NEW ISSUE
(BOOK-ENTRY ONLY)

RATINGS:
Moody's: Aaa
S&P: AAA
Fitch: AAA
See "RATINGS" herein.

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the 2021A Bonds (also herein referred to as the "Tax-Exempt Bonds") is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax. INTEREST EARNED ON THE 2021B BONDS (ALSO HEREIN REFERRED TO AS THE "**TAXABLE BONDS**") IS NOT EXCLUDABLE FROM GROSS INCOME OF THE HOLDERS OF THE TAXABLE BONDS FOR FEDERAL INCOME TAX PURPOSES. In the opinion of Bond Counsel, interest on the 2021A Bonds and the 2021B Bonds (collectively, the "Bonds") is exempt from present State of Georgia income taxation. See APPENDIX E and APPENDIX F herein for the forms of the opinions Bond Counsel proposes to deliver in connection with the issuance of the Bonds. For a more complete discussion of the tax status of the Bonds and certain other tax consequences relating to the Bonds, see "LEGAL AND TAX STATUS" herein.*

Georgia® USA

$1,096,630,000
STATE OF GEORGIA

$769,905,000 General Obligation Bonds 2021A
$326,725,000 General Obligation Bonds 2021B (Federally Taxable)

Dated: Date of Delivery **Due: As shown on inside cover**

This Official Statement has been prepared by the Georgia State Financing and Investment Commission (the "Commission") for and on behalf of the State of Georgia (the "State") to provide information on the above-captioned bonds (respectively, the "2021A Bonds" and the "2021B Bonds," and collectively, the "Bonds"). The summary information on this cover is for convenience only. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

Security	The Bonds constitute general obligations of the State to which its full faith, credit, and taxing powers are pledged.
Redemption	Certain of the Bonds are not subject to optional redemption prior to their maturity and certain of the Bonds are subject to optional redemption prior to their maturity, as further described herein.
Purpose	The Bonds are being issued to: provide funds for various capital outlay projects of the State, make grants to various governmental entities for capital outlay projects, purchase and retire certain outstanding general obligation bonds of the State, provide funds to refund certain outstanding general obligation bonds of the State, and pay costs of issuance of the Bonds, as further described herein.
Interest Payment Dates	Semiannual, as described herein.
Denomination	$5,000 and integral multiples thereof.
Registration	Full book-entry only and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York.
Closing/Delivery Date	On or about July 1, 2021.

The Bonds are being offered when, as and if issued by the State and accepted by the Underwriters, subject to prior sale or withdrawal or modification of the offer without notice, and approval as to legality by Gray Pannell & Woodward LLP, Savannah and Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the State by its Disclosure Counsel, Kutak Rock LLP, Atlanta, Georgia. Public Resources Advisory Group and Terminus Municipal Advisors, LLC are serving as Co-Financial Advisors to the State.

The date of this Official Statement is June 9, 2021.

$769,905,000
State of Georgia
General Obligation Bonds 2021A
Maturity Schedule
(Base CUSIP Number 373385[a])

Maturing July 1,	Principal Amount	Interest Rate	Yield	CUSIP[a] Suffix	Maturing July 1,	Principal Amount	Interest Rate	Yield	CUSIP[a] Suffix
2022	$32,385,000	5.00%	0.070%	HE6	2032	$35,740,000	5.00%	0.980*%	HQ9
2023	34,040,000	5.00	0.110	HF3	2033	37,575,000	5.00	1.010*	HR7
2024	35,780,000	5.00	0.205	HG1	2034	39,300,000	4.00	1.140*	HS5
2025	37,615,000	5.00	0.340	HH9	2035	40,905,000	4.00	1.180*	HT3
2026	39,545,000	5.00	0.450	HJ5	2036	42,570,000	4.00	1.220*	HU0
2027	28,000,000	5.00	0.590	HK2	2037	44,310,000	4.00	1.250*	HV8
2028	29,430,000	5.00	0.680	HL0	2038	46,120,000	4.00	1.280*	HW6
2029	30,940,000	5.00	0.790	HM8	2039	48,000,000	4.00	1.310*	HX4
2030	32,530,000	5.00	0.900	HN6	2040	49,705,000	3.00	1.550*	HY2
2031	34,195,000	5.00	0.940	HP1	2041	51,220,000	3.00	1.590*	HZ9

*Priced to July 1, 2031 optional redemption date.

$326,725,000
State of Georgia
General Obligation Bonds 2021B (Federally Taxable)
Maturity Schedule
(Base CUSIP Number 373385[a])

Maturing July 1,	Principal Amount	Interest Rate	Yield	CUSIP[a] Suffix	Maturing July 1,	Principal Amount	Interest Rate	Yield	CUSIP[a] Suffix
2022	$21,580,000	2.00%	0.120%	JA2	2032	$13,705,000	2.00%	1.750*%	JL8
2023	22,015,000	2.00	0.170	JB0	2033	13,980,000	2.00	1.870*	JM6
2024	22,270,000	0.35	0.350	JC8	2034	14,260,000	1.94	1.940	JN4
2025	22,385,000	0.64	0.640	JD6	2035	14,545,000	2.03	2.030	JP9
2026	22,545,000	0.82	0.820	JE4	2036	14,850,000	2.11	2.110	JQ7
2027	12,675,000	1.15	1.150	JF1	2037	15,170,000	2.20	2.150*	JR5
2028	12,830,000	1.29	1.290	JG9	2038	15,515,000	2.25	2.200*	JS3
2029	13,015,000	1.54	1.535	JH7	2039	15,865,000	2.25	2.230*	JT1
2030	13,225,000	1.67	1.665	JJ3	2040	16,230,000	2.30	2.280*	JU8
2031	13,450,000	1.73	1.730	JK0	2041	16,615,000	2.35	2.320*	JV6

*Priced to July 1, 2031 optional redemption date.

[a] CUSIP® is a registered trademark of the American Bankers Association ("ABA"). CUSIP data herein are provided by CUSIP Global Services (CGS), operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers shown above have been assigned by an independent company not affiliated with the State and are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds, and neither the State nor the Commission makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions that are applicable to all or a portion of certain maturities of the Bonds.

STATE OF GEORGIA

Governor
BRIAN P. KEMP

Lieutenant Governor
GEOFF DUNCAN

Georgia State Financing and Investment Commission
270 Washington Street
Suite 2140
Atlanta, Georgia 30334
Telephone (404) 463-5700

Members
BRIAN P. KEMP - Governor, Chair
GEOFF DUNCAN - President of the Senate, Vice-Chair
DAVID RALSTON - Speaker of the House of Representatives
CHRISTOPHER M. CARR - Attorney General
GARY W. BLACK - Commissioner of Agriculture
STEVE McCOY - State Treasurer
GREG S. GRIFFIN - State Auditor, Secretary and Treasurer

Financing and Investment Division
DIANA POPE - Director

Construction Division
MARTY W. SMITH - Director and
Executive Secretary to the Commission

State Law Department (State's Counsel)
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Disclosure Counsel
KUTAK ROCK LLP
Atlanta, Georgia

Co-Financial Advisors
PUBLIC RESOURCES ADVISORY GROUP
New York, New York

TERMINUS MUNICIPAL ADVISORS, LLC
Atlanta, Georgia

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No dealer, broker, salesperson or other person has been authorized by the Commission or the State to give any information or to make any representations, other than as contained in this Official Statement in connection with the issuance of the Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Commission or the State. This Official Statement does not constitute a contract between the Commission or the State and any one or more owners of the Bonds, nor does this Official Statement constitute an offer to sell the Bonds or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been furnished by the Commission or the State and by other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implications that there has been no change in the affairs of the State or any other parties described herein since the date hereof.

This Official Statement (including the Appendices attached hereto) contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement (including the Appendices attached hereto), the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. Forward looking statements speak only as of the date of this Official Statement. The Commission and the State disclaim any obligation or undertaking to update or release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the Commission's or the State's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

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SUMMARY STATEMENT

(Subject in all respects to more complete information herein this Official Statement.)

