years for females) is used. Rates for mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projected scale BB.	7/1/2009-6/30/2014
TRS	6/30/2018	2.50%	3.00% - 8.75%*	7.25%	1.5% semi-annually	Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table for future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service retirements and dependents 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. There is a margin for future mortality improvement in the tables used by the plan. The numbers of expected future deaths are 8-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projected scale BB.	7/1/2009-6/30/2014
Peace Officers'	6/30/2018	1.90%	N/A	6.50%	1.5%	Mortality rates were based on the RP 2014 Healthy Mortality Table with blue collar adjustments and generational mortality projection using Conduent modified MP-2016 scale for healthy lives and the RP-2014 Disabled Retiree Mortality Table with generational mortality projection using the Conduent modified MP-2016 scale for disabled lives.	6/30/2008-6/30/2015
Firefighters'	6/30/2019	2.75%	N/A	6.00%	N/A	Mortality rates for pre-retirement were based on the RP-2000 Employee Mortality Table projected to 2025 with Projection Scale BB. Mortality rates for post-retirement and for dependent beneficiaries were based on the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward one year for males and set forward four years for females). For current disability retirees, mortality rates are based on the RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward five years for males and set forward three years for females), however there are no longer any disability benefits in the plan. 80% of active members are assumed to be married with the male three years older than his spouse.	7/1/2009-6/30/2015

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

*Includes respective inflation assumptions.

NOTE 15 - RETIREMENT SYSTEMS (continued)

The actuarial assumptions used in the valuations are based on the results of the most recent actuarial experience studies dates noted in the table, with the exception of the investment rate of return for the ERS, PSERS, GJRS, and TRS plans. The investment rate of return for ERS, PSERS, and GJRS was updated as reported in the June 30, 2017 actuarial valuation and at the June 30, 2018 measurement date, based on funding policy changes. Also, as reported in the June 30, 2018 actuarial valuation for TRS, the assumed investment rate of return was updated based on a funding policy change, and the annual rate of inflation was updated.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using either a log-normal distribution analysis, a building-block method or a Monte Carlo simulation 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized by plan in the table below:

(Table on next page)

NOTE 15 - RETIREMENT SYSTEMS (continued)

Asset Class	ERS		PSERS		GJRS		TRS		Peace Officers'		Firefighters'	
	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*
Investment Grade Corporate Credit	—	—	—	—	—	—	—	—	—	—	12.0%	3.2%
Mortgage Backed Securities	—	—	—	—	—	—	—	—	—	—	12.0%	1.2%
Fixed Income	30.0%	(0.1%)	30.0%	(0.1%)	30.0%	(0.1%)	30.0%	(0.1%)	6.6%	2.9%	—	—
Fixed Income - Domestic	—	—	—	—	—	—	—	—	22.6%	3.9%	—	—
Fixed Income - International	—	—	—	—	—	—	—	—	—	—	—	—
Core Bonds	—	—	—	—	—	—	—	—	—	—	10.5%	1.7%
Domestic large equities	46.2%	8.9 %	46.2%	8.9 %	46.2%	8.9 %	51.0%	8.9 %	31.6%	8.6%	15.5%	5.8%
Domestic mid equities	—	—	—	—	—	—	—	—	13.8%	9.7%	—	—
Domestic small equities	1.3%	13.2 %	1.3%	13.2 %	1.3%	13.2 %	1.5%	13.2 %	11.0%	9.1%	—	—
Global equities	—	—	—	—	—	—	—	—	—	—	—	—
Small/mid cap equities	—	—	—	—	—	—	—	—	—	—	15.5%	6.5%
International developed market equities	12.4%	8.9 %	12.4%	8.9 %	12.4%	8.9 %	12.4%	8.9 %	—	—	—	—
International emerging market equities	5.1%	10.9 %	5.1%	10.9 %	5.1%	10.9 %	5.1%	10.9 %	—	—	6.5%	9.5%
International equity funds	—	—	—	—	—	—	—	—	9.4%	8.5%	13.0%	6.6%
Private equity	—	—	—	—	—	—	—	—	—	—	5.0%	10.5%
Real estate	—	—	—	—	—	—	—	—	5.0%	6.8%	5.0%	4.1%
Real Assets (liquid)	—	—	—	—	—	—	—	—	—	—	5.0%	4.7%
Commodities	—	—	—	—	—	—	—	—	—	—	—	—
Alternatives	5.0%	12.0 %	5.0%	12.0 %	5.0%	12.0 %	—	—	—	—	—	—
Total	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%	

* Rates shown are net of the 2.75% assumed rate of inflation with the exception of TRS and Peace Officers', which assume a 2.50% and 1.90% rate of inflation, respectively.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Discount Rate

The discount rate used for ERS, PSERS, and GJRS to measure the total pension liability, as of June 30, 2019, was 7.30%. The discount rate used for TRS to measure the total pension liability was 7.25%, as compared with last year's rate of 7.50%. The projection of cash flows used by each plan to determine the discount rate was assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability, as of June 30, 2019, for the Peace Officers' plan was 6.50%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. Based on those assumptions, the 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 discount rate used to measure the total pension liability, June 30, 2019, for the Firefighters' plan was 6.00% 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 nonemployer contributing entity contributions will remain at the level contributed the previous fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Sensitivity of the Participating Employers and Nonemployer Contributing Entities NPL/(NPA) to Changes in the Discount Rate

The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the NPL/(NPA) of the employer and nonemployer contributing entities, as of June 30, 2019. The NPL/(NPA) is calculated using the determined discount rate as well as what the NPL/(NPA) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate by the Plan (amount in thousands):

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

	1% Decrease	Current Rate	1% Increase
	(6.30%)	(7.30%)	(8.30%)
ERS's Net Pension Liability	$ 5,864,180	$ 4,126,531	$ 2,645,214
	(6.30%)	(7.30%)	(8.30%)
PSERS's Net Pension Liability	$ 287,322	$ 165,908	$ 63,677
	(6.30%)	(7.30%)	(8.30%)
GJRS's Net Pension Liability/(Asset)	$ 1,681	$ (39,331)	$ (75,029)
	(6.25%)	(7.25%)	(8.25%)
TRS's Net Pension Liability	$ 34,905,182	$ 21,502,704	$ 10,481,105
	(5.50%)	(6.50%)	(7.50%)
Peace Officers' Net Pension Liability/(Asset)	$ 75,945	$ (23,506)	$ (105,897)
	(5.00%)	(6.00%)	(7.00%)
Firefighters' Net Pension Liability	$ 315,762	$ 169,129	$ 48,033

NOTE 15 - RETIREMENT SYSTEMS (continued)

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

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

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

The following schedule is presented from the perspective of the State as the Employer and/or nonemployer contributing entity and details the proportional share of the pension amounts for each plan as of June 30, 2019 is as follows (amount in thousands):

Aggregate Pension Amounts - All Plans

	Primary Government	Component Units
Pension liabilities	$ 7,367,096	$ 202,626
Pension assets	$ 100,647	$ 9,420
Deferred outflows of resources related to pensions	$ 1,980,804	$ 66,187
Deferred inflows of resources related to pensions	$ 468,708	$ 19,483
Pension expense/expenditures	$ 935,380	$ 27,238

NOTE 15 - RETIREMENT SYSTEMS (continued)

The information below includes all significant plans and funds administered by the State of Georgia.

The NPL and NPA for each plan was measured as of June 30, 2018. The total pension liability/asset used to calculate the NPL/NPA for each plan was based on an actuarial valuation as of June 30, 2017 for ERS, PSERS, GJRS, TRS, Peace Officers' and as of June 30, 2018 for Firefighters'.

Employees' Retirement System

State's Proportionate Share of Net Pension Liability and Pension Expense

Primary Government: At June 30, 2019, the State reported a liability of $3.7 billion, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total pension liability to June 30, 2018. The State's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion for the ERS plan as Employer was 88.948204%, which was an increase of 0.53261% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized pension expense of $489.3 million.

At June 30, 2019, the State reported a liability of $69.7 million, for its proportionate share of the net pension liability, based on contributions to ERS during the fiscal year ended June 30, 2018, for certain Local County Tax Commissioners and the CSC and PAC employees in certain counties. At June 30, 2018, the State's proportion was 1.696518% for certain Local County Tax Commissioners and the CSC and PAC employees in certain counties. For the year ended June 30, 2019, the State recognized expense of $1.3 million.

Component Units: At June 30, 2019, the State reported a liability of $56.3 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total pension liability to June 30, 2018. The State's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion for the ERS plan as Employer was 1.369623%, which was a decrease of 0.132012% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized pension expense of $4.9 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amount in thousands):

	Primary Government				Component Units	
	State as Employer		State as Nonemployer Contributing Entity		State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 113,526	$ —	$ 2,169	$ —	$ 1,753	$ —
Changes of assumptions	171,839	—	3,286	—	2,652	—
Net difference between projected and actual earnings on pension plan investments	—	84,066	—	1,607	—	1,296
Changes in proportion and differences between State contributions and proportionate share of contributions	101,652	83,843	208	7,181	303	3,905
State contributions subsequent to the measurement date	578,876	—	10,404	—	9,369	—
Total	**$ 965,893**	**$ 167,909**	**$ 16,067**	**$ 8,788**	**$ 14,077**	**$ 5,201**

Primary Government: State contributions as employer and nonemployer subsequent to the measurement date of $578.9 million and $10.4 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2020.

Component Units: State contributions as employer subsequent to the measurement date of $9.4 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2020.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amount in thousands):

	Primary Government		Component Units
Year ended June 30:	State as Employer	State as Nonemployer Contributing Entity	State as Employer
2020	$ (288,124)	$ (82)	$ (1,854)
2021	(109,523)	(183)	(386)
2022	140,081	2,672	2,157
2023	38,458	718	576
2024	—	—	—
Thereafter	—	—	—

Public School Employees Retirement System

State's Proportionate Share of Net Pension Liability and Pension Expense

Primary Government: At June 30, 2019, the State reported a liability of $158.0 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total pension liability to June 30, 2018. The State's proportion of the net pension liability was based on contributions to PSERS during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion as nonemployer contributing entity was 100% for the PSERS plan for certain local school employees (bus drivers, cafeteria workers, and maintenance staff). For the year ended June 30, 2019, the State recognized pension expense of $36.6 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amount in thousands):

	Primary Government	
	State as Nonemployer Contributing Entity	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 2,779
Changes of assumptions	12,456	—
Net difference between projected and actual earnings on pension plan investments	—	8,412
Changes in proportion and differences between State contributions and proportionate share of contributions	—	—
State contributions subsequent to the measurement date	30,263	—
Total	$ 42,719	$ 11,191

Primary Government: State contributions as nonemployer subsequent to the measurement date of $30.3 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amount in thousands):

	Primary Government
Year ended June 30:	State as Nonemployer Contributing Entity
2020	$ 12,385
2021	2,424
2022	(10,640)
2023	(2,904)
2024	—
Thereafter	—

NOTE 15 - RETIREMENT SYSTEMS (continued)

Georgia Judicial Retirement System

State's Proportionate Share of Net Pension Asset and Pension Expense

Primary Government: At June 30, 2019, the State reported an asset of $22.0 million, for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension asset used to calculate the net pension asset was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total pension asset to June 30, 2018. The State's proportion of the net pension asset was based on contributions to GJRS during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion for the GJRS plan as Employer was 57.814059%, which was a decrease of 1.156281% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized pension expense of $1.7 million.

At June 30, 2019, the State reported an asset of $16.0 million, for its proportionate share of the net pension asset, based on contributions to GJRS during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion was 42.185941% for certain State court judges and solicitors general and for certain juvenile court judges. For the year ended June 30, 2019, the State recognized an expense of $1.1 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amount in thousands):

	Primary Government			
	State as Employer		State as Nonemployer Contributing Entity	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,850	$ 1,799	$ 3,538	$ 1,313
Changes of assumptions	3,486	1,106	2,544	807
Net difference between projected and actual earnings on pension plan investments	—	2,614	—	1,907
Changes in proportion and differences between State contributions and proportionate share of contributions	486	224	905	1,167
State contributions subsequent to the measurement date	2,741	—	2,065	—
Total	$ 11,563	$ 5,743	$ 9,052	$ 5,194

Primary Government: State contributions as employer and nonemployer subsequent to the measurement date of \$2.7 million and \$2.1 million are reported as deferred outflows of resources and will be recognized as an addition to the net pension asset in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amount in thousands):

	Primary Government	
Year ended June 30:	State as Employer	State as Nonemployer Contributing Entity
2020	$ 1,947	$ 1,397
2021	1,146	717
2022	(1,238)	(1,029)
2023	899	503
2024	325	205
Thereafter	—	—

NOTE 15 - RETIREMENT SYSTEMS (continued)

Teachers Retirement System of Georgia

State's Proportionate Share of Net Pension Liability and Pension Expense

Primary Government: At June 30, 2019, the State reported a liability of $3.2 billion, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total pension liability to June 30, 2018. The State's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion for the TRS plan as Employer was 17.011357%, which was an increase of 0.125692% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized pension expense of $347.4 million.

At June 30, 2019, the State reported a liability of $41.0 million, for its proportionate share of the net pension liability, based on contributions to TRS during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion was 0.220738% for certain full-time public school support personnel. For the year ended June 30, 2019, the State recognized expense of $(5.8) million.

Component Units: At June 30, 2019, the State reported a liability of $103.8 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total pension liability to June 30, 2018. The State's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion for the TRS plan as Employer was 0.558992%, which was a decrease of 0.005747% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized pension expense of $9.1 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amount in thousands):

	Primary Government				Component Units	
	State as Employer		State as Nonemployer Contributing Entity		State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 209,021	$ 6,508	$ 2,713	$ 84	$ 6,870	$ 214
Changes of assumptions	47,643	—	618	—	1,566	—
Net difference between projected and actual earnings on pension plan investments	—	86,329	—	1,120	—	2,836
Changes in proportion and differences between State contributions and proportionate share of contributions	114,810	69,565	5,000	40,841	4,931	7,344
State contributions subsequent to the measurement date	434,861	—	5,414	—	14,338	—
Total	$ 806,335	$ 162,402	$ 13,745	$ 42,045	$ 27,705	$ 10,394

Primary Government: State contributions as employer and nonemployer subsequent to the measurement date of $434.9 million and $5.4 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2020.

Component Units: State contributions as employer subsequent to the measurement date of $14.3 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2020.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amount in thousands):

	Primary Government		Component Units
Year ended June 30:	State as Employer	State as Nonemployer Contributing Entity	State as Employer
2020	$ 182,103	$ (7,725)	$ 4,101
2021	94,469	(8,738)	2,348
2022	(74,423)	(10,956)	(3,281)
2023	3,506	(5,828)	(276)
2024	3,417	(467)	81
Thereafter	—	—	—

Peace Officers' Annuity and Benefit Fund of Georgia

State's Proportionate Share of Net Pension Asset and Pension Expense

Primary Government: At June 30, 2019, the State reported an asset of $14.0 million, for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension asset used to calculate the net pension asset was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total pension asset to June 30, 2018. The State's proportion of the net pension asset was based on contributions to Peace Officers' during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion was 100% for the Peace Officers' plan for local government Peace Officers. For the year ended June 30, 2019, the State recognized expense of $12.9 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amount in thousands):

	Primary Government	
	State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 6,549
Changes of assumptions	6,677	22,141
Net difference between projected and actual earnings on pension plan investments	—	2,323
Changes in proportion and differences between State contributions and proportionate share of contributions	—	—
State contributions subsequent to the measurement date	14,444	—
Total	$ 21,121	$ 31,013

Primary Government: State contributions subsequent to the measurement date of $14.4 million are reported as deferred outflows of resources and will be recognized as an addition to the NPA in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amount in thousands):

	Primary Government
Year ended June 30:	State as Employer
2020	$ 2,656
2021	(3,883)
2022	(13,790)
2023	(8,613)
2024	(706)
Thereafter	—

NOTE 15 - RETIREMENT SYSTEMS (continued)

Georgia Firefighters' Pension Fund

State's Proportionate Share of Net Pension Liability and Pension Expense

Primary Government: At June 30, 2019, the State reported a liability of $171.1 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. The State's proportion of the net pension liability was based on contributions to Firefighters' during the fiscal year ended June 30, 2018. At June 30, 2018, the State's proportion was 100% for the Firefighters' plan for local government Firefighters. For the year ended June 30, 2019, the State recognized expense of $43.3 million.

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amount in thousands):

	Primary Government	
	State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,073	$ 8,984
Changes of assumptions	29,493	—
Net difference between projected and actual earnings on pension plan investments	—	8,790
Changes in proportion and differences between State contributions and proportionate share of contributions	—	—
State contributions subsequent to the measurement date	37,902	—
Total	$ 74,468	$ 17,774

NOTE 15 - RETIREMENT SYSTEMS (continued)

Primary Government: State contributions subsequent to the measurement date of $37.9 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amount in thousands):

	Primary Government	
Year ended June 30:	**State as Employer**	
2020	$	11,093
2021		3,639
2022		(4,335)
2023		3,526
2024		3,764
Thereafter		1,105

NOTE 15 - RETIREMENT SYSTEMS (continued)

H. Actuarial Methods and Assumptions (GASB 68)

The total pension liability, as of June 30, 2018, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement:

Plan	Valuation date	Inflation	Salary increases	Investment rate of return[1]		Mortality	Actuarial experience study
ERS	6/30/2017	2.75%	3.25% - 7.00%*	7.30%	N/A	Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward two years for both males and females) for service retirements and dependents beneficiaries. The RP-2000 Disabled Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set back seven years for males and set forward three years for females) was used for death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan.	7/1/2009-6/30/2014
PSERS	6/30/2017	2.75%	N/A	7.30%	1.5% semi-annually	Post-retirement mortality rates were based on the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward for three years for males and two years for females) for the period after service retirement and dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward five years for both males and females) was used for death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin for future mortality improvement in the tables used by the plan.	7/1/2009-6/30/2014
GJRS	6/30/2017	2.75%	4.50%*	7.30%	N/A	Mortality rates were based in the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward two years for both males and females) for the period after retirement and for dependent beneficiaries. For the period after disability retirement, the RP-2000 Disability Mortality Table projected to 2025 with projection scale BB (set back seven years for males and set forward three years for females) is used. Rates for mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projected scale BB.	7/1/2009-6/30/2014
TRS	6/30/2017	2.75%	3.25% - 9.00%*	7.50%	1.5% semi-annually	Post-retirement mortality rates were based on the RP-2000 White Collar Mortality Table for future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service retirements and dependents 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. There is a margin for future mortality improvement in the tables used by the plan. The numbers of expected future deaths are 8-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projected scale BB.	7/1/2009-6/30/2014
Peace Officers'	6/30/2017	2.50%	N/A	6.50%	N/A	Mortality rates were based on the RP 2014 Healthy Mortality Table with blue collar adjustment projected with the Conduent modified MP-2016 projection scale for healthy lives and the RP-2014 Disabled Retiree Mortality Table projected with the Conduent modified MP-2016 projection scale for disabled lives.	6/30/2008-6/30/2015
Firefighters'	6/30/2018	2.75%	N/A	6.00%	N/A	Mortality rates for pre-retirement were based on the RP-2000 Employee Mortality Table projected to 2025 with Projection Scale BB. Mortality rates for post-retirement and for dependent beneficiaries were based on the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward one year for males and set forward four years for females). For current disability retirees, mortality rates are based on the RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward five years for males and set forward three years for females), however there are no longer any disability benefits in the plan. 80% of active members are assumed to be married with the male three years older than his spouse.	7/1/2009-6/30/2015

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

*Includes respective inflation assumptions.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using either a log-normal distribution analysis, a building-block method or a Monte Carlo simulation 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized by plan in the table below:

	Target Allocation											
Asset Class	ERS		PSERS		GJRS		TRS		Peace Officers'		Firefighters'	
	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*
Investment Grade Corporate Credit	—	—	—	—	—	—	—	—	—	—	12.0%	2.2%
Mortgage Backed Securities	—	—	—	—	—	—	—	—	—	—	12.0%	0.7%
Fixed Income	30.0%	(0.5%)	30.0%	(0.5%)	30.0%	(0.5%)	30.0%	(0.5%)	—	—	—	—
Fixed Income - Domestic	—	—	—	—	—	—	—	—	20.0%	2.7%	—	—
Fixed Income - International	—	—	—	—	—	—	—	—	5.0%	4.0%	—	—
Core Bonds	—	—	—	—	—	—	—	—	—	—	10.5%	1.1%
Domestic large equities	37.2%	9.0 %	37.2%	9.0 %	37.2%	9.0 %	39.8%	9.0 %	35.0%	7.5%	15.5%	5.9%
Domestic mid equities	3.4%	12.0 %	3.4%	12.0 %	3.4%	12.0 %	3.7%	12.0 %	8.0%	8.4%	—	—
Domestic small equities	1.4%	13.5 %	1.4%	13.5 %	1.4%	13.5 %	1.5%	13.5 %	7.0%	8.6%	—	—
Global equities	—	—	—	—	—	—	—	—	10.0%	8.2%	—	—
Small/mid cap equities	—	—	—	—	—	—	—	—	—	—	15.5%	6.7%
International developed market equities	17.8%	8.0 %	17.8%	8.0 %	17.8%	8.0 %	19.4%	8.0 %	—	—	—	—
International emerging market equities	5.2%	12.0 %	5.2%	12.0 %	5.2%	12.0 %	5.6%	12.0 %	—	—	6.5%	9.5%
International equity funds	—	—	—	—	—	—	—	—	10.0%	8.8%	13.0%	6.7%
Private equity	—	—	—	—	—	—	—	—	—	—	5.0%	8.7%
Real estate	—	—	—	—	—	—	—	—	—	—	5.0%	4.4%
Real Assets (liquid)	—	—	—	—	—	—	—	—	—	—	5.0%	4.6%
Commodities	—	—	—	—	—	—	—	—	5.0%	6.4%	—	—
Alternatives	5.0%	10.5 %	5.0%	10.5 %	5.0%	10.5 %	—	—	—	—	—	—
Total	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%	

* Rates shown are net of the 2.75% assumed rate of inflation with the exception of Peace Officers', which assumed a 2.50% rate of inflation.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Discount Rate

The discount rate used for ERS, PSERS, and GJRS to measure the total pension liability, as of June 30, 2018, was 7.30%. The discount rate used for TRS to measure the total pension liability was 7.50%. The projection of cash flows used by each plan to determine the discount rate was assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability for the Peace Officers' plan was 6.50%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. Based on those assumptions, the 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 discount rate used to measure the total pension liability for the Firefighters' plan was 6.00% 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 nonemployer contributing entity contributions will remain at the level contributed the previous fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 15 - RETIREMENT SYSTEMS (continued)

The following schedule is presented from the perspective of the State as the employer and nonemployer contributing entity and details the State's proportionate share of the NPL/(NPA), as of June 30, 2018. The NPL/(NPA) is calculated using the discount rate detailed below, as well as what the State's proportionate share of the NPL/(NPA) 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 (amount in thousands):

Sensitivity of the Plan Participating Employer Contributing Entities Net Pension Liability/(Asset) to Changes in the Discount Rate

	Primary Government			Component Units		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
	(6.30%)	(7.30%)	(8.30%)	(6.30%)	(7.30%)	(8.30%)
ERS's Net Pension Liability	$ 5,201,105	$ 3,656,194	$ 2,340,809	$ 80,087	$ 56,305	$ 36,044
SFS	99,201	69,744	44,646	—	—	—
Total ERS Net Pension Liability	$ 5,300,306	$ 3,725,938	$ 2,385,455	$ 80,087	$ 56,305	$ 36,044
	(6.30%)	(7.30%)	(8.50%)	(6.30%)	(7.30%)	(8.30%)
PSERS's Net Pension Liability	$ 276,775	$ 158,027	$ 58,149	$ —	$ —	$ —
	(6.30%)	(7.30%)	(8.30%)	(6.30%)	(7.30%)	(8.30%)
GJRS's Net Pension (Asset)	$ 1,414	$ (21,988)	$ (42,373)	$ —	$ —	$ —
SFS	1,032	(16,045)	(30,919)	—	—	—
Total GJRS's Net Pension (Asset)	$ 2,446	$ (38,033)	$ (73,292)	$ —	$ —	$ —
	(6.50%)	(7.50%)	(8.50%)	(6.50%)	(7.50%)	(8.50%)
TRS's Net Pension Liability	$ 5,271,059	$ 3,157,367	$ 1,416,134	$ 173,207	$ 103,761	$ 46,534
SFS	68,397	40,974	18,376	—	—	—
Total TRS's Net Pension Liability	$ 5,339,456	$ 3,198,341	$ 1,434,510	$ 173,207	$ 103,761	$ 46,534
	(5.50%)	(6.50%)	(7.50%)	(5.50%)	(6.50%)	(7.50%)
Peace Officers' Net Pension Liability/(Asset)	$ 68,861	$ (13,992)	$ (113,805)	$ —	$ —	$ —
	(5.00%)	(6.00%)	(7.00%)	(5.00%)	(6.00%)	(7.00%)
Firefighters' Net Pension Liability	$ 313,594	$ 171,054	$ 53,386	$ —	$ —	$ —

NOTE 15 - RETIREMENT SYSTEMS (continued)

I. Defined Contribution Plans

GSEPS 401(k) Component of ERS Plan

In addition to the ERS defined benefit pension described above, GSEPS members may also participate in the Peach State Reserves 401(k) defined contribution plan and receive an employer matching contribution. The 401(k) plan is administered by the System and was established by the Georgia Employee Benefit Plan Council in accordance with State law and Section 401(k) of the IRC. The GSEPS segment of the 401(k) plan was established by State law effective January 1, 2009. Plan provisions and contribution requirements specific to GSEPS can be amended by State law. Other general 401(k) plan provisions can be amended by the ERS Board of Trustees as required by changes in federal tax law or for administrative purposes. The State was not required to make significant contributions to the 401(k) plan prior to GSEPS because most members under other segments of the plan either were not State employees or were not eligible to receive an employer match on their contributions.

The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 5% of salary unless the participating member elects otherwise. The member may change such level of participation at any time. In addition, the member may make such additional contributions as he or she desires, subject to limitations imposed by federal law. The State will match 100% of the employee's initial 1% contribution and 50% of contribution percents two through five. Therefore, the State will match 3% of salary when an employee contributes at least 5% to the 401(k) plan. Employee contributions greater than 5% of salary do not receive any matching funds.

GSEPS employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all State service. Vesting is determined based on the table below:

Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 or more years	100%

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) plan on approval of the 401(k) plan administrator. Such rollovers are 100% vested at the time of transfer. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

The participants may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or 30 days after retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Employees who die while actively employed and eligible for 401(k) employer matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

NOTE 15 - RETIREMENT SYSTEMS (continued)

There were 69,662 plan members and 468 participating employers in the plan at June 30, 2019.

For the fiscal year ended June 30, 2019, the State's employer and employee GSEPS contributions were $31.6 million and $62.6 million, respectively. Additionally, the State made contributions of $0.1 million on behalf of employers that are not in the reporting entity. Employer contributions may be partially funded from non-vested contributions that were forfeited by employees.

Regents Retirement Plan

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the Georgia General Assembly in OCGA 47-21-1. It is administered and may be amended by the Board of Regents of the University System of Georgia (Board of Regents). A participant in the plan is an "eligible university system employee" defined as a faculty member or all exempt full and partial benefit eligible employees as designated by the regulations of the Board. Under the Plan, a plan participant may purchase annuity contracts from three approved vendors (VALIC, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. The approved vendors have separately issued financial reports that may be obtained through their respective corporate offices.

Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

The institutions of the University System of Georgia make monthly employer contributions for the Regents Retirement Plan at rates determined by the Board of Regents in accordance with State statute and as advised by their independent actuary. For the fiscal year ended June 30, 2019, the employer contribution was 9.24% of the participating employee's earned compensation, and employees contributed 6% of their earned compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. For the fiscal year ended June 30, 2019, employer and employee contributions were $131.9 million and $85.6 million, respectively.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS

The State administers various cost sharing multiple-employer other postemployment benefit (OPEB) plans, which include:

Administered by Department of Community Health (DCH):
Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)
Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund)

Administered by the Employees' Retirement System (ERS):
State Employees' Assurance Department (SEAD-OPEB Plan)

The State is the plan sponsor of these plans and the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as the plan sponsor and the State as Employer. The financial statements for the State OPEB Fund and School OPEB Fund are presented in the Fiduciary Funds section of this report. Separate financial reports that include the applicable financial statements and required supplementary information for the plan administered by ERS are publicly available and may be obtained from their website (www.ers.ga.gov).

A. Basis of Accounting

The financial statements of these plans are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions from employers and members are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The OPEB plan's fiduciary net positions have been determined on the same basis as they are reported by the various plans.

B. Investments

Investments are reported at market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense are represented below:

OPEB Plans	Net Annual Money-Weighted Rate
State OPEB Fund	3.85 %
School OPEB Fund	3.80 %
SEAD-OPEB Plan	(1.80%)

For all plans mentioned above the money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. These three plans have investment policies regarding the allocation of invested assets, established on a cost basis in compliance with Georgia Statute. Plan assets are managed on a total return basis with a short-term objective of stability of principal while allowing for liquidity and a long-term objective of achieving and maintaining a fully funded status for the benefits provided through each OPEB plan. During fiscal year 2018, the State and School OPEB funds updated their investment strategy to a more long-term approach.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The following table summarizes the adopted asset allocation policy by plan at June 30, 2019:

	Target Allocation		
Asset Class	**State OPEB**	**School OPEB**	**SEAD-OPEB**
Fixed Income	25% - 45%	25% - 45%	25% - 45%
Equities	55% - 75%	55% - 75%	55% - 75%
Alternative Investments	0% - 5%	0% - 5%	0% - 5%
Total	100.0%	100.0%	100.0%

C. Plans Descriptions and Funding Policies

State OPEB Fund and School OPEB Fund

Plan Description: The State OPEB Fund and School OPEB Fund are cost-sharing multiple-employer defined benefit postemployment healthcare plans and are reported as employee benefit trust funds. The Funds are administered by a Board of Community Health (Board) that is comprised of nine members, including two former State of Georgia employees and seven industry professionals. The OCGA 45-18-25 and 20-2-875, for the State and School OPEB funds respectively, assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees to the Board.

Benefits Provided: The State OPEB Fund provides postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with DCH for inclusion in the plan. Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from one of the State's retirement plans. If elected, dependent coverage starts on the same day as retiree coverage. It also pays administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted. The plan designs offered for the 2019 plan year include various plan options. For Medicare-eligible members there are Medicare Advantage plan options (UnitedHealthcare and Blue Cross and Blue Shield of Georgia) Standard and Premium Plans. Alternatively, for non-Medicare eligible members the plan options include Health Reimbursement Arrangement Plan Options (Blue Cross and Blue Shield of Georgia Gold, Silver, Bronze), Health Maintenance Organization Plan Options (Blue Cross and Blue Shield of Georgia, Kaiser Permanente, and UnitedHealthcare), and a High Deductible Health Plan Option (UnitedHealthcare).

The School OPEB Fund provides postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and non-certified public school employees. Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from one of the State's retirement plans. If elected, dependent coverage starts on the same day as retiree coverage. It also pays administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted. The plan designs offered for the 2019 plan year include various plan options, which are the same options offered for the State OPEB fund as described in the previous paragraph.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Contributions: The State OPEB Fund and School OPEB Fund are currently funded on a pay-as-you-go basis. That is, annual costs of providing benefits will be financed in the same year as claims occur, with historically, no significant assets accumulating, as would occur in an advance funding strategy.

Additional contributions were voluntarily made in fiscal year 2019 for financing future costs associated with the OPEB liabilities. For fiscal year 2019, amounts contributed to the State OPEB Fund and the School OPEB Fund were $363.0 million and $194.5 million, respectively.

The contribution requirements of plan members and participating employers are established by the Board in accordance with the 2019 Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. As of January 1, 2012, for members with fewer than five years of service, contributions also vary based on years of service. As of January 1, 2012, on average, members with five years or more of service pay approximately 25% of the cost of health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

The combined required employer contribution rates established by the Board for the active and retiree plans for the fiscal years ended June 30, 2019, were as summarized as follows:

Combined Active and State OPEB Fund Contribution Rates as a Percentage of Covered Payroll

State organizations, including technical colleges, and certain other eligible participating employers:

July 2018 - June 2019	30.454%	for August 2018 - July 2019 coverage

Combined Active and School OPEB Fund Contribution Rates per Member per Month

Certificated teachers, librarians, regional educational service agencies, certain other eligible participating employers:

July 2018 - June 2019	$945.00	for August 2018 - July 2019 coverage

Library employees:

July 2018 - June 2019	$843.00	for August 2018 - July 2019 coverage

Non-certificated school personnel:

July 2018 - June 2019	$945.00	for August 2018 - July 2019 coverage

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

SEAD-OPEB Plan

Plan Description: The SEAD-OPEB Plan is a cost-sharing multiple-employer defined benefit other postemployment plan created by the 2007 Georgia General Assembly to provide term life insurance to eligible members of the ERS, Georgia Judicial Retirement System (JRS), and Legislative Retirement System (LRS). The SEAD-OPEB Plan provides benefits for retired and vested inactive members. Effective July 1, 2009, no newly hired members of any State public retirement system are eligible for term life insurance under the SEAD-OPEB Plan. The SEAD-OPEB Plan is administered by a Board of Directors that is comprised of six members, the State Auditor, State Treasurer, Department of Administrative Services Commissioner, Labor Commissioner, and two members appointed by the Governor. Pursuant to Title 47 of the OCGA, benefit provisions of the plan was established and can be amended by State statute.

Benefits Provided: The SEAD-OPEB Plan provides postemployment insurance coverage on a monthly, renewable term basis, with no return premiums or cash value available to be earned. The amount of insurance for a retiree with creditable service prior to April 1, 1964, is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964, is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses and is held as a reserve for payment of death benefits under existing policies. Administrative costs for the plan are determined based on the plan's share of overhead costs to accumulate and invest funds, actuarial services, and to process benefit payments to beneficiaries. Administrative fees are financed from the assets of the plan.

Contributions: Contributions by plan members are established by the Board of Directors, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The Board of Directors establishes employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. There were no employer contributions required for fiscal year ended June 30, 2019. Contributions were based on actuarial valuations, and for fiscal year 2019 were as follows:

	SEAD-OPEB Plan
	Percentage
Member Rates:	
ERS Old Plan	0.45 %
Less: Offset Paid by Employer	(0.22%)
Net ERS Old Plan	0.23 %
ERS New Plan, JRS, and LRS	0.23 %
Employer Rates/Amounts	0.00 %

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

D. Plan Membership and Participating Employers

The following table summarizes the participating membership and participating employers at June 30, 2019:

Participating Membership by Plan
June 30, 2019

Plan Membership	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Inactive plan members or beneficiaries currently receiving benefits	38,150	83,709	43,596
Inactive plan members entitled to but not yet receiving benefits	—	—	1,018
Active plan members	51,623	177,183	23,368
Total	89,773	260,892	67,982
Open to New Members (Yes/No)	Yes	Yes	No
Number of Employers	203	251	456

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

E. Net OPEB Liability/(Asset)

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 74 requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability is actuarially determined. The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the components of the Net OPEB Liability (NOL)/ Net OPEB Asset (NOA), as of June 30, 2019, by Plan (amount in thousands):

Components of the Net OPEB Liability/ (Asset)	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Total OPEB Liability	$ 2,858,521	$12,867,274	$ 951,091
Plan Fiduciary Net Position	1,617,207	595,129	1,233,856
Net OPEB liability/(asset)	$ 1,241,314	$12,272,145	$ (282,765)
Plan fiduciary net position as a percentage of the total OPEB liability	56.57%	4.63%	129.73%

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

F. Actuarial Methods and Assumptions

For the State OPEB fund and School OPEB fund, the impact of the Affordable Care Act (ACA) was addressed in the valuations. While the impact of certain provisions [such as the excise tax on high-value health insurance plans (if applicable), mandated benefits and participation changes due to the individual mandate] should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

For the SEAD-OPEB Plan, the annual actuarial valuations providing the measures to assess funding progress will utilize the actuarial methods and assumptions last adopted by the Board based upon the advice and recommendations of the actuary. The Board will periodically have actuarial projections of the valuation results performed to assess the current and expected future progress towards the overall funding goals of the System.