Issuer:	The State of Georgia ("State") acting by and through the Georgia State Financing and Investment Commission.
Offering:	$769,905,000 General Obligation Bonds 2021A $326,725,000 General Obligation Bonds 2021B (Federally Taxable)
Maturity:	The 2021A Bonds and the 2021B Bonds mature on each July 1, from July 1, 2022 through July 1, 2041. See the inside front cover herein.
Redemption:	See "DESCRIPTION OF THE BONDS – Redemption Provisions" herein.
Interest:	Interest on the 2021A Bonds and the 2021B Bonds is payable each January 1 and July 1, with the first interest payment due on January 1, 2022, until final payment, as further described in "DESCRIPTION OF THE BONDS" herein.
Dated Date:	Date of Initial Delivery.
Delivery Date:	On or about July 1, 2021.
Purpose:	The proceeds from the sale of the 2021A Bonds and the 2021B Bonds, including net original issue premium, will be used to: (i) fund various capital outlay projects of the State, (ii) make grants to various governmental entities for capital outlay projects, (iii) purchase and retire certain outstanding general obligation bonds of the State, (iv) provide funds to refund certain outstanding general obligation bonds of the State, (v) pay costs of issuance of the Bonds, or (vi) any combination of (i), (ii), (iii), (iv), and (v) above. See "PURPOSE OF THE 2021A BONDS AND THE 2021B BONDS" herein for details.
Security:	General obligations of the State to which its full faith, credit, and taxing power are pledged.
Book-Entry Bonds:	Bonds will be issued in fully registered form without interest coupons in denominations of $5,000 and integral multiples thereof. Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York.
Redemption:	See "DESCRIPTION OF THE BONDS – Redemption Provisions" herein.
Bond Counsel:	Gray Pannell & Woodward LLP, Savannah and Atlanta, Georgia.
Disclosure Counsel:	Kutak Rock LLP, Atlanta, Georgia.
Co-Financial Advisors:	Public Resources Advisory Group, New York, New York and Terminus Municipal Advisors, LLC, Atlanta, Georgia.
Registrar/ Paying Agent:	The Bank of New York Mellon Trust Company, N.A.
Bond Ratings:	Credit ratings are as shown on the front cover of this Official Statement and as more completely described in "RATINGS" herein.

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$1,096,630,000
State of Georgia

$769,905,000 General Obligation Bonds 2021A
$326,725,000 General Obligation Bonds 2021B (Federally Taxable)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to provide certain information concerning the State of Georgia (the "State") and the above referenced bonds comprised of: (i) State of Georgia General Obligation Bonds 2021A (the "2021A Bonds") and (ii) State of Georgia General Obligation Bonds 2021B (Federally Taxable) (the "2021B Bonds" and collectively with the 2021A Bonds, the "Bonds"). The 2021A Bonds also are referred to herein as the "Tax-Exempt Bonds," and the 2021B Bonds also are referred to herein as the "Taxable Bonds."

The Bonds are being issued by the Georgia State Financing and Investment Commission (the "Commission"), acting for and on behalf of the State, pursuant to the Constitution and laws of the State of Georgia and resolutions adopted by the Commission on April 28, 2021, as supplemented and amended on June 9, 2021 (together, the "Resolutions"). The Bonds will constitute debt of the State for which the full faith, credit, and taxing power of the State are pledged to the payment of the Bonds and the interest thereon. See "SECURITY FOR THE BONDS" herein. The proceeds from the sale of the 2021A Bonds and the 2021B Bonds, including net original issue premium, will be used to: (i) fund various capital outlay projects of the State, (ii) make grants to various governmental entities for capital outlay projects, (iii) purchase and retire certain outstanding general obligation bonds of the State, (iv) provide funds to refund certain outstanding general obligation bonds of the State, and (v) pay costs of issuance of the Bonds, or (vi) any combination in part or in whole of (i), (ii), (iii), (iv), and (v) above. See "USE OF PREMIUM ON THE 2021A BONDS AND THE 2021B BONDS" herein.

The Bonds are authorized to be issued pursuant to powers granted to the Commission in Article VII, Section IV of the Constitution of the State of Georgia (the "State Constitution") and the Georgia State Financing and Investment Commission Act (Ga. Laws 1973, p. 750, et seq., as amended, codified at Official Code of Georgia Annotated ("O.C.G.A.") § 50-17-20, et seq., referred to herein as the "Commission Act"). See "SECURITY FOR THE BONDS," "THE COMMISSION" and "APPENDIX A - DEBT AND REVENUE INFORMATION – DEBT INFORMATION - Appropriations and Debt Limitations" herein.

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Taxable Bonds is not excludable from gross income of the holders of the Taxable Bonds for federal income tax purposes. In the opinion of Bond Counsel, interest on the Tax-Exempt Bonds and Taxable Bonds is exempt from present State of Georgia income taxation. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "APPENDIX E" and "APPENDIX F" herein for the forms of opinions Bond Counsel proposes to deliver in connection with the issuance of the 2021A Bonds and the 2021B Bonds, respectively. For a more complete discussion of the tax status of the Bonds and certain other tax consequences relating to the Bonds, see "LEGAL AND TAX STATUS" herein.

The Bonds are offered when, as, and if issued, and subject to the approving legal opinions of Gray Pannell & Woodward LLP, Savannah and Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the State by its Disclosure Counsel, Kutak Rock LLP, Atlanta, Georgia. See "LEGAL MATTERS" herein.

It is expected that the Bonds will be available for delivery in New York, New York, on or about July 1, 2021, in book-entry form only, with actual bond certificates immobilized in the custody of The Depository Trust Company ("DTC"), New York, New York, a registered securities depository, or its agent.

This Official Statement speaks only as of its date and is subject to change. This Introduction and the Summary Statement presented above represent a brief description of the matters contained herein, and a full review should be made of the entire Official Statement, as well as the appendices hereto and any documents described or summarized herein. Requests for additional information with respect to this Official Statement (including the appendices attached hereto) or a copy of the Resolutions may be directed to Diana Pope, Director, Financing and Investment Division, Georgia State Financing and Investment Commission, 270 Washington Street, S.W., Suite 2140, Atlanta, Georgia 30334, telephone number (404) 463-5600.

DESCRIPTION OF THE BONDS

General

The Bonds will be dated the date of delivery.

Interest on the Bonds is payable semiannually on January 1 and July 1 in each year (each as to the 2021A Bonds and the 2021B Bonds an "Interest Payment Date"), commencing January 1, 2022, until final payment for the respective series of Bonds.

The Bonds will bear interest from the applicable Interest Payment Date next preceding their date of authentication to which interest has been paid at the rates per annum set forth on the inside cover page of this Official Statement (computed on the basis of a 360-day year comprised of twelve 30-day months). Payment of the principal of and interest on the Bonds will be made by the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., as Bond Registrar and Paying Agent, directly to Cede & Co., as nominee for DTC, as registered owner of the Bonds, and subsequently will be disbursed to DTC Participants and thereafter to beneficial owners thereof (the "Beneficial Owners") of the Bonds as described below. When not in book-entry form, interest on the Bonds is payable by check or draft mailed by first-class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Bond Registrar on the 15th day of the calendar month next preceding the applicable Interest Payment Date. When not in book-entry form, principal of the Bonds is payable upon surrender thereof at the designated corporate trust office of the Paying Agent.

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Redemption Provisions

Optional Redemption of the 2021A Bonds

The 2021A Bonds maturing on or before July 1, 2031 are not subject to optional redemption prior to their stated maturity.

The 2021A Bonds maturing on or after July 1, 2032 will be subject to redemption at the option of the Commission, on behalf of the State, on and after July 1, 2031, and prior to their stated maturity, in whole or in part at any time at a redemption price equal to the principal amount of the 2021A Bonds to be redeemed, plus accrued and unpaid interest thereon to the date fixed for redemption.

Optional Redemption of the 2021B Bonds

The 2021B Bonds are subject to redemption on any Business Day prior to their stated maturity at the option of the Commission, on behalf of the State, in whole or in part at any time, at a redemption price, which prior to July 1, 2031 shall equal the Make-Whole Redemption Price (as defined below) and on or after July 1, 2031 shall equal one hundred percent (100%) of the principal amount of the 2021B Bonds to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption.

The "Make-Whole Redemption Price" is equal to the greater of (i) Amortized Value (as defined below) of the 2021B Bonds (but not less than one hundred percent (100%) of the principal amount of such 2021B Bonds to be redeemed on the redemption date; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date on the 2021B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2021B Bonds are to be redeemed, discounted to the date on which the 2021B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below), plus (i) with respect to such 2021B Bonds maturing on July 1, 2022 through July 1, 2027, zero (0) basis points, (ii) with respect to such 2021B Bonds maturing on July 1, 2028 through July 1, 2031, ten (10) basis points, and (iii) with respect to such 2021B Bonds maturing on or after July 1, 2032, twenty-five (25) basis points; plus, in each case, accrued interest on the 2021B Bonds to be redeemed to the redemption date.

"Amortized Value" means, with respect to a 2021B Bond to be redeemed at a Make-Whole Redemption Price, the principal amount of the 2021B Bond to be redeemed, multiplied by the price of such 2021B Bond expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the redemption date, the maturity date of such 2021B Bond, an initial par call date of July 1, 2031 and a yield equal to such 2021B Bond's original reoffering yield set forth on the inside cover page hereof.

"Treasury Rate" means, with respect to any redemption date for a particular 2021B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) (the "Statistical Release") that has become publicly available at least two (2) business days, but not more than forty-five (45) calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2021B Bonds to be redeemed.

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Redemption Notices - Selection of Bonds to be Redeemed

Upon receipt of notice from the State of its election to redeem any or all of the Bonds, the Paying Agent is to give notice of such redemption by mail to the holders of such Bonds to be redeemed not less than thirty (30) days or more than sixty (60) days prior to the date set for redemption. Failure by any holder to receive notice, or any defect in the notice to such holder, will not affect the redemption of any other Bond. The maturities of the Bonds to be redeemed will be determined by the Commission, on behalf of the State, in its sole discretion.

If the Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Bonds, if less than all of the Bonds of a maturity are called for redemption prior to maturity, the particular Bonds of such maturity, or portions thereof to be redeemed shall be selected for redemption on a pro rata pass-through distribution of principal basis among the registered owners of such maturity, in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Bonds will be selected for redemption, in accordance with DTC procedures then in effect.

It is the Commission's intent that redemption allocations for the Bonds made by DTC be made on a pro rata pass-through distribution of principal basis as described above, however, the Commission cannot provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Bonds to be redeemed will be selected for redemption in accordance with DTC procedures then in effect. If the Bonds are not registered in book-entry only form any redemption of less than the entire outstanding amount of a maturity of the Bonds shall be allocated among the registered owners of such maturity of the Bonds on a pro-rata basis. See "DESCRIPTION OF THE BONDS - Book-Entry System" herein.

Registration, Exchange and Transfer

The Bonds will be issued only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof. The Commission and the Bond Registrar and Paying Agent may deem and treat the registered owner of a Bond as the absolute owner of such Bond for purposes of receiving payment of or on account of principal and interest payable thereon, and for other purposes; the Commission and the Bond Registrar and Paying Agent will not be affected by any notice to the contrary.

The Bonds will be issued in book-entry form registered in the name of Cede & Co., the nominee of DTC. Beneficial Owners of the Bonds will not receive physical delivery of bond certificates. While in book-entry form, registration of exchanges and transfers of beneficial ownership interests in the Bonds will be effected in accordance with DTC practices and procedures described below.

When not in book-entry form, ownership of any Bond is transferable upon surrender thereof to the Bond Registrar, together with an instrument of transfer assignment duly executed by the registered owner or its duly authorized agent, in such form as shall be satisfactory to the Bond Registrar. Upon any such transfer of ownership, the Bond Registrar will cause to be authenticated and delivered a new Bond or Bonds registered in the name of the transferee in an authorized denomination in the same aggregate principal amount and interest rate as the Bonds surrendered for such transfer. The Bonds may be exchanged for a like principal amount of Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Bond Registrar may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Bonds.

Book-Entry System

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources believed to be reliable. No representation is made herein by the Commission or the State as to the accuracy, completeness, or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity in the aggregate principal amount of such maturity and will be deposited with DTC. Purchasers may own beneficial interests in the Bonds in the United States through DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity, or maturities, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commission and the Paying Agent. Under such circumstances, if a substitute or successor securities depository is not obtained, Bond certificates will be printed and delivered as provided in the Resolutions.

Should the State decide to discontinue use of the system of book-entry-only transfers through the DTC (or a successor securities depository), Bond certificates would be printed and delivered as provided in the Resolutions.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COMMISSION AND THE STATE BELIEVE TO BE RELIABLE, BUT NEITHER THE COMMISSION NOR THE STATE TAKE ANY

RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE COMMISSION, THE STATE, NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (i) SENDING TRANSACTION STATEMENTS; (ii) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (iii) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY NOTICE OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS OR OWNERS OF THE BONDS; OR (v) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE BONDS.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, reference herein to the registered owners of the Bonds (other than under the heading "LEGAL AND TAX STATUS - Tax Consequences of Owning the Bonds" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

SECURITY FOR THE BONDS

The Bonds are direct and general obligations of the State. The Bonds are issued by the Commission pursuant to powers granted to the Commission in Article VII, Section IV of the State Constitution and the Commission Act. Article VII, Section IV, Paragraph VI of the State Constitution provides:

> The full faith, credit, and taxing power of the state are hereby pledged to the payment of all public debt incurred under this article and all such debt and the interest on the debt shall be exempt from taxation. Such debt may be validated by judicial proceedings in the manner provided by law. Such validation shall be incontestable and conclusive.

Article VII, Section IV, Paragraph III(a)(1) of the State Constitution provides:

> General obligation debt may not be incurred until legislation is enacted stating the purposes, in general or specific terms, for which such issue of debt is to be incurred, specifying the maximum principal amount of such issue and appropriating an amount at least sufficient to pay the highest annual debt service requirements for such issue. All such appropriations for debt service purposes shall not lapse for any reason and shall continue in effect until the debt for which such appropriation was authorized shall have been incurred, but the General Assembly may repeal any such appropriation at any time prior to the incurring of such debt. The General Assembly shall raise by taxation and appropriate each fiscal year, in addition to the sum necessary to make all payments required under contracts entitled to the protection of the second paragraph of Paragraph I(a), Section VI, Article IX of the Constitution of 1976, such amounts as are necessary to pay debt service requirements in such fiscal year on all general obligation debt.

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Article VII, Section IV, Paragraph III(a)(2)(A) of the State Constitution provides:

> The General Assembly shall appropriate to a special trust fund to be designated "State of Georgia General Obligation Debt Sinking Fund" such amounts as are necessary to pay annual debt service requirements on all general obligation debt. The sinking fund shall be used solely for the retirement of general obligation debt payable from the fund. If for any reason the monies in the sinking fund are insufficient to make, when due, all payments required with respect to such general obligation debt, the first revenues thereafter received in the general fund of the state shall be set aside by the appropriate state fiscal officer to the extent necessary to cure the deficiency and shall be deposited by the fiscal officer into the sinking fund. The appropriate state fiscal officer may be required to set aside and apply such revenues at the suit of any holder of any general obligation debt incurred under this section.

Article VII, Section IV, Paragraph V of the State Constitution provides, in relevant part:

> The state may incur general obligation debt or guaranteed revenue debt to fund or refund any such debt or to fund or refund any obligations issued upon the security of contracts to which the provisions of the second paragraph of Paragraph I(a), Section VI, Article IX of the Constitution of 1976 are applicable. The issuance of any such debt for the purposes of said funding or refunding shall be subject to the 10 percent limitation in Paragraph II(b) of this section to the same extent as debt incurred under Paragraph I of this section; provided, however, in making such computation the annual debt service requirements and annual contract payments remaining on the debt or obligations being funded or refunded shall not be taken into account. The issuance of such debt may be accomplished by resolution of the Georgia State Financing and Investment Commission without any action on the part of the General Assembly and any appropriation made or required to be made with respect to the debt or obligation being funded or refunded shall immediately attach and inure to the benefit of the obligations to be issued in connection with such funding or refunding.

In compliance with the above provisions of the State Constitution, the General Assembly has appropriated to the State of Georgia General Obligation Debt Sinking Fund (the "Sinking Fund") amounts sufficient to pay the highest annual debt service requirements on all outstanding general obligation debt. There are no contracts currently outstanding which are entitled to the protection of the second paragraph of Paragraph I(a), Section VI, Article IX of the Constitution of 1976. See "APPENDIX A – DEBT AND REVENUE INFORMATION – DEBT INFORMATION" and "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020."

AUTHORIZED INDEBTEDNESS

During the 2021 Regular Session, the General Assembly adopted H.B. 81, the General Appropriations Bill for the State Fiscal Year beginning July 1, 2021 and ending June 30, 2022 ("FY 2022 Appropriations Bill"), and the Governor approved the authorization of an aggregate principal amount of $983,135,000 of new general obligation debt in the FY 2022 budget, the proceeds of which are to be used for various planned capital projects of the State, its departments and agencies as well as grants to county and independent school systems and various government entities; the General Assembly did not repeal any previously authorized but unissued general obligation debt, currently authorized in an aggregate amount of $327,405,000. Prior to the issuance of the Bonds, the aggregate amount of authorized but unissued general obligation debt was $1,310,540,000. Upon the issuance of the Bonds, there will remain $171,910,000 of authorized but unissued general obligation debt. See "APPENDIX A – DEBT AND REVENUE INFORMATION – DEBT INFORMATION – Authorized Indebtedness."

Also during its 2021 Regular Session, as part of the FY 2022 Appropriations Bill, the General Assembly authorized the issuance of $567,000,000 Guaranteed Revenue Bonds by the State Road and Tollway Authority; the appropriations language includes the necessary language regarding the General Assembly's determination that the bonds will be self-liquidating over the life of the issue (which determination shall be conclusive) and other details as prescribed by the State Constitution. A substantial portion of such bonds are expected to be issued during July 2021, with the remainder to be issued at a later date. The FY 2022 budget also included, as required by the State Constitution, $38,800,000 to fund the required deposit of the highest annual debt service into the special trust fund designated as the "State of Georgia Guaranteed Revenue Debt Common Reserve Fund", the applicable portion of said deposit to be paid into said trust fund upon issuance of the applicable series of bonds.