Projections of benefits for financial reporting purposes for all plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Actuarial Valuation Date

The total OPEB liability at June 30, 2019, is based upon the June 30, 2018 actuarial valuation for State OPEB Fund, School OPEB Fund and the SEAD-OPEB Plan, using generally accepted actuarial procedures/techniques.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Actuarial Assumptions

The total OPEB liability, as of June 30, 2019, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

Actuarial Assumptions

	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Valuation date	6/30/2018	6/30/2018	6/30/2018
Inflation	2.75%	2.50%	2.75%
Salary increases	3.25% - 7.00%*	3.00% - 8.75%*	3.25% - 7.00%*
Long-term expected rate of return [1]	7.30%	7.30%	7.30%
Initial Healthcare Cost Trend			
Pre-Medicare Eligible	7.25%	7.25%	N/A
Medicare Eligible	5.38%	5.38%	N/A
Ultimate Trend Rate			
Pre-Medicare Eligible	4.75%	4.75%	N/A
Medicare Eligible	4.75%	4.75%	N/A
Year Ultimate Trend is Reached			
Pre-Medicare Eligible	2028	2028	N/A
Medicare Eligible	2022	2022	N/A
Mortality	The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward two years for both males and females) is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set back seven years for males and set forward three years for females) is used for the period after disability retirement.	For Teachers Retirement System (TRS) members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward one year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement. For Public School Employees Retirement System (PSERS) members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward five years for both males and females) is used for the period after disability retirement.	The RP-2000 Combined Mortality Table projected to 2025 with the Society of Actuaries' projection scale BB (set forward two years for both males and females) is used for the period after service retirement and for dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.
Actuarial experience study	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014

[1] Long-term expected rate of return is net of investment expense, including inflation

*Includes respective inflation assumption.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The actuarial assumptions used in the valuations, for the State and School OPEB funds, are based on the results of the most recent actuarial experience studies, which covered the five year period ending June 30, 2014, with the exception of the School Plan's annual rate of inflation. It was decreased effective with the June 30, 2018 valuation. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation for the State and School OPEB funds were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The actuarial assumptions used in the valuation, for the SEAD-OPEB Plan were based on the results of an actuarial experience study, which covered the five year period ending June 30, 2014, with the exception of the long-term expected rate of return. The assumed investment rate of return was decreased as reported in the June 30, 2017 and June 30, 2018 actuarial valuations, based on a funding policy change.

Long-Term Expected Rate of Return

For all plans, the long-term expected rate of return on OPEB plan investments were determined using a log-normal distribution analysis, in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

	Target Allocation					
	State-OPEB Fund		School-OPEB Fund		SEAD-OPEB Plan	
Asset Class	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*
Fixed Income	30.0%	(0.1%)	30.0%	(0.1%)	30.0%	(0.1%)
Domestic large equities	46.2%	8.9 %	46.2%	8.9 %	46.2%	8.9 %
Domestic small equities	1.3%	13.2 %	1.3%	13.2 %	1.3%	13.2 %
International developed market equities	12.4%	8.9 %	12.4%	8.9 %	12.4%	8.9 %
International emerging market equities	5.1%	10.9 %	5.1%	10.9 %	5.1%	10.9 %
Alternatives	5.0%	12.0 %	5.0%	12.0 %	5.0%	12.0 %
Total	100.0%		100.0%		100.0%	

* Rates shown are net of the respective assumed rates of inflation.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Discount Rate

In order to measure the total OPEB liability, as of June 30, 2019, for the State OPEB fund, a discount rate of 7.30% was used, as compared with last year's single equivalent rate of 5.22%. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Projected future benefit payments for all current plan members were projected through 2120.

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 3.58% was used as the discount rate, as compared with last year's rate of 3.87%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (3.50% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2119.

The discount rate used to measure the total OPEB liability for the SEAD-OPEB Plan was 7.30%, the same as last year's rate . The projection of cash flows used to determine the discount rate assumed that plan member insurance premiums will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following schedule summarizes the NOL/(NOA) of the employers, as of June 30, 2019. The NOL/(NOA) is calculated using the determined discount rate as well as what the NOL/(NOA) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate by the Plan (amount in thousands):

Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability/(Asset) to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
	(6.30%)	(7.30%)	(8.30%)
State's Net OPEB Liability	$ 1,536,763	$ 1,241,314	$ 990,162
	(2.58%)	(3.58%)	(4.58%)
School's Net OPEB Liability	$ 14,264,285	$ 12,272,145	$ 10,651,632
	(6.30%)	(7.30%)	(8.30%)
SEAD-OPEB Plan's Net OPEB (Asset)	$ (156,471)	$ (282,765)	$ (386,551)

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trends

The following schedule summarizes the NOL/(NOA) of the employers, as of June 30, 2019. The NOL/(NOA) is calculated using the determined healthcare cost trends as well as what the NOL/(NOA) would be if it were calculated using healthcare cost trends that are 1-percentage-point lower or 1-percentage-point higher than the current rate by the Plan (amount in thousands):

Sensitivity of the Plan Participating Employer Contributing Entities
Net OPEB Liability/(Asset) to Changes in Healthcare Cost Trends

	1% Decrease	Current Rate	1% Increase
State's Net OPEB Liability	$ 953,888	$ 1,241,315	$ 1,582,447
School's Net OPEB Liability	$ 10,337,984	$ 12,272,147	$ 14,728,681
SEAD-OPEB Plan's Net (Asset)	N/A	N/A	N/A

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

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

G. State's Proportionate Share of OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The State reported a liability as the Employer for its proportionate share of the NOL associated with the plans listed below.

The following schedule is presented from the perspective of the State as the Employer details the proportional share of the OPEB amounts for each plan as of June 30, 2019 is as follows (amount in thousands):

Aggregate OPEB Amounts - All Plans

	Primary Government	Component Units
OPEB liabilities	$ 2,409,618	$ 84,640
OPEB assets	$ 243,103	$ 3,000
Deferred outflows of resources related to OPEBs	$ 752,479	$ 15,175
Deferred inflows of resources related to OPEBs	$ 1,266,775	$ 23,415
OPEB expense/expenditures	$ (142,287)	$ 3,770

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The information below includes all multi-employer plans and funds administered by the State of Georgia.

The NOL/NOA for each plan was measured as of June 30, 2018. The total OPEB liability/asset used to calculate the NOL/NOA for each plan was based on an actuarial valuation as of June 30, 2017 for State, School, and SEAD.

State OPEB Fund

State's Proportionate Share of Net OPEB Liability and OPEB Expense

Primary Government: At June 30, 2019, the State reported a liability of $2.4 billion for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2018. The State's proportion of the net OPEB liability was based on the State's proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2018, the State's proportion for the State plan as employer was 92.022957%, which was an increase of 0.546672% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized OPEB expense of $(121.4) million.

Component Units: At June 30, 2019, the State reported a liability of $5.1 million, for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2018. The State's proportion of the net OPEB liability was based on the State's proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2018, the State's proportion for the State plan as Employer was 0.209969%, which was a decrease of 0.003899% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized OPEB expense of $(0.5) million.

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amount in thousands):

(Table on next page)

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

	Primary Government		Component Units	
	State as Employer		State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 188,837	$ —	$ 401
Changes of assumptions	—	870,937	—	1,852
Net difference between projected and actual earnings on OPEB plan investments	55,537	—	117	—
Changes in proportion and differences between State contributions and proportionate share of contributions	182,435	160,906	34	507
State contributions subsequent to the measurement date	493,986	—	971	—
Total	$ 731,958	$ 1,220,680	$ 1,122	$ 2,760

Primary Government: State contributions as employer subsequent to the measurement date of $494.0 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2020.

Component Units: State contributions as employer subsequent to the measurement date of $1.0 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2020.

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

	Primary Government	Component Units
Year ended June 30:	State as Employer	State as Employer
2020	$ (320,026)	$ (929)
2021	(320,026)	(929)
2022	(265,561)	(704)
2023	(77,095)	(47)
2024	—	—
Thereafter	—	—

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

School OPEB Fund

State's Proportionate Share of Net OPEB Liability and OPEB Expense

Component Units: At June 30, 2019, the State reported a liability of $79.5 million, for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2018. The State's proportion of the net OPEB liability was based on the State's proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2018, the State's proportion for the School plan as Employer was 0.625763% which was an increase of 0.027112% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized OPEB expense of $4.4 million.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amount in thousands):

	Component Units	
	State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 1,809
Changes of assumptions	—	13,474
Net difference between projected and actual earnings on OPEB plan investments	108	—
Changes in proportion and differences between State contributions and proportionate share of contributions	10,057	4,863
State contributions subsequent to the measurement date	3,501	—
Total	**$ 13,666**	**$ 20,146**

Component Units: State contributions as employer subsequent to the measurement date of $3.5 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2020.

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

	Component Units
Year ended June 30:	**State as Employer**
2020	$ (1,941)
2021	(1,941)
2022	(1,941)
2023	(1,947)
2024	(1,606)
Thereafter	(605)

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

State Employees' Assurance Department (SEAD-OPEB Plan)

State's Proportionate Share of Net OPEB Asset and OPEB Expense

Primary Government: At June 30, 2019, the State reported an asset of $243.1 million, for it's proportionate share of net OPEB asset. The net OPEB liability was measured as of June 30, 2018. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total OPEB asset to June 30, 2018. The State's proportion of the net OPEB asset was based on the State’s proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2018, the State’s proportion for the SEAD plan as Employer was 84.826905%, which was an decrease of 4.732366% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized OPEB expense of $(20.9) million.

***Component Units*:** At June 30, 2019, the State reported an asset of $3.0 million, for it's proportionate share of net OPEB asset. The net OPEB asset was measured as of June 30, 2018. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2017, with standard roll-forward techniques performed to update the total OPEB asset to June 30, 2018. The State's proportion of the net OPEB asset was based on the State’s proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2018, the State’s proportion for the SEAD plan as Employer was 1.119336%, which was a decrease of 0.12606% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the State recognized OPEB expense of $(0.1) million.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amount in thousands):

	Primary Government		Component Units	
	State as Employer		State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,649	$ —	$ 33	$ —
Changes of assumptions	12,464	—	155	—
Net difference between projected and actual earnings on OPEB plan investments	—	40,184	—	495
Changes in proportion and differences between State contributions and proportionate share of contributions	5,408	5,911	199	14
State contributions subsequent to the measurement date	—	—	—	—
Total	$ 20,521	$ 46,095	$ 387	$ 509

There were no State contributions as employer subsequent to the measurement date.

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

	Primary Government	Component Units
Year ended June 30:	State as Employer	State as Employer
2020	$ (3,706)	$ 79
2021	(6,186)	(3)
2022	(12,277)	(153)
2023	(3,405)	(45)
2024	—	—
Thereafter	—	—

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

H. Actuarial Methods and Assumptions (GASB 75)

The total OPEB liability for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

Actuarial Assumptions

	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Valuation date	6/30/2017	6/30/2017	6/30/2017
Inflation	2.75%	2.75%	2.75%
Salary increases	3.25% - 7.00%*	3.25% - 9.00%*	3.25% - 7.00%*
Long-term expected rate of return [1]	7.30%	7.30%	7.30%
Initial Healthcare Cost Trend			
Pre-Medicare Eligible	7.50%	7.50%	N/A
Medicare Eligible	5.50%	5.50%	N/A
Ultimate Trend Rate			
Pre-Medicare Eligible	4.75%	4.75%	N/A
Medicare Eligible	4.75%	4.75%	N/A
Year Ultimate Trend is Reached			
Pre-Medicare Eligible	2028	2028	N/A
Medicare Eligible	2022	2022	N/A
Mortality	The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years for both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back 7 years for males and set forward 3 years for females is used for the period after disability retirement.	For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 2 years for males and 4 years for females) is used for death after disability retirement. For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.	The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years for both males and females is used for the period after service retirement and for dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.
Actuarial Experience Study	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014

[1] Long-term expected rate of return is net of investment expense, including inflation

*Includes respective inflation assumption.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The actuarial assumptions used in the valuations are based on the results of the most recent actuarial experience studies, which covered the last five year period ending June 30, 2014. The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rates of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation for the State and School OPEB funds were based on a review of the recent plan experience done concurrently with the June 30, 2017 valuation. The June 30, 2017 actuarial valuation was revised for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Also, there were changes to the discount rate and an increase in the long-term expected rate of return.

The actuarial assumptions used in the valuation for the SEAD-OPEB Plan were based on the results of an actuarial experience study, which covered the five year period ending June 30, 2014, with the exception of the long-term expected rate of return. The long-term expected rate of return was decreased as reported in the June 30, 2017 actuarial valuation, based on a funding policy change.

Long-Term Expected Rate of Return

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

The long-term expected return on plan assets is to be reviewed as asset allocations and/or capital market assumptions change. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions to be developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

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

	Target Allocation					
	State-OPEB Fund		School-OPEB Fund		SEAD-OPEB Plan	
Asset Class	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*
Fixed Income	30.0%	(0.5%)	30.0%	(0.5%)	30.0%	(0.5%)
Domestic large equities	37.2%	9.0 %	37.2%	9.0 %	37.2%	9.0 %
Domestic mid equities	3.4%	12.0 %	3.4%	12.0 %	3.4%	12.0 %
Domestic small equities	1.4%	13.5 %	1.4%	13.5 %	1.4%	13.5 %
International developed market equities	17.8%	8.0 %	17.8%	8.0 %	17.8%	8.0 %
International emerging market equities	5.2%	12.0 %	5.2%	12.0 %	5.2%	12.0 %
Alternatives	5.0%	10.5 %	5.0%	10.5 %	5.0%	10.5 %
Total	100.0%		100.0%		100.0%	

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

Discount Rate

In order to measure the total OPEB liability for the State OPEB, a single equivalent interest of 5.22% was used as the discount rate, as compared with the prior measurement period date rate of 3.60%. The 5.22% rate is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the lat five years, adjusted for annual projected changes in head count. Projected future benefit payments for all current plan members were projected through 2118.

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest of 3.87%was used as the discount rate, as compared with the prior measurement period date rate of 3.58%. The 3.87% rate is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in head count. Projected future benefit payments for all current plan members were projected through 2118.

The discount rate used to measure the total OPEB liability for the SEAD-OPEB plan was 7.30%, as compared with the prior measurement period date rate of 7.50%. The projection of cash flow used to determine the discount rate assumed that plan member insurance premiums will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the State's proportionate share of the NOL/(NOA) to changes in the discount rate

The following schedule is presented from the perspective of the State as the employer details the State's proportionate share of the NOL/(NOA) calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL/(NOA) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amount in thousands):

Sensitivity of the Plan Participating Employers' Contributing Entities Net OPEB Liability/(Asset) to Changes in the Discount Rate

	Primary Government			Component Units		
	1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
	(4.22%)	(5.22%)	(6.22%)	(4.22%)	(5.22%)	(6.22%)
State's Net OPEB Liability	$ 2,928,413	$ 2,409,618	$ 2,081,991	$ 6,525	$ 5,107	$ 4,639
	(2.87%)	(3.87%)	(4.87%)	(2.87%)	(3.87%)	(4.87%)
School's Net OPEB Liability	$ —	$ —	$ —	$ 92,869	$ 79,533	$ 68,778
	(6.30%)	(7.30%)	(8.30%)	(6.30%)	(7.30%)	(8.30%)
SEAD Plan's Net OPEB (Asset)	$ (130,969)	$ (243,103)	$ (334,967)	$ (1,632)	$ (3,000)	$ (4,175)

Sensitivity of the State's proportionate share of the NOL/(NOA) to changes in the Healthcare Cost Trends

The following schedule is presented from the perspective of the State as the employer details the State's proportionate share of the NOL/(NOA) calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL/(NOA) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amount in thousands):

Sensitivity of the Plan Participating Employers' Contributing Entities Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trends

	Primary Government			Component Units		
	1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
State's Net OPEB Liability	$ 2,033,386	$ 2,409,618	$ 2,992,703	$ 4,530	$ 5,107	$ 6,668
School's Net OPEB Liability	$ —	$ —	$ —	$ 66,864	$ 79,533	$ 95,723
SEAD Plan's Net OPEB (Asset)	N/A	N/A	N/A	N/A	N/A	N/A

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS

The State administers the following single-employer other postemployment benefit (OPEB) plan:

Administered by the Board of Regents of the University System of Georgia (Board of Regents):
Board of Regents Retiree Health Benefit Fund (Regents Plan)

The State is the plan sponsor of this plan and the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as the plan sponsor and the State as Employer. A separate financial report that includes the applicable financial statements and required supplementary information for the plan administered by the Board of Regents is also publicly available and may be obtained from their website (www.usg.edu).

A. Basis of Accounting

The financial statements of this plan are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions from the employer are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The OPEB plan's fiduciary net position has been determined on the same basis as reported by the plan.

B. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, for the Regents Plan was 7.99%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The Regents Plan has an investment policy regarding the allocation of invested assets. The assets are invested in the Board of Regents' Balanced Income pooled investment fund, which is not subject to state regulations concerning investments. Plan assets are managed on a total return basis with a short-term objective of achieving the highest quality per stable and a long-term objective of a more conservative investment strategy.

The following table summarizes the adopted asset allocation policy by plan at June 30, 2019:

Asset Class	Target Allocation
Fixed Income	70.0%
Equities	30.0%
Total	100.0%

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

C. Plan Description and Funding Policy

Regents Plan

Plan Description: The Regents Plan is a single-employer, defined benefit, postemployment healthcare plan administered by the University System Office, an organizational unit of the University System of Georgia (USG). The Regents Plan was authorized pursuant to OCGA Section 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree postemployment health insurance benefits. The Plan is administered by the Board of Regents that is comprised of 19 members, all appointed by the Governor (five from state-at-large and one from each of the State's 14 congressional districts). Benefit provisions of the plans were established and can be amended by the Board of Regents.

Benefits Provided: Pursuant to the general powers conferred by OCGA Section 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG's Plan Year 2019, the following self-insured health care options were available: Blue Choice HMO plan, Consumer Choice HSA plan (Blue Cross and Blue Shield of Georgia), and the Comprehensive Care plan (Blue Cross and Blue Shield of Georgia). The USG also offers a self-insured dental plan administered by Delta Dental.

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

Contributions: The contribution requirements of plan members and the employer are established and may be amended by the Board of Regents. The Regents Plan is substantially funded on a pay-as-you-go basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board of Regents designation. Organizational units of the USG pay the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board of Regents for the upcoming plan year. For the 2019 plan year, the employer rate was approximately 90% of the total health insurance cost for eligible retirees, and the retiree rate was approximately 10%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to year of service, which ranges from 0% to 100%. The employer covers the total premium cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or dependent life insurance coverage, such costs are borne entirely by the retiree. For fiscal year ended June 30, 2019, the USG contributed approximately $160.4 million to the plan for current premiums or claims.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

D. Plan Membership and Participating Employers

The following table summarizes the participating membership and participating employers, for the Regents Plan at June 30, 2019:

Plan Membership	June 30, 2019	June 30, 2018
Inactive plan members or beneficiaries currently receiving benefits	19,826	19,161
Inactive plan members entitled to but not yet receiving benefits	—	—
Active plan members	48,661	48,244
Total	68,487	67,405
Open to New Members (Yes/No)	Yes	Yes
Number of Employers	1	1

This count treats each legal entity in the State reporting entity as one employer.

E. Net OPEB Liability of Participating Employers

Net OPEB Liability

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 74 requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability is actuarially determined. The following schedule is presented from the perspective of the State as the sponsor of the Regents Plan and summarizes the components of the Net OPEB Liability (NOL) of the employer, as of June 30, 2019 (amount in thousands):

Components of the Net OPEB Liability		
Total OPEB Liability	$	4,616,023
Plan Fiduciary Net Position		144,455
Net OPEB liability	$	4,471,568
Plan fiduciary net position as a percentage of the total OPEB liability		3.13%

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

F. Actuarial Methods and Assumptions

The impact of the Affordable Care Act (ACA) was addressed in the valuations for the Regents Plan. While the impact of certain provisions [such as the excise tax on high-value health insurance plans (if applicable), mandated benefits and participation changes due to the individual mandate] should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

The projection of benefits for financial reporting purposes for this Plan is based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Actuarial Valuation Date

The total OPEB liability at June 30, 2019, is based upon May 1, 2019 actuarial valuation for the Regents Plan, using generally accepted actuarial procedures/techniques. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Actuarial Assumptions

The total OPEB liability for the Regents Plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

Valuation date	5/1/2019
Inflation	2.50%
Salary increases	4.00%
Long-term expected rate of return [1]	4.50%
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.90%
Medicare Eligible	4.50%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year Ultimate Trend is Reached	
Pre-Medicare Eligible	2031
Medicare Eligible	2020
Mortality	Healthy: Pub-2010 for Teachers (as appropriate) headcount weighted projected with scale MP-2018. Disabled: Pub-2010 Disabled Mortality for Teachers (as appropriate) headcount weighted projected with scale MP-2018.
Actuarial experience study	
Economic and demographic assumptions	7/1/2017 - 6/30/2019
All other assumptions	7/1/2009 - 6/30/2014

[1] Long-term expected rate of return is net of investment expense, including inflation

The economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience studies, which covered the five-year period ending June 30, 2014.

Long-Term Expected Rate of Return

For the Regents Plan, the long-term expected rate of return on OPEB plan investments were determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

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 geometric real rates of return for each major asset class are summarized in the table below:

Asset Class	Target allocation	Long-term expected real rate of return*
Fixed Income	70.0%	1.09%
Equity Allocation	30.0%	4.46%
Total	100.0%	

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

Discount Rate

In order to measure the total OPEB liability for the Regents Plan, as of June 30, 2019, a yield or index rate of 3.50% was used as the discount rate, as compared with last year's rate of 3.87%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.50% per the Bond Buyers Index). Assumed contributions are based on the contribution policy, and projected total contributions are the pay as you go costs of the plan. The current contribution policy is not designed to pre-fund the plan, and the unfunded liability is not expected to be paid off at any point in the future. Projected future benefit payments for all current plan members were projected through 2118.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following schedule summarizes the NOL, as of June 30, 2019, of the employer. The NOL is calculated using the determined discount rate as well as what the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate by the Regents Plan (amount in thousands):

Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
	(2.50%)	(3.50%)	(4.50%)
Regents OPEB Liability	$ 5,293,080	$ 4,471,568	$ 3,786,697

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends

The following schedule summarizes the NOL of the employer, as of June 30, 2019. The NOL is calculated using the determined healthcare cost trends as well as what the NOL would be if it were calculated using healthcare cost trends that are 1-percentage-point lower or 1-percentage-point higher than the current rate by the Regents Plan (amount in thousands):

Sensitivity of the Plan Participating Employer Contributing Entities
Net OPEB Liability to Changes in Healthcare Cost Trends

	1% Decrease	Current Rate	1% Increase
Regents OPEB Liability	$ 3,749,646	$ 4,471,568	$ 5,376,308

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

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

G. State's Proportionate Share of OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The State reported a liability as the Employer for its proportionate share of the NOL associated with the plans listed below.

The following schedule is presented from the perspective of the State as the Employer details the proportional share of the OPEB amounts for each plan as of June 30, 2019 is as follows (amount in thousands):

Aggregate OPEB Amounts - All Plans

	Primary Government	Component Units
OPEB liabilities	$ 4,410,751	$ 55,277
Deferred outflows of resources related to OPEBs	$ 468,895	$ 5,541
Deferred inflows of resources related to OPEBs	$ 495,151	$ 8,257
OPEB expense/expenditures	$ 349,664	$ 3,725

The information below includes all significant plans and funds administered by the State of Georgia.

The NOL for the Regents Plan was measured as of June 30, 2018. The total OPEB liability used to calculate the NOL was based on an actuarial valuation as of May 1, 2018.

Regents Plan

State's Proportionate Share of Net OPEB Liability and OPEB Expense

Primary Government: At June 30, 2019, the State reported a net OPEB liability of $4.4 billion, for the Regents Plan. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2018, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2018. The net OPEB liability was based on contributions during the fiscal year ended June 30, 2018. For the year ended June 30, 2019, the State recognized OPEB expense of $349.7 million.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to the Regents Plan from the following sources (amount in thousands):

	Primary Government	
	State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 307,571	$ —
Changes of assumptions	—	495,151
Net difference between projected and actual earnings on OPEB plan investments	941	—
State contributions subsequent to the measurement date	160,383	—
Total	$ 468,895	$ 495,151

Primary Government: State contributions as Employer subsequent to the measurement date of $160.4 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2020.

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

	Primary Government
Year ended June 30:	State as Employer
2020	$ (44,107)
2021	(44,107)
2022	(44,107)
2023	(42,256)
2024	(6,663)
Thereafter	(5,399)

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Changes in the Net OPEB Liability

For single-employer, defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 75 requires a schedule of the changes in the net OPEB liability, for the current reporting period. The following schedule is presented from the perspective of the State as the Employer of the Regents Plan and summarizes the changes the Net OPEB Liability (NOL) of the employer (amount in thousands):

Total OPEB liability:		
Service cost	$	236,917
Interest		158,223
Differences between expected and actual experience		264,729
Changes of assumptions		(310,107)
Benefit payments/refunds		(90,549)
Net change in total OPEB liability		259,213
Total OPEB liability-beginning		4,227,583
Total OPEB liability-ending (a)		4,486,796
Plan fiduciary net position:		
Contributions-employer		158,420
Net investment income		802
Benefit payments/refunds		(90,549)
Administrative expense		(485)
Net change in plan fiduciary net position		68,188
Plan fiduciary net position-beginning		7,857
Plan fiduciary net position-ending (b)		76,045
Net OPEB liability-ending (a)-(b)	$	4,410,751

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

H. Actuarial Methods and Assumptions (GASB 75)

The impact of the Affordable Care Act (ACA) was addressed in the valuations for the Regents Plan. While the impact of certain provisions [such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate] should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

The projection of benefits for financial reporting purposes for this Plan is based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Actuarial Valuation Date

The total OPEB liability at June 30, 2018, is based upon the actuarial valuation for May 1, 2018 for the Regents Plan, using generally accepted actuarial procedures/techniques. Update procedures were used to roll forward the total OPEB liability to June 30, 2018.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Actuarial Assumptions

The total OPEB liability for the Regents Plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions:

Valuation date	5/1/2018
Inflation	2.50%
Salary increases	4.00%
Long-term expected rate of return [1]	4.50%
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.10%
Medicare Eligible	4.50%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year Ultimate Trend is Reached	
Pre-Medicare Eligible	2030
Medicare Eligible	2019
Mortality	Healthy: RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014. Disabled: RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females).
Actuarial experience study	7/1/2009 - 6/30/2014

[1] Long-term expected rate of return is net of investment expense, including inflation

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience studies, which covered the five-year period ending June 30, 2014. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation for the Plan were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Long-Term Expected Rate of Return

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

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

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

Asset Class	Target allocation	Long-term expected real expected rate of return*
Fixed Income	70%	1.1%
Equity Allocation	30%	3.98%
Total	100.0%	

* Rates shown are net of investment expense, and include the assumed rate of inflation.

Discount Rate

In order to measure the total OPEB liability for the Regents Plan, as of June 30, 2018, a yield or index rate of 3.87% was used as the discount rate, as compared with the prior measurement period date rate of 3.58%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% per the Bond Buyers Index). Assumed contributions are based on the contribution policy, and projected total contributions are the pay as you go costs of the plan. The current contribution policy is not designed to pre-fund the plan, and the unfunded liability is not expected to be paid off at any point in the future. Projected future benefit payments for all current plan members were projected through 2117.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Sensitivity of the State's proportionate share of the NOL to changes in the Discount Rate

The following schedule is presented from the perspective of the State as the Employer and details the State's proportionate share of the NOL, as of June 30, 2018. The NOL was calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amount in thousands):

Sensitivity of the Employer Net OPEB Liability to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
	(2.87%)	(3.87%)	(4.87%)
Regents Net OPEB Liability	$ 5,262,300	$ 4,410,751	$ 3,744,760

Sensitivity of the State's proportionate share of the NOL to changes in Healthcare Cost Trends

The following schedule is presented from the perspective of the State as the Employer and details the State's proportionate share of the NOL, as of June 30, 2018. The NOL was calculated using the healthcare cost trends detailed below, as well as what the State's proportionate share of the NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate (amount in thousands):

Sensitivity of the Employer Net OPEB Liability to Changes in the Health Care Cost Trends

	1% Decrease	Current Rate	1% Increase
Regents Net OPEB Liability	$ 3,719,385	$ 4,410,751	$ 5,320,399

NOTE 18 - RISK MANAGEMENT

A. Public Entity Risk Pool

The Department of Community Health (DCH) administers the State Health Benefit Plan (SHBP) for the State. Under OCGA Section 45-18-2, the DCH Board has the authority to establish a health insurance plan; provide rules and regulations; and general provisions of the plan. The plan is comprised of three health insurance plans: (1) a plan primarily for State employees OCGA Section 45-18-2, (2) a plan for teachers OCGA Section 20-2-881, and (3) a plan for non-certificated public school employees OCGA Section 20-2-911. The SHBP acts as the plan administrator for approximately 450 organizations (state, county and local educational agencies) and provides health coverage to more than 0.6 million employees, teachers, retirees and their dependents. All employees become members of the plan unless coverage is rejected or waived. An employee may withdraw from the plan if they become eligible for coverage under the aged program of the Social Security Administration OCGA Section 45-18-17. SHBP accepts all of the risk of insuring its employees.

SHBP is accounted for on the accrual basis. Claim liabilities are based on estimates for claims that have been incurred, but not reported. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimates of liabilities for incurred, (both reported and unreported) but unpaid are actuarially determined based on estimates of the ultimate cost of settling claims, using past experience adjusted for current trends and any other factors that would modify past experience. Because actual claim liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claim liabilities may not result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

SHBP's general objectives as required under Georgia Compensation Rules & Regulations OCGA 111-4-1 are to collect enrollment information from covered employer groups, collect health premiums and employer contributions, and provide management and planning of health benefits.

DCH utilizes third party administrators to process Medicaid, PeachCare, and State employee health benefit claims. Agreements between individual administrators and DCH are for the processing of specific claim types. If an administrator was unable to continue processing claims for DCH under such an agreement, the DCH's ability to adjudicate such claims in the short-term could be threatened.

The following table provides information about the changes in the reported claims liabilities for the past two years (amount in thousands):

(Table on next page)

NOTE 18 - RISK MANAGEMENT (continued)

	Public Entity Risk Pool	
	Fiscal Year Ended 6/30/2019	Fiscal Year Ended 6/30/2018
Unpaid Claims and Claim Adjustments July 1	**$ 200,292**	**$ 217,744**
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	2,542,632	2,386,526
Decrease in provision for insured events of the prior fiscal year	(47,115)	(117,375)
Total incurred claims and claim adjustment expenses	2,495,517	2,269,151
Payments:		
Claims and claim adjustment attributable to insured events of the current year	(2,348,115)	(2,187,695)
Claims and claim adjustment attributable to insured events of the prior year	(152,339)	(98,908)
Total Payments	(2,500,454)	(2,286,603)
Total Unpaid Claims and Claim Adjustments June 30	**$ 195,355**	**$ 200,292**

B. Board of Regents Employee Health Benefits Plan

The University System of Georgia (USG) maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents (BOR) and its organizational units. A self–insured program of professional liability for its employees was established by the BOR of the USG under powers authorized by the OCGA 45–9–1. All units of the USG share the risk of loss for claims of the plan.

The following table represents changes in the balances of claims liabilities for the past two years (amount in thousands):

	Board of Regents Employee Health Benefits Plan	
	Fiscal Year Ended 6/30/2019	Fiscal Year Ended 6/30/2018
Unpaid Claims and Claim Adjustments July 1	**$ 33,467**	**$ 51,688**
Current Year Claims and Changes in Estimates	434,268	406,315
Claims Payments	(422,721)	(424,536)
Unpaid Claims and Claim Adjustments June 30	**$ 45,014**	**$ 33,467**

NOTE 18 - RISK MANAGEMENT (continued)

C. Other Risk Management

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

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

Charges by the workers' compensation risk management fund and the liability insurance risk management fund to other funds have failed to recover the full cost of claims over a reasonable period of time. Therefore, the unadjusted deficit at June 30, 2019, of $882.1 million both for workers' compensation and liability was charged back to the contributing funds. Expenditures of $559.1 million are reported in the General Fund, and expenses of $240.0 million are reported in the Higher Education Fund (enterprise fund) relating to this charge-back.

The following table represents changes in the balances of claims liabilities for the past two years (amount in thousands):

	Risk Management Fund	
	Fiscal Year Ended 6/30/2019	Fiscal Year Ended 6/30/2018
Unpaid Claims and Claim Adjustments July 1	**$ 827,166**	**$ 737,123**
Current Year Claims and Changes in Estimates	250,585	234,795
Claims Payments	(160,763)	(144,752)
Unpaid Claims and Claim Adjustments June 30	**$ 916,988**	**$ 827,166**

NOTE 19 - TAX ABATEMENT

As of June 30, 2019, the State had three tax abatement programs, the Mega Project Tax Credit, the Tourism Development Act, and Projects that were designated as a Competitive Project of Regional Significance. However, given the limited number of recipients under each of these programs, the State is legally prohibited from disclosing detailed information relating to the tax abatement programs and amounts abated.

A. Tax Abatement Programs

Mega Project Tax Credit

The Mega Project Tax Credit provides tax abatements to encourage job creation under Official Code of Georgia (OCGA) §48-7-40.24. This abatement is obtained through application by the business enterprise and certification by a panel composed of the commissioner of community affairs, the commissioner of economic development, and the director of the Office of Planning and Budget. In order to receive the tax abatements projects must create a certain level of new full-time employee jobs with average wages above a percentage of average wage projects within the County, and meet other requirements. The tax abatement equals $5,250 per new eligible full-time employee job for five years beginning with the year in which such job is created through year five after such creation; provided, however, that where the amount of such credit exceeds a business enterprise's liability for such taxes in a taxable year, the excess may be taken as a credit against such business enterprise's quarterly or monthly tax payment. Additionally, there are various recapture provisions such as forfeiting the right to the claim or a percentage of the credit, with allowances for relief from recapture based on certain major events.

Tourism Development Act

The Tourism Development Act provides tax abatements to encourage the creation of tourism attractions or expansion of existing tourism attractions under OCGA §48-8-270. This abatement is obtained through the discretion of the commissioner of economic development and the commissioner of community affairs, in consideration of the execution of the agreement and subject to the approved company's compliance with the terms of the agreement. The term of the agreement granting the tax abatement (sales and use tax refund for new projects or an incremental sales and use tax refund for expansions of existing tourism attractions) is ten years, commencing on the date the tourism attraction opens for business and begins to collect sales and use taxes or for an expansion, the date construction is complete. Additionally, there are various recapture provisions if an approved company fails to abide by the terms of the agreement, such as voiding of the agreement and all sales and use tax proceeds that were refunded shall become immediately due and payable back to the State.

Competitive Project of Regional Significance

The Competitive Project of Regional Significance designation provides tax abatements to a business enterprise whose location or expansion of some or all of the operations in this state would have a significant regional impact under OCGA §48-8-3(93)(D). This abatement is obtained in accordance with the regulations promulgated by the commissioner of economic development. The tax abatement indicates that sales and use taxes levied by or imposed by the State shall not apply to sales of personal property used for and in the construction of these designated projects.

B. Legal Prohibition

The State is legally prohibited from providing more detailed information relating to the tax abatement programs and amounts abated. The restrictions relating to reporting of confidential income tax information and other tax types are generally covered under OCGA §48-7-60 and §48-2-15, respectively.

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Grants and Contracts

The amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms.

B. Litigation and Contingencies

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, it is not believed that the ultimate disposition of these proceedings would have a material adverse effect on the financial condition of the State. The following are significant active litigation, claims and assessments involving the State:

Primary Government

Judith Kellv. et al. v. Board of Community Health ,- Plaintiffs, who seek class action status, are retired state employees, public school teachers, or public school employees, and are enrolled in the health insurance plans administered by the State Health Benefit Plan ("SHBP"). On December 8, 2011 the Board of Community Health (the "Board") approved a policy modifying the subsidies for certain retired employees based on employee years of service. Plaintiffs have brought suit against the Board of Community Health and the members of Board, in their individual and official capacities, for breach of contract asserting that retroactive modifications to the annuitant subsidy provided to certain retired employees had the effect of breaching the Plaintiffs' alleged contracts with SHBP. Plaintiffs assert this policy is a breach of an alleged contract to provide health insurance to retired employees. Plaintiffs seek monetary damages, a writ of mandamus to require the application of the full subsidy to the purported class members, plus attorneys' fees. After the Board filed a Motion to Dismiss the Complaint, Plaintiffs amended their Complaint to add three additional counts for Equal Protection, Section 1983 and Declaratory Judgment. The Board filed a Motion to Dismiss the Second Amended Complaint on May 11, 2018, claiming that the allegations in the Complaint are either barred by sovereign immunity or fail to state a claim. On August 20, 2018, the trial court granted the Motion to Dismiss and dismissed the case in its entirety. Plaintiffs filed an appeal with the Georgia Court of Appeals and briefing of the issues is complete. Oral argument was held on June 18, 2019. The Court of Appeals ruled in favor the Board, and Plaintiffs have filed a petition for a writ of certiorari with the Georgia Supreme Court which is currently pending. At this stage of litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is vigorously defending this action.