PURPOSE OF THE 2021A BONDS AND THE 2021B BONDS

The State Constitution provides that the State may incur two types of debt: (i) general obligation debt and (ii) guaranteed revenue debt. General obligation debt may be incurred to: acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, structures, equipment, or facilities of the State, its agencies, departments, institutions and certain State authorities; to provide educational facilities for county and independent school systems and to provide public library facilities for county and independent school systems, counties, municipalities, and boards of trustees of public libraries or boards of trustees of public library systems; and to make loans to counties, municipal corporations, political subdivisions, local authorities and other local government entities for water or sewerage facilities or systems or for regional or multijurisdictional solid waste recycling or solid waste facilities or systems. Guaranteed revenue debt may be incurred by guaranteeing the payment of certain revenue obligations issued by an instrumentality of the State as set forth in the State Constitution to finance certain specified public projects. There being no general obligation debt or guaranteed revenue debt scheduled to retire on or between the date of this Official Statement and prior to July 1, 2021, as of the date of this Official Statement the State will have general obligation debt outstanding in an aggregate principal amount of $9,628,150,000 and guaranteed revenue debt outstanding in an aggregate principal amount of $63,460,000. See "APPENDIX A – DEBT AND REVENUE INFORMATION – DEBT INFORMATION."

The proceeds of the 2021A Bonds and the 2021B Bonds, including all or a portion of the net original issue premium, are expected to be used for the purposes described below. A more detailed description of the purposes may be obtained from the legislative authorizations for the Bonds, as required by the State Constitution, in appropriations enacted as follows: (i) the General Appropriations Act for State Fiscal Year 2014-2015 (Ga. L. 2014, Volume One Appendix, commencing at p. 1 of 139, Act No. 632, 2014 Regular Session, H.B. 744) signed by the Governor on April 28, 2014, as amended by the supplementary Appropriations Act for State Fiscal Year 2014-2015 (Ga. L. 2015, Volume One Appendix, commencing at p. 1 of 98, Act No. 1, 2015 Regular Session, H.B. 75) signed by the Governor on February 19, 2015; (ii) the General Appropriations Act for State Fiscal Year 2015-2016 (Ga. L. 2015, Volume One Appendix, commencing at p. 1 of 251, Act No. 198, 2015 Regular Session, H.B. 76) signed by the Governor on May 11, 2015, as amended by the supplementary Appropriations Act for State Fiscal Year 2015-2016 (Ga. L. 2016, Volume One Appendix, commencing at p. 1 of 182, Act No. 312, 2016 Regular Session, H.B. 750) signed by the Governor on February 17, 2016; (iii) the General Appropriations Act for State Fiscal Year 2017-2018 (Ga. L. 2017, Volume One Appendix, commencing at p. 1 of 249, Act No. 37, 2017 Regular Session, H.B. 44) signed by the Governor on May 1, 2017, as amended by the supplementary Appropriations Act for State Fiscal Year 2017-2018 (Ga. L. 2018, Volume One Appendix, commencing at p. 1 of 195, Act No. 286, 2018 Regular Session, H.B. 683) signed by the Governor on March 9, 2018; (iv) the General Appropriations Act for State Fiscal Year 2018-2019 (Ga. L. 2018, Volume One Appendix, commencing at p. 1 of 135, Act No. 301, 2018 Regular Session, H.B. 684) signed by the Governor on May 2, 2018, as amended by the supplementary Appropriations Act for State Fiscal Year 2018-2019 (Ga. L. 2019, Volume One, commencing at p. 1 of 85, Act No. 1EX, 2018 Special Session, H.B. 1EX) signed by the Governor on November 17, 2018, as further amended by the supplementary Appropriations Act for State Fiscal Year 2018-2019 (Ga. L. 2019, Volume One Appendix, commencing at p. 1 of 108, Act. No. 3, 2019 Regular Session, H.B. 30) signed by the Governor on March 12, 2019; (v) the General Appropriations Act for State Fiscal Year 2019-2020 (Ga. L. 2019, Volume One Appendix, commencing at p. 1 of 259, Act No. 319, 2019 Regular Session, H.B. 31) signed by the Governor on May 10, 2019, as amended by the supplementary Appropriations Act for State Fiscal Year 2019-2020 (commencing at p. 1 of 211, Act No. 326, 2020 Regular Session, H.B. 792) signed by the Governor on March 17, 2020; (vi) the General Appropriations Act for State Fiscal Year 2020-2021 (commencing at p. 1 of 170, Act No. 404, 2020 Regular Session, H.B. 793) signed by the Governor on June 30, 2020, as amended by the supplementary Appropriations Act for State Fiscal Year 2020-2021 (commencing at p. 1 of 121, Act No. 2, 2021 Regular Session, H.B. 80) signed by the Governor on February 15, 2021; and (vii) the General Appropriations Act for State Fiscal Year 2021-2022 (commencing at p. 1 of 209, Act No. 305, 2021 Regular Session, H.B. 81) signed by the Governor on May 10, 2021.

Amount[1]	2021A Bonds Purposes
$295,925,000	To finance grants to county and independent school systems for educational facilities and equipment through the State Board of Education (Department of Education)
200,650,000	To finance projects and facilities for the Board of Regents of the University System of Georgia
100,000,000	To finance projects and facilities for the Department of Transportation
57,840,000	To finance projects and facilities for the Department of Public Safety
45,590,000	To finance projects and facilities for the Department of Corrections
32,510,000	To finance projects and facilities for the Department of Juvenile Justice
16,000,000	To finance projects and facilities for the Department of Defense
14,830,000	To finance projects and facilities for the Department of Natural Resources
12,000,000	To finance grants to the Georgia Environmental Finance Authority for the purpose of providing loans to local governments and local government entities for water and sewerage facilities or systems or for regional or multijurisdictional solid waste recycling or solid waste facilities or systems
11,600,000	To finance grants for public library facilities for counties, municipalities, and boards of trustees of public libraries or boards of trustees of public library systems through the Board of Regents of the University System of Georgia
5,000,000	To finance projects and facilities for the Department of Behavioral Health and Developmental Disabilities
4,000,000	To finance projects and facilities for the Georgia Building Authority
3,945,000	To finance projects and facilities for the Georgia Bureau of Investigation
3,000,000	To finance projects and facilities for the Department of Education
2,035,000	To finance projects and facilities for the Department of Veterans Service
1,780,000	To finance projects and facilities for the Department of Driver Services
1,640,000	To finance projects and facilities for the State Forestry Commission
1,500,000	To finance projects and facilities for the Georgia General Assembly
435,000	To finance projects and facilities for the Department of Public Health
250,000	To finance projects and facilities for the Georgia Military College through the Board of Regents of the University System of Georgia
$810,530,000	2021A Bonds Purposes Total

[1] Note: Total amount to be funded from bond principal and a portion of net original issue premium.

Amount[1]	2021B Bonds Purposes
$112,945,000	To finance projects and facilities for the Technical College System of Georgia
90,000,000	To finance projects and facilities for the Savannah-Georgia Convention Center Authority through the Department of Economic Development
50,300,000	To finance projects and facilities for the Board of Regents of the University System of Georgia
21,000,000	To finance projects and facilities for the Lake Lanier Islands Development Authority through the Department of Natural Resources
12,500,000	To finance projects and facilities for the Department of Transportation
12,000,000	To finance projects and facilities for the Georgia World Congress Center Authority through the Department of Economic Development
10,000,000	To finance projects and facilities for the Georgia State Financing and Investment Commission
5,770,000	To finance projects and facilities for the Department of Education
4,305,000	To finance projects and facilities for the Georgia Vocational Rehabilitation Agency
3,500,000	To finance projects and facilities for the Stone Mountain Memorial Association
2,950,000	To finance projects and facilities for the Jekyll Island-State Park Authority
1,200,000	To finance projects and facilities for the Georgia Public Telecommunications Commission through the Board of Regents of the University System of Georgia
1,000,000	To finance projects and facilities for the Department of Agriculture
630,000	To finance projects and facilities for the Georgia Agricultural Exposition Authority through the Department of Agriculture
$328,100,000	2021B Bonds Purposes Total

[1] Note: Total amount to be funded from bond principal and a portion of net original issue premium.

The Commission Act provides that the Commission shall be responsible for the proper application of the proceeds of the 2021A Bonds and the 2021B Bonds to the purposes for which they are incurred and that the proceeds received from the sale of the 2021A Bonds and the 2021B Bonds shall be held in trust by the Commission and disbursed promptly by the Commission in accordance with the original purpose set forth in the authorization of the General Assembly and in accordance with rules and regulations established by the Commission.

A portion of the 2021A Bonds, including all or a portion of the net original issue premium allocable thereto, are expected to be used to refund previously issued and currently outstanding general obligation bonds of the State to effect debt service savings; the bonds to be refunded consist of the following: $34,265,000 2011C Bonds maturing July 1, 2031; $14,260,000 2011J-1 Bonds maturing July 1, 2022; and, $15,045,000 2011J-1 Bonds maturing July 1, 2023.

Use of Premium on the 2021A Bonds and the 2021B Bonds

The State currently expects to use all or a portion of the net original issue premium generated from the sale of the 2021A Bonds to: (i) fund all or a portion of various capital outlay projects of the State, (ii) make grants to various governmental entities for capital outlay projects, (iii) purchase and retire certain outstanding general obligation bonds of the State, (iv) provide funds to refund certain outstanding general obligation bonds of the State as described above, (v) pay costs of issuance of the Bonds, or (vi) any combination in part or in whole of (i), (ii), (iii), (iv), and (v) above.

The State currently expects to use the original issue premium generated from the sale of the 2021B Bonds to fund all or a portion of various capital outlay projects of the State and to pay all or a portion of the costs of issuance of the 2021B Bonds.

THE COMMISSION

The Commission is an agency and instrumentality of the State, and its members are the Governor, the President of the Senate, the Speaker of the House of Representatives, the State Auditor, the Attorney General, the State Treasurer, and the Commissioner of Agriculture.

The Commission is responsible for the issuance of all public debt of the State, including general obligation debt and guaranteed revenue debt. The Commission is further responsible for the proper application of the proceeds of such debt to the purposes for which it is incurred.

The Commission has two statutory divisions, a Financing and Investment Division and a Construction Division, each administered by a Director who reports directly to the Commission. The Financing and Investment Division performs all services relating to the issuance of public debt, the investment and accounting of all proceeds derived from the incurring of general obligation debt or such other amounts as may be appropriated to the Commission for capital outlay purposes, the management of other State debt, and all financial advisory matters pertaining thereto. The Construction Division is responsible for all construction and construction related matters resulting from the issuance of public debt or from any such other amounts as may be appropriated to the Commission for capital outlay purposes, except that in the case of bond proceeds for public road and bridge construction or reconstruction, the Commission contracts with the Department of Transportation or the Georgia Highway Authority for the supervision of and contracting for designing, planning, building, rebuilding, constructing, improving, operating, owning, maintaining, leasing and managing of public roads and bridges for which general obligation debt has been authorized. In all other cases when the Commission contracts with a State department, authority or agency for the acquisition or construction of projects, the projects are acquired and constructed under policies, standards and operating procedures established by the Commission. The Construction Division also is responsible for performing such construction-related services for State agencies and instrumentalities as may be assigned to the Commission by Executive Order of the Governor.

See "APPENDIX A – DEBT AND REVENUE INFORMATION" for information regarding, among other things, the State's appropriations and debt limitations, State revenues, authorized indebtedness, outstanding debt, State Treasury receipts, assessed valuation and debt ratios, and analysis of State general fund receipts and revenues. See "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020" for information regarding, among other things, the budgetary processes, the accounting policies, the retirement systems, and the financial position of the State. See "APPENDIX C – STATISTICAL INFORMATION" for certain information regarding the economy and population of the State.

INVESTMENT OF STATE FUNDS

All funds within the State Treasury (which include proceeds of general obligation debt administered by the Commission) are invested in accordance with Georgia law and the investment policy established by the State Depository Board (the "Investment Policy"). The Investment Policy has four objectives and each portfolio is managed in a manner that is intended to: (1) preserve principal;

(2) ensure adequate liquidity; (3) obtain a market rate of return taking cash flow requirements into consideration; and (4) diversify the portfolio. The Investment Policy also sets forth various credit constraints and limitations, as discussed more fully below.

Investment of General Obligation Debt Proceeds. The Commission Act provides that investment of proceeds of general obligation debt shall be limited to: (i) general obligations of the United States or of subsidiary corporations of the United States government fully guaranteed by such government; (ii) obligations issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, Federal Farm Credit Banks regulated by the Farm Credit Administration, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association; (iii) tax exempt obligations issued by any state, county, municipal corporation, district, or political subdivision, or civil division or public instrumentality of any such government or unit of such government; (iv) prime bankers' acceptances; (v) units of any unit investment trusts the assets of which are exclusively invested in obligations of the type described above; or (vi) shares of any mutual fund the investments of which are limited to securities of the type described in clauses (i), (ii), (iii), and (iv) above and distributions from which are treated for federal income tax purposes in the same manner as the interest on such obligations, provided that at the time of investment such obligations or the obligations held by any such unit investment trust or the obligations held or to be acquired by any such mutual fund are limited to obligations which are rated within one of the top two rating categories of any nationally recognized rating service or any rating service recognized by the State Commissioner of Banking and Finance, and no others, or to securities lending transactions involving securities of the type described in this paragraph. Pursuant to Article VII, Section IV, Paragraph VII of the State Constitution, the Commission is responsible for the investment of the proceeds of general obligation debt and, as provided by law, including the Commission Act, is required to use the income earned on such proceeds to pay operating expenses of the Commission or to purchase and retire State debt. See "APPENDIX A – DEBT AND REVENUE INFORMATION – DEBT INFORMATION - Market Transactions to Retire Debt."

Investment of Sinking Fund Monies. Article VII, Section IV, Paragraph III(c) of the State Constitution and the Commission Act provide that (i) funds in the Sinking Fund be as fully invested as is practicable, consistent with the requirements to make current principal and interest payments and (ii) any Sinking Fund investments shall be restricted to obligations constituting direct and general obligations of the United States government or obligations unconditionally guaranteed as to the payment of principal and interest by the United States government, maturing no longer than 12 months from date of purchase.

Investment of State General Funds. Under Georgia law the State may invest its general fund monies in: (i) bankers' acceptances; (ii) commercial paper; (iii) bonds, bills, certificates of indebtedness, notes, or other obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government including, but not limited to, obligations or securities issued or guaranteed by Banks for Cooperatives regulated by the Farm Credit Administration, the Commodity Credit Corporation, Farm Credit Banks regulated by the Farm Credit Administration, Federal Assets Financing Trusts, the Federal Financing Bank, Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Financial Assistance Corporation chartered by the Farm Credit Administration, the Government National Mortgage Association, the Import-Export Bank, Production Credit Associations regulated by the Farm Credit Administration, the Resolution Trust Corporation, and the Tennessee Valley Authority; (iv) obligations of corporations organized under the laws of Georgia or any other state but only if the corporation has a market capitalization equivalent of at least $100 million; provided, however, that such obligation shall be listed as investment grade by a nationally recognized rating agency; (v) bonds, notes, warrants, and other securities not in default which are the direct obligations of the government of any foreign country which the International Monetary Fund lists as an industrialized country and for which the full faith and credit of such government has been pledged for the payment of principal and interest, provided that such securities are listed as investment grade by a nationally recognized rating agency; or (vi) obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation, provided that such securities are listed as investment grade by a nationally recognized rating agency and are fully negotiable and transferable; or (vii) shares of any mutual fund the investments of which are limited to securities of the type described above and distributions from which are treated for federal income tax purposes in the same manner as the interest on such obligations, provided that at the time of investment such obligations or the obligations held by any such unit investment trust or the obligations held or to be acquired by any such mutual fund are limited to obligations which are rated within one of the top two rating categories of any nationally recognized rating service or any rating service recognized by the State Commissioner of Banking and Finance, and no others. The State Depository Board also may permit the lending of any securities of the type identified in this paragraph.

Georgia law also provides that the State may invest in the securities described above by selling and purchasing such obligations under agreements to resell or repurchase the obligations at a date certain in the future at a specific price which reflects a premium over the purchase or selling price equivalent to a stated rate of interest ("Repurchase Agreements").

Because of the credit constraints and limitations contained in the Investment Policy established by the State Depository Board, the State currently is authorized to invest the monies on deposit in its general fund in: direct obligations of the United States Treasury; obligations unconditionally guaranteed by agencies of the United States government; obligations of subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government; and other permitted investments subject to certain criteria established by statute and the State Depository Board which include, among other things, credit and diversification requirements. Such other permitted investments currently include: repurchase agreements, certificates of deposit, commercial paper, bank deposits held for investment purposes, prime bankers' acceptances, obligations of the State or state agencies, obligations of other political subdivisions of the State, obligations of corporations, eligible mutual funds, obligations issued by the government of any foreign country, obligations issued by the International Bank for Reconstruction and Development or the International Financial Corporation, and other such limitations as determined by the State Treasurer to be necessary for the preservation of principal, liquidity, or marketability of any of the portfolios.