T- Mobile South, LLC v. David M Curry. Commissioner, Georgia Department of Revenue,- T-Mobile South seeks refunds of sales and use taxes allegedly paid on purchases of certain tangible personal property for tax periods May 30, 2012 through December 31, 2016, which T-Mobile South asserts to be subject to computer equipment related sales and use tax exemptions pursuant to OCGA § 48-8-3(68). The total of the sales and use tax refunds claimed by T-Mobile South for such periods is approximately $11.5 million. The Department of Revenue ("DOR") ruled that the computer equipment purchases by T-Mobile South failed to exceed the required purchase amount of $15.0 million per calendar year and therefore do not qualify for the sales tax exemption. T-Mobile South appealed these decisions with the Georgia Tax Tribunal. The parties have concluded discovery and each filed cross-motions for

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

summary judgment. Oral argument on the motions for summary judgment was heard on April 30, 2019. The Court denied both motions for summary judgment and returned the case to the Georgia Tax Tribunal to determine questions of fact where a trial on all issues was held in mid-December 2019. The Georgia Tax Tribunal has not issued a decision in this matter. At this stage of litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is vigorously defending this action.

Transportation v. David M. Curry, Commissioner, Georgia Department of Revenue, - CSX has filed multiple appeals of constructive denials of refunds for sales and use tax imposed on diesel fuel starting in 2013. DOR did not act on the refund claims due to the pendency of litigation on a comparable issue in the U.S. Supreme Court against the state of Alabama. The issue is whether the sales and use tax imposed on diesel fuel purchased by rail carriers violates Section 306 of the Railroad Revitalization and Regulatory Reform Act of 1976 (the "4-R Act"), prohibiting discriminatory treatment of rail carriers. CSX contends that the application of a four percent (4%) sales tax rate to its purchase of diesel fuel violates Section 306 of the 4-R Act because motor carriers are subject to state and local taxes but are exempt from the first three percent (3%) of the four percent (4%) sales tax rate under OCGA § 48-8-31, and because interstate water carriers are exempt from sales and use tax under OCGA § 48-8-3(17). The total of the sales and use tax refunds claimed by CSX for tax periods October 2010 through June 2015 is approximately $37.5 million.

The Georgia Tax Tribunal cases have been stayed pending the outcome of pending litigation in Alabama in *CSX Trans.. Inc. v. Alabama Department of Revenue.* The Eleventh Circuit ruled that Alabama's sales and use tax did not discriminate against railroads when compared to motor carriers but did discriminate against railroads when compared to water carriers. Alabama's petition for certiorari to the U.S. Supreme Court was filed on October 8, 2018. CSX also filed a conditional petition for certiorari. The U.S. Supreme Court denied the petitions for certiorari on June 24, 2019. Therefore, the Eleventh Circuit's decision was affirmed and the case was remanded to the District Court to conclude proceedings. We are awaiting a final ruling from the District Court in Alabama. At this stage of litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is defending this action.

Following an onsite review in 2014 of Georgia's nursing facility funding arrangements by the United States Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS), CMS issued a report in November 2015 to the Department of Community Health (DCH) concluding that certain funding arrangements for the payment of the State's share of upper payment limit payments to certain nursing homes owned by development authorities within the State were in violation of federal law and the State's Medicaid Plan. The report included a demand for the return of such upper payment limit payments for fiscal year 2010 and fiscal year 2011 in an aggregate amount of approximately $76.0 million and the return of any upper payment limit payments made to such nursing homes in subsequent fiscal years, which DCH estimates to be in an aggregate amount of approximately $94.0 million for both fiscal year 2012 and fiscal year 2013. DCH has taken no action to return the funds and appealed the demand. This matter is before the United States Department of Health and Human Services Departmental Board of Appeals for resolution. It is impracticable to predict the outcome of this matter, but DCH expects to vigorously assert its position contesting any unsubstantiated notice of disallowance issued by CMS.

Additionally, CMS informed DCH that as of October 17, 2016, negative Payment Management System (PMS) balances accruing between federal fiscal year 2005 through federal fiscal year 2013 totaling approximately $50.0 million, should

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

be returned by DCH to CMS. According to an executive summary in an HHS-OIG report issued in March 2016, prior to federal fiscal year 2010, States had PMS grant award accounts that combined Medicaid funds from every year resulting in yearly balances that were not distinguishable. CMS used the PMS to record grant award amounts and process the States' withdrawals from the U.S. Department of Treasury. Beginning in federal fiscal year 2010, CMS began annualized grant award accounts with beginning and ending balances to improve Medicaid funding transparency. DCH shared two prepared reports with CMS comparing federal draws to reported expenditures for federal fiscal year 2005 through federal fiscal year 2013; DCH determined that while its analysis does indicate negative PMS balances exist, it has not been able to identify the root cause or options to address the balances due to the rolling grant funding process used prior to federal fiscal year 2010. In CMS's March 2016 report, it was acknowledged by CMS that it had "not issued guidance instructing States on the appropriate extent and timing of Medicaid withdrawals", and "did not publish formal guidance instructing States on how to handle the funds in annualized PMS accounts." This matter remains pending as unresolved between CMS and DCH.

The State is also involved in a number of disputes concerning the operation of U.S. Army Corps of Engineers (Corps) dams and reservoirs in the Apalachicola-Chattahoochee-Flint (ACF) River Basin and the Alabama-Coosa-Tallapoosa (ACT) River Basin for water supply and other purposes. Buford Dam impounds the Chattahoochee River to form Lake Lanier and is part of the ACF River Basin. Lake Lanier is the primary source of water supply to more than three million people in north Georgia, including a substantial portion of the metropolitan Atlanta region's population. The additional federal reservoirs are downstream of Lake Lanier in the ACF River Basin. The ACF River Basin is shared by Alabama, Florida, and Georgia. Lake Allatoona is in the ACT River Basin, which is shared by Alabama and Georgia. Lake Allatoona also is a major source of water supply to north Georgia. The Special Master appointed by the U.S. Supreme Court has recommended that the U.S Supreme Court dismiss Florida's case against Georgia. The U.S. Supreme Court must now decide whether to accept or reject the report of the Special Master, convene oral arguments in Washington or call the Special Master to revisit the case. It is not possible at this time to predict the duration or outcome of these disputes.

Sales tax refund claims that were filed with the Department of Revenue prior to July 1, 2019, are being reviewed by Legal Affairs & Tax Policy (LATP) and could be upheld by LATP (if Commissioner Curry concurred) in the approximate amount of $16 million. About $15.5 million of that amount consists of several taxpayer claims for refund of sales taxes that were paid on purchases of high-tech computer equipment which purchases the taxpayer now claims are exempt under OCGA Sec. 48-8-3(68).

C. Guarantees and Financial Risk

Component Units

Georgia Housing Finance Authority (GHFA) has uninsured single-family mortgage loans of approximately $49.2 million as of June 30, 2019. The loans are for home mortgages in the State of Georgia. Economic conditions in Georgia have a direct impact on foreclosures and the rate of loss on foreclosed loans. If the economy declines, one impact of these conditions could be a decline in house values and an increase in unemployment and underemployment. GHFA could incur a higher rate of foreclosure and a higher rate of loss on foreclosed loans as a result of the decline in the value of its underlying collateral on uninsured loans. If the economy declines, GHFA could also experience a dramatic increase in foreclosures. It is possible that the combination of such an increase combined with lower housing prices could result in increased losses of loan assets that could have adverse impacts on GHFA's ability to repay its outstanding bonds.

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

D. Other Significant Commitments

Primary Government

Contractual Commitments

The Georgia Constitution permits State organizations to enter into contractual commitments provided they have funds available (statutory basis) at the time of the execution of the contract. At June 30, 2019, the fund balances of the primary government include encumbrances of $4.9 billion.

The University System of Georgia (Higher Education Fund) had significant, unearned, outstanding construction or renovation contracts executed in the amount of $29.4 million as of June 30, 2019. This amount is not reflected in the financial statements.

As of June 30, 2019, Employees' Retirement System of Georgia committed to fund certain private equity partnerships for a total capital commitment of $577.8 million. Of this amount, $271.0 million remained unfunded and is not recorded on the *Combining Statement of Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds - Defined Benefit Pension Plans*.

Georgia Technology Authority (GTA) has a significant commitment to AT&T totaling $440.6 million which was effective January 1, 2016 and is a five year contract with three optional years, and has a remaining balance of $233.1 million as of June 30, 2019.

On August 24, 2015, GTA entered into an agreement with Capgemini to provide service integration processes and systems, including billing, service desk, service catalog and request management, risk and security management, among other services. This agreement is a seven year contract with three optional years for a total contract amount of $300.5 million, and a remaining balance of $172.2 million as of June 30, 2019.

On December 1, 2017, GTA entered into an $90.0 million services contract with ATOS. This is a four year contract with five optional years, and has a remaining balance of $69.6 million as of June 30, 2019.

On June 1, 2018, GTA entered into an $84.1 million services contract with Xerox. This is a three year contract with three optional years, and has a remaining balance of $80.0 million.

On January 1, 2019, GTA entered into a $219.0 million services contract with Unisys. This is a three year contract with three optional years, and has a remaining balance of $204.8 million.

State Road and Tollway Authority has contractual commitments on uncompleted contracts of $465.2 million, the majority of which are for the I-285 at SR 400 Interchange Reconstruction Project and the I-85 Widening Project. In addition, $18.1 million of grants and loans were awarded to local governments and community improvements districts.

Component Units

Contractual Commitments

As of June 30, 2019, Georgia Environmental Finance Authority (GEFA) had commitments to fund projects, excluding the undisbursed portion of loans in process, totaling $65.8 million.

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

On April 13, 2017, the FCC released a public notice impacting Georgia Public Telecommunications Commission (GPTC) formally closing the auction and beginning the repacking component. This is a 39-month period during which time some TV stations will need to transition to new channel assignments. As a result of the auction, GPTC has to repack seven of its nine TV stations with cost of $11.3 million.

As of June 30, 2019, Georgia Ports Authority (GPA) had commitments for construction projects of approximately $193.4 million.

During the fiscal year ended June 30, 2013, the GPA entered into a compromise and settlement agreement with the U.S. Army Corps of Engineers, the State of South Carolina and several nongovernmental environmental organizations relative to the project by the U.S. Army Corps of Engineers to deepen the Savannah River federal navigation channel. The project is commonly referred to as the Savannah Harbor Expansion Project (SHEP).

The respective SHEP agreement, approved by the U.S. Federal District Court for the District of South Carolina, resulted in a commitment by GPA in the amount of $35.5 million, of which GPA had paid $6.0 million through the year ended June 30, 2019, which includes the following provision to be funded by the GPA subject to satisfaction of certain conditions that at this time are based on all known and expected factors, and therefore, considered to be “probable” as defined by respective and authoritative financial reporting standards (GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*):

1) The GPA will establish a letter of credit or escrow account within six months of the commencement of inner harbor dredging in the amount of $2.0 million to serve as a contingency fund should the operation of the dissolved oxygen injection system not receive funding by the federal government. This letter of credit or escrow account will be maintained at a minimum of $2.0 million for fifty years after completion of the SHEP.

2) The GPA will contribute $3.0 million for water quality monitoring in the Lower Savannah River Basin, $3.0 million for monitoring and research of Shortnose and Atlantic Sturgeon, $15.0 million for conservation, wetlands preservation, acquisitions of easements and/or upland buffers, and creation, restoration or enhancement of wetlands to benefit the Lower Savannah River watershed.

3) The GPA will contribute $12.5 million for environmental and conservation projects in the Savannah River Basin to the Savannah River Restoration Board whose membership is prescribed in the agreement.

NOTE 21 - SEGMENT INFORMATION

Segments are identifiable activities reported within or as part of an enterprise fund by which some form of revenue-supported debt is outstanding. Furthermore, to qualify as a segment, an activity must meet an external requirement to separately account for a specific revenue stream and the associated expenses, gains, and losses. The State maintains two enterprise funds that qualify as a segment. Financial information for each segment is included within the nonmajor enterprise funds. The following paragraphs describe the State's segments.

State Road and Tollway Authority - I-75 Northwest Corridor Express Lane Project, received loan funds from the Transportation Infrastructure Finance and Innovation Act (TIFIA). The TIFIA loan funds used to build various express lanes.

State Road and Tollway Authority - I-75 South Metro Express Lane Fund, issued revenue bonds to pay the costs of certain tolling infrastructure, finance a debt service reserve, and pay the costs of issuance of the bonds.

(Table on next page)

NOTE 21 - SEGMENT INFORMATION (continued)

Summary financial information for the State's segments for the year ended June 30, 2019 is presented below (amount in thousands):

	I-75 Northwest Corridor Express Lanes Project	I-75 South Metro Express Lanes Fund
Condensed Statement of Net Position		
Assets		
Current Assets	$ 25,318	$ 13,926
Noncurrent Assets	13	59
Due from Other Funds	—	876
Capital Assets	16,956	9,873
Total Assets	42,287	24,734
Deferred Outflows	58	165
Liabilities		
Current Liabilities	31,876	115
Noncurrent Liabilities	228,615	43,776
Due to Other Funds	381	1,318
Total Liabilities	260,872	45,209
Deferred Inflows	60	173
Net Position		
Net Investment in Capital Assets	16,956	(707)
Restricted	—	3,507
Unrestricted	(235,543)	(23,282)
Total Net Position	(218,587)	(20,482)
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Operating Revenues	2,000	2,453
Depreciation/Amortization Expense	—	(2,920)
Other Operating Expenses	(2,675)	(4,413)
Operating Income (Loss)	(675)	(4,880)
Nonoperating Revenues (Expenses)		
Investment Income	1,529	256
Other Nonoperating Revenues	5,423	—
Interest Expense	(7,733)	(2,215)
Other Nonoperating Expenses	(117,800)	—
Capital Contributions	10,594	—
Net Transfers	(29)	(71)
Change in Net Position	(108,691)	(6,910)
Beginning Net Position (restated)	(109,896)	(13,572)
Ending Net Position	$ (218,587)	$ (20,482)
Condensed Statement of Cash Flows		
Net Cash Provided By (Used In):		
Operating Activities	$ (17,153)	$ (4,585)
Noncapital Financing Activities	400	(543)
Capital and Related Financing	(109,547)	(2,600)
Investing Activities	1,529	256
Net Increase (Decrease)	(124,771)	(7,472)
Beginning Cash and Cash Equivalents	150,089	21,376
Ending Cash and Cash Equivalents	$ 25,318	$ 13,904

NOTE 22 - SUBSEQUENT EVENTS

A. Primary Government

Long-term Debt Issues

General Obligation Bonds Issued

In June 2019, the State sold General Obligation bonds 2019A and 2019B for $636.1 million and $278.6 million, respectively in the total amount of $914.7 million, delivered on July 18, 2019. The bonds were sold to provide funds for various capital outlay projects of the State, for county and independent school systems through the Department of Education, to finance projects and facilities for both the Board of Regents of the University System of Georgia (BOR) and the Technical College System of Georgia, and to provide loans through Georgia Environmental Finance Authority (GEFA) to local governments and local government entities for water and sewerage facilities. The true interest cost on the 2019AB bonds was 2.486% and the average life is 10.444 years.

General Obligation Refunding Bonds

In June 2019, the State sold General Obligation refunding bonds in the total amount of $35.9 million for delivery on July 18, 2019. To provide funds to refund all or a portion of the State Bonds 2009E ($16.8 million refunding par) and 2009I ($19.1 million refunding par). The true interest cost for the Series 2019C refunding bonds, which have an average life of 2.018 years, is 1.332%.

Other Subsequent Events

Board of Regents

In fiscal year 2019, Board of Regents (the Board), by and on behalf Georgia Tech Facilities, Inc, (GTFI) issued Series 2019A bonds ($37.2 million par value) to refinance Series 2007A and Series 2009B-1 bonds related to the North Avenue Apartments. The Series 2019A bonds closed on September 18, 2019 with an All-In True Interest Cost of 1.59%. Total savings related to this refinancing is $11.9 million.

GTFI issued Series 2019B bonds ($28.5 million par value) to refinance Series 2009A bonds related to the Electrical Substation and System. The Series 2019B bonds closed on September 18, 2019 with an All-In True Interest Cost of 2.55%. Total savings related to this refinancing is $11.3 million.

On July 9, 2019, the Board, by and on behalf University of Georgia Research Foundation, Inc., the Real Estate Board approved the $10.5 million acquisition of a 6.6-mile, 77 acre, rail corridor that is adjacent to the University. A Real Estate Foundation LLC completed the purchase on August 19, 2019. The purchase was funded with unrestricted cash of $5.0 million and borrowings of $5.5 million on the revolving credit agreement.

B. Component Units

Other Subsequent Events

Georgia Housing and Finance Authority

The Georgia Housing and Finance Authority (GHFA) has issued 2019 Series B Single-Family Mortgage Bonds. The issue was for $138.7 million and closed on October 10, 2019. On December 1, 2019, a bond redemption of $21.3 million occurred.

NOTE 22 - SUBSEQUENT EVENTS (continued)

Additionally, GHFA has requested for the approval from the Georgia State Financing and Investment Commission (GSFIC) of the issuance and sale of up to $250.0 million in aggregate principal of single family mortgage bonds during calendar year 2020 and GHFA recommended the underwriting team for calendar year 2020 through 2022.

Georgia World Congress Center Authority

The Georgia World Congress Center Authority has requested for the approval from GSFIC of the issuance and the sale of up to $500.0 million in aggregate principal of hotel revenue bonds and the authorization of a non recourse loan up to $60.0 million secured solely by certain stadium payments in order to provide additional funds for the hotel project.

Georgia Ports Authority

The Georgia Ports Authority board has unanimously voted to approve a resolution authorizing the executive director and the chief administrative officer to enter into a purchase and sale agreement to acquire 145 acres of real property from PCS Nitrogen Inc. for $18.7 million, subject to due diligence.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Budgetary Comparison Schedule
Budget Fund
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
Funds Available					
State Appropriation					
State General Funds	$ 22,559,798	$ 23,201,429	$ 23,201,429	$ 23,020,238	$ 181,191
State Motor Fuel Funds	1,830,500	1,895,444	1,895,444	1,895,444	—
Lottery Proceeds	1,201,496	1,204,405	1,204,405	1,204,209	196
Tobacco Settlement Funds	150,160	161,723	161,723	161,723	—
Brain and Spinal Injury Trust Fund	1,446	1,446	1,446	1,446	—
Nursing Home Provider Fees	157,326	157,326	154,263	154,263	—
Hospital Provider Fee	326,188	311,653	333,955	333,955	—
State Funds - Prior Year Carry-Over					
State General Fund Prior Year	—	—	177,793	197,500	(19,707)
Brain and Spinal Injury Trust Fund - Prior Year	—	—	1,058	1,037	21
State Motor Fuel Funds - Prior Year	—	—	171,452	2,046,873	(1,875,421)
Federal Funds					
CCDF Mandatory & Matching Funds	97,618	97,618	89,923	89,790	133
Child Care and Development Block Grant	127,918	138,020	201,802	201,715	87
Community Mental Health Services Block Grant	14,164	14,164	24,704	24,287	417
Community Services Block Grant	16,845	16,329	20,667	20,176	491
Federal Highway Administration - Highway Planning and Construction	1,528,196	1,507,117	1,605,246	1,260,244	345,002
Foster Care Title IV-E	102,896	102,263	97,557	98,536	(979)
Low-Income Home Energy Assistance	56,083	56,008	94,340	91,553	2,787
Maternal and Child Health Services Block Grant	16,884	16,977	27,581	27,050	531
Medical Assistance Program	7,415,065	7,512,491	8,414,858	8,116,344	298,514
Prevention and Treatment of Substance Abuse Block Grant	48,001	47,852	66,287	61,239	5,048
Preventive Health and Health Services Block Grant	2,207	2,207	6,100	5,001	1,099
Social Services Block Grant	52,605	53,608	59,281	48,333	10,948
State Children's Insurance Program	461,089	461,089	621,694	459,278	162,416
Temporary Assistance for Needy Families Block Grant	326,177	327,876	334,344	317,820	16,524
TANF Transfer to SSBG	4,202	1,337	1,764	1,764	—
Federal Funds Not Itemized	3,769,794	4,034,565	4,504,072	4,289,358	214,714
American Recovery and Reinvestment Act of 2009					
Medical Assistance Program	—	—	—	21,416	(21,416)
Federal Funds Not Itemized	36,134	36,134	54,208	41,824	12,384
Other Funds	10,729,386	11,158,307	15,069,516	15,079,273	(9,757)
Total Funds Available	51,032,178	52,517,388	58,596,912	59,271,689	(674,777)
Expenditures					
Georgia Senate	11,626	11,673	12,342	10,285	2,057
Georgia House of Representatives	19,590	19,590	21,085	17,721	3,364
Georgia General Assembly Joint Offices	12,123	12,887	13,172	11,704	1,468
Audits and Accounts, Department of	36,349	36,356	36,368	35,485	883
Appeals, Court of	21,435	21,503	21,694	21,395	299
Judicial Council	20,169	20,156	22,012	21,252	760
Juvenile Courts	8,751	8,722	8,823	8,384	439
Prosecuting Attorneys	83,782	83,824	117,341	111,427	5,914
Superior Courts	73,736	73,751	73,760	72,714	1,046
Supreme Court	16,379	16,216	16,335	16,138	197
Accounting Office, State	29,408	29,079	32,970	32,612	358
Administrative Services, Department of	200,722	240,151	260,979	247,447	13,532
Agriculture, Department of	57,662	155,954	159,660	142,017	17,643
Banking and Finance, Department of	13,293	13,295	13,360	13,150	210
Behavioral Health & Developmental Disabilities, Department of	1,328,812	1,357,237	1,440,704	1,404,666	36,038
Community Affairs, Department of	277,780	314,752	313,538	312,628	910
Community Health, Department of	15,334,734	15,648,995	19,345,804	15,812,002	3,533,802
Community Supervision, Department of	182,546	182,830	185,743	180,913	4,830

(continued)

Required Supplementary Information
Budgetary Comparison Schedule
Budget Fund
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
Expenditures					
Corrections, Department of	1,202,705	1,205,013	1,248,876	1,239,614	9,262
Defense, Department of	68,170	82,253	98,777	84,387	14,390
Driver Services, Department of	72,022	73,643	85,969	84,180	1,789
Early Care and Learning, Department of	820,533	835,701	879,224	878,665	559
Economic Development, Department of	35,365	35,369	38,430	37,827	603
Education, Department of	11,901,526	12,245,744	12,286,146	12,123,962	162,184
Employees' Retirement System of Georgia	60,670	59,698	59,698	57,749	1,949
Forestry Commission, State	50,249	60,460	71,446	70,681	765
Governor, Office of the	95,709	164,662	352,924	217,583	135,341
Human Services, Department of	1,941,205	1,935,329	2,026,363	1,925,895	100,468
Insurance, Department of	21,105	20,881	21,782	21,350	432
Investigation, Georgia Bureau of	248,506	286,014	331,286	301,489	29,797
Juvenile Justice, Department of	351,351	351,012	360,947	353,551	7,396
Labor, Department of	128,166	120,450	113,777	101,833	11,944
Law, Department of	72,964	72,872	97,772	95,146	2,626
Natural Resources, Department of	279,952	295,345	362,328	330,963	31,365
Pardons and Paroles, State Board of	17,617	18,050	18,229	17,857	372
Properties Commission, State	2,100	2,100	2,100	1,780	320
Public Defender Council, Georgia	92,418	92,670	96,500	90,214	6,286
Public Health, Department of	688,430	693,630	836,601	823,807	12,794
Public Safety, Department of	248,077	266,171	269,261	255,296	13,965
Public Service Commission	11,010	11,178	12,067	11,932	135
Regents, University System of Georgia	7,818,299	8,078,368	8,872,103	8,052,185	819,918
Revenue, Department of	194,679	229,110	251,668	244,170	7,498
Secretary of State	29,776	29,611	33,069	32,108	961
Student Finance Commission and Authority, Georgia	986,472	990,347	984,839	905,160	79,679
Teachers' Retirement System	39,718	41,043	41,043	37,116	3,927
Technical College System of Georgia	877,985	942,508	1,092,417	951,427	140,990
Transportation, Department of	3,598,793	3,683,459	4,095,475	3,563,462	532,013
Veterans Service, Department of	40,883	40,892	50,521	50,008	513
Workers' Compensation, State Board of	19,329	19,337	19,338	18,148	1,190
State of Georgia General Obligation Debt Sinking Fund	1,287,497	1,287,497	1,390,246	1,234,709	155,537
Total Expenditures	51,032,178	52,517,388	58,596,912	52,686,194	5,910,718
Excess of Funds Available over Expenditures	$ —	$ —	$ —	$ 6,585,495	$ (6,585,495)

Required Supplementary Information
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	General Fund
Sources/Inflows of Resources	
Summary	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	$ 59,271,689
Differences - budget to GAAP	
Perspective Differences:	
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(10,671,311)
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	27,082,123
State appropriations revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(26,771,280)
Basis Differences:	
Accrual of taxpayer assessed receivables and revenues.	(46,565)
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	(115,635)
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(5,666,188)
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(578,297)
Receivables and revenues accrued based on encumbrances reported for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for GAAP reporting.	18,186
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(62,269)
Revenue reported for nonbudgetary food stamp program and donated commodities.	2,361,097
Revenue reported for on-behalf payments related to pensions.	60,686
Other net accrued receivables and revenues.	(57,544)
Total Revenues (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	$ 44,824,692

(continued)

Required Supplementary Information
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	General Fund
Uses/Outflows of Resources	
Summary	
Actual amounts (budgetary basis) “Total Expenditures” from the budgetary comparison schedule	$ 52,686,194
Differences - budget to GAAP	
Perspective Differences:	
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(12,923,162)
Expenditures of nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	139,331
Basis Differences:	
Accrual of teacher salaries not included in current budget year.	(4,526)
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	16,304
Change in expenditure accrual for nonbudgetary Medicaid claims	3,500
Encumbrances for goods and services ordered but not received are reported as budgetary expenditures in the year the order is placed, but are reported as GAAP expenditures in the year the goods and services are received.	11,653
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(579,161)
Expenditures reported for nonbudgetary food stamp program and donated commodities.	2,361,097
Expenditures reported for on-behalf payments related to pensions.	60,686
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	(353,997)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(1,599,361)
Other net accrued liabilities and expenditures.	(43,038)
Total Expenditures (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	$ 39,775,520

Required Supplementary Information
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

Budgetary Reporting

Budgetary Process

OCGA Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State. Not later than September 1 of each year, the head of each executive branch budget unit (e.g. agencies, departments, and commissions) must submit estimates of the financial requirements for the subsequent fiscal year to Office of Planning and Budget (OPB), which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to OPB for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by OPB.

The Governor, through the OPB, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor also possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Georgia Constitution, Article III, Section IX, Paragraph IV, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." The Constitution also authorizes the passage of additional Supplementary Appropriation Acts, provided sufficient surplus is available or additional revenue measures have been enacted. Finally, the Governor may withhold allotments of funds to budget units in order to maintain this balance of revenues and expenditures. Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through OPB, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit periodic allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to OPB.

Required Supplementary Information
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.

Budget units of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate *Budgetary Compliance Report* is published each year to report on compliance at the legal level of budgetary control.

Budgetary Basis of Accounting

The annual budget of the State is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental (budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year-end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

Budgetary Compliance Exceptions

Expenditures of State funds may not exceed the amount appropriated at the legal level of control as provided by the Constitution. For the year ended June 30, 2019, total State funds expenditures did not exceed appropriated amounts.

For more information on budgetary exceptions, please refer to the *Budgetary Compliance Report* issued under separate cover. This report can be found on website of the State Accounting Office at http://sao.georgia.gov/.

Budgetary Presentation

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.

Required Supplementary Information
Public Entity Risk Pool
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

Claims Development Information

The table below illustrates how the State Health Benefit Plan's (SHBP) earned revenues and investment income compare to related costs of loss and other expenses assumed by the SHBP as of the end of the current fiscal year. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operating costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the fund's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (policy year). (4) This section shows the cumulative net amounts paid as of the end of the policy year. (5) This section shows how current year's net incurred claims increased or decreased as of the end of the year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

(Table on next page)

Required Supplementary Information
Public Entity Risk Pool
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Fiscal and Policy Year Ended						
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
(1) Required contribution and investment revenue earned (fiscal year)	$ 2,366,054	$ 2,434,392	$ 2,267,667	$ 2,145,197	$ 2,271,697	$ 2,966,874	$ 2,457,668
(2) Unallocated expenses	100,532	150,939	155,501	144,515	140,450	132,097	118,674
(3) Estimated claims and expenses, end of policy year, net incurred	2,074,390	1,880,541	1,882,588	2,013,443	2,158,188	2,269,151	2,495,517
(4) Net paid (cumulative) as of:							
End of policy year	1,919,597	1,758,032	1,708,902	1,847,202	2,052,213	2,187,695	2,348,115
One year later	2,223,219	1,931,895	1,871,509	1,915,972	2,151,121	2,340,034	
Two years later	2,223,219	1,931,895	1,871,509	1,915,972	2,151,121		
Three years later	2,223,219	1,931,895	1,871,509	1,915,972			
Four years later	2,223,219	1,931,895	1,871,509				
Five years later	2,223,219	1,931,895					
Six years later(1)	2,223,219						
(5) Reestimated net incurred claims and expenses:							
End of policy year	2,074,390	1,880,541	1,882,588	2,013,443	2,158,188	2,269,151	2,495,517
One year later	2,068,566	1,879,800	1,871,599	1,915,823	2,150,162	2,340,850	
Two years later	2,014,054	1,934,321	1,871,599	1,915,823	2,148,700		
Three years later	2,019,869	1,934,321	1,871,599	1,915,846			
Four years later	2,019,869	1,934,321	1,871,599				
Five years later	2,019,869	1,934,321					
Six years later(1)	2,019,869						
(6) Increase (decrease) in estimated net incurred claims and expenses from the end of policy year	$ (54,521)	$ 53,780	$ (10,989)	$ (97,597)	$ (9,488)	$ 71,699	$ —

(1)Data not available prior to fiscal year 2013


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

Required Supplementary Information
Schedules of Employers' and Nonemployers' Contributions
Defined Benefit Pension Plans
For the Last Ten Fiscal Years
(dollars in thousands)

	Year Ended	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (a-b)	Covered payroll (c)	Contributions as a percentage of covered payroll (b/c)
Employees' Retirement System	6/30/2010	263,064	263,064	—	2,571,042	10.23%
	6/30/2011	261,132	261,132	—	2,486,780	10.50%
	6/30/2012	273,623	274,034	(411)	2,414,884	11.35%
	6/30/2013	358,376	358,992	(616)	2,335,773	15.37%
	6/30/2014	428,982	429,752	(770)	2,335,773	18.40%
	6/30/2015	517,220	519,163	(943)	2,353,225	22.06%
	6/30/2016	595,124	595,566	(442)	2,390,457	24.91%
	6/30/2017	624,623	625,281	(658)	2,565,918	24.37%
	6/30/2018	650,073	652,167	(2,094)	2,635,896	24.74%
	6/30/2019	649,209	649,209	—	2,615,491	24.82%
Public School Employees Retirement System [1]	6/30/2010	5,530	5,530	—	N/A	N/A
	6/30/2011	7,509	7,509	—	N/A	N/A
	6/30/2012	15,884	15,884	—	N/A	N/A
	6/30/2013	24,829	24,829	—	N/A	N/A
	6/30/2014	27,160	27,160	—	N/A	N/A
	6/30/2015	28,461	28,461	—	N/A	N/A
	6/30/2016	28,580	28,580	—	N/A	N/A
	6/30/2017	26,277	26,277	—	N/A	N/A
	6/30/2018	29,276	29,276	—	N/A	N/A
	6/30/2019	30,263	30,263	—	N/A	N/A
Georgia Judicial Retirement System	6/30/2010	2,600	2,600	—	51,293	5.07%
	6/30/2011	1,932	1,932	—	52,331	3.69%
	6/30/2012	2,083	2,083	—	51,898	4.01%
	6/30/2013	2,279	2,279	—	52,807	4.32%
	6/30/2014	2,375	2,375	—	54,787	4.33%
	6/30/2015	4,261	4,261	—	54,272	7.85%
	6/30/2016	7,623	7,623	—	57,401	13.28%
	6/30/2017	6,684	6,684	—	59,695	11.20%
	6/30/2018	6,566	6,566	—	60,572	10.84%
	6/30/2019	5,254	5,254	—	60,532	8.68%
Teachers Retirement System of Georgia	6/30/2010	1,057,416	1,057,416	—	10,856,427	9.74%
	6/30/2011	1,089,912	1,089,912	—	10,602,257	10.28%
	6/30/2012	1,082,224	1,082,224	—	10,527,471	10.28%
	6/30/2013	1,180,469	1,180,469	—	10,345,916	11.41%
	6/30/2014	1,270,963	1,270,963	—	10,349,862	12.28%
	6/30/2015	1,406,706	1,406,706	—	10,697,384	13.15%
	6/30/2016	1,580,532	1,580,532	—	11,075,907	14.27%
	6/30/2017	1,654,844	1,654,844	—	11,596,664	14.27%
	6/30/2018	2,018,724	2,018,724	—	12,009,066	16.81%
	6/30/2019	2,566,403	2,566,403	—	12,279,440	20.90%
Peace Officers' Annuity and Benefit Fund of Georgia	6/30/2010	14,034	17,281	(3,247)	N/A	N/A
	6/30/2011	19,760	16,185	3,575	N/A	N/A
	6/30/2012	19,760	16,256	3,504	N/A	N/A
	6/30/2013	22,343	15,472	6,871	N/A	N/A
	6/30/2014	22,340	15,342	6,998	N/A	N/A
	6/30/2015	17,815	15,341	2,474	N/A	N/A
	6/30/2016	18,082	14,713	3,369	N/A	N/A
	6/30/2017	12,651	14,005	(1,354)	N/A	N/A
	6/30/2018	11,351	13,826	(2,475)	N/A	N/A
	6/30/2019	10,430	14,444	(4,014)	N/A	N/A
Georgia Firefighters' Pension Fund	6/30/2010	36,031	25,328	10,703	N/A	N/A
	6/30/2011	36,031	25,966	10,065	N/A	N/A
	6/30/2012	29,995	27,073	2,922	N/A	N/A
	6/30/2013	29,995	28,442	1,553	N/A	N/A
	6/30/2014	28,956	30,034	(1,078)	N/A	N/A
	6/30/2015	26,215	31,489	(5,274)	N/A	N/A
	6/30/2016	28,030	32,684	(4,654)	N/A	N/A
	6/30/2017	28,987	34,152	(5,165)	N/A	N/A
	6/30/2018	28,191	35,715	(7,524)	N/A	N/A
	6/30/2019	29,732	37,902	(8,170)	N/A	N/A

This data, except for annual covered payroll, was provided by each plan's actuary.

[1] No statistics regarding covered payroll are available. Contributions are not based upon members' salaries, but are simply $4.00 per member, per month, for nine months, each fiscal year if hired prior to July 1, 2012 and $10 per month, per member, per month, for nine months, if hired after July 1, 2012.

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Six Fiscal Years
(dollars in thousands)

	2019	2018	2017	2016	2015	2014
Employees' Retirement System:						
Total pension liability	$ 17,744,003	$ 17,628,219	$ 17,159,634	$ 17,103,987	$ 17,019,362	$ 17,042,149
Plan fiduciary net position	13,617,472	13,517,186	13,098,299	12,373,567	12,967,964	13,291,531
Employers' and nonemployers' net pension liability	$ 4,126,531	$ 4,111,033	$ 4,061,335	$ 4,730,420	$ 4,051,398	$ 3,750,618
Plan fiduciary net position as a percentage of the total pension liability	76.74 %	76.68 %	76.33 %	72.34 %	76.20 %	77.99 %
Covered payroll	$ 2,615,491	$ 2,635,896	$ 2,565,918	$ 2,390,457	$ 2,353,225	$ 2,335,773
Employers' and nonemployers' net pension liability as a percentage of covered payroll	157.77 %	155.96 %	158.28 %	197.89 %	172.16 %	160.57 %
Public School Employees Retirement System:						
Total pension liability	$ 1,107,496	$ 1,072,165	$ 1,013,163	$ 992,292	$ 946,200	$ 930,745
Plan fiduciary net position	941,588	914,138	868,134	803,775	823,150	821,733
Employers' and nonemployers' net pension liability	$ 165,908	$ 158,027	$ 145,029	$ 188,517	$ 123,050	$ 109,012
Plan fiduciary net position as a percentage of the total pension liability	85.02 %	85.26 %	85.69 %	81.00 %	87.00 %	88.29 %
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Employers' and nonemployers' net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Georgia Judicial Retirement System:						
Total pension liability	$ 440,041	$ 428,624	$ 394,736	$ 368,669	$ 357,081	$ 350,443
Plan fiduciary net position	479,372	466,657	441,182	403,011	404,852	400,790
Employers' and nonemployers' net pension (asset)	$ (39,331)	$ (38,033)	$ (46,446)	$ (34,342)	$ (47,771)	$ (50,347)
Plan fiduciary net position as a percentage of the total pension liability	108.94 %	108.87 %	111.77 %	109.32 %	113.38 %	114.37 %
Covered payroll	$ 60,532	$ 60,572	$ 59,695	$ 57,401	$ 54,272	$ 54,787
Employers' and nonemployers' net pension (asset) as a percentage of covered payroll	(64.98%)	(62.79%)	(77.81%)	(59.83%)	(88.02%)	(91.90%)

(continued)

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Required Supplementary Information
Schedules of Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Six Fiscal Years
(dollars in thousands)

	2019	2018	2017	2016	2015	2014
Teachers Retirement System:						
Total pension liability	$ 100,291,641	$ 94,095,067	$ 89,926,280	$ 86,183,526	$ 82,023,120	$ 79,099,772
Plan fiduciary net position	78,788,937	75,532,925	71,340,972	65,552,411	66,799,111	66,466,091
Employers' and nonemployers' net pension liability	$ 21,502,704	$ 18,562,142	$ 18,585,308	$ 20,631,115	$ 15,224,009	$ 12,633,681
Plan fiduciary net position as a percentage of the total pension liability	78.56 %	80.27 %	79.33 %	76.06 %	81.44 %	84.03 %
Covered payroll	$ 12,279,440	$ 12,009,066	$ 11,596,664	$ 11,075,907	$ 10,697,384	$ 10,349,862
Employers' and nonemployers' net pension liability as a percentage of covered payroll	175.11 %	154.57 %	160.26 %	186.27 %	142.32 %	122.07 %
Peace Officers' Annuity and Benefit Fund of Georgia:						
Total pension liability	$ 802,169	$ 781,281	$ 742,609	$ 747,459	$ 720,213	$ 674,725
Plan fiduciary net position	825,675	795,273	754,615	689,022	703,536	698,889
Employers' and nonemployers' net pension liability/(asset)	$ (23,506)	$ (13,992)	$ 12.006	$ 58,437	$ 16,677	$ (24,164)
Plan fiduciary net position as a percentage of the total pension liability	102.93 %	101.79 %	101.62 %	92.18 %	97.68 %	103.58 %
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Employers' and nonemployers' net pension liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Georgia Firefighters' Pension Fund:						
Total pension liability	$ 1,103,481	$ 1,065,923	$ 1,007,205	$ 970,157	$ 923,835	$ 848,314
Plan fiduciary net position	934,352	894,871	843,414	766,678	767,333	761,115
Employers' and nonemployers' net pension liability	$ 169,129	$ 171,052	$ 163,791	$ 203,479	$ 156,502	$ 87,199
Plan fiduciary net position as a percentage of the total pension liability	84.67 %	83.95 %	83.74 %	79.03 %	83.06 %	89.72 %
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Employers' and nonemployers' net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

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Required Supplementary Information
Schedules of Changes in Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Six Fiscal Years
(dollars in thousands)

Employees' Retirement System:	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability:						
Service cost	$ 135,679	$ 129,294	$ 125,910	$ 143,043	$ 145,045	$ 150,075
Interest	1,233,882	1,233,689	1,230,175	1,225,650	1,227,846	1,224,380
Benefit changes	42,097	31,097	30,563	—	—	—
Differences between expected and actual experience	155,573	180,655	72,315	(238)	(53,950)	—
Changes of assumptions	—	314,733	—	70,890	—	—
Benefit payments	(1,443,756)	(1,413,298)	(1,394,283)	(1,347,633)	(1,334,278)	(1,305,998)
Refunds of contributions	(7,691)	(7,585)	(9,033)	(7,087)	(7,450)	(8,757)
Net change in total pension liability	115,784	468,585	55,647	84,625	(22,787)	59,700
Total pension liability-beginning	17,628,219	17,159,634	17,103,987	17,019,362	17,042,149	16,982,449
Total pension liability-ending (a)	17,744,003	17,628,219	17,159,634	17,103,987	17,019,362	17,042,149
Plan fiduciary net position:						
Contributions-employer	638,989	639,302	613,191	583,082	505,668	418,807
Contributions-nonemployer	10,220	12,865	12,080	12,484	12,495	10,945
Contributions-member	36,252	37,130	35,863	31,961	33,713	32,423
Administrative expense allotment	10	10	10	10	10	—
Net investment income	873,404	1,166,013	1,475,626	141,292	474,147	2,021,748
Benefit payments	(1,443,756)	(1,413,298)	(1,394,283)	(1,347,633)	(1,334,278)	(1,305,998)
Administrative expense	(7,142)	(8,056)	(8,732)	(8,506)	(7,872)	(7,440)
Refunds of contributions	(7,691)	(7,585)	(9,033)	(7,087)	(7,450)	(8,757)
Other*	—	(7,494)	10	—	—	—
Net change in plan fiduciary net position	100,286	418,887	724,732	(594,397)	(323,567)	1,161,728
Plan fiduciary net position-beginning	13,517,186	13,098,299	12,373,567	12,967,964	13,291,531	12,129,803
Plan fiduciary net position-ending (b)	13,617,472	13,517,186	13,098,299	12,373,567	12,967,964	13,291,531
Net pension liability-ending (a)-(b)	$ 4,126,531	$ 4,111,033	$ 4,061,335	$ 4,730,420	$ 4,051,398	$ 3,750,618
Public School Employees Retirement System:						
Total pension liability:						
Service cost	$ 13,762	$ 13,180	$ 12,788	$ 11,952	$ 12,089	$ 11,049
Interest	75,923	73,643	72,157	68,776	67,652	66,143
Benefit changes	18,050	17,289	—	—	—	—
Differences between expected and actual experience	(8,159)	(3,943)	(3,665)	(9,483)	(6,858)	—
Changes of assumptions	—	21,354	—	33,215	—	—
Benefit payments	(63,637)	(61,820)	(59,378)	(57,903)	(56,972)	(56,189)
Refunds of contributions	(609)	(700)	(1,031)	(465)	(456)	(514)
Net change in total pension liability	35,330	59,003	20,871	46,092	15,455	20,489
Total pension liability-beginning	1,072,166	1,013,163	992,292	946,200	930,745	910,256
Total pension liability-ending (a)	1,107,496	1,072,166	1,013,163	992,292	946,200	930,745
Plan fiduciary net position:						
Contributions-nonemployer	30,263	29,276	26,277	28,580	28,461	27,160
Contributions-member	2,256	2,162	2,084	1,925	1,800	1,659
Net investment income	60,554	78,417	97,715	9,809	30,129	123,799
Benefit payments	(63,636)	(61,820)	(59,378)	(57,903)	(56,972)	(56,189)
Administrative expense	(1,378)	(1,331)	(1,308)	(1,321)	(1,545)	(1,450)
Refunds of contributions	(609)	(700)	(1,031)	(465)	(456)	(514)
Net change in plan fiduciary net position	27,450	46,004	64,359	(19,375)	1,417	94,465
Plan fiduciary net position-beginning	914,138	868,134	803,775	823,150	821,733	727,268
Plan fiduciary net position-ending (b)	941,588	914,138	868,134	803,775	823,150	821,733
Net pension liability-ending (a)-(b)	$ 165,908	$ 158,028	$ 145,029	$ 188,517	$ 123,050	$ 109,012

(continued)

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*Pursuant to the requirements of GASB Statement 75, the fiscal year 2018 beginning Fiduciary Net Position was restated by $7,494 to reflect the impact of recording the initial Deferred Outflows of Resources and the Net OPEB liabilities and OPEB asset.

Required Supplementary Information
Schedules of Changes in Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Six Fiscal Years
(dollars in thousands)

Georgia Judicial Retirement System:	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total pension liability:						
Service cost	$ 13,350	$ 13,019	$ 12,514	$ 12,713	$ 7,751	$ 7,584
Interest	30,267	28,666	26,826	26,058	25,566	24,530
Benefit changes	1,065	3,442	3,419	—	—	—
Differences between expected and actual experience	(5,250)	6,379	5,258	(3,603)	(7,542)	—
Changes of assumptions	—	7,466	—	(4,308)	—	—
Benefit payments	(27,462)	(24,934)	(21,784)	(19,011)	(18,365)	(17,441)
Refunds of contributions	(553)	(150)	(166)	(261)	(772)	(22)
Net change in total pension liability	11,417	33,888	26,067	11,588	6,638	14,651
Total pension liability-beginning	428,624	394,736	368,669	357,081	350,443	335,792
Total pension liability-ending (a)	440,041	428,624	394,736	368,669	357,081	350,443
Plan fiduciary net position:						
Contributions-employer	3,117	4,725	4,081	4,754	2,696	1,373
Contributions-nonemployer	2,137	1,841	2,603	2,869	1,564	1,002
Contributions-member	5,469	4,910	4,906	5,507	5,061	4,731
Net investment income	30,827	39,877	49,259	5,055	14,697	60,012
Benefit payments	(27,462)	(24,934)	(21,784)	(19,011)	(18,365)	(17,441)
Administrative expense	(820)	(794)	(728)	(754)	(819)	(754)
Refunds of contributions	(553)	(150)	(166)	(261)	(772)	(22)
Net change in plan fiduciary net position	12,715	25,475	38,171	(1,841)	4,062	48,901
Plan fiduciary net position-beginning	466,657	441,182	403,011	404,852	400,790	351,889
Plan fiduciary net position-ending (b)	479,372	466,657	441,182	403,011	404,852	400,790
Net pension (asset)-ending (a)-(b)	$ (39,331)	$ (38,033)	$ (46,446)	$ (34,342)	$ (47,771)	$ (50,347)
Teachers Retirement System:						
Total pension liability:						
Service cost	$ 1,536,336	$ 1,484,705	$ 1,413,080	$ 1,435,808	$ 1,386,498	$ 1,374,556
Interest	6,868,617	6,565,372	6,293,611	5,990,178	5,779,597	5,557,046
Differences between expected and actual experience	430,272	894,691	573,483	380,526	(165,785)	—
Changes of assumptions	2,388,357	—	—	662,047	—	—
Benefit payments	(4,950,465)	(4,699,920)	(4,461,124)	(4,228,819)	(3,996,879)	(3,764,452)
Refunds of contributions	(76,543)	(76,061)	(76,296)	(79,334)	(80,083)	(87,095)
Net change in total pension liability	6,196,574	4,168,787	3,742,754	4,160,406	2,923,348	3,080,055
Total pension liability-beginning	94,095,067	89,926,280	86,183,526	82,023,120	79,099,772	76,019,717
Total pension liability-ending (a)	100,291,641	94,095,067	89,926,280	86,183,526	82,023,120	79,099,772
Plan fiduciary net position:						
Contributions - employer	2,560,810	2,014,088	1,648,411	1,572,624	1,399,668	1,264,546
Contributions-nonemployer	5,414	4,416	6,175	7,908	7,038	6,417
Contributions-member	759,474	745,574	716,233	685,626	661,835	640,120
Net investment income	4,972,419	6,247,155	7,971,677	810,574	2,384,145	9,826,743
Benefit payments	(4,950,465)	(4,699,920)	(4,461,124)	(4,228,819)	(3,996,879)	(3,764,452)
Administrative expense	(15,276)	(15,865)	(16,773)	(15,281)	(14,996)	(15,025)
Refunds of contributions	(76,543)	(76,061)	(76,296)	(79,334)	(80,085)	(87,095)
Other**	179	(27,434)	258	—	(27,706)	—
Net change in plan fiduciary net position	3,256,012	4,191,953	5,788,561	(1,246,702)	333,020	7,871,254
Plan fiduciary net position-beginning	75,532,925	71,340,972	65,552,411	66,799,113	66,466,091	58,594,837
Plan fiduciary net position-ending (b)	78,788,937	75,532,925	71,340,972	65,552,411	66,799,113	66,466,091
Net pension liability-ending (a)-(b)	$ 21,502,704	$ 18,562,142	$ 18,585,308	$ 20,631,115	$ 15,224,007	$ 12,633,681

(continued)

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**Pursuant to the requirement of GASB 75, the fiscal year 2018 beginning Fiduciary Net Position was restated by $27,654 to reflect the impact of recording the initial Deferred Outflows of Resources and the Net OPEB liabilities and OPEB asset.

Required Supplementary Information
Schedules of Changes in Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Six Fiscal Years
(dollars in thousands)

Peace Officers' Annuity and Benefits Fund of Georgia	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	$ 14,015	$ 13,771	$ 15,049	$ 12,826	$ 13,085	$ 17,890
Interest	49,361	48,066	52,255	50,242	47,138	43,877
Benefit changes***	12,271	11,546	—	—	—	—
Differences between expected and actual experience	(17,616)	(350)	(6,615)	(4,688)	—	—
Changes of assumptions	—	—	(32,942)	—	14,577	—
Benefit payments	(36,684)	(33,890)	(32,216)	(30,696)	(28,879)	(27,263)
Refunds of contributions	(460)	(470)	(406)	(413)	(433)	(437)
Net change in total pension liability	20,887	38,673	(4.875)	27,271	45,488	34,067
Total pension liability-beginning	781,282	742,609	747,484	720,213	674,725	640,658
Total pension liability-ending (a)	802,169	781,282	742,609	747,484	720,213	674,725
Plan fiduciary net position:						
Contributions-nonemployer	14,444	13,826	14,005	14,713	15,341	15,342
Contributions-member	3,542	3,460	3,482	3,527	3,537	3,532
Net investment income	50,633	58,716	81,611	(837)	15,771	103,600
Benefit payments	(36,683)	(33,890)	(32,216)	(30,696)	(28,879)	(27,263)
Miscellaneous	119	92	64	66	65	90
Administrative expense	(1,193)	(1,076)	(947)	(874)	(755)	(730)
Refunds of contributions	(460)	(470)	(406)	(413)	(433)	(437)
Net change in plan fiduciary net position	30,402	40,658	65,593	(14,514)	4,647	94,134
Plan fiduciary net position-beginning	795,273	754,616	689,021	703,535	698,889	604,755
Plan fiduciary net position-ending (b)	825,675	795,273	754,615	689,021	703,536	698,889
Net pension liability/(asset)-ending (a)-(b)	$ (23,506)	$ (13,992)	$ (12,006)	$ 58,463	$ 16,677	$ (24,164)

Georgia Firefighters' Pension Fund:	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	$ 20,381	$ 19,713	$ 19,557	$ 19,398	$ 18,377	$ 17,889
Interest	62,400	58,986	56,847	54,164	53,833	51,850
Benefit changes	10,795	20,553	9,980	14,201	—	—
Differences between expected and actual experience	(4,165)	7,676	(3,913)	771	(11,448)	—
Changes of assumptions	—	—	—	—	54,973	—
Benefit payments	(50,704)	(47,256)	(44,301)	(41,562)	(39,379)	(37,530)
Refunds of contributions	(1,149)	(954)	(1,121)	(650)	(835)	(694)
Net change in total pension liability	37,558	58,718	37,049	46,322	75,521	31,515
Total pension liability-beginning	1,065,923	1,007,205	970,156	923,835	848,314	816,799
Total pension liability-ending (a)	1,103,481	1,065,923	1,007,205	970,157	923,835	848,314
Plan fiduciary net position:						
Contributions-nonemployer	37,902	35,715	34,152	32,684	31,489	30,034
Contributions-member	4,022	3,960	3,952	3,970	3,896	3,836
Net investment income	50,109	60,756	85,059	5,973	12,080	111,715
Benefit payments	(50,704)	(47,256)	(44,301)	(41,562)	(39,379)	(37,530)
Administrative expense	(1,509)	(1,484)	(1,341)	(1,362)	(1,329)	(1,209)
Refunds of contributions	(1,149)	(954)	(1,121)	(651)	(835)	(693)
Other	810	718	337	293	296	332
Net change in plan fiduciary net position	39,481	51,455	76,737	(655)	6,218	106,485
Plan fiduciary net position-beginning	894,871	843,414	766,677	767,333	761,115	654,630
Plan fiduciary net position-ending (b)	934,352	894,871	843,414	766,678	767,333	761,115
Net pension liability-ending (a)-(b)	$ 169,129	$ 171,054	$ 163,791	$ 203,479	$ 156,502	$ 87,199

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of Investment Returns
Defined Benefit Pension Plans
For the Last Six Fiscal Years

	Annual money-weighted rate of return, net of investment expense					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Pooled Investment Fund (ERS):	(1.80%)	0.60%	2.90%	(7.23%)	(5.32%)	(5.95%)
Employees' Retirement System						
Public School Employees Retirement System						
Georgia Judicial Retirement System						
Teachers Retirement System	4.08%	5.05%	7.62%	(2.92%)	(0.45%)	12.17%
Peace Officers' Annuity and Benefit Fund of Georgia	6.14%	7.89%	11.91%	0.08%	2.53%	18.49%
Georgia Firefighters' Pension Fund	5.11%	7.76%	11.10%	0.96%	1.23%	17.60%

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2019

Actuarial Methods and Assumptions - Plan Perspective:

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

Employees' Retirement System

Changes of benefit terms: A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019.

Changes of assumptions: Subsequent to the June 30, 2017 measurement date, the ERS Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the ERS board's new funding policy the assumed investment rate of return was reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date. Therefore, an assumption change from 7.50% to 7.30% is reflected in the calculation of the total pension liability.

Public School Employees Retirement System

Changes of benefit terms: The member contribution rate was increased from $4.00 to $10.00 per month for members joining the System on or after July 1, 2012. The monthly benefit accrual rate was increased from $14.75 to $15.00 per year of credible service effective July 1, 2017. The monthly benefit accrual was increased from $15.00 to $15.25 per year of credible service effective July 1, 2018.

Changes of assumptions: Subsequent to the June 30, 2017 measurement date, the PSERS Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the PSERS board's new funding policy the assumed investment rate of return was reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date. Therefore, an assumption change from 7.50% to 7.30% is reflected in the calculation of the total pension liability.

Georgia Judicial Retirement System

Changes of benefit terms: Spouses benefits were changed for members joining the System on or after July 1, 2012. A 2% cost-of-living adjustment (COLA) was granted to certain retired members and beneficiaries effective July 1, 2016, another 2% COLA was granted effective July 1, 2018, and a 2% COLA was also granted effective July 1, 2019.

Changes of assumptions: Subsequent to the June 30, 2017 measurement date, the GJRS Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the ERS board's new funding policy the assumed investment rate of return was reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date. Therefore, an assumption change from 7.50% to 7.30% is reflected in the calculation of the total pension liability.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2019

Actuarial Methods and Assumptions - Plan Perspective:

Teachers Retirement System

Changes of benefit terms: There were no changes in benefits terms that affect the measurement of the total pension liability since the prior measurement date.

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

Peace Officers' Annuity and Benefit Fund of Georgia

Changes of benefit terms: For fiscal year 2019, the Board of Commissioners approved a 1.5% COLA effective January 1, 2018. For fiscal year 2020, the Board of Commissioners approved a 1.5% COLA effective January 1, 2020.

Change in assumptions: For fiscal year 2015, the mortality table was changed to the RP 2014 Healthy Mortality Table with blue collar adjustment and generational mortality projection using Scale MP-2014 for healthy lives and to the RP-2014 Disabled Retiree Mortality Table with generational mortality projection using Scale MP-2014 for disabled lives. For fiscal year 2017, the mortality table for healthy lives was updated to the RP-2014 Healthy Mortality Table with blue collar adjustments and generational mortality projection using with Conduent modified MP-2016 scale and the mortality table for disabled lives was updated to the RP-2014 Disabled Retiree Mortality Table with generational mortality projection using the Conduent modified MP-2016 scale. Also, the active retirement and termination rates were updated based on the results of an experience study covering the period June 30, 2008 through June 30, 2015. In addition, the discount rate was decreased from 7.0% to 6.50%.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2019

Georgia Firefighters' Pension Fund

Changes of benefit terms: In 2016, a one-time 1.5% COLA was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of July 1, 2016. In 2017, a one-time 1% Cost-of Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of July 1, 2017. In 2018, a one-time 1% COLA was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of January 1, 2018 and an additional 1% COLA was granted July 1, 2018.

Change in assumptions: In 2013, a funding policy was adopted which changes the amortization period of the unfunded actuarial accrued liability from 15 to 30 years. Also, in 2015 the following changes were made:

- The assumed investment rate of return was lowered from 6.5% to 6.0%.
- The assumed rate of inflation was lowered from 3.0% to 2.75%
- Rates of withdrawal and retirement were adjusted to more closely reflect actual experience.
- Rates of mortality were adjusted during the experience study. Pre-retirement mortality rates were changed to the RP 2000 employee mortality table projected to 2025 with projection scale BB set forward one year for males and four years for females. Post-retirement mortality rates were changed to the RP 2000 blue collar mortality table projected to 2025 with projection scale BB. Post-disability mortality rates were changed to the RP 2000 disabled mortality table projected to 2025 with projection scale BB set forward five years for males and three years for females, however there are no longer any disability benefits included in the plan. Post-disability mortality rates were changed to the RP 2000 disabled mortality table projected to 2025 with projection scale BB.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2019

Actuarial Methods and Assumptions - Plan Perspective:

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedules of employers' and non-employers' contributions are calculated as of June 30, one to three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

	ERS	GJRS
Valuation date	June 30, 2016	June 30, 2016
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level percent of pay, closed
Remaining amortization period	18.2 years	17.8 years
Asset valuation method	5-year smoothed fair	5-year smoothed fair
Inflation	2.75%	2.75%
Salary increases:	3.25 - 7.0%	4.50%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation	7.50%, net of pension plan investment expense, including inflation

	PSERS	TRS
Valuation date	June 30, 2016	June 30, 2016
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level percent of payroll, closed
Remaining amortization period	21.9 years	28.0 years
Asset valuation method	5-year smoothed fair	5-year smoothed market
Inflation	2.75%	2.75%
Salary increases	N/A	3.25 - 9.0%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation	7.50%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	1.50%, semi-annually	
Post-retirement benefit increases:		1.50%, semi-annually

	Peace Officers'	Firefighters'
Valuation date	June 30, 2018	June 30, 2018
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	30 years	26.3 years
Asset valuation method	Actuarial value	5-year smoothed market with 15.0% corridor
Inflation	1.90%	2.75%
Salary increases	N/A	N/A
Investment rate of return	6.50%, net of pension plan investment expense, including inflation	6.0%, net of pension plan investment expense, including inflation

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of State's Contributions - As Employer
Defined Benefit Pension Plans
For the Last Five Fiscal Years
(dollars in thousands)

	2019	2018	2017	2016	2015
Primary Government					
Employees' Retirement System:					
Statutorily required contribution	$ 578,876	$ 582,189	$ 554,976	$ 505,411	$ 440,602
Contributions in relation to the statutorily required contribution	(578,876)	(582,189)	(554,976)	(505,411)	(440,602)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
State's covered payroll	$ 2,378,687	$ 2,403,879	$ 2,257,282	$ 2,103,422	$ 1,875,953
Contributions as a percentage of the covered payroll	24.34%	24.22%	24.59%	24.03%	23.49%
Georgia Judicial Retirement System:					
Statutorily required contribution	$ 2,741	$ 2,507	$ 3,701	$ 4,134	$ 2,209
Contributions in relation to the statutorily required contribution	(2,741)	(2,507)	(3,701)	(4,134)	(2,209)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
State's covered payroll	$ 34,988	$ 34,956	$ 35,440	$ 33,710	$ 31,184
Contributions as a percentage of the covered payroll	7.83%	7.17%	10.44%	12.26%	7.08%
Teachers Retirement System:					
Statutorily required contribution	$ 434,861	$ 339,634	$ 276,210	$ 261,758	$ 230,939
Contributions in relation to the statutorily required contribution	(434,861)	(339,634)	(276,210)	(261,758)	(230,939)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
State's covered payroll	$ 2,075,231	$ 2,016,415	$ 1,934,055	$ 1,832,311	$ 1,756,586
Contributions as a percentage of the covered payroll	20.95%	16.84%	14.28%	14.29%	13.15%
Component Units					
Employees' Retirement System:					
Statutorily required contribution	$ 9,369	$ 9,184	$ 9,576	$ 9,425	$ 8,304
Contributions in relation to the statutorily required contribution	(9,369)	(9,184)	(9,576)	(9,425)	(8,304)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
State's covered payroll	$ 40,121	$ 37,649	$ 36,171	$ 39,238	$ 35,265
Contributions as a percentage of the covered payroll	23.35%	24.39%	26.47%	24.02%	23.55%
Teachers Retirement System:					
Statutorily required contribution	$ 14,338	$ 11,195	$ 9,248	$ 8,616	$ 8,231
Contributions in relation to the statutorily required contribution	(14,338)	(11,195)	(9,248)	(8,616)	(8,231)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
State's covered payroll	$ 68,606	$ 66,582	$ 64,715	$ 63,339	$ 62,558
Contributions as a percentage of the covered payroll	20.90%	16.81%	14.29%	13.60%	13.16%

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of State's Contributions - As Nonemployer Contributing Entity
Defined Benefit Pension Plans
For the Last Five Fiscal Years
(dollars in thousands)

	2019	2018	2017	2016	2015
Employees' Retirement System:					
Statutorily required contribution	$ 10,404	$ 10,781	$ 11,967	$ 12,138	$ 11,174
Contributions in relation to the statutorily required contribution	(10,404)	(10,781)	(11,967)	(12,138)	(11,174)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Public School Employees Retirement System:					
Statutorily required contribution	$ 30,263	$ 29,276	$ 26,277	$ 28,580	$ 28,461
Contributions in relation to the statutorily required contribution	(30,263)	(29,276)	(26,277)	(28,580)	(28,461)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Georgia Judicial Retirement System:					
Statutorily required contribution	$ 2,065	$ 1,838	$ 2,575	$ 2,902	$ 1,558
Contributions in relation to the statutorily required contribution	(2,065)	(1,838)	(2,575)	(2,902)	(1,558)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Teachers Retirement System:					
Statutorily required contribution	$ 5,414	$ 4,420	$ 6,152	$ 7,944	$ 7,038
Contributions in relation to the statutorily required contribution	(5,414)	(4,420)	(6,152)	(7,944)	(7,038)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Peace Officers' Annuity and Benefit Fund of Georgia					
Statutorily required contribution	$ 14,444	$ 13,826	$ 14,005	$ 14,713	$ 15,341
Contributions in relation to the statutorily required contribution	(14,444)	(13,826)	(14,005)	(14,713)	(15,341)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Georgia Firefighters' Pension Fund:					
Statutorily required contribution	$ 37,902	$ 35,715	$ 34,152	$ 32,684	$ 31,489
Contributions in relation to the statutorily required contribution	(37,902)	(35,715)	(34,152)	(32,684)	(31,489)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —	$ —

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information

Schedules of State's Proportionate Share of the Net Pension Liability - As Employer

Defined Benefit Pension Plans

For the Last Five Fiscal Years

(dollars in thousands)

	2019	2018	2017	2016	2015
Primary Government					
Employees' Retirement System:					
State's proportion of the net pension liability	88.948204 %	88.415594 %	87.798535 %	87.682412 %	87.266834 %
State's proportionate share of the net pension liability	$ 3,656,194	$ 3,590,854	$ 4,153,237	$ 3,552,363	$ 3,273,046
State's Covered payroll	$ 2,403,879	$ 2,257,282	$ 2,103,422	$ 1,875,953	$ 1,615,070
State's proportionate share of the net pension liability as a percentage of its covered payroll	152.10 %	159.08 %	197.45 %	189.36 %	202.66 %
Plan fiduciary net position as a percentage of the total pension liability	76.68 %	76.33 %	72.34 %	76.20 %	77.99 %
Georgia Judicial Retirement System:					
State's proportion of the net pension liability	57.814059 %	58.970340 %	58.753912 %	58.635878 %	57.356971 %
State's proportionate share of the net pension liability	$ (21,988)	$ (27,390)	$ (20,177)	$ (28,011)	$ (28,878)
State's Covered payroll	$ 34,956	$ 35,440	$ 33,710	$ 31,184	$ 29,887
State's proportionate share of the net pension liability as a percentage of its covered payroll	(62.90%)	(77.29%)	(59.85%)	(89.82%)	(96.62%)
Plan fiduciary net position as a percentage of the total pension liability	108.87 %	111.77 %	109.32 %	113.38 %	114.37 %
Teachers Retirement System:					
State's proportion of the net pension liability	17.011357 %	16.885665 %	16.741530 %	16.687812 %	16.517474 %
State's proportionate share of the net pension liability	$ 3,157,367	$ 3,137,798	$ 3,453,291	$ 2,540,211	$ 2,086,629
State's Covered payroll	$ 2,016,415	$ 1,934,055	$ 1,832,311	$ 1,756,586	$ 1,683,292
State's proportionate share of the net pension liability as a percentage of its covered payroll	156.58 %	162.24 %	188.47 %	144.61 %	123.96 %
Plan fiduciary net position as a percentage of the total pension liability	80.27 %	79.33 %	76.06 %	81.44 %	84.03 %
Component Units					
Employees' Retirement System:					
State's proportion of the net pension liability	1.369623 %	1.501635 %	1.639295 %	1.557127 %	1.543905 %
State's proportionate share of the net pension liability	$ 56,305	$ 60,985	$ 77,545	$ 63,085	$ 57,906
State's Covered payroll	$ 37,649	$ 36,171	$ 39,238	$ 35,265	$ 28,075
State's proportionate share of the net pension liability as a percentage of its covered payroll	149.55 %	168.60 %	197.63 %	178.89 %	206.25 %
Plan fiduciary net position as a percentage of the total pension liability	76.68 %	76.33 %	72.34 %	76.20 %	77.99 %

continued

Required Supplementary Information

Schedules of State's Proportionate Share of the Net Pension Liability - As Employer

Defined Benefit Pension Plans

For the Last Five Fiscal Years

(dollars in thousands)

	2019	2018	2017	2016	2015
Component Units					
Teachers Retirement System:					
State's proportion of the net pension liability	0.558992 %	0.564739 %	0.577541 %	0.564109 %	0.590520 %
State's proportionate share of the net pension liability	$ 103,761	$ 104,910	$ 118,967	$ 85,798	$ 74,604
State's Covered payroll	$ 66,582	$ 64,715	$ 63,339	$ 62,558	$ 60,180
State's proportionate share of the net pension liability as a percentage of its covered payroll	155.84 %	162.11 %	187.83 %	137.15 %	123.97 %
Plan fiduciary net position as a percentage of the total pension liability	80.27 %	79.33 %	76.06 %	81.44 %	84.03 %

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of State's Proportionate Share of the Net Pension Liability - As Nonemployer Contributing Entity
Defined Benefit Pension Plans
For the Last Five Fiscal Years
(dollars in thousands)

	2019	2018	2017	2016	2015
Employees' Retirement System:					
State's proportion of the net pension liability (asset)	1.696518%	1.891959%	2.111751%	2.225584%	2.410713%
State's proportionate share of the net pension liability (asset)	$ 69,744	$ 76,839	$ 99,895	$ 90,167	$ 90,417
Plan fiduciary net position as a percentage of the total pension liability	76.68%	76.33%	72.34%	76.20%	77.99%
Public School Employees Retirement System:					
State's proportion of the net pension liability (asset)	100.000000%	100.000000%	100.000000%	100.000000%	100.000000%
State's proportionate share of the net pension liability (asset)	$ 158,027	$ 145,029	$ 188,517	$ 123,050	$ 109,012
Plan fiduciary net position as a percentage of the total pension liability	85.26%	85.69%	81.00%	87.00%	88.29%
Georgia Judicial Retirement System:					
State's proportion of the net pension liability (asset)	42.185941%	41.029660%	41.246088%	41.364122%	42.643029%
State's proportionate share of the net pension liability (asset)	$ (16,045)	$ (19,057)	$ (14,165)	$ (19,760)	$ (21,469)
Plan fiduciary net position as a percentage of the total pension liability	108.87%	111.77%	109.32%	113.38%	114.37%
Teachers Retirement System:					
State's proportion of the net pension liability (asset)	0.220738%	0.375432%	0.507487%	0.507036%	0.504588%
State's proportionate share of the net pension liability (asset)	$ 40,974	$ 69,775	$ 104,700	$ 77,191	$ 63,748
Plan fiduciary net position as a percentage of the total pension liability	80.27%	79.33%	76.06%	81.44%	84.03%
Peace Officers' Annuity and Benefit Fund of Georgia:					
State's proportion of the net pension liability (asset)	100.000000%	100.000000%	100.000000%	100.000000%	100.000000%
State's proportionate share of the net pension liability (asset)	$ (13,992)	$ (12,006)	$ 58,463	$ 16,677	$ (24,164)
Plan fiduciary net position as a percentage of the total pension liability	101.79%	101.62%	92.18%	97.68%	103.58%
Georgia Firefighters' Pension Fund:					
State's proportion of the net pension liability (asset)	100.000000%	100.000000%	100.000000%	100.000000%	100.000000%
State's proportionate share of the net pension liability (asset)	$ 171,054	$ 163,791	$ 203,479	$ 156,502	$ 87,199
Plan fiduciary net position as a percentage of the total pension liability	83.95%	83.74%	79.03%	83.06%	89.72%

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2019

Actuarial Methods and Assumptions - State as Employer Perspective

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

Employees' Retirement System

Changes of benefit terms: A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.

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

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of June 30, 2018 Measurement Date.

Public School Employees Retirement System

Changes of benefit terms: The member contribution rate was increased from $4 to $10 per month for members joining the System on or after July 1, 2012. The monthly benefit accrual rate was increased from $14.75 to $15.00 per year of creditable service effective July 1, 2017.

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

On December 17, 2015, the Board adopted recommend changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years females.)

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of June 30, 2018 Measurement Date.

Georgia Judicial Retirement System

Changes of benefit terms: Spouses' benefits were changed for members joining the System on or after July 1, 2012. A 2% cost -of-living adjustment was granted to certain retired members and beneficiaries effective July 1, 2016. Two one-time payments were granted to certain retired members and beneficiaries payable in August 2018 and February 2019.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2019

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

On December 17, 2015, the Board adopted recommend changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females.)

On March 15, 2018 the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of June 30, 2018 Measurement Date.

Teachers Retirement System

Changes of benefit terms: There were no changes in benefits terms that affect the measurement of the total pension liability since the prior measurement date.

Changes of assumptions: 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 tactual experience. Also, in 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2019

Actuarial Methods and Assumptions - State as Employer Perspective

Peace Officers' Annuity and Benefit Fund of Georgia

Changes of benefit terms: There have been no changes in benefit terms.

Change in assumptions: For fiscal year 2015, the RP 2014 Healthy Mortality Table with blue collar adjustment and generational mortality projection using Scale MP 2014 for health lives and RP 2014 Disabled Retiree Mortality Table with generational mortality projection using Scale MP 2014 for disabled lives, were used. For fiscal year 2017, the mortality table for healthy lives was updated to the RP 2014 Healthy Mortality Table with blue collar adjustment projected with Conduent modified MP 2016 projection scale and the mortality table for disabled lives was updated to the RP 2014 Disabled Retiree Mortality Table projected with the Conduent modified MP 2016 projection scale. Also, the active retirement and termination rates were updated based on the results of an experience study covering the period June 30, 2008 through June 30, 2015. In addition, the discount rate was decreased from 7.00% to 6.50%.

Georgia Firefighters' Pension Fund

Changes of benefit terms:
- In 2013, membership dues were increased from $15 per month to $25 per month.
- In 2016, a one-time 1.5% Cost-of Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of July 1, 2016.
- In 2017, a one-time 1% COLA was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of July 1, 2017.
- In 2018, a one-time 1% COLA was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of January 1, 2018 and an additional COLA was granted on July 1, 2018

Change in assumptions:
- In 2015 the following changes were made:
    - The assumed investment rate of return was lowered from 6.5% to 6.0%.
    - The assumed rate of inflation was lowered from 3.0% to 2.75%
    - Rates of withdrawal and retirement were adjusted to more closely reflect actual experience.
    - Rates of mortality were adjusted during the most recent experience study. Pre-retirement mortality rates were changed to the RP 2000 employee mortality table projected to 2025 with projection scale BB. Post-retirement mortality rates were changed to the RP 2000 blue collar mortality table projected to 2025 with projection scale BB. Post-disability mortality rates were changed to the RP 2000 disabled mortality table projected to 2025 with projection scale BB.