Other State Treasury Investments. The Office of the State Treasurer ("OST") manages the Local Government Investment Pool Trust ("LGIP") currently comprised of four LGIP Offerings: Georgia Fund 1 ("GF1"), Georgia Fund 1Plus ("GF1+"), Georgia Extended Asset Pool (GEAP"), and Georgia Extended Asset Pool Plus ("GEAP+"). The LGIP is administered in accordance to the LGIP Trust Policy approved by the State Depository Board. The LGIP Trust Policy allows commingling local government monies with State operating funds and State agencies' funds. GF1 is managed to maintain a constant net asset value ("NAV") of $1.00. GF1 carries Standard & Poor's ratings of AAAf for fund credit quality and S1+ for fund volatility, and Fitch ratings of AAAf for fund credit quality and S1 for market risk sensitivity. GF1+ also is managed to maintain a constant NAV of $1.00. GEAP and GEAP+ offer a series of fixed income target maturity funds with emphasis on principal preservation. OST also manages investment portfolios for the Commission, the Department of Administration Services Risk Management Fund, and the Guaranteed Revenue Debt Common Reserve.

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LEGAL AND TAX STATUS

Legality for Investments

The Commission Act provides that the Bonds are securities in which all public officers and bodies of the State and all municipalities and all municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, saving banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries and all other persons whatsoever who are authorized to invest in bonds or other obligations of the State may properly and legally invest funds, including capital, in their control or belonging to them. The Commission Act further provides that the Bonds are securities which may be deposited with and shall be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purpose for which the deposit of the Bonds or other obligations of the State may be authorized.

Tax Consequences of Owning the Bonds

The Tax-Exempt Bonds

Federal Tax Exemption. In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

State Tax Exemption. In the opinion of Bond Counsel, interest on the Tax-Exempt Bonds is exempt from present State of Georgia income taxation.

Maintenance of Tax Status. The Code and the regulations promulgated thereunder contain a number of restrictions, conditions, and requirements that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Tax-Exempt Bonds in the gross income of the holders thereof for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds. The Issuer has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the Issuer complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the Tax-Exempt Bonds. Bond Counsel has not undertaken to determine or to inform any person whether any action taken or not taken or any event occurring or not occurring after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds.

Current and legislative proposals, if enacted into law, clarification of the Code by the Treasury Department or the Internal Revenue Service, or future court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent owners of the Tax-Exempt Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals also may affect the market price for or marketability of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, regulatory initiatives, or litigation.

The opinions expressed by Bond Counsel are based upon existing law, legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Tax-Exempt Bonds, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the treatment of the Tax-Exempt Bonds for federal income tax purposes. Such opinions are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS. The Issuer has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the beneficial owners of the Tax-Exempt Bonds regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the beneficial owners) other than the Issuer and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the Issuer or the beneficial owners of the Tax-Exempt Bonds to incur significant expense.

As to certain questions of fact material to the opinion of Bond Counsel, Bond Counsel has relied upon representations and covenants made on behalf of the Issuer and certificates of appropriate officers and public officials (including certifications as to the use of proceeds of the Tax-Exempt Bonds and of the property financed or refinanced thereby).

Reference is made to the proposed form of opinion of Bond Counsel relating to the Tax-Exempt Bonds attached hereto in APPENDIX E for the complete text thereof. See also "LEGAL MATTERS" herein.

Premium Bonds. Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the "Tax-Exempt Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Tax-Exempt Premium Bonds, the interest on which is excludable from gross income. However, the purchaser's basis in a Tax-Exempt Premium Bond will be reduced by the amount of the amortizable bond premium properly allocable to such purchase during each year. Proceeds received from the sale, exchange, redemption, or payment of a Tax-Exempt Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to § 1016(a)(5) of the Code) will be treated as a gain from the sale or exchange of such Tax-Exempt Premium Bond and not as interest.

The federal income tax treatment of bond premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Tax-Exempt Premium Bonds should consult an independent tax advisor in order to determine the federal income tax consequences to such holders of purchasing, holding, selling, or surrendering a Tax-Exempt Premium Bond at its maturity.

Other Tax Consequences. Prospective purchasers of the Tax-Exempt Bonds should be aware that ownership of the Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers depending upon their status and income. Prospective purchasers of the Tax-Exempt Bonds should consult independent advisors as to the consequences of owning the Tax-Exempt Bonds, including the effect of such ownership under applicable state and local laws and any collateral federal income tax and state tax consequences.

Information Reporting and Backup Withholding. Interest paid on the Tax-Exempt Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, however, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Tax-Exempt Bonds, under certain circumstances, to "backup withholding" at the fourth lowest rate applicable to unmarried individuals with respect to payments on the Tax-Exempt Bonds and proceeds from the sale of the Tax-Exempt Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Tax-Exempt Bonds. This backup withholding generally applies if the owner of Tax-Exempt Bonds (i) fails to furnish the paying agent (or other person who otherwise would be required to withhold tax from such interest payments) such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances fails to provide the paying agent or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Tax-Exempt Bonds also may wish to consult with independent tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions from backup withholding.

Disposition of the Tax-Exempt Bonds. Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement, reissuance or other disposition of a Tax-Exempt Bond may result in a taxable event for federal income tax purposes.

The Taxable Bonds

The following general discussion sets forth certain of the anticipated federal income tax consequences from the purchase, ownership, or disposition of the Taxable Bonds. This summary and the opinions referred to below are based upon the Code, including regulations, rulings, and decisions now in effect, all of which are subject to change. The discussion below does not purport to address all aspects of federal taxation that may be relevant to particular investors in light of their individual circumstances, or to certain types of investors subject to special treatment under the federal income tax laws. Furthermore, there can be no assurance that contrary positions to those positions expressed below will not be taken by the Internal Revenue Service.

A prospective purchaser of the Taxable Bonds or other taxpayer should seek advice from an independent tax advisor which is based on the taxpayer's particular circumstances. Prospective purchasers are advised to consult their own tax advisors regarding both the federal income tax consequences from the purchase, ownership, or disposition of the Taxable Bonds and any tax consequences arising under the laws of any state or other taxing jurisdiction.

Federal Income Taxation. Interest earned on the Taxable Bonds is not excludable from gross income of the holders of the Taxable Bonds for federal income tax purposes.

State Income Tax Exemption. In the opinion of Bond Counsel, interest on the Taxable Bonds is exempt from present State of Georgia income taxation.

Reference is made to the proposed form of opinion of Bond Counsel relating to the Taxable Bonds attached hereto as APPENDIX F for the complete text thereof.

Original Issue Premium. Certain Taxable Bonds have been sold to the public at an original issue premium (collectively, the "Taxable Premium Bonds"). Section 171 of the Code provides rules under which a premium paid for a Taxable Premium Bond may be amortized. Those rules permit the interest paid on a Taxable Premium Bond that would otherwise be included in the bondholder's gross income for federal income tax purposes to be reduced by the amount of the amortizable bond premium for the taxable year. Each holder of a Taxable Premium Bond may elect whether to amortize the original issue premium paid by it for federal income tax purposes. An election to amortize the original issue premium shall apply to all Taxable Premium Bonds held by the bondholder at the beginning of the first taxable year to which the election applies or thereafter acquired by the bondholder and would be irrevocable without the consent of the Internal Revenue Service. If an election to amortize the original issue premium is made, § 1016(a)(5) of the Code generally requires a reduction of the bondholder's basis in a Taxable Premium Bond held by it by the amount of the amortizable bond premium applied to reduce the interest income received on such Taxable Premium Bond. Proceeds received from the sale, exchange, redemption, or payment of a Taxable Premium Bond in excess of the bondholder's adjusted basis (as reduced pursuant to § 1016(a)(5) of the Code) will be treated as a gain from the sale or exchange of such Taxable Premium Bond and not as interest.

The federal income tax treatment of original issue premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Taxable Premium Bonds should consult their own tax advisors in order to determine the federal income tax consequences to such holders of purchasing, holding, selling, or surrendering Taxable Premium Bonds at their maturity.

Tax Treatment of Foreign Investors. Under §§ 871 and 881 of the Code, interest income with respect to the Taxable Bonds held by non-resident alien individuals, foreign corporations, or other non-United States persons ("Non-Residents") may be subject to a thirty percent (30%) United States withholding tax unless that tax is reduced or eliminated pursuant to an applicable tax treaty. That withholding tax generally will not be imposed if the paying agent (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement identifying the beneficial owner of the Taxable Bonds and stating, among other things, that the beneficial owner is a Non-Resident. The withholding tax also will not apply if interest on the Taxable Bonds is effectively connected with a United States business conducted by the Non-Resident. Foreign investors should consult an independent tax advisor regarding potential imposition of the thirty percent (30%) withholding tax.

Backup Withholding. The Code subjects certain non-corporate owners of Taxable Bonds, under certain circumstances, to "backup withholding" at the fourth lowest rate applicable to unmarried individuals with respect to interest payments on the Taxable Bonds and proceeds from the sale of Taxable Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Taxable Bonds. This withholding generally applies if the owner of Taxable Bonds (i) fails to furnish the paying agent (or other person who would otherwise be required to withhold tax from such payments) such owner's social security number or other TIN, (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances fails to provide the paying agent or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Taxable Bonds also may wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions from backup withholding.

Disposition of the Taxable Bonds. Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement, reissuance or other disposition of a Taxable Bond may result in a taxable event for federal income tax purposes.