- In 2013, a funding policy was adopted which changes the amortization period of the unfunded actuarial accrued liability from 15 to 30 years.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2019

Actuarial Methods and Assumptions - State as Employer Perspective

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedules of employers' and non-employers' contributions are calculated as of June 30, one to three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

	ERS	GJRS
Valuation date	June 30, 2015	June 30, 2015
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level percent of pay, closed
Remaining amortization period	19.4 years	19 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%
Salary increases:	3.25 - 7.00%, including inflation	4.50%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation	7.50%, net of pension plan investment expense, including inflation

	PSERS	TRS
Valuation date	June 30, 2015	June 30, 2015
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level percent of payroll, closed
Remaining amortization period	22.9 years	28.4 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%
Salary increases	N/A	3.25 - 9.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation	7.50%, net of pension plan investment expense, including inflation
Post-Retirement Benefit Increases	1.50% semi-annually	1.50% semi-annually

	Peace Officers'	Firefighters'
Valuation date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	30 years	27 years
Asset valuation method	Actuarial value	5-year smoothed market with 15% corridor
Inflation	2.50%	2.75%
Salary increases	N/A	N/A
Investment rate of return	6.5%, net of pension plan investment expense, including inflation	6.00%, net of pension plan investment expense, including inflation

Schedule includes all significant plans and funds administered by the State of Georgia


STATE OF GEORGIA
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REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Required Supplementary Information
Schedule of Employers' Contributions
Multi-Employer and Single-Employer OPEB Plans
For the Last Ten Fiscal Years
(dollars in thousands)

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency/ (Excess) (a - b)	Covered Payroll	Contributions as a Percentage of Covered Payroll (b/c)
State OPEB[1]	6/30/2010	$ 347,772	$ 22,209	$ 325,563	$ 2,626,081	0.85%
	6/30/2011	327,053	168,384	158,669	2,542,891	6.62%
	6/30/2012	317,100	181,899	135,201	2,408,000	7.55%
	6/30/2013	338,819	181,504	157,315	2,328,334	7.80%
	6/30/2014	321,456	177,045	144,411	2,293,104	7.72%
	6/30/2015	275,681	267,235	8,446	2,333,060	11.45%
	6/30/2016	259,250	574,015	(314,765)	2,404,901	23.87%
	6/30/2017	202,092	498,202	(296,110)	2,483,060	20.06%
	6/30/2018	232,161	501,574	(269,413)	2,535,722	19.78%
	6/30/2019	218,962	534,673	(315,711)	2,802,815	19.08%
School OPEB[1]	6/30/2010	1,080,042	308,539	771,503	N/A	N/A
	6/30/2011	1,050,851	339,221	711,630	N/A	N/A
	6/30/2012	1,054,708	380,859	673,849	N/A	N/A
	6/30/2013	982,120	362,527	619,593	N/A	N/A
	6/30/2014	943,310	408,422	534,888	N/A	N/A
	6/30/2015	873,278	408,538	464,740	N/A	N/A
	6/30/2016	873,736	432,438	441,298	N/A	N/A
	6/30/2017	669,894	521,408	148,486	N/A	N/A
	6/30/2018	824,872	518,290	306,582	N/A	N/A
	6/30/2019	833,291	538,569	294,722	N/A	N/A

(continued)

1 Refer to the "Notes to the Required Supplementary Information" (Plan Perspective) for additional information regarding OPEB funding.

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedule of Employers' Contributions
Multi-Employer and Single-Employer OPEB Plans
For the Last Ten Fiscal Years
(dollars in thousands)

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency/ (Excess) (a - b)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll (b/c)
Regents Plan[2,4,5]	6/30/2010	$ 381,700	$ 69,900	$ 311,800	$ 2,399,532	2.91%
	6/30/2011	411,516	80,262	331,254	2,432,367	3.30%
	6/30/2012	345,298	88,836	256,462	2,526,212	3.52%
	6/30/2013	362,426	83,414	279,012	2,466,314	3.58%
	6/30/2014	403,314	120,926	282,388	2,594,800	4.66%
	6/30/2015	442,359	129,823	312,536	2,608,757	4.98%
	6/30/2016	295,192	111,814	183,378	3,087,013	3.62%
	6/30/2017	349,859	99,584	250,275	3,122,694 [3]	3.19%
	6/30/2018	467,338	158,420	308,918	3,218,771	4.92%
	6/30/2019	484,599	160,383	324,216	3,375,246	4.75%
SEAD-OPEB[5]	6/30/2010	—	—	—	N/A	N/A
	6/30/2011	—	—	—	N/A	N/A
	6/30/2012	12,724	12,724	—	2,085,902	0.61%
	6/30/2013	5,009	5,009	—	1,855,185	0.27%
	6/30/2014	—	—	—	N/A	N/A
	6/30/2015	—	—	—	N/A	N/A
	6/30/2016	—	—	—	N/A	N/A
	6/30/2017	—	—	—	N/A	N/A
	6/30/2018	—	—	—	N/A	N/A
	6/30/2019	—	—	—	N/A	N/A

2 For purposes of GASB 75, the Regents plans present Covered-Employee Payroll.

3 June 30, 2017 covered employee payroll for the Board of Regents Retiree Health Benefit Plan was restated.

4 Refer to the "Notes to the Required Supplementary Information" (Plan Perspective) for additional information regarding OPEB funding.

5 This data, except for annual covered payroll, was provided by each plan's actuary.

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedule of Employers' Net OPEB Liability
Multi-Employer and Single-Employer OPEB Plans
For the Last Three Fiscal Years
(dollars in thousands)

	2019	2018	2017
State OPEB Fund:			
Total OPEB liability	$ 2,858,521	$ 3,817,453	$ 4,929,142
Plan fiduciary net position	1,617,207	1,201,865	854,937
Employers' net OPEB liability	$ 1,241,314	$ 2,615,588	$ 4,074,205
Plan fiduciary net position as a percentage of the total OPEB liability	56.57 %	31.48 %	17.34 %
Covered payroll	$ 2,802,815	$ 2,535,722	$ 2,483,060
Employers' net OPEB liability as a percentage of covered payroll	44.29 %	103.15 %	164.08 %
School OPEB Fund:			
Total OPEB liability	$ 12,867,274	$ 13,092,956	$ 14,279,644
Plan fiduciary net position	595,129	383,263	229,685
Employers' net OPEB liability	$ 12,272,145	$ 12,709,693	$ 14,049,959
Plan fiduciary net position as a percentage of the total OPEB liability	4.63 %	2.93 %	1.61 %
Covered payroll	N/A	N/A	N/A
Employers' net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A
SEAD-OPEB Plan:			
Total OPEB liability	$ 951,091	$ 918,816	$ 861,346
Plan fiduciary net position	1,233,856	1,189,462	1,121,251
Employers' net OPEB (asset)	$ (282,765)	$ (270,646)	$ (259,905)
Plan fiduciary net position as a percentage of the total OPEB liability	129.73 %	129.46 %	130.17 %
Covered payroll	$ 1,211,274	$ 1,328,485	$ 1,383,860
Employers' net OPEB (asset) as a percentage of covered payroll	(23.34%)	(20.37%)	(18.78%)
Regents Plan:			
Total OPEB liability	$ 4,616,023	$ 4,486,796	$ 4,227,583
Plan fiduciary net position	144,455	76,045	7,857
Employers' net OPEB liability	$ 4,471,568	$ 4,410,751	$ 4,219,726
Plan fiduciary net position as a percentage of the total OPEB liability	3.13 %	1.69 %	0.19 %
Covered payroll*	$ 3,375,246	$ 3,218,771	$ 3,122,694
Employers' net OPEB liability as a percentage of covered payroll	132.48 %	137.03 %	135.13 %

* June 30, 2017 covered employee payroll for the Board of Regents Retiree Health Benefit Plan was restated.

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedule of Changes in Employers' Net OPEB Liability
Multi-Employer and Single-Employer OPEB Plans
For the Last Three Fiscal Years
(dollars in thousands)

	2019	2018	2017
State OPEB Fund:			
Total OPEB liability:			
Service cost	$ 63,724	$ 112,297	$ 119,686
Interest	194,860	174,427	158,096
Differences between expected and actual experience	(371,757)	(267,124)	—
Changes of assumptions	(676,765)	(963,394)	(383,932)
Benefit payments	(168,993)	(167,896)	(162,145)
Net change in total OPEB liability	(958,931)	(1,111,690)	(268,295)
Total OPEB liability-beginning	3,817,452	4,929,142	5,197,437
Total OPEB liability-ending (a)	2,858,521	3,817,452	4,929,142
Plan fiduciary net position:			
Contributions-employer	534,673	501,574	498,202
Net investment income	51,687	15,300	4,696
Benefit payments	(168,993)	(167,896)	(162,145)
Administrative expense	(2,025)	(2,052)	(2,077)
Net change in plan fiduciary net position	415,342	346,926	338,676
Plan fiduciary net position-beginning	1,201,865	854,939	516,261
Plan fiduciary net position-ending (b)	1,617,207	1,201,865	854,937
Net OPEB liability-ending (a)-(b)	$ 1,241,314	$ 2,615,587	$ 4,074,205
School OPEB Fund:			
Total OPEB liability:			
Service cost	$ 408,667	$ 521,135	$ 557,770
Interest	500,123	504,681	452,024
Differences between expected and actual experience	(1,298,677)	(341,373)	—
Changes of assumptions	503,959	(1,506,313)	(1,262,291)
Benefit payments	(339,754)	(364,818)	(383,556)
Net change in total OPEB liability	(225,682)	(1,186,688)	(636,053)
Total OPEB liability-beginning	13,092,956	14,279,644	14,915,697
Total OPEB liability-ending (a)	12,867,274	13,092,956	14,279,644
Plan fiduciary net position:			
Contributions-employer	538,569	518,290	521,408
Net investment income	17,468	4,563	1,148
Benefit payments	(339,754)	(364,818)	(383,556)
Administrative expense	(4,417)	(4,457)	(4,727)
Net change in plan fiduciary net position	211,866	153,578	134,273
Plan fiduciary net position-beginning	383,263	229,685	95,412
Plan fiduciary net position-ending (b)	595,129	383,263	229,685
Net OPEB liability-ending (a)-(b)	$ 12,272,145	$ 12,709,693	$ 14,049,959

(continued)

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

Schedule includes all significant plans and funds administered by the State of Georgia

Required Supplementary Information
Schedule of Changes in Employers' Net OPEB Liability
Multi-Employer and Single-Employer OPEB Plans
For the Last Three Fiscal Years
(dollars in thousands)

SEAD-OPEB Plan:	**2019**	**2018**	**2017**
Total OPEB liability:			
Service cost	$ 3,617	$ 3,695	$ 3,959
Interest	65,708	63,242	61,076
Differences between expected and actual experience	366	4,697	—
Changes of assumptions	—	22,085	—
Benefit payments	(37,416)	(36,249)	(36,058)
Net change in total OPEB liability	32,275	57,470	28,977
Total OPEB liability-beginning	918,816	861,346	832,369
Total OPEB liability-ending (a)	951,091	918,816	861,346
Plan fiduciary net position:			
Insurance premiums-member	3,328	3,599	3,793
Net investment income	79,193	101,542	125,550
Benefit payments	(37,416)	(36,249)	(36,058)
Administrative expense	(716)	(681)	(576)
Other	5	—	1
Net change in plan fiduciary net position	44,394	68,211	92,710
Plan fiduciary net position-beginning	1,189,462	1,121,251	1,028,541
Plan fiduciary net position-ending (b)	1,233,856	1,189,462	1,121,251
Net OPEB (asset)-ending (a)-(b)	$ (282,765)	$ (270,646)	$ (259,905)
Regents Plan:			
Total OPEB liability:			
Service cost	$ 217,648	$ 236,917	$ 211,513
Interest	180,173	158,223	124,612
Benefit changes	(11,211)	—	—
Differences between expected and actual experience	(29,667)	264,729	123,090
Changes of assumptions	(129,153)	(310,107)	(347,331)
Benefit payments	(98,563)	(90,549)	(89,653)
Net change in total OPEB liability	129,227	259,213	22,231
Total OPEB liability-beginning	4,486,796	4,227,583	4,205,352
Total OPEB liability-ending (a)	4,616,023	4,486,796	4,227,583
Plan fiduciary net position:			
Contributions-employer	160,383	158,420	99,584
Net investment income	7,126	802	72
Benefit payments	(98,563)	(90,549)	(89,653)
Administrative expense	(536)	(485)	(5,045)
Net change in plan fiduciary net position	68,410	68,188	4,958
Plan fiduciary net position-beginning	76,045	7,857	2,899
Plan fiduciary net position-ending (b)	144,455	76,045	7,857
Net OPEB liability-ending (a)-(b)	$ 4,471,568	$ 4,410,751	$ 4,219,726

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedule of Investment Returns
Multi-Employer and Single-Employer OPEB Plans
For the Last Three Fiscal Years

	Annual money-weighted rate of return, net of investment expense		
	2019	**2018**	**2017**
Pooled Investment Fund:			
State OPEB Fund	3.85%	1.54%	0.74%
School OPEB Fund	3.80%	1.57%	0.78%
SEAD-OPEB Plan	(1.80%)	0.60%	2.90%
Regents Plan	7.99%	2.85%	0.99%

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
June 30, 2019

Actuarial Methods and Assumptions - Plan Perspective:

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of the OPEB liability/asset and required contributions.

State OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:

- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised. The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation. Additionally, there were changes the discount rate and an increase in the investment rate of return due to a longer term investment strategy.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

School OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:

- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised. The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation. Additionally, there were changes the discount rate and an increase in the investment rate of return due to a longer term investment strategy.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
June 30, 2019

Actuarial Methods and Assumptions - Plan Perspective:

SEAD-OPEB Plan

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:

- Subsequent to the June 30, 2017 measurement date, the SEAD Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the SEAD Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.
- On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Fund. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases.

Regents Plan

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:

- Expected claims were updated to reflect actual claims experience.
- Trend rate schedule was updated to reflect current estimates of the impact of the Excise Tax, due to the updated claims assumption.
- Mortality rates were changed from RP-2014 White Collar Mortality Table with Generational Improvements by Scale MP-2014 to Pub-2010 for Teachers (as appropriate) headcount weighted projected with scale MP-2018.
- Retirement rates were updated from rates developed for Teacher's Retirement System to rates based on actual experience.
- The discount rate was updated from 3.87% as June 30, 2018 to 3.50% as of June 30, 2019.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
June 30, 2019

Actuarial Methods and Assumptions - Plan Perspective:

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of employers' contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported for State, School, and SEAD-OPEB Plan, and as of June 30, 2018 for the Regents Plan. The following actuarial methods and assumptions were used to determine the most recent contribution rates in the schedule:

	State OPEB	School OPEB
Valuation date	June 30, 2016	June 30, 2016
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level percent of pay, open	Level percent of pay, open
Remaining amortization period	30 years	30 years
Asset Valuation method	Market Value	Market Value
Inflation	2.75%	2.75%
Healthcare cost trend rate		
Pre-Medicare Eligible	7.75%	7.75%
Medicare Eligible	5.75%	5.75%
Ultimate Trend Rate		
Pre-Medicare Eligible	5.00%	5.00%
Medicare Eligible	5.00%	5.00%
Year of ultimate trend rate	2022	2022
Investment Rate of return*	4.50%	4.50%

	SEAD-OPEB Plan	Regents Plan
Valuation date	June 30, 2016	May 1, 2019
Actuarial cost method	Entry Age	Entry Age Normal
Amortization method	Level percent, open	Closed amortization period for initial unfunded and subsequent actuarial gains/ losses
Remaining amortization period	Infinite	
Asset Valuation method	Fair Value	Fair Value
Inflation	2.75%	2.50%
Salary Increases	3.25 - 7.00%	4.00%
Healthcare cost trend rate		
Pre-Medicare Eligible	N/A	6.90%
Medicare Eligible	N/A	4.50%
Ultimate Trend Rate		
Pre-Medicare Eligible	N/A	4.50%
Medicare Eligible	N/A	4.50%
Year of ultimate trend rate	N/A	2031 Pre-Medicare Eligible 2020 Medicare Eligible
Investment Rate of return*	7.50%	4.50%

* Includes respective rates of inflation, net of investment expense.

The State OPEB Fund, School OPEB Fund, and the Regents Plan are funded on a pay-as-you basis, and not funded based on the actuarially determined contributions.

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of State's Contributions - As Employer
Multi-Employer OPEB Plans
For the last Two Fiscal Years
(dollars in thousands)

	2019	2018
Primary Government		
State OPEB Fund:		
Statutorily required contribution	$ 493,986	$ 461,566
Contributions in relation to the statutorily required contribution	(493,986)	(461,566)
Contribution Deficiency (excess)	$ —	$ —
State's covered payroll*	$ 2,636,539	$ 2,454,971
Contributions as a percentage of the covered payroll	18.74%	18.80%
SEAD-OPEB Plan:		
Actuarially determined contribution	$ —	$ —
Contributions in relation to the statutorily required contribution	—	—
Contribution Deficiency (excess)	$ —	$ —
State's covered payroll*	$ 1,145,756	$ 1,247,936
Contributions as a percentage of the covered payroll	N/A	N/A
Component Units		
State OPEB Fund:		
Statutorily required contribution	$ 971	$ 979
Contributions in relation to the statutorily required contribution	(971)	(979)
Contribution Deficiency (excess)	$ —	$ —
State's covered payroll*	$ 12,585	$ 13,038
Contributions as a percentage of the covered payroll	7.72%	7.51%
School OPEB Fund:		
Statutorily required contribution	$ 3,501	$ 3,243
Contributions in relation to the statutorily required contribution	(3,501)	(3,243)
Contribution Deficiency (excess)	$ —	$ —
State's covered-employee payroll*	$ 68,679	$ 65,272
Contributions as a percentage of the covered-employee payroll	5.10%	4.97%
SEAD-OPEB Plan:		
Actuarially determined contribution	$ —	$ —
Contributions in relation to the statutorily required contribution	—	—
Contribution Deficiency (excess)	$ —	$ —
State's covered payroll*	$ 14,739	$ 15,496
Contributions as a percentage of the covered payroll	N/A	N/A

* current year amounts are estimates

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information

Schedules of State's Proportionate Share of the Net OPEB Liability - As Employer

For the last Two Fiscal Years

(dollars in thousands)

	2019	2018
Primary Government		
Multi-Employer Plans		
State OPEB Fund:		
State's proportion of the net OPEB liability	92.022957 %	91.476285 %
State's proportionate share of the net OPEB liability	$ 2,409,618	$ 3,726,929
State's covered payroll	$ 2,454,971	$ 2,305,259
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	98.15 %	161.67 %
Plan fiduciary net position as a percentage of the total OPEB liability	31.48 %	17.34 %
SEAD-OPEB Plan:		
State's proportion of the net OPEB liability	84.826905 %	89.559271 %
State's proportionate share of the net OPEB liability	$ (243,103)	$ (232,195)
State's covered payroll	$ 1,247,936	$ 1,247,936
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	(19.48%)	(18.61%)
Plan fiduciary net position as a percentage of the total OPEB liability	129.46 %	130.17 %
Single-Employer Plan		
Regents Plan:		
State's proportion of the net OPEB liability	100.000000 %	100.000000 %
State's proportionate share of the net OPEB liability	$ 4,410,751	$ 4,219,726
State's covered-employee payroll	$ 3,218,771	$ 3,122,694
State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	137.03 %	135.13 %
Plan fiduciary net position as a percentage of the total OPEB liability	1.69 %	0.19 %

Required Supplementary Information

Schedules of State's Proportionate Share of the Net OPEB Liability - As Employer

For the last Two Fiscal Years

(dollars in thousands)

Component Units	2019	2018
Multi-Employer Plans		
State OPEB Fund:		
State's proportion of the net OPEB liability	0.209969 %	0.213868 %
State's proportionate share of the net OPEB liability	$ 5,107	$ 8,097
State's covered payroll	$ 13,038	$ 12,526
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	39.17 %	64.64 %
Plan fiduciary net position as a percentage of the total OPEB liability	31.48 %	17.34 %
School OPEB Fund:		
State's proportion of the net OPEB liability	0.625763 %	0.598651 %
State's proportionate share of the net OPEB liability	$ 79,533	$ 84,110
State's covered-employee payroll	$ 65,272	$ 63,442
State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	121.85 %	132.58 %
Plan fiduciary net position as a percentage of the total OPEB liability	2.93 %	1.61 %
SEAD-OPEB Plan:		
State's proportion of the net OPEB liability	1.119336 %	1.245396 %
State's proportionate share of the net OPEB liability	$ (3,000)	$ (3,195)
State's covered payroll	$ 15,496	$ 15,496
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	(19.36%)	(20.62%)
Plan fiduciary net position as a percentage of the total OPEB liability	129.46 %	130.17 %

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedule of Employers' Net OPEB Liability - as Employer
Single-Employer OPEB Plans
For the last Two Fiscal Years
(dollars in thousands)

	2019	2018
Regents Plan:		
Total OPEB liability	$ 4,486,796	$ 4,227,583
Plan fiduciary net position	76,045	7,857
Employers' net OPEB liability	$ 4,410,751	$ 4,219,726
Plan fiduciary net position as a percentage of the total	1.69%	0.19%
Covered-employee payroll	$ 3,218,771	$ 3,122,694
Employers' net OPEB liability as a percentage of covered-employee payroll	137.03%	135.13%

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedule of Changes in Employers' Net OPEB Liability - as Employer
Single-Employer OPEB Plans
For the Last Two Fiscal Years
(dollars in thousands)

	2019	2018
Regents Plan:		
Total OPEB liability:		
Service cost	$ 236,917	$ 211,513
Interest	158,223	124,612
Differences between expected and actual experience	264,729	123,090
Changes of assumptions	(310,107)	(347,331)
Benefit payments/Refunds	(90,549)	(89,653)
Net change in total OPEB liability	259,213	22,231
Total OPEB liability-beginning	4,227,583	4,205,352
Total OPEB liability-ending (a)	4,486,796	4,227,583
Plan fiduciary net position:		
Contributions-employer	158,420	99,584
Net investment income	802	72
Benefit payments/Refunds	(90,549)	(89,653)
Administrative expense	(485)	(5,045)
Net change in plan fiduciary net position	68,188	4,958
Plan fiduciary net position-beginning	7,857	2,899
Plan fiduciary net position-ending (b)	76,045	7,857
Net OPEB liability-ending (a)-(b)	$ 4,410,751	$ 4,219,726

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

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
June 30, 2019

Actuarial Methods and Assumptions - State as Employer Perspective

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of the OPEB liability/asset and required contributions.

State OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:
- June 30, 2017 valuation: The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation.
- The discount rate was updated from 3.09% as June 30, 2016 to 3.60% as of June 30, 2017, and to 5.22% as of June 30, 2018.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

School OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:
- June 30, 2017 valuation: The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation.
- The discount rate was updated from 3.07% as June 30, 2016 to 3.58% as of June 30, 2017 and to 3.87% as of June 30, 2018.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
June 30, 2019

Actuarial Methods and Assumptions - State as Employer Perspective

SEAD-OPEB Plan

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:

- The discount rate was updated from 7.50% as of June 30, 2017 to 7.30% as of June 30, 2018.
- Subsequent to the June 30, 2017 Measurement Date, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of June 30, 2018 Measurement Date.
- On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Fund. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases.

Regents Plan

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:

- The discount rate was updated from 2.85% as June 30, 2016 to 3.58% as of June 30, 2017 and to 3.87% as of June 30, 2018.
- Expected claims were updated to reflect actual claims experience. Trend was reset based on current conditions. Disability, Termination, Retirement, and Disabled Mortality were updated to reflect those used in the current TRS actuarial valuation.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
June 30, 2019

Actuarial Methods and Assumptions - State as Employer Perspective

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedules of employers' contributions are calculated as of June 30, as listed for all plans. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

	State OPEB	School OPEB
Valuation date	June 30, 2018	June 30, 2018
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of pay, open	Level percent of pay open
Remaining amortization period	30 years	30 years
Asset Valuation method	Market Value	Market Value
Inflation	2.75%	2.50%
Healthcare cost trend rate		
Pre-Medicare	7.25%	7.25%
Medicare Eligibile	5.375%	5.375%
Investment Rate of return*	4.50%	4.50%

	SEAD-OPEB Plan	Regents Plan
Valuation date	June 30, 2015	May 1, 2018
Actuarial cost method	Entry Age	Entry Age Normal
Amortization method	Projected Unit Credit	Closed amortization period for initial unfunded and subsequent actuarial gains/losses
Remaining amortization period	Infinite	30 year closed
Inflation	2.75%	2.50%
Healthcare cost trend rate	N/A	
Pre-Medicare		7.10%
Medicare Eligibile		4.50%
Investment Rate of return*	7.50%	4.50%

* Includes respective rates of inflation, net of investment expense.

The State OPEB Fund, School OPEB Fund, and the Regents Plan are funded on a pay-as-you basis, and not funded based on the actuarially determined contributions.

Schedule includes all significant plans and funds administered by the State of Georgia.

COMBINING AND INDIVIDUAL FUND STATEMENTS


STATE OF GEORGIA
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NONMAJOR GOVERNMENTAL FUNDS

STATE OF GEORGIA

CONSTITUTION

WISDOM

JUSTICE

MODERATION

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SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds, other than the Transportation Investment Act Fund, include the blended component units that conduct general governmental functions as described below:

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

The **State Road and Tollway Authority** (SRTA) is a legally separate public corporation created to finance transportation projects and operate toll facilities in the State of Georgia.

The **Transportation Investment Act Fund** (TIA) accounts for funds collected by the State and dispensed to the Department of Transportation for TIA projects in the relevant special tax districts.

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal and interest.

The **General Obligation Debt Sinking Fund** accounts for the payment of principal and interest on the State's general long-term debt.

The **State Road and Tollway Authority Debt Service Fund** accounts for the payment of principal and interest on the debt of the Authority's governmental funds. The Authority issues bonded debt which finances State transportation infrastructure construction. Debt service payments due on outstanding bonds are paid by the Authority from redirected funds from the U. S. Department of Transportation and/or State motor fuel tax funds.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

(dollars in thousands)

	Special Revenue			Debt Service		
	Georgia Aviation Authority	State Road and Tollway Authority	Transportation Investment Act Fund	General Obligation Debt Sinking Fund	State Road and Tollway Authority	Total
Assets						
Cash and Cash Equivalents	$ 2,936	$ 396	$ 222,600	$ —	$ 64,016	$ 289,948
Pooled Investments with State Treasury	—	5,462	—	—	—	5,462
Investments	—	—	85,030	—	—	85,030
Accounts Receivable	25	25,329	13,332	—	—	38,686
Due From Other Funds	—	25,654	—	—	—	25,654
Restricted Assets						
Pooled Investments with State Treasury	—	174,012	—	—	—	174,012
Other Assets	—	190	—	—	—	190
Total Assets	$ 2,961	$ 231,043	$ 320,962	$ —	$ 64,016	$ 618,982
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Other Accruals	$ 65	$ 537	$ 1,847	$ —	$ —	$ 2,449
Due to Other Funds	—	—	15,292	—	—	15,292
Contracts Payable	—	22,795	51	—	—	22,846
Other Liabilities	—	55,563	—	—	—	55,563
Total Liabilities	65	78,895	17,190	—	—	96,150
Fund Balances:						
Nonspendable	—	16,770	—	—	—	16,770
Restricted	—	94,017	303,772	—	64,016	461,805
Unrestricted						
Assigned	2,896	41,361	—	—	—	44,257
Total Fund Balances	2,896	152,148	303,772	—	64,016	522,832
Total Liabilities and Fund Balances	$ 2,961	$ 231,043	$ 320,962	$ —	$ 64,016	$ 618,982

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Special Revenue			Debt Service		
	Georgia Aviation Authority	State Road and Tollway Authority	Transportation Investment Act Fund	General Obligation Debt Sinking Fund	State Road and Tollway Authority	Total
Revenues						
Intergovernmental - Other	$ —	$ 4,259	$ 148,527	$ —	$ —	$ 152,786
Sales and Services	214	—	—	—	—	214
Interest and Other Investment Income	—	2,200	7,492	—	1,012	10,704
Total Revenues	214	6,459	156,019	—	1,012	163,704
Expenditures						
Transportation	—	82,884	—	—	12,251	95,135
Economic Development and Assistance	1,238	—	30,680	—	—	31,918
Debt Service						
Principal	—	—	—	833,870	195,205	1,029,075
Interest	—	—	—	401,239	34,799	436,038
Accrued Interest on Bonds Retired in Advance	—	—	—	5	—	5
Discount on Bonds Retired in Advance	—	—	—	27	—	27
Other Debt Service Expenditures	—	—	—	—	1,475	1,475
Total Expenditures	1,238	82,884	30,680	1,235,141	243,730	1,593,673
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,024)	(76,425)	125,339	(1,235,141)	(242,718)	(1,429,969)
Other Financing Sources (Uses)						
Debt Issuance - Refunding Bonds	—	—	—	—	285,915	285,915
Debt Issuance - GARVEE Bonds	—	—	—	—	63,850	63,850
Debt Issuance - Refunding Bonds - Premium	—	—	—	—	27,159	27,159
Debt Issuance - GARVEE Bonds - Premium	—	—	—	—	11,455	11,455
Payment to Refunded Bond Escrow Agent	—	—	—	—	(313,095)	(313,095)
Transfers In	—	107,992	—	1,235,141	231,214	1,574,347
Transfers Out	—	(3,016)	(37,261)	—	(34)	(40,311)
Net Other Financing Sources (Uses)	—	104,976	(37,261)	1,235,141	306,464	1,609,320
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,024)	28,551	88,078	—	63,746	179,351
Fund Balances, July 1 - Restated (Note 3)	3,920	123,597	215,694	—	270	343,481
Fund Balances, June 30	$ 2,896	$ 152,148	$ 303,772	$ —	$ 64,016	$ 522,832

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

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NONMAJOR ENTERPRISE FUNDS

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

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Description of Nonmajor Enterprise Funds

The Enterprise Funds account for the business type activities of smaller governmental agencies that are funded by the issuance of debt or fees charged to external customers. The State's Nonmajor Enterprise Funds are described below:

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

The Georgia Higher Education Facilities Authority is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the Board of Regents of the University System of Georgia and the Technical College System of the State of Georgia through the issuance of revenue bonds. The Authority issues debt and enters into lease agreements. The current lease agreements outstanding are with an affiliate of the University System of Georgia Foundation, Inc. (nonmajor enterprise fund). The costs of the Authority's debt are recovered through lease payments from the Higher Education Foundations.

The **State Road and Tollway Authority (SRTA)** is a legally separate public corporation created to finance transportation projects and operate toll facilities in the State of Georgia. SRTA uses an enterprise fund to account for tolling and transit activities, including the Xpress Commuter Bus Service, the I-75 South Metro Express Lanes, and all other facilities of the rolling system (i.e. the I-85 Express Lanes and six toll facilities under planning and/or construction).

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2019
(dollars in thousands)

	State Employees' Assurance Department - Active	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 52	$ 2	$ 33	$ 87
Pooled Investments with State Treasury	—	486	38,618	39,104
Investments	305,795	—	—	305,795
Accounts Receivable (Net)	—	371	9,733	10,104
Due from Other Funds	72	—	—	72
Due from Component Units	—	197,575	—	197,575
Inventories	—	—	126	126
Other Assets	—	—	30	30
Restricted Assets:				
Cash and Cash Equivalents	—	—	7,652	7,652
Pooled Investments with State Treasury	—	—	124,191	124,191
Total Current Assets	305,919	198,434	180,383	684,736
Noncurrent Assets:				
Restricted Assets:				
Net OPEB Asset	—	—	402	402
Nondepreciable Capital Assets	—	—	42,065	42,065
Depreciable Capital Assets, net	—	—	57,508	57,508
Total Noncurrent Assets	—	—	99,975	99,975
Total Assets	305,919	198,434	280,358	784,711
Deferred Outflows of Resources	—	10,587	2,612	13,199
Liabilities				
Current Liabilities:				
Accounts Payable and Other Accruals	42	—	21,148	21,190
Due to Other Funds	—	—	25,654	25,654
Notes and Loans Payable	—	—	35,000	35,000
Compensated Absences Payable	—	—	179	179
Revenue Bonds Payable	—	5,580	—	5,580
Other Current Liabilities	—	371	29,457	29,828
Current Liabilities Payable from Restricted Assets	—	—	29,671	29,671
Total current Liabilities	42	5,951	141,109	147,102
Noncurrent Liabilities:				
Compensated Absences Payable	—	—	559	559
Revenue Bonds Payable	—	202,292	34,131	236,423
Notes and Loans Payable	—	—	221,698	221,698
Other Noncurrent Liabilities	—	—	849	849
Net OPEB Liability	—	—	6,810	6,810
Net Pension Liability	—	—	8,637	8,637
Total Noncurrent Liabilities	—	202,292	272,684	474,976
Total Liabilities	42	208,243	413,793	622,078
Deferred Inflows of Resources	—	—	1,324	1,324
Net Position				
Net Investment in Capital Assets	—	—	88,992	88,992
Restricted for:				
Other Benefits	305,877	—	—	305,877
Other Purposes	—	—	42,582	42,582
Unrestricted	—	778	(263,721)	(262,943)
Total Net Position	$ 305,877	$ 778	$ (132,147)	$ 174,508

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	State Employees' Assurance Department-Active	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Operating Revenues:				
Contributions/Premiums	$ 531	$ —	$ —	$ 531
Sales and Services	—	8,698	31,337	40,035
Total Operating Revenues	531	8,698	31,337	40,566
Operating Expenses:				
Personal Services	80	—	9,932	10,012
Services and Supplies	—	10	34,833	34,843
Interest Expense	—	8,698	—	8,698
Benefits	3,424	—	—	3,424
Depreciation	—	—	11,685	11,685
Amortization	—	(21)	(291)	(312)
Other	—	649	—	649
Total Operating Expenses	3,504	9,336	56,159	68,999
Operating Income	(2,973)	(638)	(24,822)	(28,433)
Nonoperating Revenues (Expenses):				
Interest and Other Investment Income	19,708	11	2,498	22,217
Interest Expense	(65)	—	(9,947)	(10,012)
Other	—	—	(126,283)	(126,283)
Total Nonoperating Revenues (Expenses)	19,643	11	(133,732)	(114,078)
Income (Loss) Before Contributions and Transfers	16,670	(627)	(158,554)	(142,511)
Capital Contributions	—	—	84,407	84,407
Transfers:				
Transfers In	—	—	14,660	14,660
Change in Net Position	16,670	(627)	(59,487)	(43,444)
Net Position, July 1 - Restated (Note 3)	289,207	1,405	(72,660)	217,952
Net Position, June 30	$ 305,877	$ 778	$ (132,147)	$ 174,508

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	State Employees' Assurance Department-Active	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	$ —	$ —	$ 31,812	$ 31,812
Cash Received from Other Funds (Internal Activity)	531	—	1,223	1,754
Cash Paid to Vendors	(3,504)	(10)	(25,837)	(29,351)
Cash Paid to Employees	—	—	(11,271)	(11,271)
Cash Paid to Other Funds (Internal Activity)	—	—	(1,223)	(1,223)
Other Operating Receipts	—	—	27,135	27,135
Net Cash Provided by Operating Activities	(2,973)	(10)	21,839	18,856
Cash Flows from Noncapital Financing Activities:				
Interest Paid on Bonds/Long-Term Debt	—	(8,788)	—	(8,788)
Transfers from Other Funds	—	—	8,060	8,060
Payments on Noncapital Financing Debt	—	(21,970)	—	(21,970)
Other Noncapital Payments	—	—	—	—
Net Cash Used in Noncapital Financing Activities	—	(30,758)	8,060	(22,698)
Cash Flows from Capital and Related Financing Activities:				
Grant Disbursements	—	—	(96,315)	(96,315)
Intergovernmental Grant	—	—	39,343	39,343
Proceeds from Capital Debt	—	—	2,459	2,459
Acquisition and Construction of Capital Assets	—	—	(28,737)	(28,737)
Net Cash Provided by (Used in) Capital and Related Financing Activities	—	—	(83,250)	(83,250)
Cash Flows from Investing Activities:				
Proceeds from Sales of Investments	289,087	—	—	289,087
Purchase of Investments	(305,795)	—	—	(305,795)
Interest and Dividends Received	19,643	11	2,498	22,152
Other Investing Activities	—	30,759	—	30,759
Net Cash Provided by (Used in) Investing Activities	2,935	30,770	2,498	36,203
Net Increase (Decrease) in Cash and Cash Equivalents	(38)	2	(50,853)	(50,889)
Cash and Cash Equivalents, July 1 - Restated (Note 3)	90	486	221,347	221,923
Cash and Cash Equivalents, June 30	$ 52	$ 488	$ 170,494	$ 171,034
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating Income	$ (2,973)	$ (638)	$ (24,822)	$ (28,433)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation/Amortization Expense	—	(21)	11,394	11,373
Other	—	649	—	649
Changes in Assets and Liabilities:				
Deferred Inflows of Resources:				
Accounts Receivable	—	89	177	266
Other Assets	—	—	74	74
Net OPEB Asset	—	—	(402)	(402)
Deferred Outflows of Resources	—	—	170	170
Accounts Payable and Other Accruals	—	(89)	34,770	34,681
Unearned Revenue	—	—	(7,300)	(7,300)
Compensated Absences	—	—	(82)	(82)
Net OPEB Liability	—	—	(434)	(434)
Net Pension Liability	—	—	(1,851)	(1,851)
Other Liabilities	—	—	8,899	8,899
Deferrred Inflows of Resources	—	—	1,246	1,246
Net Cash Provided by (Used in) Operating Activities	$ (2,973)	$ (10)	$ 21,839	$ 18,856
Noncash Investing, Capital, and Financing Activities:				
Special Item - Equipment-Capital Asset Transfer	$ —	$ —	$ 37,942	$ 37,942
Other	—	—	9,947	9,947
Total Noncash Investing, Capital and Financing Activities	$ —	$ —	$ 47,889	$ 47,889

INTERNAL SERVICE FUNDS


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing (procurement), surplus property transactions, document services, fleet management, and human resources administration.

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

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

The **Risk Management** column is an accumulation of the funds used to account for the State's self-insurance programs established by individual agreement, statute or administrative action:

> The **Cyber Insurance Coverage Fund** was created for the development of a cyber insurance product for direct loss and out of pocket expenses incurred as a result of damage to data, systems or income defense and liability incurred as a result of employees' actions. Department of Administrative Services (DOAS) engaged with an insurance broker to develop an underwriting submission to present to the commercial insurance underwriters. DOAS Risk Management Services manages the insurance product with assistance from Georgia Technology Authority.
>
> The **Liability Insurance Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.
>
> The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marine insurance.
>
> The **State Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.
>
> The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.
>
> The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.
>
> The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

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

Combining Statement of Net Position
Internal Service Funds
June 30, 2019
(dollars in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 1,656	$ 669	$ 9,287
Pooled Investments with State Treasury	2,074	37,334	1,048
Investments	—	—	—
Accounts Receivable (Net)	766	1,252	5,631
Due from Other Funds	—	—	—
Due from Component Units	—	—	—
Inventories	—	447	15,146
Other Assets	—	143	1
Total Current Assets	4,496	39,845	31,113
Noncurrent Assets:			
Investments	—	—	—
Restricted Assets:			
Net OPEB Asset	312	750	752
Capital Assets:			
Construction in Progress	—	14,160	—
Land	—	22,359	—
Buildings and Building Improvements	—	613,676	12,923
Improvements Other Than Buildings	—	23,394	—
Machinery and Equipment	—	9,484	29,469
Software	—	—	—
Works of Art and Collections	—	1,274	—
Accumulated Depreciation	—	(328,383)	(34,545)
Total Noncurrent Assets	312	356,714	8,599
Total Assets	4,808	396,559	39,712
Deferred Outflows of Resources	1,939	4,081	4,551
Liabilities			
Current Liabilities:			
Cash Overdraft	—	—	—
Accounts Payable and Other Accruals	470	2,403	4,957
Due to Other Funds	—	9	3
Unearned Revenue	—	108	—
Notes and Loans Payable	—	—	—
Claims and Judgments Payable	—	—	—
Compensated Absences Payable	—	733	444
Capital Leases Payable	—	3,721	220
Other Current Liabilities	824	—	—
Total Current Liabilities	1,294	6,974	5,624
Noncurrent Liabilities:			
Compensated Absences Payable	—	—	1,256
Capital Leases Payable	—	30,105	344
Notes and Loans Payable	—	—	—
Net OPEB Liability	2,626	6,143	6,880
Net Pension Liability	4,747	10,439	11,602
Other Noncurrent Liabilities	—	—	—
Total Noncurrent Liabilities	7,373	46,687	20,082
Total Liabilities	8,667	53,661	25,706
Deferred Inflows of Resources	1,478	3,875	4,379
Net Position			
Net Investment in Capital Assets	—	322,138	7,284
Restricted for:			
Other Purpose	—	691	676
Unrestricted	(3,398)	20,275	6,218
Total Net Position	$ (3,398)	$ 343,104	$ 14,178

Risk Management (see combining)	Georgia Technology Authority	Total
$ 10,357	$ 2,582	$ 24,551
34,286	55,210	129,952
6,290	—	6,290
90,120	11,618	109,387
801,796	32,458	834,254
—	50	50
—	—	15,593
—	49	193
942,849	101,967	1,120,270
35,313	—	35,313
130	1,930	3,874
—	—	14,160
—	13	22,372
—	13,230	639,829
—	—	23,394
—	33,707	72,660
—	55,079	55,079
—	—	1,274
—	(97,734)	(460,662)
35,443	6,225	407,293
978,292	108,192	1,527,563
678	8,307	19,556
2,799	—	2,799
599	40,772	49,201
—	—	12
—	—	108
—	3,891	3,891
916,988	—	916,988
—	935	2,112
—	1,607	5,548
103	4	931
920,489	47,209	981,590
—	1,572	2,828
—	4,698	35,147
—	8,662	8,662
1,100	12,135	28,884
1,801	21,384	49,973
—	—	—
2,901	48,451	125,494
923,390	95,660	1,107,084
614	9,433	19,779
—	(5,622)	323,800
—	1,699	3,066
54,966	15,329	93,390
$ 54,966	$ 11,406	$ 420,256

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Operating Revenues:			
Contributions/Premiums	$ —	$ —	$ —
Rents and Royalties	—	49,177	1
Sales and Services	7,345	2,700	68,481
Other	6,478	881	25
Total Operating Revenues	13,823	52,758	68,507
Operating Expenses:			
Personal Services	3,591	9,096	11,131
Services and Supplies	9,021	30,904	47,825
Claims and Judgments	—	—	—
Depreciation	—	18,793	6,713
Total Operating Expenses	12,612	58,793	65,669
Operating Income (Loss)	1,211	(6,035)	2,838
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	48	975	28
Nonoperating Grants & Contributions	7,388	—	—
Other	(7,388)	240	13
Total Nonoperating Revenues (Expenses)	48	1,215	41
Income (Loss) Before Contributions and Transfers	1,259	(4,820)	2,879
Capital Contributions	—	73,306	—
Transfers:			
Transfers In	—	—	—
Transfers Out	—	—	—
Net Transfers	—	—	—
Change in Net Position	1,259	68,486	2,879
Net Position, July 1	(4,657)	274,618	11,299
Net Position, June 30	$ (3,398)	$ 343,104	$ 14,178

Risk Management (see combining)	Georgia Technology Authority	Total
$ 241,296	$ 2,356	$ 243,652
—	—	49,178
196	276,842	355,564
—	—	7,384
241,492	279,198	655,778
645	16,768	41,231
35,128	241,314	364,192
250,585	—	250,585
—	2,151	27,657
286,358	260,233	683,665
(44,866)	18,965	(27,887)
3,015	989	5,055
—	—	7,388
8,710	(3,400)	(1,825)
11,725	(2,411)	10,618
(33,141)	16,554	(17,269)
—	45,033	118,339
15,065	—	15,065
—	(100,846)	(100,846)
15,065	(100,846)	(85,781)
(18,076)	(39,259)	15,289
73,042	50,665	404,967
$ 54,966	$ 11,406	$ 420,256

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 2,061	$ 5,102	$ 13,123
Cash Received from Other Funds (Internal Activity)	11,645	47,031	57,505
Cash Received from Required Contributions/Premiums	—	—	—
Cash Received from Required Contributions/Premiums (Internal Activity)	—	—	—
Cash Paid to Vendors	(9,197)	(31,299)	(48,491)
Cash Paid to Employees	(4,417)	(11,690)	(14,051)
Cash Paid for Claims and Judgments	—	—	—
Other Operating Payments	(467)	—	—
Net Cash Provided by (Used in) Operating Activities	(375)	9,144	8,086
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	—	—	—
Transfers to Other Funds	—	—	—
Other Noncapital Receipts	7,388	—	13
Other Noncapital Payments	(7,388)	—	—
Net Cash Provided by (Used in) Noncapital Financing Activities	—	—	13
Cash Flows from Capital and Related Financing Activities:			
Capital Contributions	—	1,726	—
Proceeds from Sale of Capital Assets	—	2,224	—
Acquisition and Construction of Capital Assets	—	(12,412)	(7,041)
Principal Paid on Capital Debt	—	(7,178)	(670)
Net Cash Used in Capital and Related Financing Activities	—	(15,640)	(7,711)
Cash Flows from Investing Activities:			
Proceeds from Sales of Investments	—	—	—
Purchase of Investments	—	—	—
Interest and Dividends Received	48	975	29
Net Cash Provided by Investing Activities	48	975	29
Net Increase (Decrease) in Cash and Cash Equivalents	(327)	(5,521)	417
Cash and Cash Equivalents, July 1	4,057	43,524	9,918
Cash and Cash Equivalents, June 30	$ 3,730	$ 38,003	$ 10,335

Risk Management (see combining)	Georgia Technology Authority	Total
$ 196	$ 66,839	$ 87,321
—	208,612	324,793
23,688	—	23,688
150,710	—	150,710
(35,441)	(245,576)	(370,004)
(1,915)	(22,942)	(55,015)
(160,763)	—	(160,763)
—	(71)	(538)
(23,525)	6,862	192
9,411	—	9,411
—	(3,201)	(3,201)
14,365	—	21,766
—	(5,588)	(12,976)
23,776	(8,789)	15,000
—	41,633	43,359
—	—	2,224
—	(28,811)	(48,264)
—	(1,242)	(9,090)
—	11,580	(11,771)
53,459	—	53,459
(42,082)	—	(42,082)
3,494	991	5,537
14,871	991	16,914
15,122	10,644	20,335
26,722	47,148	131,369
$ 41,844	$ 57,792	$ 151,704

(continued)

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ 1,211	$ (6,035)	$ 2,838
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:			
Depreciation Expense	—	18,792	6,713
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Accounts Receivable	(117)	(633)	1,794
Due from Other Funds	—	—	113
Due from Component Units	—	—	—
Other Assets	—	(162)	402
Net OPEB Asset	(13)	(7)	(49)
Deferred Outflows of Resources	(306)	(1,043)	(1,080)
Accounts Payable and Other Accruals	(202)	(87)	(1,044)
Due to Other Funds	—	(148)	—
Unearned Revenue	—	9	—
Claims and Judgments Payable	—	—	—
Compensated Absences Payable	—	(52)	206
Net OPEB Liability	(1,570)	(3,896)	(4,130)
Net Pension Liability	(20)	(423)	102
Other Liabilities	(442)	—	—
Deferred Inflows of Resources	1,084	2,829	2,221
Net Cash Provided by (Used in) Operating Activities	$ (375)	$ 9,144	$ 8,086
Noncash Investing, Capital, and Financing Activities:			
Change in Fair Value of Investments	$ —	$ —	$ —

Risk Management (see combining)	Georgia Technology Authority	Total
$ (44,866)	$ 18,965	$ (27,887)
—	2,151	27,656
(4,020)	(3,225)	(6,201)
(62,877)	(519)	(63,283)
—	(3)	(3)
—	(49)	191
26	(167)	(210)
(79)	(1,774)	(4,282)
(410)	(4,213)	(5,956)
—	—	(148)
—	—	9
89,820	—	89,820
—	(96)	58
(1,091)	(7,895)	(18,582)
(532)	(491)	(1,364)
95	(71)	(418)
409	4,249	10,792
$ (23,525)	$ 6,862	$ 192
$ (479)	$ —	$ (479)

Combining Statement of Net Position
Internal Service Funds
Risk Management
June 30, 2019
(dollars in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 76	$ —	$ 7,275
Pooled Investments with State Treasury	728	—	21,963
Investments	46	—	4,408
Accounts Receivable (Net)	118	23,306	1,057
Due From Other Funds	—	161,179	226
Total Current Assets	968	184,485	34,929
Noncurrent Assets:			
Investments	259	—	24,777
Restricted Assets:			
Net OPEB Asset	—	48	33
Total Noncurrent Assets	259	48	24,810
Total Assets	1,227	184,533	59,739
Deferred Outflows of Resources	—	249	175
Liabilities			
Current Liabilities:			
Cash Overdraft	—	592	—
Accounts Payable and Other Accruals	—	227	21
Claims and Judgments Payable	—	182,659	29,161
Other Current Liabilities	2	14	79
Total Current Liabilities	2	183,492	29,261
Noncurrent Liabilities:			
Net OPEB Liability	—	404	282
Net Pension Liability	—	661	462
Total Noncurrent Liabilities	—	1,065	744
Total Liabilities	2	184,557	30,005
Deferred Inflows of Resources	—	225	158
Net Position			
Restricted for:			
Unrestricted	1,225	—	29,751
Total Net Position	$ 1,225	$ —	$ 29,751

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ —	$ 402	$ 2,604	$ —	$ 10,357
2,284	1,212	7,846	253	34,286
—	246	1,590	—	6,290
—	—	182	65,457	90,120
—	—	—	640,391	801,796
2,284	1,860	12,222	706,101	942,849
—	1,375	8,902	—	35,313
1	—	1	47	130
1	1,375	8,903	47	35,443
2,285	3,235	21,125	706,148	978,292
5	—	5	244	678
307	—	—	1,900	2,799
—	—	—	351	599
701	34	1,566	702,867	916,988
—	—	—	8	103
1,008	34	1,566	705,126	920,489
10	—	8	396	1,100
16	—	14	648	1,801
26	—	22	1,044	2,901
1,034	34	1,588	706,170	923,390
5	—	4	222	614
1,251	3,201	19,538	—	54,966
$ 1,251	$ 3,201	$ 19,538	$ —	$ 54,966

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Risk Management
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Operating Revenues:			
Contributions/Premiums	$ 1,822	$ 51,170	$ 19,396
Sales and Services	—	—	—
Total Operating Revenues	1,822	51,170	19,396
Operating Expenses:			
Personal Services	3	437	4
Services and Supplies	1,777	4,934	15,738
Claims and Judgments	48	45,979	34,088
Total Operating Expenses	1,828	51,350	49,830
Operating Income (Loss)	(6)	(180)	(30,434)
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	10	180	1,847
Other	—	—	—
Total Nonoperating Revenues (Expenses)	10	180	1,847
Income (Loss) Before Transfers	4	—	(28,587)
Transfers:			
Transfers In	500	—	8,981
Net Transfers	500	—	8,981
Change in Net Position	504	—	(19,606)
Net Position, July 1	721	—	49,357
Net Position, June 30	$ 1,225	$ —	$ 29,751

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ —	$ —	$ 3,983	$ 164,925	$ 241,296
196	—	—	—	196
196	—	3,983	164,925	241,492
18	—	4	179	645
30	2	56	12,591	35,128
550	—	3,601	166,319	250,585
598	2	3,661	179,089	286,358
(402)	(2)	322	(14,164)	(44,866)
18	86	574	300	3,015
—	—	—	8,710	8,710
18	86	574	9,010	11,725
(384)	84	896	(5,154)	(33,141)
430	—	—	5,154	15,065
430	—	—	5,154	15,065
46	84	896	—	(18,076)
1,205	3,117	18,642	—	73,042
$ 1,251	$ 3,201	$ 19,538	$ —	$ 54,966

Combining Statement of Cash Flows
Internal Service Funds
Risk Management
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Cash Flows from Operating Activities:			
Cash Received from Customers	$ —	$ —	$ —
Cash Received from Required Contributions/Premiums	204	5,214	1,262
Cash Received from Required Contributions/Premiums (Internal Activity)	1,770	44,726	17,164
Cash Paid to Vendors	(1,773)	(5,021)	(15,730)
Cash Paid to Employees	(3)	(620)	(413)
Cash Paid for Claims and Judgments	(48)	(45,030)	(11,063)
Net Cash Provided by (Used in) Operating Activities	150	(731)	(8,780)
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	—	—	8,981
Other Noncapital Receipts	500	—	—
Net Cash Provided by (Used in) Noncapital Financing Activities	500	—	8,981
Cash Flows from Investing Activities:			
Proceeds from Sales and Maturities of Investments	299	—	37,305
Purchase of Investments	(306)	—	(30,022)
Interest and Dividends Received	10	180	2,684
Net Cash Provided by (Used in) Investing Activities	3	180	9,967
Net Increase (Decrease) in Cash and Cash Equivalents	653	(551)	10,168
Cash and Cash Equivalents, July 1	151	(41)	19,070
Cash and Cash Equivalents, June 30	$ 804	$ (592)	$ 29,238
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ (6)	$ (180)	$ (30,434)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Accounts Receivable	153	(73)	(744)
Due from Other Funds	—	(1,157)	(226)
Net OPEB Asset	—	—	9
Deferred Outflows of Resources	—	(33)	(19)
Accounts Payable and Other Accruals	—	(98)	(70)
Claims and Judgments Payable	—	949	23,025
Net OPEB Liability	—	(263)	(320)
Net Pension Liability	—	(49)	(179)
Other Liabilities	3	10	77
Deferred Inflows of Resources	—	163	101
Net Cash Provided by (Used in) Operating Activities	$ 150	$ (731)	$ (8,780)
Noncash Investing Activities:			
Change in Fair Value of Investments	$ —	$ —	$ (837)

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ 196	$ —	$ —	$ —	$ 196
—	—	303	16,705	23,688
—	—	3,571	83,479	150,710
(33)	(2)	(61)	(12,821)	(35,441)
(22)	—	(8)	(849)	(1,915)
(687)	(15)	(3,917)	(100,003)	(160,763)
(546)	(17)	(112)	(13,489)	(23,525)
430	—	—	—	9,411
—	—	—	13,865	14,365
430	—	—	13,865	23,776
129	2,106	13,620	—	53,459
—	(1,573)	(10,181)	—	(42,082)
18	38	264	300	3,494
147	571	3,703	300	14,871
31	554	3,591	676	15,122
1,946	1,060	6,859	(2,323)	26,722
$ 1,977	$ 1,614	$ 10,450	$ (1,647)	$ 41,844
$ (402)	$ (2)	$ 322	$ (14,164)	$ (44,866)
—	—	(110)	(3,246)	(4,020)
—	—	—	(61,494)	(62,877)
—	—	—	17	26
(1)	—	(1)	(25)	(79)
(2)	—	(3)	(237)	(410)
(138)	(15)	(317)	66,316	89,820
(6)	—	(5)	(497)	(1,091)
(1)	—	(1)	(302)	(532)
—	—	—	5	95
4	—	3	138	409
$ (546)	$ (17)	$ (112)	$ (13,489)	$ (23,525)
$ —	$ 48	$ 310	$ —	$ (479)

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

FIDUCIARY FUNDS


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

Fiduciary funds are used to account for assets held by the State in a fiduciary capacity. The State has the following fiduciary funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension and Other Employee Benefit Trust Funds are used to account for activities and balances of the public employee retirement systems and other employee benefit plans. The State's pension and other employee benefit trust funds are described below:

Pension Trust Funds

Defined Benefit Pension Plans

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State and its political subdivisions.

The **Firefighters' Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firefighters of the State.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State, and district attorneys of the State.

Other Defined Benefit Plans is comprised of the following smaller plans:

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State.

The **Augusta University Early Retirement Pension Plan** is a single-employer defined benefit pension plan designed to provide eligible participants additional benefits above the amounts payable through Teachers Retirement System of Georgia (TRS). The plan was designed to allow vested employees aged 55 or employees of any age with 25 years of creditable service to retire without penalties as applied by the TRS for early retirement.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for all members of the Georgia General Assembly.

The **Magistrates Retirement Fund** is used to account for the accumulation of resources for the purpose of providing retirement benefits for those serving as duly qualified and commissioned chief magistrates of counties in the State.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits to members of the Georgia National Guard.

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State.

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court clerks of the State.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court judges of the State.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

The **Teachers Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in State public schools and the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and for certain other designated employees in educational-related work.

Defined Contribution / Deferred Compensation Pension Plans

The **Georgia Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State and Board of Regents employees and employees of Community Service Boards who elect to defer a portion of their annual salary until future years.

Other Postemployment Benefit Plans

The **Board of Regents Retiree Health Benefit Fund** is used to account for the accumulation of resources necessary to meet employer costs of retiree post-employment health insurance benefits.

The **Georgia State Employees Postemployment Health Benefit Fund (State OPEB Fund)** pays postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations and other entities authorized by law to contract with the Department of Community Health for inclusion in the plan. It also pays administrative expenses for the Fund. By law, no other use of assets of the State OPEB Fund is permitted.

The **Georgia School Personnel Postemployment Health Benefit Fund (School OPEB Fund)** pays postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers including librarians and other certified employees of the public schools and regional educational service agencies, postemployment health benefits due under the group health plan for non-certificated public school employees, and administrative expenses of the Fund. By law, no other use of assets of the School OPEB Fund is permitted.

The **State Employees' Assurance Department (SEAD) - OPEB** is used to account for the accumulation of resources for the purpose of providing term life insurance to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems.

INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Fund 1** (GF1) is an investment pool of the LGIP Trust and an investment pool for the State and local governments, including state agencies, colleges and universities, counties, school districts, special districts, or any department, agency, or board of a political subdivision. The primary objectives of the pool is the prudent management of public funds on behalf of the State and local governments seeking income higher than money market rates.

The **Georgia Fund 1 Plus** (GF1+) is an additional investment option for the State, state agencies, and eligible municipalities looking to benefit from higher yields available by adding credit exposure.

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of education and research programs for the benefit of licensees and the public.

The **Real Estate Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

AGENCY FUNDS

Agency Funds are used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State's significant agency funds are described below:

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

The **Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court-ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

The **Insurance Premium Tax Collections for Local Governments Fund** accounts for the pro-rata share of premium taxes collected on the behalf of each participating municipality and county. The participating counties and municipalities may have the distributions deposited directly into their Georgia Fund 1 account through the Office of the State Treasurer.

Sales Tax Collections for Local Governments Fund is used to account for the collection and disbursement of local option sales taxes on behalf of county and municipal governments. This fund includes activity for Education Local Option Sales Tax, Homestead Option Sales Tax, Local Option Sales Tax, MARTA Sales Tax, Special Purpose Local Option Sales Tax, and the Transportation Investment Act.

Survivor Benefit Fund (SBF) is within the Employees Retirement System (ERS) trust and is solely for maintaining group term life insurance coverage for members of the plan. All assets are limited to the payment of benefits and expenses for such coverage and cannot be used to pay pension benefits and expenses of ERS.

The **Telecommunications Relay Service Fund** was established to provide telecommunication services to hearing/speech impaired Georgians. All local exchange telephone companies in the State impose a monthly maintenance surcharge on residential and business local exchange access facilities, which are deposited into this fund solely for the provisions of the Dual Party Relay System.

The **Universal Service Fund** was established for the purpose of assisting low-income customers in times of emergency by providing energy conservation assistance to such customers; and to provide contributions in aid of construction to permit the electing distribution company to extend and expand its facilities from time to time as the Public Service Commission deems to be in the public interest. Funding comes from rate refunds from interstate pipeline suppliers, funds deposited by marketers, and various other refunds, surcharges and earnings.

Miscellaneous funds include agency funds not considered significant enough to warrant separate presentation.


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2019
(dollars in thousands)

		Defined Contribution Plans			
			Deferred Compensation Plans		
	Defined Benefit Pension Plans (see combining)	Georgia Defined Contribution Plan	State of Georgia 401 (K) Plan	State of Georgia 457 Plan	Regents 457 (F) Plan
Assets					
Cash and Cash Equivalents	$ 2,792,472	$ 16,425	$ 11,633	$ 1,525	$ 339
Pooled Investments with State Treasury	4	—	—	—	—
Restricted Pooled Investments with State Treasury	602	—	—	24	—
Receivables					
Interest and Dividends	269,281	454	20	13	—
Due from Brokers for Securities Sold	26,706	—	—	—	—
Other	278,455	1,051	4,192	604	—
Due from Other Funds	—	—	—	—	—
Investments					
Pooled Investments	14,632,566	—	—	—	—
Mutual Funds	701,747	—	1,138,219	631,098	1,833
Municipal, U.S. and Foreign Government Obligations	17,824,365	87,300	—	—	—
Corporate Bonds/Notes/Debentures	5,229,036	20,908	—	—	1,384
Stocks	54,281,416	—	9,873	7,927	—
Asset-backed Securities	43,332	—	—	—	—
Exchange Traded Funds	9,044	—	—	—	—
Mortgage Investments	104,022	—	—	—	—
Real Estate Investment Trusts	56,446	—	—	—	882
Capital Assets					
Land	8,883	—	—	—	—
Buildings	7,793	—	—	—	—
Software	29,325	—	—	—	—
Machinery and Equipment	6,804	—	—	—	—
Works of Art	114	—	—	—	—
Construction in Progress	550	—	—	—	—
Accumulated Depreciation	(37,369)	—	—	—	—
Net OPEB Asset	2,883	—	—	—	—
Total Assets	96,268,477	126,138	1,163,937	641,191	4,438
Deferred Outflows of Resources	12,167	—	—	—	—
Liabilities					
Accounts Payable and Other Accruals	34,773	488	2,728	1,217	—
Due to Other Funds	567	—	—	—	—
Due to Brokers for Securities Purchased	96,527	—	—	—	—
Salaries/Withholdings Payable	2	—	—	—	—
Benefits Payable	—	—	—	—	—
Unearned Revenue	3	—	—	—	—
Compensated Absences Payable	71	—	—	—	—
Net OPEB Liability	22,840	—	—	—	—
Net Pension Liability	27,823	—	—	—	—
Total Liabilities	182,606	488	2,728	1,217	—
Deferred Inflows of Resources	12,131	—	—	—	—
Net Position					
Restricted for:					
Pension Benefits	96,085,905	125,650	1,161,209	639,974	4,438
Other Postemployment Benefits	2	—	—	—	—
Total Net Position	$ 96,085,907	$ 125,650	$ 1,161,209	$ 639,974	$ 4,438

Other Post Employment Benefit Plans				
Board of Regents Retiree Health Benefit Fund	Georgia State Employees Postemployment Health Benefit Fund	Georgia School Personnel Postemployment Health Benefit Fund	State Employees' Assurance Department - OPEB	Total
$ 22,995	$ 463	$ 180	$ 3	$ 2,846,035
—	1,259,638	469,931	—	1,729,573
—	—	—	—	626
—	136,435	50,896	—	457,099
—	—	—	—	26,706
—	11,529	28,872	—	324,703
—	—	—	478	478
—	299,108	103,452	1,233,750	16,268,876
106,173	—	—	—	2,579,070
—	—	—	—	17,911,665
—	—	—	—	5,251,328
21,708	—	—	—	54,320,924
—	—	—	—	43,332
—	—	—	—	9,044
—	—	—	—	104,022
—	—	—	—	57,328
—	—	—	—	8,883
—	—	—	—	7,793
—	—	—	—	29,325
—	—	—	—	6,804
—	—	—	—	114
—	—	—	—	550
—	—	—	—	(37,369)
—	—	—	—	2,883
150,876	1,707,173	653,331	1,234,231	101,949,792
—	—	—	—	12,167
—	1,382	5,415	375	46,378
—	—	—	—	567
—	78,844	29,123	—	204,494
—	—	—	—	2
6,421	9,740	23,664	—	39,825
—	—	—	—	3
—	—	—	—	71
—	—	—	—	22,840
—	—	—	—	27,823
6,421	89,966	58,202	375	342,003
—	—	—	—	12,131
—	—	—	—	98,017,176
144,455	1,617,207	595,129	1,233,856	3,590,649
$ 144,455	$ 1,617,207	$ 595,129	$ 1,233,856	$ 101,607,825

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

		Defined Contribution Plans			
	Defined	Georgia	Deferred Compensation Plans		
	Benefit Pension Plans (see combining)	Defined Contribution Plan	State of Georgia 401 (K) Plan	State of Georgia 457 Plan	Regents 457 (F) Plan
Additions:					
Contributions					
Employer	$ 3,216,653	$ —	$ 47,170	$ —	$ 502
NonEmployer	108,720	—	—	—	—
Plan Members	811,956	14,578	119,770	20,264	—
Insurance Premiums	—	—	—	—	—
Other Fees	444	—	—	53	—
Interest and Other Investment Income					
Dividends and Interest	2,087,731	2,759	185	1,332	133
Net Appreciation (Depreciation) in					
Investments Reported at Fair Value	4,059,302	5,627	62,954	38,546	73
Less: Investment Expense	(74,251)	(62)	(2,033)	(778)	(13)
Other					
Transfers from Other Funds	2,727	—	—	—	—
Miscellaneous	501	—	544	—	—
Total Additions	10,213,783	22,902	228,590	59,417	695
Deductions:					
General and Administrative Expenses	28,451	882	3,431	724	—
Benefits	6,607,854	10	79,644	42,081	—
Refunds	87,093	10,931	—	—	—
Pool Participant Withdrawals	—	—	—	—	5,753
Total Deductions	6,723,398	11,823	83,075	42,805	5,753
Change in Net Position Restricted for:					
Pension and Other Employee Benefits	3,490,385	11,079	145,515	16,612	(5,058)
Net Position, July 1	92,595,522	114,571	1,015,694	623,362	9,496
Net Position, June 30	$ 96,085,907	$ 125,650	$ 1,161,209	$ 639,974	$ 4,438

Other Post Employment Benefit Plans								
Board of Regents Retiree Health Benefit Fund		Georgia State Employees Postemployment Health Benefit Fund		Georgia School Personnel Postemployment Health Benefit Fund		State Employees' Assurance Department - OPEB		Total
$	160,383	$	534,673	$	538,569	$	5	$ 4,497,955
	—		—		—		—	108,720
	—		—		—		—	966,568
	—		—		—		3,328	3,328
	—		—		—		—	497
	3,844		32,988		11,356		27,064	2,167,392
	3,406		18,749		6,129		53,311	4,248,097
	(124)		(50)		(17)		(1,182)	(78,510)
	—		—		—		—	2,727
	—		—		—		—	1,045
	167,509		586,360		556,037		82,526	11,917,819
	535		2,025		4,417		716	41,181
	98,563		168,993		339,754		37,416	7,374,315
	—		—		—		—	98,024
	—		—		—		—	5,753
	99,098		171,018		344,171		38,132	7,519,273
	68,411		415,342		211,866		44,394	4,398,546
	76,044		1,201,865		383,263		1,189,462	97,209,279
$	144,455	$	1,617,207	$	595,129	$	1,233,856	$ 101,607,825

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
June 30, 2019
(dollars in thousands)

	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Other Defined Benefit Plans (see combining)
Assets				
Cash and Cash Equivalents	$ 407,897	$ 45,016	$ 510	$ 13,264
Pooled Investments with State Treasury	—	—	—	—
Restricted Pooled Investments with State Treasury	572	—	2	28
Receivables				
Interest and Dividends	46,236	1,672	—	689
Due from Brokers for Securities Sold	1,374	11,357	—	2,401
Other	39,387	—	766	334
Investments				
Pooled Investments	13,150,679	—	478,823	60,963
Mutual Funds	—	345,435	—	91,637
Municipal, U.S. and Foreign Government Obligations	—	64,016	—	63,691
Corporate Bonds/Notes/Debentures	—	108,343	—	18,918
Stocks	—	231,028	—	233,638
Asset-backed Securities	—	12,821	—	7,926
Exchange Traded Funds	—	—	—	2,853
Mortgage Investments	—	93,437	—	3,672
Real Estate Investment Trusts	—	46,099	—	812
Capital Assets				
Land	4,350	85	—	—
Buildings	2,800	1,535	—	—
Software	14,345	—	—	—
Machinery and Equipment	3,511	147	—	—
Works of Art	—	114	—	—
Accumulated Depreciation	(18,454)	(758)	—	—
Net OPEB Asset	541	—	—	—
Total Assets	13,653,238	960,347	480,101	500,826
Deferred Outflow of Resources	1,156	—	—	—
Liabilities				
Accounts Payable and Other Accruals	19,088	2,650	719	602
Due to Other Funds	547	—	10	3
Due to Brokers for Securities Purchased	10,149	23,274	—	1,705
Salaries/Withholdings Payable	—	—	—	2
Unearned Revenue	—	—	—	3
Compensated Absences Payable	—	71	—	—
Net OPEB Liability	4,749	—	—	—
Net Pension Liability	—	—	—	—
Total Liabilities	34,533	25,995	729	2,315
Deferred Inflow of Resources	2,389	—	—	—
Net Position				
Restricted for Pension Benefits	$ 13,617,472	$ 934,352	$ 479,372	$ 498,511

Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Teachers Retirement System	Total
$ 26,082	$ 212	$ 2,299,491	$ 2,792,472
—	—	4	4
—	—	—	602
1,406	—	219,278	269,281
4,902	—	6,672	26,706
10	261	237,697	278,455
—	942,101	—	14,632,566
264,675	—	—	701,747
64,276	—	17,632,382	17,824,365
49,839	—	5,051,936	5,229,036
383,454	—	53,433,296	54,281,416
22,585	—	—	43,332
6,191	—	—	9,044
6,913	—	—	104,022
9,535	—	—	56,446
98	—	4,350	8,883
658	—	2,800	7,793
—	—	14,980	29,325
193	—	2,953	6,804
—	—	—	114
(395)	—	(17,762)	(37,369)
—	—	2,342	2,883
840,422	942,574	78,890,419	96,267,927
—	—	11,011	12,167
590	986	10,138	34,773
—	—	7	567
14,707	—	46,692	96,527
—	—	—	2
—	—	—	3
—	—	—	71
—	—	18,091	22,840
—	—	27,823	27,823
15,297	986	102,751	182,606
—	—	9,742	12,131
$ 825,675	$ 941,588	$ 78,788,937	$ 96,085,907

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Other Defined Benefit Plans (see combining)
Additions:				
Contributions				
Employer	$ 638,989	$ —	$ 3,117	$ 13,737
NonEmployer	10,220	37,902	2,137	8,340
Plan Members	36,252	4,022	5,469	941
Other Fees	10	431	—	3
Interest and Other Investment Income				
Dividends and Interest	299,029	23,003	10,522	8,540
Net Appreciation (Depreciation) in Investments				
Reported at Fair Value	589,035	32,484	20,726	28,913
Less: Investment Expense	(14,660)	(5,378)	(421)	(2,617)
Other				
Transfers from Other Funds	—	—	—	2,548
Miscellaneous	—	379	—	3
Total Additions	1,558,875	92,843	41,550	60,408
Deductions:				
General and Administrative Expenses	7,142	1,507	820	1,137
Benefits	1,443,756	50,704	27,462	35,146
Refunds	7,691	1,149	553	88
Total Deductions	1,458,589	53,360	28,835	36,371
Change in Net Position Restricted for Pension Benefits	100,286	39,483	12,715	24,037
Net Position, July 1	13,517,186	894,869	466,657	474,474
Net Position, June 30	$ 13,617,472	$ 934,352	$ 479,372	$ 498,511

Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Teachers Retirement System	Total
$ —	$ —	$ 2,560,810	$ 3,216,653
14,444	30,263	5,414	108,720
3,542	2,256	759,474	811,956
—	—	—	444
20,088	20,675	1,705,874	2,087,731
34,840	40,726	3,312,578	4,059,302
(4,295)	(847)	(46,033)	(74,251)
—	—	179	2,727
119	—	—	501
68,738	93,073	8,298,296	10,213,783
1,193	1,378	15,276	28,453
36,683	63,636	4,950,465	6,607,852
460	609	76,543	87,093
38,336	65,623	5,042,284	6,723,398
30,402	27,450	3,256,012	3,490,385
795,273	914,138	75,532,925	92,595,522
$ 825,675	$ 941,588	$ 78,788,937	$ 96,085,907

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
Other Defined Benefit Pension Plans
June 30, 2019
(dollars in thousands)

	District Attorneys Retirement Fund	Augusta University Early Retirement Pension Plan	Judges of the Probate Courts Retirement Fund	Legislative Retirement System	Magistrates Retirement Fund
Assets					
Cash and Cash Equivalents	$ 2	$ 3,476	$ 2,325	$ 23	$ 1,048
Restricted Pooled Investments with State Treasury	—	—	—	28	—
Receivables					
Interest and Dividends	—	—	286	—	93
Due from Brokers for Securities Sold	—	—	611	—	87
Other	—	—	—	28	—
Investments					
Pooled Investments	—	—	—	34,559	—
Mutual Funds	—	67,692	—	—	—
Municipal, U.S. and Foreign Government Obligations	—	—	8,814	—	3,458
Corporate Bonds/Notes/Debentures	—	—	8,171	—	5,124
Stocks	—	34,208	67,324	—	17,333
Asset-backed Securities	—	—	3,639	—	—
Exchange Traded Funds	—	—	—	—	—
Mortgage Investments	—	—	—	—	587
Real Estate Investment Trusts	—	—	—	—	408
Total Assets	2	105,376	91,170	34,638	28,138
Liabilities					
Accounts Payable and Other Accruals	—	—	(2)	97	—
Due to Other Funds	—	—	2	1	—
Due to Brokers for Securities Purchased	—	—	60	—	90
Salaries/Withholdings Payable	—	—	—	—	2
Unearned Revenue	—	—	—	—	—
Total Liabilities	—	—	60	98	92
Net Position					
Restricted for Pension Benefits	$ 2	$ 105,376	$ 91,110	$ 34,540	$ 28,046