Defeasance. Defeasance of any Taxable Bond may result in a deemed reissuance thereof for federal income tax purposes, which may be a taxable event for federal income tax purposes.

VALIDATION

As required by and in accordance with the procedures of the Commission Act, the Bonds were validated by order of the Superior Court of Fulton County on May 20, 2021. Under the laws of the State of Georgia, the judgment of validation is final and conclusive with respect to the Bonds and the security therefor.

RATINGS

Moody's Investors Service, Inc. ("Moody's), S&P Global Ratings ("S&P"), a division of Standard & Poor's Financial Services LLC, and Fitch Ratings ("Fitch") have assigned the Bonds ratings of "Aaa," "AAA," and "AAA," respectively. The ratings reflect only the view of the respective rating agency as of the date of delivery of the Bonds. Any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing it. Generally, rating agencies base their ratings on information and materials furnished to the agencies and on investigations, studies, and assumptions by the rating agencies. There is no assurance that any rating will remain in effect, or that any rating will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any such change or withdrawal of a rating could have an adverse effect on the market price of the Bonds. Except as described under "CONTINUING DISCLOSURE" herein, neither the Commission nor the Underwriters have undertaken any responsibility either to bring to the attention of the holders of the Bonds any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

SALE AT COMPETITIVE BIDDING - UNDERWRITING

The 2021A Bonds and the 2021B Bonds were awarded pursuant to electronic competitive bidding on June 8, 2021 and Commission action on June 9, 2021. The 2021A Bonds maturing on each July 1 from July 1, 2022 to July 1, 2033, inclusive (the "2021A Bidding Group 1 Bonds"), were awarded to Wells Fargo Bank, N.A. (the "2021A Bidding Group 1 Underwriter") at an aggregate discount of $124,779.15 from the initial public offering prices derived from the yields set forth on the inside cover page of this Official Statement. The 2021A Bidding Group 1 Underwriter has supplied the information as to the initial yields on the 2021A Bidding Group 1 Bonds as set forth on the inside cover of this Official Statement. The 2021A Bonds maturing on each July 1 from July 1, 2034 to July 1, 2041, inclusive (the "2021A Bidding Group 2 Bonds"), were awarded to Citigroup Global Markets Inc. (the "2021A Bidding Group 2 Underwriter") at an aggregate discount of $706,153.50 from the initial public offering prices derived from the yields set forth on the inside cover page of this Official Statement. The 2021A Bidding

Group 2 Underwriter has supplied the information as to the initial yields on the 2021A Bidding Group 2 Bonds as set forth on the inside cover of this Official Statement. The 2021B Bonds maturing on each July 1 from July 1, 2022 to July 1, 2031, inclusive (the "2021B Bidding Group 1 Bonds"), were awarded to Morgan Stanley & Co. LLC (the "2021B Bidding Group 1 Underwriter") at an aggregate discount of $96,680.63 from the initial public offering prices derived from the yields set forth on the inside cover page of this Official Statement. The 2021B Bidding Group 1 Underwriter has supplied the information as to the initial yields on the 2021B Bidding Group 1 Bonds as set forth on the inside cover of this Official Statement. The 2021B Bonds maturing on each July 1 from July 1, 2032 to July 1, 2041, inclusive (the "2021B Bidding Group 2 Bonds"), were awarded to Morgan Stanley & Co. LLC (the "2021B Bidding Group 2 Underwriter") at an aggregate discount of $195,439.24 from the initial public offering prices derived from the yields set forth on the inside cover page of this Official Statement. The 2021B Bidding Group 2 Underwriter has supplied the information as to the initial yields on the 2021B Bidding Group 2 Bonds as set forth on the inside cover of this Official Statement. Morgan Stanley & Co. LLC, the underwriter of the 2021B Bonds, provided the following three sentences for inclusion in this Official Statement. Morgan Stanley and Co. LLC, an underwriter of the 2021B Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2021B Bonds.

All other information as to the nature and terms and any reoffering of the 2021A Bonds and 2021B Bonds should be obtained from the respective Underwriters, as applicable, and not from the State.

LEGAL MATTERS

Legal matters incident to the validity of the Bonds are subject to the approving opinions of Gray Pannell & Woodward LLP, Savannah and Atlanta, Georgia, Bond Counsel. Bond Counsel has not been engaged to express any opinion with respect to the accuracy, completeness, or sufficiency of any offering documents used in connection with the offering or sale of the Bonds. A copy of the proposed text of the opinions of Bond Counsel for the 2021A Bonds and the 2021B Bonds, respectively, are set forth in APPENDIX E and APPENDIX F. A signed copy of such opinions for the Bonds dated and speaking only as of the date of original delivery of the Bonds will be available at the time of original delivery of the Bonds. See "LEGAL AND TAX STATUS" herein. Certain legal matters will be passed on for the State by its Disclosure Counsel, Kutak Rock LLP, Atlanta, Georgia.

ABSENCE OF CERTAIN LITIGATION

The Commission and the State, like other similar entities, are each subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The Commission, after reviewing the current status of all pending and threatened litigation with its counsel, the Department of Law of the State, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the Commission or its officials in such capacity are adequately covered by insurance or self-insurance reserves maintained by the Commission or will not have a material adverse effect upon the financial position or results of operations of the Commission. The Commission, on behalf of the State, after reviewing the current status of all pending and threatened litigation with the State's counsel, the Department of Law of the State, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the State or its officials in such capacity are adequately covered by insurance or self-insurance reserves maintained by the State or will not have a material adverse effect upon the financial position or results of operations of the State. See "APPENDIX A – DEBT AND REVENUE INFORMATION – SIGNIFICANT CONTINGENT LIABILITIES" and "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020 – Notes to the Financial Statements – Note 20: Litigation, Contingencies and Commitments."

To the knowledge of the Commission, there is no controversy or litigation pending or threatened seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the pledge by the State of the full faith, credit and taxing power of the State to the payment of the Bonds, or the organization or powers of the Commission, including the power to issue general obligation debt on behalf of the State and to pledge the full faith, credit and taxing power of the State to the payment thereof. The State is a party to certain litigation from time to time, which the Commission believes will not have a material adverse effect upon the ability of the Commission, on behalf of the State, to issue, sell, execute and deliver the Bonds and pledge the full faith, credit, and taxing power of the State to the payment thereof.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the Chairman and Secretary of the Commission will furnish a certificate to the effect that, to the best of their knowledge, the Final Official Statement does not, as of the Date of Delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Final Official Statement is to be used or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading.

FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report of the State as of and for the State Fiscal Year ended June 30, 2020, included herein as APPENDIX B, was prepared by the State Accounting Office and audited by the Department of Audits and Accounts. The auditors have issued a disclaimer of opinion on Business-Type Activities and the Unemployment Compensation Fund based on the State being unable to provide complete and accurate information associated with their determination of potential non-fraud and fraudulent overpayments within the CARES Act Unemployment Insurance Program. Unmodified opinions were issued on the remainder of the State's basic financial statements included in the State of Georgia's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020. With the exceptions as noted above, according to the Independent Auditor's Report, the financial statements of governmental activities, each major fund, aggregate discretely presented component units, and aggregate remaining funds are fairly presented in conformity with accounting principles generally accepted in the United States of America.

CORONAVIRUS (COVID-19) DISCLOSURE

In late 2019, a novel strain of coronavirus emerged in Wuhan, Hubei Province, China, which can cause the disease known as COVID-19 ("COVID-19"). COVID-19 is highly infectious, with high rates of morbidity and mortality, and has spread throughout the world, including the United States and the State. The World Health Organization declared COVID-19 to be a global pandemic on March 11, 2020 and a national emergency was declared in the United States on March 13, 2020. COVID-19 has significantly impacted State, national and global economic activity, as well as stock, bond, and labor markets. COVID-19 also has had a volatile impact on the revenues and expenses of governments and businesses. All of such impacts are expected to continue for an extended time at unknown and varying degrees of severity.

In response to the spread of COVID-19, the United States government, state governments, local governments, school districts, and private industries throughout the country began implementing measures in March 2020 to limit social and work interactions to minimize the spread of the disease. On February 28, 2020, Governor Kemp established a Coronavirus Task Force to assess Georgia's preparations and procedures for preventing, identifying, and addressing cases of COVID-19. The Task Force coordinated efforts between multiple State agencies along with federal and local partners to attempt to identify and mitigate spread within the State and private institutions, including nursing homes, to establish alternate or surge medical facility capacity, and to rapidly expand community testing. On March 14, 2020, Governor Kemp issued Executive Order No. 03.14.20.01, declaring that a "Public Health State of Emergency" existed in the State due to the spread of COVID-19. On March 16, 2020, the State's General Assembly concurred with Governor Kemp's Executive Order by joint resolution of both the State House and State Senate, vesting Governor Kemp with certain emergency powers prescribed by Georgia law for management of a state of emergency. Since his initial Executive Order establishing the Public Health State of Emergency, which remains in effect, Governor Kemp has issued numerous, additional Executive Orders to continue to address the State's response to COVID-19, and for gradually and safely reopening the State's economy. In his Executive Order dated April 30, 2021, Governor Kemp continued to strongly encourage people to wear face coverings and practice social distancing, while also easing previous restrictions based on consultation with public health and emergency preparedness officials, and in light of the State's efforts with its vaccine distribution program implemented in late 2020.