Georgia Military Pension Fund		Sheriffs' Retirement Fund		Superior Court Clerks' Retirement Fund		Superior Court Judges Retirement Fund		Total	
$	84	$	2,760	$	3,535	$	11	$	13,264
	—		—		—		—		28
	—		—		310		—		689
	—		125		1,578		—		2,401
	—		—		306		—		334
	26,404		—		—		—		60,963
	—		23,945		—		—		91,637
	—		9,495		41,924		—		63,691
	—		5,623		—		—		18,918
	—		44,445		70,328		—		233,638
	—		4,287		—		—		7,926
	—		2,853		—		—		2,853
	—		3,085		—		—		3,672
	—		404		—		—		812
	26,488		97,022		117,981		11		500,826
	71		235		196		5		602
	—		—		—		—		3
	—		—		1,555		—		1,705
	—		—		—		—		2
	—		—		3		—		3
	71		235		1,754		5		2,315
$	26,417	$	96,787	$	116,227	$	6	$	498,511

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
Other Defined Benefit Pension Plans
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	District Attorneys Retirement Fund	Early Retirement Pension Plan - Augusta University	Judges of the Probate Courts Retirement Fund	Legislative Retirement System	Magistrates Retirement Fund
Additions:					
Contributions					
Employer	$ 37	$ 13,085	$ —	$ —	$ —
NonEmployer	—	—	1,455	—	1,658
Plan Members	—	—	198	339	187
Other Contributions					
Other Fees	1	—	—	—	—
Interest and Other Investment Income					
Dividends and Interest	—	2,215	1,981	761	542
Net Appreciation (Depreciation) in Investments Reported at Fair Value	—	5,318	6,588	1,499	1,378
Less: Investment Expense	—	(164)	(775)	(32)	(378)
Other					
Transfers from Other Funds	—	—	—	—	—
Miscellaneous	—	—	—	—	—
Total Additions	38	20,454	9,447	2,567	3,387
Deductions:					
General and Administrative Expenses	1	—	106	290	100
Benefits	37	14,100	4,437	1,856	329
Refunds	—	—	7	70	6
Total Deductions	38	14,100	4,550	2,216	435
Change in Net Position Restricted for Pension Benefits	—	6,354	4,897	351	2,952
Net Position, July 1	2	99,022	86,213	34,189	25,094
Net Position, June 30	$ 2	$ 105,376	$ 91,110	$ 34,540	$ 28,046

Georgia Military Pension Fund	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Total
$ (11)	$ —	$ —	$ 626	$ 13,737
—	2,053	3,174	—	8,340
—	90	127	—	941
—	—	—	2	3
573	2,468	—	—	8,540
1,129	4,579	8,422	—	28,913
(19)	(631)	(618)	—	(2,617)
2,548	—	—	—	2,548
—	3	—	—	3
4,220	8,562	11,105	628	60,408
235	267	135	2	1,136
1,221	6,512	6,029	626	35,147
—	—	5	—	88
1,456	6,779	6,169	628	36,371
2,764	1,783	4,936	—	24,037
23,653	95,004	111,291	6	474,474
$ 26,417	$ 96,787	$ 116,227	$ 6	$ 498,511

Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2019
(dollars in thousands)

	Georgia Fund 1	Georgia Fund 1 Plus	Total
Assets			
Pooled Investments with State Treasury	$ 9,139,858	$ 152,307	$ 9,292,165
Interest Receivable	4,887	218	5,105
Total Assets	9,144,745	152,525	9,297,270
Liabilities			
Accounts Payable and Other Accruals	—	13	13
Total Liabilities	—	13	13
Net Position			
Restricted for Pool Participants	$ 9,144,745	$ 152,512	$ 9,297,257

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Georgia Fund 1	Georgia Fund 1 Plus	Total
Additions:			
Pool Participant Deposits	$ 12,286,525	$ 125,000	$ 12,411,525
Interest and Other Investment Income			
Dividends and Interest	208,185	2,509	210,694
Net Appreciation (Depreciation) in Investments Reported at Fair Value	—	53	53
Less: Investment Expense	(4,411)	(53)	(4,464)
Total Additions	12,490,299	127,509	12,617,808
Deductions:			
Pool Participant Withdrawals	10,678,886	—	10,678,886
Change in Net Position Restricted for Pool Participants	1,811,413	127,509	1,938,922
Net Position, July 1	7,333,332	25,003	7,358,335
Net Position, June 30	$ 9,144,745	$ 152,512	$ 9,297,257

Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2019
(dollars in thousands)

	Auctioneers Education, Research and Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Total
Assets				
Cash and Cash Equivalents	$ 134	$ —	$ 11,822	$ 11,956
Pooled Investments with State Treasury	568	2,310	271,851	274,729
Receivables				
Other	—	—	21,106	21,106
Capital Assets				
Buildings	—	—	826	826
Machinery and Equipment	—	—	94	94
Accumulated Depreciation	—	—	(698)	(698)
Net OPEB Asset	—	—	114	114
Total Assets	702	2,310	305,115	308,127
Deferred Outflows of Resources	—	—	421	421
Liabilities				
Accounts Payable and Other Accruals	—	2	36	38
Cash Overdraft	—	649	—	649
Compensated Absences Payable	—	—	68	68
Net OPEB Liability	—	—	658	658
Net Pension Liability	—	—	1,153	1,153
Other Liabilities	—	—	282	282
Total Liabilities	—	651	2,197	2,848
Deferred Inflows of Resources	—	—	626	626
Net Position				
Restricted for Other Purposes	$ 702	$ 1,659	$ 302,714	$ 305,075

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Auctioneers Education, Research and Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Total
Additions:				
Contributions/Assessments				
Participants	$ 11	$ 195	$ 110,133	$ 110,339
Interest and Other Investment Income				
Dividends and Interest	—	52	5,471	5,523
Total Additions	11	247	115,604	115,862
Deductions:				
General and Administrative Expenses	—	127	1,121	1,248
Benefits	—	—	33,734	33,734
Total Deductions	—	127	34,855	34,982
Change in Net Position Restricted for Other Purposes	11	120	80,749	80,880
Net Position, July 1	691	1,539	221,965	224,195
Net Position, June 30	$ 702	$ 1,659	$ 302,714	$ 305,075

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019
(dollars in thousands)

	Child Support Recovery Program	Detainees' Accounts	Flexible Benefits Program	Sales Tax Collections for Local Governments
Assets				
Cash and Cash Equivalents	$ 36,639	$ 54,651	$ 2,480	$ —
Pooled Investments with State Treasury	—	—	10,548	2,576
Accounts Receivable	—	—	—	4,444
Investments, at Fair Value				
Certificates of Deposit	—	—	—	—
Pooled Investments	—	—	—	—
Municipal, U. S. and Foreign Government Obligations	—	—	—	—
Other Assets	—	—	—	—
Total Assets	$ 36,639	$ 54,651	$ 13,028	$ 7,020
Liabilities				
Accounts Payable and Other Accruals	26	—	759	—
Funds Held for Others	36,613	54,651	12,269	7,020
Other Liabilities	—	—	—	—
Total Liabilities	$ 36,639	$ 54,651	$ 13,028	$ 7,020

Survivor's Benefit Fund		Telecom-munications Relay Service Fund		Universal Service Fund		Miscellaneous		Total	
$	86	$	102	$	—	$	43,953	$	137,911
	—		5,133		—		52,236		70,493
	—		—		—		1,126		5,570
	—		—		—		1,394		1,394
	158,658		—		—		249		158,907
	—		—		24,758		—		24,758
	—		—		—		10,369		10,369
$	158,744	$	5,235	$	24,758	$	109,327	$	409,402
	—		—		—		1,703		2,488
	158,744		5,235		24,758		107,422		406,712
	—		—		—		202		202
$	158,744	$	5,235	$	24,758	$	109,327	$	409,402

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Child Support Recovery Program				
Assets				
Cash and Cash Equivalents	$ 39,468	$ 796,366	$ 799,195	$ 36,639
Liabilities				
Accounts Payable and Other Accruals	$ 26	$ —	$ —	$ 26
Funds Held for Others	39,442	796,366	799,195	36,613
Total Liabilities	$ 39,468	$ 796,366	$ 799,195	$ 39,468
Detainees' Accounts				
Assets				
Cash and Cash Equivalents	$ 50,099	$ 173,392	$ 168,840	$ 54,651
Liabilities				
Funds Held for Others	$ 50,099	$ 173,392	$ 168,840	$ 54,651
Flexible Benefits Program				
Assets				
Cash and Cash Equivalents	$ 3,407	$ 113,299	$ 114,226	$ 2,480
Pooled Investments with State Treasury	9,620	132,814	131,886	10,548
Total Assets	$ 13,027	$ 246,113	$ 246,112	$ 13,028
Liabilities				
Accounts Payable and Other Accruals	$ 909	$ 154,554	$ 154,704	$ 759
Funds Held for Others	12,118	163,116	162,965	12,269
Total Liabilities	$ 13,027	$ 317,670	$ 317,669	$ 13,028
Insurance Premium Tax Collections for Local Governments				
Assets				
Cash and Cash Equivalents	$ —	$ 654,596	$ 654,596	$ —
Liabilities				
Funds Held for Others	$ —	$ 654,596	$ 654,596	$ —
Sales Tax Collections for Local Governments				
Assets				
Cash and Cash Equivalents	$ —	$ 6,012,534	$ 6,012,534	$ —
Pooled Investments with State Treasury	2,948	73	445	2,576
Accounts Receivable	3,134	4,444	3,134	4,444
Total Assets	$ 6,082	$ 6,017,051	$ 6,016,113	$ 7,020
Liabilities				
Funds Held for Others	$ 6,082	$ 6,017,051	$ 6,016,113	$ 7,020
Survivor's Benefit Fund				
Assets				
Cash and Cash Equivalents	$ 91	$ —	$ 5	$ 86
Investments	148,450	10,208	—	158,658
Total Assets	$ 148,541	$ 10,208	$ 5,000	$ 158,744
Liabilities				
Funds Held for Others	$ 148,541	$ 10,208	$ 5	$ 158,744

(continued)

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Telecommunications Relay Service Fund				
Assets				
Cash and Cash Equivalents	$ 102	$ 2,722	$ 2,722	$ 102
Pooled Investments with State Treasury	5,031	200	98	5,133
Total Assets	$ 5,133	$ 2,922	$ 2,820	$ 5,235
Liabilities				
Funds Held for Others	$ 5,133	$ 2,837	$ 2,735	$ 5,235
Universal Service Fund				
Assets				
Cash and Cash Equivalents	$ 3,334	$ 19,956	$ 23,290	$ —
Investments	26,113	30,860	32,215	24,758
Total Assets	$ 29,447	$ 50,816	$ 55,505	$ 24,758
Liabilities				
Funds Held for Others	$ 29,447	$ 36,961	$ 41,650	$ 24,758
Miscellaneous				
Assets				
Cash and Cash Equivalents	$ 39,852	$ 630,897	$ 626,796	$ 43,953
Pooled Investments with State Treasury	51,849	161,245	160,858	52,236
Accounts Receivable	7,621	3,091	9,586	1,126
Investments	1,674	14	45	1,643
Other Assets	12,620	10,380	12,631	10,369
Total Assets	$ 113,616	$ 805,627	$ 809,916	$ 109,327
Liabilities				
Accounts Payable and Other Accruals	$ 7,305	$ 11,898	$ 17,500	$ 1,703
Funds Held for Others	106,061	665,548	664,187	107,422
Other Liabilities	250	199	247	202
Total Liabilities	$ 113,616	$ 677,645	$ 681,934	$ 109,327
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 136,353	$ 8,403,762	$ 8,402,204	$ 137,911
Pooled Investments with State Treasury	69,448	294,332	293,287	70,493
Accounts Receivable	10,755	7,535	12,720	5,570
Investments	176,237	41,082	32,260	185,059
Other Assets	12,620	10,380	12,631	10,369
Total Assets	$ 405,413	$ 8,757,091	$ 8,753,102	$ 409,402
Liabilities				
Accounts Payable and Other Accruals	$ 8,240	$ 166,452	$ 172,204	$ 2,488
Funds Held for Others	396,923	8,520,075	8,510,286	406,712
Other Liabilities	250	199	247	202
Total Liabilities	$ 405,413	$ 8,686,726	$ 8,682,737	$ 409,402

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

NONMAJOR COMPONENT UNITS

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

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Component units are legally separate organizations for which the State's elected officials are considered to be financially accountable. Nonmajor component units are described below:

Economic Development Organizations

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

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

The **Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes, and to construct, operate and maintain the Savannah International Trade and Convention Center. State officials appoint nine of the 12 members of the Board.

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

The **Georgia Higher Education Assistance Corporation** is a nonprofit public authority, body corporate and politic. The Corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The Corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of 14 members appointed by the Governor.

The **Georgia Military College** (GMC) is a public authority, body corporate and politic, and is an instrumentality and a public corporation of the State. GMC is dedicated to providing a high-quality military education to the youth of the State. The Board of Trustees consists of the mayor of the City of Milledgeville and six additional members, one of which is elected from each of the six municipal voting districts of the City, as required by statute. The government, control, and management of GMC are vested in the Board of Trustees. GMC receives any designated funds appropriated by the General Assembly through the Board of Regents of the University System of Georgia.

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This Commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the Commission must be approved by the State. The Board consists of nine members appointed by the Governor. Financial information presented for the Commission includes its component unit, Foundation for Public Broadcasting in Georgia, Inc.

The **Georgia Regional Transportation Authority** is a body corporate and politic. Within its jurisdiction, the purpose of the Authority is to manage land transportation and air quality, review all Developments of Regional Impact (DRI), and approve the allocation of state and federal transportation resources in metro Atlanta via the Atlanta Transportation Improvement Program (TIP). The Authority also serves in an advisory capacity to the State Road and Tollway Authority related to the management and operations of the Xpress Commuter Bus Service. The Governor appoints all 15 Board Members of the Authority.

The **Georgia Student Finance Authority** is a body corporate and politic. This Authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the Authority by the State. State officials comprise four of the 14 members of the Board, and the Governor appoints the remaining 10.

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

The **REACH Georgia Foundation** is a nonprofit organization that was formed to ensure that Georgia's academically promising students have the academic, social and financial support needed to graduate from high school, access college and achieve postsecondary success. The REACH Georgia Program is the State of Georgia's first needs-based mentorship and college scholarship program and the Foundation's mission is to raise and invest funds.

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

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the 10 members of the Board, the Governor appoints four. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

Tourism / State Attractions

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

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members.

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor. Financial information presented for the Authority includes its component unit, Jekyll Island Foundation, Inc.

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board.

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the maintaining and operating of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and nine members appointed by the Governor.

STATE OF GEORGIA

CONSTITUTION

WISDOM

JUSTICE

MODERATION

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Combining Statement of Net Position
Nonmajor Component Units
June 30, 2019
(dollars in thousands)

	Economic Development Organizations	Georgia Higher Education Assistance Corporation	Higher Education Foundations	Georgia Military College	Georgia Public Telecommunications Commission
Assets					
Current Assets:					
Cash and Cash Equivalents	$ 13,375	$ 7,033	$ 380,052	$ 14,223	$ 2,170
Pooled Investments with State Treasury	102,462	15,593	279	—	—
Investments	—	—	90,582	—	18,756
Receivables					
Accounts (Net)	847	—	406,193	6,314	673
Capital Leases from Primary Government	—	—	84,743	—	—
Interest and Dividends	2,548	—	—	—	—
Notes and Loans (Net)	16,913	—	16	—	—
Taxes	859	—	—	—	—
Due from Primary Government	62,719	78	10,942	—	—
Due from Component Units	—	—	6,414	—	—
Intergovernmental Receivables	20	233	—	—	—
Inventory	1,617		20,647	2,254	
Other Current Assets	35	—	68,481	4	—
Restricted Assets					
Cash and Cash Equivalents	—	—	74,424	—	—
Investments	—	—	154,443	—	—
Other	—	—	46,474	—	—
Total Current Assets	201,395	22,937	1,343,690	22,795	21,599
Noncurrent Assets:					
Investments	—	—	458,393	—	—
Receivables					
Capital Leases from Primary Government	—	—	2,170,155	—	—
Notes and Loans	175,848	—	—	—	—
Other (Net)	—	—	43,108	—	—
Restricted Assets					
Cash and Cash Equivalents	11	—	263,607	—	—
Investments	—	—	1,638,877	—	—
Net OPEB Asset				30	504
Receivables					
Other	—	—	75,438	—	—
Non-depreciable Capital Assets	8,402		232,628	3,240	1,479
Depreciable Capital Assets (Net)	2,654	—	858,453	73,803	1,512
Other Noncurrent Assets	—	—	20,608	—	—
Total Noncurrent Assets	186,915	—	5,761,267	77,073	3,495
Total Assets	388,310	22,937	7,104,957	99,868	25,094
Deferred Outflows of Resources	—	—	50,520	16,870	3,369

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
$ 85	$ 21,413	$ 44	$ 26,369	$ 10,634	$ 18,453	$ 493,851
—	2,312	4	19,761	—	7,483	147,894
28,911	418	—	—	—	149	138,816
—	1,780	—	—	1,158	11,299	428,264
—	—	—	—	—	—	84,743
—	—	—	1,492	—	—	4,040
—	—	—	151,270	—	—	168,199
—	—	—	—	—	—	859
200	—	—	1,600	—	—	75,539
—	—	—	18,971	—	—	25,385
—	9,150	2,263	—	—	—	11,666
—	2,501	—	—	—	1,172	28,191
—	196	—	234	56	4,578	73,584
129	—	—	—	10,616	—	85,169
—	—	—	—	—	—	154,443
—	—	—	—	—	—	46,474
29,325	37,770	2,311	219,697	22,464	43,134	1,967,117
—	—	—	—	—	—	458,393
	—	—	—	—	—	2,170,155
—	—	—	—	—	—	175,848
—	—	—	—	—	—	43,108
—	—	—	—	—	—	263,618
—	—	—	—	—	—	1,638,877
—	63	—	—	133	632	1,362
—	—	—	—	—	—	75,438
—	575	—	655	—	34,064	281,043
—	4,722	—	1,158	2,133	203,157	1,147,592
—	—	—	—	—	—	20,608
—	5,360	—	1,813	2,266	237,853	6,276,042
29,325	43,130	2,311	221,510	24,730	280,987	8,243,159
—	24,436	—	—	431	3,887	99,513

(continued)

Combining Statement of Net Position
Nonmajor Component Units
June 30, 2019
(dollars in thousands)

	Economic Development Organizations	Georgia Higher Education Assistance Corporation	Higher Education Foundations	Georgia Military College	Georgia Public Telecommunications Commission
Liabilities					
Current Liabilities:					
Accounts Payable and Other Accruals	5,302	100	138,944	3,837	878
Due to Primary Government	—	—	463,692	—	15
Due to Component Units	—	83	373	—	—
Funds Held for Others	—	—	43,338	—	—
Unearned Revenue	—	—	110,347	3,715	47
Notes and Loans Payable	—	—	41,079	236	—
Revenue/Mortgage Bonds Payable	—	—	112,684	—	—
Other Current Liabilities	4,064	34	88,442	578	285
Current Liabilities Payable from Restricted Assets:					
Other	—	—	—	—	—
Total Current Liabilities	9,366	217	998,899	8,366	1,225
Noncurrent Liabilities:					
Unearned Revenue	—	—	15,142	—	—
Notes and Loans Payable	—	—	108,027	2,143	—
Revenue/Mortgage Bonds Payable	—	—	2,749,687	—	—
Derivative Instrument Payable	—	—	37,493	—	—
Net OPEB Liability	—	—	6,759	27,264	15,683
Net Pension Liability	—	—	—	34,822	12,204
Other Noncurrent Liabilities	50,253	1,545	110,568	—	822
Total Noncurrent Liabilities	50,253	1,545	3,027,676	64,229	28,709
Total Liabilities	59,619	1,762	4,026,575	72,595	29,934
Deferred Inflows of Resources	—	—	16,363	7,386	3,540
Net Position					
Net Investment in Capital Assets,	11,057	—	323,708	74,663	2,991
Restricted for:					
Bond Covenants/Debt Service	—	—	13,128	—	—
Capital Projects	—	—	200,246	—	—
Permanent Trust Expendable	—	—	629,143	—	—
Other Purposes	80,638	—	112,760	—	—
Nonexpendable:					
Permanent Trust	—	—	1,002,281	—	—
Other Purposes	—	—	46,977	—	—
Unrestricted	236,996	21,175	784,296	(37,906)	(8,002)
Total Net Position	$ 328,691	$ 21,175	$ 3,112,539	$ 36,757	$ (5,011)

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
—	7,297	2,292	780	4,147	3,400	166,977
—	1	—	—	—	6	463,714
18,888	—	—	—	—	—	19,344
—	—	—	—	—	—	43,338
—	348	—	479	—	2,324	117,260
—	116	—	—	—	1,028	42,459
—	485	—	—	—	518	113,687
—	56	1	17	—	1,348	94,825
—	—	—	—	7,317	—	7,317
18,888	8,303	2,293	1,276	11,464	8,624	1,068,921
—	—	—	—	—	—	15,142
—	137	—	—	—	7,264	117,571
—	1,030	—	—	—	5,285	2,756,002
—	—	—	—	—	—	37,493
—	52,269	—	—	697	2,146	104,818
—	69,125	—	—	1,251	13,164	130,566
—	161	—	3,440	—	797	167,586
—	122,722	—	3,440	1,948	28,656	3,329,178
18,888	131,025	2,293	4,716	13,412	37,280	4,398,099
—	23,280	—	—	475	1,690	52,734
—	4,390	—	1,791	2,132	231,230	651,962
—	—	—	—	—	—	13,128
—	—	—	—	—	—	200,246
—	—	—	—	—	—	629,143
10,351	62	—	181,376	—	5,328	390,515
—	—	—	—	—	—	1,002,281
—	—	—	—	—	—	46,977
86	(91,191)	18	33,627	9,142	9,346	957,587
error	$ (86,739)	$ 18	$ 216,794	$ 11,274	$ 245,904	$ 3,891,839

Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended June 30, 2019
(dollars in thousands)

	Economic Development Organizations	Georgia Higher Education Assistance Corporation	Higher Education Foundations	Georgia Military College	Georgia Public Telecommunications Commission
Expenses	$ 80,607	$ 1,384	$ 2,743,688	$ 80,898	$ 41,001
Program Revenues:					
Sales and Charges for Services	13,166	2,873	1,327,333	37,179	5,682
Operating Grants and Contributions	77,773	352	1,420,295	46,379	13,572
Capital Grants and Contributions	—	—	18,467	—	576
Total Program Revenues	90,939	3,225	2,766,095	83,558	19,830
Net (Expenses) Revenue	10,332	1,841	22,407	2,660	(21,171)
General Revenues:					
Taxes	4,291	—	—	—	—
Unrestricted Investment Income	—	—	41,424	—	—
Payments from the Primary Government	62,719	—	31,992	—	15,198
Contributions to Permanent Endowments	—	—	57,200	—	—
Total General Revenues	67,010	—	130,616	—	15,198
Change in Net Position	77,342	1,841	153,023	2,660	(5,973)
Net Position, July 1 - Restated (Note 3)	251,349	19,334	2,959,516	34,097	962
Net Position, June 30	$ 328,691	$ 21,175	$ 3,112,539	$ 36,757	$ (5,011)

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
$ 556	$ 94,298	$ 27,181	$ 47,260	$ 17,975	$ 65,135	$ 3,199,983
—	21,147	—	42,844	17,384	56,273	1,523,881
3,703	78,715	14,372	26,000	222	1,326	1,682,709
—	—	—	—	—	14,460	33,503
3,703	99,862	14,372	68,844	17,606	72,059	3,240,093
3,147	5,564	(12,809)	21,584	(369)	6,924	40,110
—	—	—	—	—	2,467	6,758
400	—	—	—	—	—	41,824
—	—	12,809	—	—	1,075	123,793
—	—	—	—	—	—	57,200
400	—	12,809	—	—	3,542	229,575
3,547	5,564	—	21,584	(369)	10,466	269,685
6,890	(92,303)	18	195,210	11,643	235,438	3,622,154
$ 10,437	$ (86,739)	$ 18	$ 216,794	$ 11,274	$ 245,904	$ 3,891,839


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

STATISTICAL SECTION

HICKORY LOG CREEK

Canton, Georgia

Submitted by the Georgia Environmental Finance Authority

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

This part of the *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

Index **Page**

Financial Trends Information

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader assess the State's most significant revenue source: personal income tax.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

Sources: : Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year.

Schedule 1
Net Position by Component
For the Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	2019	2018	2017	2016
Governmental Activities (1) (3)				
Net Investment in Capital Assets	$ 20,361,680	$ 19,542,361	$ 18,575,368	$ 17,213,380
Restricted	6,275,129	5,792,152	5,013,504	4,499,014
Unrestricted	(7,660,565)	(8,506,350)	(5,210,957)	(5,745,504)
Total Governmental Activities Net Position	$ 18,976,244	$ 16,828,163	$ 18,377,915	$ 15,966,890
Business-type Activities (1) (2)				
Net Investment in Capital Assets	$ 8,429,136	$ 7,849,961	$ 7,773,009	$ 7,529,660
Restricted	3,349,557	2,955,296	2,639,561	1,837,521
Unrestricted	(6,201,340)	(6,250,035)	(4,484,701)	(3,857,184)
Total Business-type Activities Net Position	$ 5,577,353	$ 4,555,222	$ 5,927,869	$ 5,509,997
Total Primary Government (1) (2) (3)				
Net Investment in Capital Assets	$ 25,566,212	$ 24,372,160	$ 23,502,948	$ 21,892,080
Restricted	9,624,686	8,747,448	7,653,065	6,336,535
Unrestricted	(10,637,301)	(11,736,223)	(6,850,229)	(6,751,728)
Total Primary Government Net Position	$ 24,553,597	$ 21,383,385	$ 24,305,784	$ 21,476,887

(1) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit was reported as governmental activities. In fiscal year 2017, SRTA was re-examined again and it was determined that the toll facilities and customer service center (previously part of governmental activities) are now reported as part of business-type activities.

(2) Beginning in fiscal year 2013, the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc., the Georgia State University Foundation, Inc., the Georgia State University Research Foundation, Inc., the Georgia Tech Facilities, Inc., the University System of Georgia Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in the fiscal year 2014, the activity of the Georgia Southern University Housing Foundation, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the North Georgia Real Estate Foundation, Inc., and the UWG Real Estate Foundation, Inc. component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in fiscal year 2015, the activity of the Georgia State University Foundation, Inc. is discretely presented (previously blended) and the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Beginning in fiscal year 2016, the Georgia Tech Facilities, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the University of North Georgia Real Estate Foundation, Inc., and the University System of Georgia Foundation, Inc. are discreetly presented (previously blended) and the activity of the Georgia State University Research Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. In fiscal year 2017 the Georgia Southern University Housing Foundation, Inc., UWG Real Estate Foundation, Inc. and VSU Auxiliary Services Real Estate Foundation, Inc. are reported as discretely presented component units (previously Higher Education Fund).

(3) Beginning in fiscal year 2015, Governmental Activities classification of outstanding general obligation bonds for the purposes of capital acquisition and construction on behalf of Business Type Activities, previously reported as net investment in capital assets, is presented as unrestricted. For the Primary Government, the presentation of these outstanding general obligation bonds is presented as net investment in capital assets.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*

Fiscal Year

2015	2014	2013	2012	2011	2010
$ 16,562,899	$ 13,186,605	$ 13,737,276	$ 13,355,209	$ 12,880,313	$ 12,550,617
3,668,030	3,653,903	3,301,316	3,968,493	4,031,347	2,605,116
(6,914,616)	(1,644,265)	(1,781,096)	(2,456,411)	(2,106,699)	(648,171)
$ 13,316,313	$ 15,196,243	$ 15,257,496	$ 14,867,291	$ 14,804,961	$ 14,507,562
$ 7,344,726	$ 6,575,166	$ 6,502,029	$ 6,257,436	$ 5,952,035	$ 5,426,787
1,546,723	1,367,598	816,428	457,265	489,736	423,325
(3,957,761)	(820,616)	(1,063,406)	(1,293,130)	(1,069,413)	(546,363)
$ 4,933,688	$ 7,122,148	$ 6,255,051	$ 5,421,571	$ 5,372,358	$ 5,303,749
$ 20,926,469	$ 19,761,771	$ 20,239,305	$ 19,612,645	$ 18,832,348	$ 17,977,404
5,214,753	5,021,501	4,117,744	4,425,758	4,521,083	3,028,441
(7,891,221)	(2,464,881)	(2,844,502)	(3,749,541)	(3,176,112)	(1,194,534)
$ 18,250,001	$ 22,318,391	$ 21,512,547	$ 20,288,862	$ 20,177,319	$ 19,811,311

Schedule 2
Changes in Net Position
For the Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	2019	2018	2017	2016
Expenses				
Governmental Activities				
General Government	$ 1,262,837	$ 1,380,132	$ 1,229,891	$ 1,385,643
Education	13,892,451	13,266,545	12,655,824	12,024,645
Health and Welfare	18,015,041	18,082,536	17,238,499	16,795,986
Transportation [1]	2,668,539	2,400,875	1,964,380	1,917,223
Public Safety	2,605,402	2,525,521	2,628,645	2,145,769
Economic Development and Assistance	465,465	524,516	645,604	509,074
Culture and Recreation	309,863	308,917	279,375	279,772
Conservation	54,758	72,135	60,603	59,409
Interest and Other Charges on Long-Term Debt [1]	381,895	379,211	394,388	424,595
Total Governmental Activities	39,656,251	38,940,388	37,097,209	35,542,116
Business-type Activities				
Higher Education Fund [2]	9,739,025	9,300,291	9,063,716	8,576,540
State Health Benefit Plan	2,613,192	2,882,954	2,296,062	2,153,073
Unemployment Compensation Fund	319,367	325,523	328,266	379,714
Nonmajor Enterprise Funds [1] [2]	205,638	207,054	194,402	11,587
Total Business-type Activities	12,877,222	12,715,822	11,882,446	11,120,914
Total Primary Government Expenses	$ 52,533,473	$ 51,656,210	$ 48,979,655	$ 46,663,030
Program Revenues				
Governmental Activities [1] [2] [3]				
Sales and Charges for Services				
General Government	$ 761,015	$ 724,539	$ 698,096	$ 799,281
Health and Welfare	75,300	78,995	292,832	91,838
Public Safety	187,020	184,472	186,972	167,297
Other Sales and Charges for Services	277,008	273,257	236,843	275,045
Operating Grants and Contributions	16,236,248	16,277,251	15,611,324	15,372,385
Capital Grants and Contributions	1,614,685	1,560,745	1,608,086	1,377,654
Total Governmental Activities	19,151,276	19,099,259	18,634,153	18,083,500
Business-type Activities [1]				
Sales and Charges for Services				
Higher Education Fund [2]	3,730,124	3,578,611	3,552,863	3,509,384
State Health Benefit Plan [4]	2,523,714	2,965,082	2,188,034	2,121,100
Unemployment Compensation Fund [4]	592,707	649,655	709,830	785,392
Nonmajor Enterprise Funds [1] [2]	40,566	43,124	30,181	11,640
Operating Grants and Contributions	3,354,730	3,031,969	2,788,516	2,636,285
Capital Grants and Contributions	109,838	107,167	79,085	60,543
Total Business-type Activities	10,351,679	10,375,608	9,348,509	9,124,344
Total Primary Government Program Revenues	$ 29,502,955	$ 29,474,867	$ 27,982,662	$ 27,207,844
Net (Expense) Revenue				
Governmental Activities [1]	$ (20,504,975)	$ (19,841,129)	$ (18,463,056)	$ (17,458,616)
Business-type Activities [2] [3] [4]	(2,525,543)	(2,340,214)	(2,533,937)	(1,996,570)
Total Primary Government	$ (23,030,518)	$ (22,181,343)	$ (20,996,993)	$ (19,455,186)

Fiscal Year

2015	2014	2013	2012	2011	2010
$ 1,735,174	$ 1,658,846	$ 1,606,626	$ 1,326,657	$ 1,222,954	$ 1,467,147
11,408,408	10,788,262	10,770,532	10,100,155	10,002,351	10,731,693
16,589,708	16,107,840	16,033,221	15,657,704	14,745,268	14,210,928
1,904,464	1,845,850	1,656,662	1,519,707	1,517,213	1,752,933
1,994,413	2,002,615	2,012,501	1,912,814	1,974,964	1,834,315
590,676	510,338	515,874	783,308	843,912	808,742
236,922	247,170	240,018	233,043	233,608	287,860
54,280	37,002	51,038	50,334	59,159	62,059
678,888	592,668	616,328	638,775	462,602	446,520
35,192,933	33,790,591	33,502,800	32,222,497	31,062,031	31,602,197
8,323,884	7,984,962	7,931,918	7,916,281	7,622,542	7,067,724
2,025,638	2,032,910	2,193,829	2,362,677	2,224,280	2,298,354
458,112	1,152,763	1,858,989	2,240,295	2,954,208	4,011,802
158,809	229,630	191,949	35,735	26,613	26,174
10,966,443	11,400,265	12,176,685	12,554,988	12,827,643	13,404,054
$ 46,159,376	$ 45,190,856	$ 45,679,485	$ 44,777,485	$ 43,889,674	$ 45,006,251
$ 621,448	$ 2,770,681	$ 2,205,860	$ 1,912,183	$ 1,887,736	$ 1,763,847
134,140	562,606	576,110	489,289	473,934	245,953
157,056	154,324	161,190	162,970	160,161	135,736
260,346	236,035	235,067	264,309	248,385	263,202
15,758,799	14,780,822	15,317,258	14,764,360	14,029,675	15,656,694
1,182,723	1,239,876	1,310,696	1,142,924	1,473,052	1,599,721
18,114,512	19,744,344	19,806,181	18,736,035	18,272,943	19,665,153
3,241,333	2,993,298	2,992,037	2,922,710	2,647,604	2,408,042
2,363,917	—	—	—	—	—
849,070	—	—	—	—	—
95,020	146,407	114,152	38,716	35,476	34,142
2,611,058	6,695,670	7,251,162	7,245,740	7,557,366	7,837,041
102,216	36,664	90,665	36,157	106,217	41,634
9,262,614	9,872,039	10,448,016	10,243,323	10,346,663	10,320,859
$ 27,377,126	$ 29,616,383	$ 30,254,197	$ 28,979,358	$ 28,619,606	$ 29,986,012
$ (17,078,421)	$ (14,046,247)	$ (13,696,619)	$ (13,486,462)	$ (12,789,088)	$ (11,937,044)
(1,703,829)	(1,528,226)	(1,728,669)	(2,311,665)	(2,480,980)	(3,083,195)
$ (18,782,250)	$ (15,574,473)	$ (15,425,288)	$ (15,798,127)	$ (15,270,068)	$ (15,020,239)

Schedule 2
Changes in Net Position
For the Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	2019	2018	2017	2016
General Revenues and Other Changes in Net Position				
Governmental Activities (1) (2)				
General Revenues				
Taxes				
Individual Income	$ 12,255,424	$ 11,109,361	$ 11,318,052	$ 9,799,035
Sales - General	6,226,817	5,905,929	5,798,400	5,730,560
Motor Fuel Tax	1,836,890	1,800,191	1,741,413	1,668,568
Motor Vehicle License and Title Ad Valorem Taxes(4)	1,253,113	1,314,354	1,347,626	1,307,054
Corporate Tax	1,272,157	1,004,524	955,791	981,475
Other Taxes	939,419	1,124,370	607,929	1,515,674
Lottery for Education - Lottery Proceeds(4)	1,207,369	1,143,515	1,101,062	1,097,823
Nursing Home and Hospital Provider Fees(4)	488,218	465,595	442,576	434,126
Tobacco Settlement Funds(4)	163,851	168,926	140,938	137,035
Unrestricted Investment Income	205,072	104,230	50,631	33,936
Unclaimed Property	144,841	151,462	143,683	153,257
Other	221,221	184,240	196,046	12,916
Special Items	—	—	—	—
Transfers	(3,485,850)	(2,993,509)	(2,803,960)	(2,639,131)
Total Governmental Activities	22,728,542	21,483,188	21,040,187	20,232,328
Business-type Activities (1) (2)				
General Revenues				
Contributions to Permanent Endowments	1,300	345	833	137
Transfers	3,485,850	2,993,509	2,803,960	2,639,131
Total Business-type Activities	3,487,150	2,993,854	2,804,793	2,639,268
Total Primary Government General Revenues and Other Changes in Net Position	$ 26,215,692	$ 24,477,042	$ 23,844,980	$ 22,871,596
Changes in Net Position				
Governmental Activities (1) (2)	$ 2,223,567	$ 1,642,059	$ 2,577,131	$ 2,773,712
Business-type Activities (1) (2) (3)	961,607	653,640	270,856	642,698
Total Primary Government	$ 3,185,174	$ 2,295,699	$ 2,847,987	$ 3,416,410

(1) Beginning in fiscal year 2013, the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc., the Georgia State University Foundation, Inc., the Georgia State University Research Foundation, Inc., the Georgia Tech Facilities, Inc., the University System of Georgia Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in the fiscal year 2014, the activity of the Georgia Southern University Housing Foundation, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the North Georgia Real Estate Foundation, Inc., and the UWG Real Estate Foundation, component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in fiscal year 2015, the activity of the Georgia State University Foundation, Inc. is discretely presented (previously blended) and the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Beginning in fiscal year 2016, the Georgia Tech Facilities, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the University of North Georgia Real Estate Foundation, Inc., and the University System of Georgia Foundation, Inc. are discreetly presented (previously blended) and the activity of the Georgia State University Research Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Additionally, Georgia Southern University Housing Foundation, Inc., UWG Real Estate Foundation, Inc., and VSU Auxiliary Services Real Estate Foundation, Inc. are reported in the Higher Education Fund (previously blended nonmajor enterprise funds). Then in fiscal year 2017 these three foundations no longer met the requirements for being reported in the Higher Education Fund and are reported as discretely presented component units.

(2) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit are reported as Governmental Activities. In fiscal year 2017, SRTA was re-examined again and it was determined that the toll facilities and customer service center (previously part of governmental activities) are now reported as part of business-type activities.

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 9,769,658	$ 8,976,720	$ 8,854,916	$ 8,196,187	$ 7,797,739	$ 7,109,984
5,235,481	4,988,620	5,082,342	5,141,871	5,133,404	5,196,117
1,210,079	1,196,154	1,149,110	1,201,532	931,443	853,740
1,167,421	—	—	—	—	—
1,014,290	949,815	806,881	658,303	582,039	728,740
774,605	801,605	752,103	776,813	816,856	752,448
980,653	—	—	—	—	—
454,372	—	—	—	—	—
138,385	—	—	—	—	—
9,103	4,995	323	6,183	(3,066)	993
156,360	148,129	138,832	83,215	98,098	85,277
9,646	12,112	126,862	12,909	30,285	44,183
—	—	—	—	288,000	(10,090)
(2,657,978)	(2,308,895)	(2,377,595)	(2,346,986)	(2,532,118)	(2,269,701)
18,262,075	14,769,255	14,533,774	13,730,027	13,142,680	12,491,691
—	7,522	1,231	—	—	—
2,657,978	2,308,895	2,377,595	2,346,986	2,532,118	2,269,701
2,657,978	2,316,417	2,378,826	2,346,986	2,532,118	2,269,701
$ 20,920,053	$ 17,085,672	$ 16,912,600	$ 16,077,013	$ 15,674,798	$ 14,761,392
$ 1,183,654	$ 723,008	$ 837,155	$ 243,565	$ 353,592	$ 554,647
954,149	788,191	650,157	35,321	51,138	(813,494)
$ 2,137,803	$ 1,511,199	$ 1,487,312	$ 278,886	$ 404,730	$ (258,847)

Beginning in fiscal year 2015, Motor Vehicle License and Title ad valorem Taxes, Lottery for Education - Lottery Proceeds, Nursing Home and Hospital Provider Fees, and Tobacco Settlement Funds, previously reported within the General Government function program revenues, are reported as general revenues of the Governmental Activities.

Beginning in fiscal year 2015, State Health Benefit Plan - Contributions/Premiums and Unemployment Compensation Fund - Contributions, previously reported within Program Revenues, Business-type Activities, Operating Grants and Contributions are reported as Sales and Charges for Services.

Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers (certain amounts restated for purposes of comparability)

Schedule 3
Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	2019	2018	2017	2016	2015
General Fund					
Nonspendable	$ 20,780	$ 35,375	$ 82,570	$ 66,744	$ 50,979
Restricted	5,438,608	5,118,497	4,652,244	4,112,561	3,284,676
Unrestricted					
Committed	9,385	11,753	10,921	9,287	7,713
Assigned	522,273	437,737	418,815	345,667	444,077
Unassigned	2,833,072	2,506,449	2,211,442	1,795,230	1,282,974
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	$ 8,824,118	$ 8,109,811	$ 7,375,992	$ 6,329,489	$ 5,070,419
All Other Governmental Funds (1) (2)					
Nonspendable	$ 16,770	$ 16,770	$ 15,289	$ 136	$ 257
Restricted	1,916,578	1,475,928	1,310,861	1,242,119	1,074,877
Unrestricted					
Assigned	72,796	84,912	74,100	69,288	60,062
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Total All Other Governmental Funds	$ 2,006,144	$ 1,577,610	$ 1,400,250	$ 1,311,543	$ 1,135,196

(1) Beginning in fiscal year 2015, all activities of SRTA, a blended component unit, are reported as Special Revenue Funds (previously only the balances of its General Fund are included in the State’s Special Revenue Funds). In fiscal year 2017, the activities of SRTA were re-examined, and only SRTA’s General Fund is included in the State’s Special Revenue Funds.

(2) Beginning in fiscal year 2011, fund balance categories were reclassified as a result of implementing GASB Statement No. 54. Fund balance was not restated to the new categories for prior years.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*
(certain amounts restated for purposes of comparability)

Fiscal Year

2014	2013	2012	2011	2010
$ 54,972	$ 56,937	$ 74,206	$ 94,810	$ —
3,371,495	3,177,010	3,004,697	2,951,729	—
3,232	4,954	7,695	9,403	—
325,552	365,985	298,557	256,676	—
1,073,662	798,630	334,655	401,414	—
—	—	—	—	3,737,311
—	—	—	—	(41,837)
$ 4,828,913	$ 4,403,516	$ 3,719,810	$ 3,714,032	$ 3,695,474
$ 14	$ 14	$ 8,398	$ 68	$ —
1,216,195	1,065,153	963,782	1,079,604	—
74,489	55,061	18,227	20,442	—
—	—	—	—	43,114
—	—	—	—	33,319
—	—	—	—	1,323,352
$ 1,290,698	$ 1,120,228	$ 990,407	$ 1,100,114	$ 1,399,785

Schedule 4
Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	2019	2018	2017	2016	2015
Revenues [1]					
Taxes					
Individual Income	$ 12,202,473	$ 11,644,160	$ 11,023,806	$ 10,078,312	$ 9,714,090
Sales - General	6,286,292	6,019,297	5,781,149	5,473,282	5,263,011
Motor Fuel Tax	1,836,890	1,800,191	1,741,414	1,668,568	1,210,079
Motor Vehicle License and Title ad valorem Taxes[3]	1,253,113	1,314,354	1,347,626	1,307,054	1,167,421
Corporate Tax	1,272,157	1,004,524	955,790	981,475	1,014,290
Other Taxes	851,105	1,057,108	977,494	1,186,308	871,158
Licenses and Permits	406,811	423,796	392,102	499,313	328,028
Intergovernmental - Federal	16,930,680	16,926,361	16,543,931	15,946,548	16,056,116
Intergovernmental - Other	663,598	637,053	519,077	547,897	646,442
Sales and Services	429,050	426,328	608,204	403,849	439,342
Fines and Forfeits	523,033	475,711	475,421	464,064	444,301
Interest and Other Investment Income	285,225	142,282	68,780	50,219	26,243
Unclaimed Property	144,841	151,462	143,683	153,257	156,360
Lottery Proceeds	1,207,369	1,143,515	1,101,062	1,097,823	980,653
Nursing Home Provider Fees	154,263	161,575	156,746	163,524	175,414
Hospital Provider Payments	333,955	304,020	285,830	270,602	278,958
Other	328,212	308,655	288,396	130,774	129,092
Total Revenues	45,109,067	43,940,392	42,410,511	40,422,869	38,900,998
Expenditures [1]					
Current					
General Government	1,018,790	963,123	915,149	1,021,257	1,059,255
Education	13,859,041	13,271,141	12,605,566	12,010,308	11,435,031
Health and Welfare	18,192,601	18,205,579	17,225,344	16,872,312	16,713,851
Transportation	3,239,744	2,882,072	2,901,428	2,181,785	2,095,554
Public Safety	2,697,770	2,607,044	2,540,030	2,193,494	2,122,905
Economic Development and Assistance	525,126	565,462	692,393	600,031	610,472
Culture and Recreation	311,170	302,262	301,768	304,703	263,263
Conservation	62,549	85,328	58,888	56,514	53,394
Capital Outlay	890,631	902,083	889,793	765,976	1,010,110
Debt Service					
Principal	1,029,075	1,068,590	1,042,625	988,145	966,445
Interest	436,216	430,077	419,177	449,666	460,214
Other Charges	23,765	27,036	26,541	25,848	27,284
Intergovernmental	178,421	246,015	175,136	200,373	223,531
Total Expenditures	42,464,899	41,555,812	39,793,838	37,670,412	37,041,309
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,644,168	2,384,580	2,616,673	2,752,457	1,859,689

Fiscal Year

2014	2013	2012	2011	2010
$ 8,976,720	$ 8,854,916	$ 8,196,187	$ 7,797,739	$ 7,109,984
4,988,620	5,082,342	5,141,871	5,133,404	5,196,117
1,196,153.73	1,149,110	1,201,532	931,443	853,740
—	—	—	—	—
949,815.07	806,881	658,303	582,039	728,740
801,605.2	752,103	776,813	816,856	752,448
1,387,113	753,517	593,541	581,994	507,764
15,359,809	15,935,839	15,294,531	14,709,708	16,456,059
590,000	626,723	505,974	652,244	569,179
449,697	483,606	440,951	471,236	490,954
446,646	607,862	450,457	458,341	300,032
23,365	7,244	18,580	12,930	41,535
148,129	138,832	83,215	98,098	85,277
945,097	927,479	901,329	846,106	883,882
169,521	176,864	132,393	128,771	122,047
237,978	232,080	225,260	215,080	—
68,375	75,148	72,657	94,327	96,393
36,738,644	36,610,546	34,693,594	33,530,316	34,194,151
1,119,722	1,045,120	920,513	873,658	860,558
10,787,182	10,768,786	10,099,224	9,981,903	10,719,216
16,106,379	16,031,121	15,668,820	14,721,528	14,211,763
1,847,149	1,879,877	1,664,812	1,699,712	2,127,591
1,969,468	2,033,814	1,921,717	1,874,257	1,895,659
512,286	494,016	782,055	836,341	787,261
257,416	263,636	258,472	275,974	275,746
47,471	51,314	54,694	51,573	62,430
699,126	600,128	674,905	882,731	500,166
850,290	774,855	803,600	845,300	804,560
466,787	461,432	475,208	493,845	485,195
75,372	155,290	98,368	57,923	42,203
209,097	138,161	239,879	153,190	220,118
34,947,745	34,697,550	33,662,267	32,747,935	32,992,466
1,790,899	1,912,996	1,031,327	782,381	1,201,685

(continued)

Schedule 4
Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	2019	2018	2017	2016	2015
Other Financing Sources (Uses) (1)					
General Obligation Bonds Issuance	1,228,625	1,041,015	920,035	1,008,355	823,555
Refunding Bonds Issuance	285,915	634,545	1,340,265	275,985	159,350
Revenue Bond Issuance	—	—	—	—	11,057
Debt Issuance - Other	63,850	63,850	52,720	20,926	—
Premium on General Obligation Bonds Sold	95,163	119,498	111,054	94,194	78,602
Premium on Refunding Bonds Sold	27,159	91,178	283,301	—	13,819
Premium on GARVEE Bonds Sold	11,455	11,455	—	—	—
Payment to Refunded Bond Escrow Agent	(313,095)	(724,870)	(1,620,595)	(302,322)	(173,032)
Capital Leases	16,304	9,625	35,155	27,617	12,825
Transfers In	1,653,039	1,705,963	1,594,219	1,718,186	1,609,361
Transfers Out	(4,477,445)	(4,425,660)	(4,165,721)	(4,081,733)	(3,882,868)
Net Other Financing Sources (Uses)	(1,409,030)	(1,473,401)	(1,449,567)	(1,238,792)	(1,347,331)
Special Item	—	—	—	—	—
Net Change in Fund Balance	$ 1,235,138	$ 911,179	$ 1,167,106	$ 1,513,665	$ 512,358
Debt Service Expenditures as a Percentage of Noncapital Expenditures (2)	3.60%	3.77%	3.90%	3.98%	3.98%

(1) Beginning in fiscal year 2015, all activities of SRTA, a blended component unit, are reported as Special Revenue Funds (previously only the balances of its General Fund are included in the State's Special Revenue Funds). In fiscal year 2017, the activities of SRTA were re-examined, and only SRTA's General Fund is included in the State's Special Revenue Funds.

(2) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

(3) Beginning in fiscal year 2015, Motor Vehicle License and Title ad valorem Taxes previously reported as Licenses and Permits are reported as Taxes.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers

Fiscal Year				
2014	2013	2012	2011	2010
857,670	834,870	803,615	653,925	793,855
—	486,825	719,465	344,420	640,825
32,718	—	—	—	—
—	—	—	—	—
62,075	124,742	78,781	32,170	25,206
—	102,681	86,523	55,821	112,131
—	—	—	—	—
—	(587,396)	(805,945)	(398,339)	(750,209)
8,207	5,847	11,179	25,851	6,201
1,550,566	1,424,420	1,414,093	1,467,443	1,959,530
(3,706,268)	(3,481,263)	(3,409,603)	(3,532,786)	(3,923,140)
(1,195,032)	(1,089,274)	(1,101,892)	(1,351,495)	(1,135,601)
—	—	—	288,000	—
$ 595,867	$ 823,722	$ (70,565)	$ (281,114)	$ 66,084
3.91%	3.67%	3.95%	4.27%	4.09%

Schedule 5
Revenue Base - Personal Income by Industry
For the Last Ten Calendar Years
(dollars in millions)

	2018	2017	2016	2015
Accommodation and Food Services	$ 10,980	$ 10,507	$ 10,209	$ 9,838
Administrative and Waste Management Services	17,805	16,932	15,610	15,166
Arts, Entertainment and Recreation	2,527	2,483	2,171	2,231
Construction	21,267	18,941	17,604	15,391
Educational Services	5,362	5,120	4,849	4,705
Farm Earnings	2,649	1,946	1,814	2,476
Federal Government - Civilian	11,313	11,183	10,806	10,421
Federal Government - Military	6,838	6,579	6,446	6,825
Finance and Insurance	22,063	21,193	19,269	18,663
Forestry, Fishing and Related Activities	1,000	973	1,045	1,010
Health Care and Social Assistance	34,561	32,850	31,688	29,914
Information	21,089	21,069	18,669	15,118
Management of Companies and Enterprises	10,529	9,189	8,443	8,179
Manufacturing	31,805	30,423	29,125	27,921
Mining	862	783	787	560
Other Services, Except Public Administration	11,361	10,875	10,528	10,309
Professional, Scientific and Technical Services	34,522	32,809	31,180	30,183
Real Estate, Rental and Leasing	7,766	7,335	6,262	5,784
Retail Trade	20,738	20,097	19,375	19,046
State and Local Government	37,692	37,087	35,643	33,051
Transportation and Warehousing	17,980	17,013	16,172	14,838
Utilities	3,012	2,935	2,902	2,657
Wholesale Trade	20,846	21,385	21,150	20,493
Other	126,646	120,696	112,931	106,943
Total Personal Income	$ 481,213	$ 460,403	$ 434,678	$ 411,722
Average Effective Rate (1)	2.4%	2.4%	2.3%	2.4%

(1) The total direct rate for personal income is not available. The average effective rate was calculated by dividing individual income tax collections on a fiscal year basis (see Schedule 4) by total personal income on a calendar year basis.

Source: U. S. Department of Commerce, Bureau of Economic Analysis

Calendar Year

2014	2013	2012	2011	2010	2009
$ 9,551	$ 8,969	$ 8,595	$ 8,040	$ 7,625	$ 7,504
14,828	13,744	12,873	12,418	11,618	11,128
2,379	2,277	2,162	2,066	1,995	1,970
14,766	13,365	12,471	12,113	12,274	13,103
4,638	4,391	4,318	4,134	3,980	3,857
3,230	3,640	3,429	1,982	1,749	1,972
9,824	9,796	10,076	10,303	10,043	9,332
6,833	7,048	7,229	7,500	7,529	7,251
18,200	17,386	16,492	15,364	15,007	16,574
1,010	872	847	761	778	700
28,658	27,487	26,127	25,083	24,282	23,570
12,225	11,414	10,922	10,239	9,974	10,627
7,776	7,009	6,626	5,974	5,471	5,504
26,822	25,876	24,977	24,267	22,969	22,986
592	558	524	505	412	375
10,460	10,055	9,619	9,095	8,807	8,687
28,908	26,708	25,972	24,313	22,853	23,092
6,454	6,135	5,740	4,780	3,852	3,683
18,127	17,303	16,415	15,985	15,472	15,391
32,454	32,139	32,100	31,825	31,814	30,909
13,881	13,143	12,498	11,945	11,092	10,708
2,435	2,401	2,294	2,422	2,161	2,355
19,539	18,709	17,917	17,238	16,700	16,701
101,183	97,731	98,926	98,954	85,102	82,481
$ 394,773	$ 378,156	$ 369,149	$ 357,306	$ 333,559	$ 330,460
2.3%	2.3%	2.2%	2.2%	2.1%	2.4%

Schedule 6
Individual Income Tax Rates by Filing Status and Income Level
For the Last Ten Calendar Years

Filing Status

	Georgia Taxable Net Income Level	
Income Level	**2019 - 2018**	**2017 - 2010**
Single	**Tax Rate**	**Tax Rate**
Not Over $750	1%	1%
Over $750 But Not Over $2,250	$7.50 Plus 2% of Amount Over $750	$7.50 Plus 2% of Amount Over $750
Over $2,250 But Not Over $3,750	$37.50 Plus 3% of Amount Over $2,250	$37.50 Plus 3% of Amount Over $2,250
Over $3,750 But Not Over $5,250	$82.50 Plus 4% of Amount Over $3,750	$82.50 Plus 4% of Amount Over $3,750
Over $5,250 But Not Over $7,000	$142.50 Plus 5% of Amount Over $5,250	$142.50 Plus 5% of Amount Over $5,250
Over $7,000	$230.00 Plus 5.75% of Amount Over $7,000	$230.00 Plus 6% of Amount Over $7,000
Married Filing Separately		
Not Over $500	1%	1%
Over $500 But Not Over $1,500	$5.00 Plus 2% of Amount Over $500	$5.00 Plus 2% of Amount Over $500
Over $1,500 But Not Over $2,500	$25.00 Plus 3% of Amount Over $1,500	$25.00 Plus 3% of Amount Over $1,500
Over $2,500 But Not Over $3,500	$55.00 Plus 4% of Amount Over $2,500	$55.00 Plus 4% of Amount Over $2,500
Over $3,500 But Not Over $5,000	$95.00 Plus 5% of Amount Over $3,500	$95.00 Plus 5% of Amount Over $3,500
Over $5,000	$170.00 Plus 5.75% of Amount Over $5,000	$170.00 Plus 6% of Amount Over $5,000
Head of Household and Married Filing Jointly		
Not Over $1,000	1%	1%
Over $1,000 But Not Over $3,000	$10.00 Plus 2% of Amount Over $1,000	$10.00 Plus 2% of Amount Over $1,000
Over $3,000 But Not Over $5,000	$50.00 Plus 3% of Amount Over $3,000	$50.00 Plus 3% of Amount Over $3,000
Over $5,000 But Not Over $7,000	$110.00 Plus 4% of Amount Over $5,000	$110.00 Plus 4% of Amount Over $5,000
Over $7,000 But Not Over $10,000	$190.00 Plus 5% of Amount Over $7,000	$190.00 Plus 5% of Amount Over $7,000
Over $10,000	$340.00 Plus 5.75% of Amount Over $10,000	$340.00 Plus 6% of Amount Over $10,000

Source: OCGA Section 48-7-20, Paragraph (b) (1)

Schedule 7
Individual Income Tax Filers and Liability by Income Level
For Calendar Years 2017(1) and 2008
(dollars, except income level, are in thousands)

	2017(1)			
Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$1,000 and under (2)	853,881	18.8%	$ 768,284	7.2%
$1,001 to $5,000	217,705	4.8%	1	0.0%
$5,001 to $10,000	309,842	6.8%	10,399	0.1%
$10,001 to $15,000	345,563	7.6%	47,947	0.4%
$15,001 to $20,000	308,893	6.8%	97,480	0.9%
$20,001 to $25,000	266,460	5.9%	146,393	1.4%
$25,001 to $30,000	239,880	5.3%	187,606	1.8%
$30,001 to $50,000	674,084	14.9%	894,680	8.4%
$50,001 to $100,000	740,251	16.4%	2,086,239	19.5%
$100,001 to $500,000	543,628	12.0%	4,310,935	40.2%
$500,001 to $1,000,000	22,179	0.5%	744,315	7.0%
$1,000,001 and higher	10,194	0.2%	1,403,891	13.1%
Totals	4,532,560	100.0%	$ 10,698,170	100.0%

	2008			
Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$1,000 and under (2)	689,595	16.3%	$ 437,826	5.7%
$1,001 to $5,000	256,327	6.1%	(14)	0.0%
$5,001 to $10,000	342,421	8.1%	9,022	0.1%
$10,001 to $15,000	345,713	8.2%	41,644	0.5%
$15,001 to $20,000	311,521	7.4%	92,546	1.2%
$20,001 to $25,000	278,659	6.6%	140,485	1.8%
$25,001 to $30,000	245,256	5.8%	176,572	2.3%
$30,001 to $50,000	645,585	15.3%	790,915	10.3%
$50,001 to $100,000	699,227	16.4%	1,829,639	23.7%
$100,001 to $500,000	395,492	9.3%	2,820,540	36.6%
$500,001 to $1,000,000	13,604	0.3%	456,614	5.9%
$1,000,001 and higher	6,529	0.2%	920,307	11.9%
Totals	4,229,929	100.0%	$ 7,716,096	100.0%

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Georgia Department of Revenue

Schedule 8
Ratios of Outstanding Debt by Type
For the Last Ten Fiscal Years
(dollars in thousands, except per capita amounts)

	Governmental Activities [1]			
Fiscal Year	General Obligation Bonds	Revenue(2) Bonds	Capital Leases	Notes and Loans
2019	$ 10,352,603	$ 613,770	$ 219,259	$ 69,262
2018	10,043,489	613,770	233,398	74,141
2017	9,851,713	745,477	237,505	78,450
2016	9,493,441	983,947	184,689	87,228
2015	9,367,381	1,200,365	221,690	21,662
2014	9,437,844	1,367,068	252,830	4,024
2013	9,072,784	1,503,925	255,763	4,000
2012	8,889,868	1,678,744	262,111	14,600
2011	8,774,586	1,848,570	223,429	19,600
2010	8,837,728	2,009,489	242,430	27,614

(1) In fiscal year 2015, the activities of State Road and Tollway Authority (SRTA), a blended component unit, were reported as Governmental Activities. In fiscal year 2017, a re-examination determined that activities of this blended component unit should be reported in both Governmental Activities and Business-type Activities as was the presentation in fiscal years 2014 and prior.

(2) The Governmental Activities Revenue Bonds include $202.6 million of bonds secured by a joint resolution between the Department of Transportation (DOT) (General Fund) and the SRTA (Nonmajor Governmental Fund) whereby DOT has pledged to provide sufficient motor fuel tax funds to pay the principal and interest of the revenue bonds. According to the State Constitution, motor fuel tax funds are imposed and appropriated for all activities incident to maintaining an adequate system of roads and bridges in the State. In fiscal year 2019, the State collected $1.8 billion of motor fuel tax funds. The principal and interest on the revenue bonds for fiscal year 2019 was $53.8 million. The debt service requirements to maturity on these bonds is included in the Notes to the Financial Statements.

(3) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' Comprehensive Annual Financial Reports

Business -Type Activities [1]					
Revenue Bonds	Capital Leases	Notes and Loans	Total Primary Government	Percentage of Personal Income[3]	Outstanding Debt Per Capita[3]
$ 231,706	$ 2,856,209	$ 269,459	$ 14,612,268	3.0%	$ 1,389
263,281	2,914,195	264,793	14,407,067	3.1%	1,376
269,136	3,044,125	256,768	14,483,174	3.3%	1,400
756,539	2,633,261	11,677	14,150,782	3.4%	1,380
1,384,058	1,948,804	6,027	14,149,987	3.6%	1,396
1,781,514	1,829,517	3,923	14,676,720	3.9%	1,464
1,211,200	2,370,028	397,692	14,815,392	4.0%	1,488
319,247	3,436,099	751,299	15,351,968	4.3%	1,559
328,597	3,170,521	734,189	15,099,492	4.5%	1,549
213,814	2,648,321	424,424	14,403,820	4.3%	1,459

Schedule 9
Ratios of General Bonded Debt Outstanding
For the Last Ten Fiscal Years
(dollars in thousands, except per capita amounts)

Fiscal Year	Net General Bonded Debt[1]	Percentage of Personal Income[2]	Outstanding Debt Per Capita[2]
2019	$ 10,450,756	2.17%	$ 993.47
2018	10,141,642	2.20%	972.41
2017	10,061,106	2.31%	975.82
2016	9,720,956	2.36%	951.65
2015	9,620,047	2.44%	952.75
2014	9,767,110	2.58%	977.54
2013	9,427,553	2.55%	950.58
2012	9,278,490	2.60%	945.60
2011	9,197,267	2.76%	946.86
2010	9,272,313	2.81%	943.34

(1) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit are reported as Governmental Activities. In fiscal year 2017, SRTA's activities reverted back to the blended presentation, where its activity and balances are included in both Governmental Activities and Business-type Activities.

(2) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

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Schedule 10
Computation of Legal Debt Margin
For the Last Ten Fiscal Years
(in whole dollars)

	2019	2018	2017	2016	2015
Revenue Base:					
Treasury Receipts for the Preceding Fiscal Year (1)	$25,649,496,147	$24,519,402,190	$23,476,964,889	$21,557,498,541	$20,256,765,494
Debt Limit Amount:					
Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above)	$ 2,564,949,615	$ 2,451,940,219	$ 2,347,696,489	$ 2,155,749,854	$ 2,025,676,549
Debt Applicable to the Limit:					
Highest Total Annual Commitments in Current or any Subsequent Fiscal Year (2)	1,432,215,164	1,398,096,186	1,405,379,184	1,311,486,764	1,305,012,971
Legal Debt Margin	$ 1,132,734,451	$ 1,053,844,033	$ 942,317,305	$ 844,263,090	$ 720,663,578
Total Debt Applicable to the Limit as Percentage of Debt Limit Amount	55.8%	57.0%	59.9%	60.8%	64.4%

(1) Includes Indigent Care Trust Fund Receipts, Brain and Spinal Injury Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Funds.

(2) Includes issued and outstanding debt as of the end of each fiscal year and appropriated debt service for any authorized but unissued general obligation (and guaranteed revenue) bonds.

Source: Prior Year's Comprehensive Annual Financial Reports, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia.

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10% of the prior year's revenue collections.

Fiscal Year				
2014	2013	2012	2011	2010
$ 19,539,691,058	$ 18,316,797,048	$ 17,546,376,094	$ 16,251,244,423	$ 17,841,696,614
$ 1,953,969,106	$ 1,831,679,705	$ 1,754,637,609	$ 1,625,124,442	$ 1,784,169,661
1,320,929,740	1,289,411,544	1,310,228,303	1,328,679,199	1,369,585,101
$ 633,039,366	$ 542,268,161	$ 444,409,306	$ 296,445,243	$ 414,584,560
67.6%	70.4%	74.7%	81.8%	76.8%

Schedule 11
Population/Demographics
For the Last Ten Calendar Years

Year	Population	Personal Income (in millions)	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2018	10,519,475	$ 481,213	$ 45,745	1,759,838	3.9%
2017	10,429,379	460,403	44,145	1,761,472	4.7%
2016	10,310,371	434,678	42,159	1,757,543	5.4%
2015	10,214,860	411,722	40,306	1,749,852	5.9%
2014	10,097,132	394,773	39,097	1,736,416	7.1%
2013	9,991,562	378,156	37,845	1,716,905	8.2%
2012	9,917,639	369,149	37,229	1,693,374	9.2%
2011	9,812,280	357,306	36,422	1,673,740	10.2%
2010	9,713,454	333,559	34,341	1,665,557	10.5%
2009	9,829,211	330,460	34,348	1,656,689	9.9%

Sources: Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)
Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis
Public School Enrollment - Georgia Department of Education (March of each school year)
Unemployment Rate - U. S. Department of Labor (annual average)

Schedule 12
Principal Private Sector Employers
Fiscal Year 2019 and Nine Years Previous (2010)

2019 Employers	2010 Employers
Children's Healthcare of Atlanta	Delta Air Lines, Inc.
Delta Air Lines, Inc.	Emory System of Heath Care
Emory Healthcare, Inc.	Emory University
Emory University	Georgia Power Company
G4 Secure Solutions USA, Inc	GMRI Inc.
Lowe's Home Centers, Inc.	Lowe's Home Centers
Northside Hospital	Mohawk Carpet
Publix Super Markets, Inc.	Publix Supermarkets, Inc.
Shaw Industries Group, Inc.	Shaw Industries Group, Inc.
Synergy RI-Og	Target
Target	The Home Depot, Inc.
The Home Depot, Inc.	The Kroger Company
The Kroger Company	United Parcel
United Parcel Service, Inc.	Wal-Mart Stores, Inc.
Waffle House	Wellstar Health System
Wal-Mart Stores, Inc.	
Wellstar Health System, Inc.	

To protect employer confidentiality, OCGA Section 34-8-121(b)(3) prohibits the release of employee numbers by employer.

Sources: 2019 - Georgia Department of Labor (1st quarter 2019)
2010 - Comprehensive Annual Financial Report - Fiscal Year Ended June 30, 2010

Schedule 13
State Government Employment by Function
For the Last Ten Fiscal Years (1)

	2019	2018	2017	2016	2015
Governmental Activities					
General Government	8,619	8,408	8,432	8,722	8,402
Education	2,513	2,342	2,152	2,184	1,836
Health and Welfare	20,922	21,203	21,845	21,073	22,102
Transportation	5,012	4,979	4,979	5,023	5,102
Public Safety	26,789	28,686	27,780	25,728	25,513
Economic Development and Assistance	2,092	2,258	2,421	2,487	2,760
Culture and Recreation	3,227	3,112	3,080	2,982	2,838
Conservation	808	818	852	820	837
	69,982	71,806	71,541	69,019	69,390
Business-Type Activities (2) (5)					
State Road and Tollway Authority (3)	—	—	—	—	—
Higher Education Fund (4)	82,525	80,237	79,456	80,004	76,972
	82,525	80,237	79,456	80,004	76,972
Total Employment	152,507	152,043	150,997	149,023	146,362

(1) Includes employees that were active at any time during the Fiscal Year. An individual employee may, therefore, be included in multiple functions if the employee transferred among functions during the fiscal year. This does not represent the number of active employees at the end of the year.

(2) Employees of certain Business-Type Activities organizations are included in Governmental Activities as follows:

Employees of the State Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.

Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(3) In fiscal year 2015, the activities of State Road and Tollway Authority (SRTA) were examined and all activity was reported as Governmental Activities. In fiscal year 2017 SRTA, was re-examined and it was determined that the toll facilities and customer service center (previously part of Governmental Activities) are now reported as part of Business-Type Activities.

(4) Beginning in fiscal year 2013, Georgia Military College, formerly a blended component unit included in the Higher Education Fund, is reported as a discretely presented component unit and is no longer included in this schedule.

(5) No employees for the Nonmajor Enterprise Funds (Business-Type Activities) Georgia Higher Education Finance Authority and Higher Education Foundations are included as these organizations either have no employees, their data is not available or their employees are already reported as employees of another organization in either the Governmental Activities or Business-Type Activities.

Source: Open.Georgia.gov

Fiscal Year

2014	2013	2012	2011	2010
7,848	8,194	7,729	9,658	9,103
1,419	1,422	1,371	1,213	1,399
18,868	20,463	18,007	18,616	27,653
4,379	4,385	4,577	5,273	5,363
23,430	21,418	20,449	21,997	25,014
2,757	2,459	4,802	5,144	5,375
2,284	2,403	3,169	2,548	3,184
638	647	664	686	845
61,623	61,391	60,768	65,135	77,936
70	79	71	52	64
76,594	74,503	82,109	79,174	96,739
76,664	74,582	82,180	79,226	96,803
138,287	135,973	142,948	144,361	174,739

Schedule 14
Operating Indicators and Capital Assets by Function
For the Last Ten Years (1)

	2019	2018	2017	2016
General Government				
Department of Revenue				
Number of Personal Income Tax Filers	NCA	NCA	4,532,560	4,389,981
Education				
Department of Education				
Public School Enrollment (March FTE Count)				
Pre Kindergarten through Grade 5	841,190	850,534	856,077	856,413
Grades 6 through 8	409,008	400,469	394,565	392,095
Grades 9 through 12	509,640	510,469	506,901	500,808
Board of Regents of the University System of Georgia				
Number of Separate Institutions	26	29	29	29
Number of Active Educators	15,197	15,161	15,012	14,606
Number of Students	328,712	325,203	321,551	318,164
Health and Welfare				
Department of Human Services				
Food Stamp Recipients	1,379,463	1,564,906	1,654,152	1,745,876
Temporary Assistance for Needy Families Recipients	18,968	21,993	21,876	26,635
Transportation				
Department of Transportation				
Miles of State Highway	17,943	17,959	17,912	17,902
Public Safety				
Department of Corrections				
Number of Inmates	54,757	54,758	54,636	53,852
Number of Probationers	NCA	NCA	165,635	168,088
Number of Offenders	221,434	275,777	258,843	—
Economic Development and Assistance				
Department of Economic Development				
Economic Impact of Tourism (in millions):				
Domestic Traveler Spending - Direct	NCA	$ 27,902	$ 26,483	$ 25,558
Domestic Travel-generated State Tax Revenues	NCA	$ 1,421	$ 1,356	$ 1,307
Culture and Recreation:				
Department of Natural Resources				
Number of State Parks	50	49	49	49
Number of Historic Sites	15	15	15	15
Acreage of State Parks and Historic Sites (in acres)	79,216	85,490	85,430	85,430
Number of Daily Park Passes Sold	871,566	875,817	905,504	802,267
Number of Annual Park Passes Sold	26,981	15,498	11,954	9,444
Number of Hunting and Fishing Licenses Sold	1,443,657	1,196,097	1,335,703	1,346,360
Number of Registered Boats	368,094	338,210	134,095	143,587
Conservation				
Forestry Commission				
Economic Impact of Forestry Industry				
Output (in millions)	NCA	NCA	$ 21,300	$ 20,800
Employment	NCA	NCA	53,933	51,900
Compensation (in millions)	NCA	NCA	$ 3,840	$ 3,740

(1) Data is presented by either fiscal year or calendar year based on availability of information.

(2) As of 2017 -DCS no longer uses the categories Parolees and Probationers. DCS has one category-Felony Offenders

Source: NCA - Not Currently Available; Information obtained from the individual organizations listed.

Fiscal Year

2015	2014	2013	2012	2011	2010
4,423,664	4,471,307	4,319,711	4,226,144	4,265,347	4,266,318
854,352	846,364	836,627	829,900	828,005	825,044
392,433	392,381	388,542	383,553	376,315	371,759
489,631	478,160	468,205	460,287	461,237	459,886
30	31	31	35	35	35
14,478	14,309	13,903	13,855	13,311	12,828
312,936	309,469	314,365	318,027	311,442	301,892
1,825,606	1,823,017	1,957,886	1,875,000	1,737,545	1,389,935
27,219	31,598	35,185	35,887	36,534	90,581
17,907	17,912	17,967	17,985	17,985	18,093
51,002	51,216	53,168	54,336	55,162	52,291
165,926	165,560	164,051	163,265	156,630	154,989
—	—	—	—	—	—
$ 24,526	$ 23,707	$ 22,354	$ 21,489	$ 20,537	$ 18,906
$ 1,170	$ 1,059	$ 989	$ 949	$ 919	$ 855
49	49	49	48	48	48
15	15	15	18	18	15
85,647	92,880	92,880	86,000+	86,000+	84,000+
790,020	659,391	650,651	659,860	679,838	840,000
7,852	6,187	5,595	8,042	10,792	9,470
1,346,360	1,025,782	955,340	1,004,771	997,651	1,038,015
144,979	147,854	125,280	124,610	132,832	134,815
$ 19,200	$ 16,800	$ 16,900	$ 16,313	$ 15,100	$ 14,500
50,385	48,740	50,110	49,516	46,378	43,425
$ 3,550	$ 3,030	$ 3,100	$ 3,078	$ 2,900	$ 2,600