Additional public health data and other information related to the State's response to COVID-19 is available on the following website: https://dph.georgia.gov. This website is provided for convenience only and is not incorporated by reference into this Official Statement. As of May 24, 2021, over 7,000,0000 vaccines have been administered in the State (approximately 3,900,000 residents have received at least one dose and approximately 3,200,000 residents are fully vaccinated).

Various actions have been taken by the State, as well as federal and local governments and agencies, to provide relief to negatively impacted residents and businesses, including expanded availability of unemployment benefits, business loan programs, eviction moratoria, and tax payment deadline extensions, among others. To attempt to alleviate the deleterious economic impacts of the disease, Congress has passed several relief packages, including the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), the Families First Coronavirus Response Act and, most recently, the American Rescue Plan of 2021 (the "ARP Act"). During FY 2020, the State received approximately $3.5 billion in direct aid under Title V of the CARES Act, which established the Coronavirus Relief Fund ("CRF"). To date, the State has allocated the funds as follows:

- $1.5 billion to repay borrowing for the Unemployment Compensation Fund,
- $371 million of CRF funds to local governments for COVID-19 relief,
- $335 for surge medical staff augmentation for nursing homes and hospitals,
- $120 million for personal protective equipment, testing initiatives, and alternative care and quarantine sites,
- $470 million for other state agency response costs,
- $105 million for public safety payroll expenses; and,

- $78 million for nursing homes and long-term care facilities for COVID-19 testing.

The remaining balance of approximately $520 million of CRF funds currently has yet to be obligated.

The State also has received funding through the Federal Medical Assistance Percentage ("FMAP") first authorized by the Families First Coronavirus Relief Act, which temporarily increased the Medicaid reimbursement rate to the State by 6.2% to 73.5% for any quarter in which there is a federally dedicated public health emergency. To date, the State has received the enhanced reimbursement rate for six quarters. In addition, approximately $457 million was received from the Elementary and Secondary School Emergency Relief (ESSER) Fund, and approximately $406 million was received from the Higher Education Emergency Relief (HEER) Fund. The State also estimates it is eligible to receive up to $15.9 billion in assistance under the ARP Act, including $4.8 billion through the State Fiscal Recovery Fund, $3.5 billion for the Local Fiscal Recovery Fund, $4.2 billion in additional ESSER funds, and $1.2 billion in additional HEER funds. On May 20, 2021 the State received its first tranche of State Fiscal Recovery Funds totaling $2.4 billion. The federal government still is in the process of finalizing rules governing the expenditure and reporting requirements associated with these funds.

For more detailed information about the effects of COVID-19 on the State during FY 2020 and FY 2021 to the date of this Preliminary Official Statement, including State revenue and expense impacts, see APPENDIX A hereto. In addition, APPENDIX A contains more detailed information about the State's FY 2021 and FY 2022 budgets. Developments relating to COVID-19 continue to occur rapidly. The duration and severity of COVID-19, and its ongoing impact on the State, is unknown and will continue to evolve.

CONTINUING DISCLOSURE

The State has covenanted for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the State (the "Annual Report") by not later than twelve (12) months after the end of each fiscal year, commencing with the fiscal year ended June 30, 2021, and to provide notice of the occurrence of certain events (the "Listed Events"). The Annual Report and any notices of Listed Events will be filed by the State with the centralized information repository developed and operated by the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access ("EMMA") System in an electronic format as prescribed by the MSRB and with any similar repositories established by the State (if any). The specific nature of the information to be contained in the Annual Report and a description of the Listed Events is provided in "APPENDIX D – CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12.

FORWARD LOOKING STATEMENTS

Any statements made in this Official Statement, including in the Appendices, involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized.

The statements contained in this Official Statement, including in the Appendices, that are not purely historical, are forward looking statements. Readers should not place undue reliance on forward looking statements. All forward looking statements included in this Official Statement are based on information available on the date hereof and the State does not assume any obligation to update any such forward looking statements. It is important to note that the actual results could differ materially from those in such forward looking statements. The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the State. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward looking statements included in this Official Statement, including in the appendices, would prove to be accurate.

MISCELLANEOUS

The references herein to the Bonds and the Resolutions are brief outlines of certain provisions thereof. Such outlines do not purport to be complete. For full and complete statements of such provisions, reference is made to the Bonds and the Resolutions. A copy of each Resolution is on file in the offices of the Commission and following the delivery of the Bonds will be on file at the designated corporate trust office of the Paying Agent.

The agreement of the Commission with the holders of the Bonds is fully set forth in the Bonds and the Resolutions, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement by the Commission with the purchasers of the Bonds.

The attached Appendices are integral parts of this Official Statement and should be read together with all of the foregoing statements. All estimates and other statements in this Official Statement, including the Appendices attached hereto, involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

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The execution and distribution of this Official Statement has been approved in connection with the public offering of the Bonds.

/s/ *Greg S. Griffin*
Secretary and Treasurer
Georgia State Financing and Investment Commission

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APPENDIX A

DEBT AND REVENUE INFORMATION

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APPENDIX A

TABLE OF CONTENTS

This APPENDIX A to the Official Statement sets forth certain information with respect to the constitutional and statutory limitations with respect to indebtedness incurred by the State and its various institutions, departments and agencies and certain selected budgetary and financial data.

DEBT INFORMATION

Appropriations and Debt Limitations

Article III, Section IX, Paragraph IV(b) of the State Constitution provides in relevant part:

> The General Assembly shall not appropriate 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.

Article III, Section IX, Paragraph V of the State Constitution provides in relevant part:

> In addition to the appropriations made by the general appropriations Act and amendments thereto, the General Assembly may make additional appropriations by Acts, which shall be known as supplementary appropriation Acts, provided no such supplementary appropriation shall be available unless there is an unappropriated surplus in the state treasury or the revenue necessary to pay such appropriation shall have been provided by a tax laid for such purpose and collected into the general fund of the state treasury.

Article VII, Section IV, Paragraph III(a)(1) of the State Constitution provides in relevant part:

> All such appropriations for debt service purposes shall not lapse for any reason and shall continue in effect until the debt for which such appropriation was authorized shall have been incurred, but the General Assembly may repeal any such appropriation at any time prior to the incurring of such debt.

Article VII, Section IV, Paragraph I of the State Constitution provides that the State may incur two types of debt: (i) general obligation debt and (ii) guaranteed revenue debt. Pursuant to subparagraphs (c), (d), and (e) of Paragraph I, general obligation debt may be incurred to: acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, structures, equipment, or facilities of the State, its agencies, departments, institutions and certain State authorities; provide educational facilities for county and independent school systems and public library facilities for county and independent school systems, counties, municipalities, and boards of trustees of public libraries or boards of trustees of public library systems; and make loans to counties, municipal corporations, political subdivisions, local authorities, and other local government entities for water or sewerage facilities or systems or for regional or multijurisdictional solid waste recycling or solid waste facilities or systems. Pursuant to subparagraph (f) of Paragraph I, guaranteed revenue debt may be incurred by guaranteeing the payment of certain revenue obligations issued by an instrumentality of the State as set forth in the State Constitution to finance certain specified public projects.

Article VII, Section IV, Paragraph II (b) – (e) of the State Constitution provides that:

> (b) No debt may be incurred under subparagraphs (c), (d), and (e) of Paragraph I of this section or Paragraph V of this section at any time when the highest aggregate annual debt service requirements for the then current year or any subsequent year for outstanding general obligation debt and guaranteed revenue debt, including the proposed debt, and the highest aggregate annual payments for the then current year or any subsequent fiscal year of the state under all contracts then in force to which the provisions of the second paragraph of Article IX, Section VI, Paragraph I(a) of the Constitution of 1976 are applicable, exceed 10 percent of the total revenue receipts, less refunds of the state treasury in the fiscal year immediately preceding the year in which any such debt is to be incurred.
>
> (c) No debt may be incurred under subparagraphs (c) and (d) of Paragraph I of this section at any time when the term of the debt is in excess of 25 years.
>
> (d) No guaranteed revenue debt may be incurred to finance water or sewage treatment facilities or systems when the highest aggregate annual debt service requirements for the then current year or any subsequent fiscal year of the state for outstanding or proposed guaranteed revenue debt for water facilities or systems or sewage facilities or systems exceed 1 percent of the total revenue receipts less refunds, of the state treasury in the fiscal year immediately preceding the year in which any such debt is to be incurred.
>
> (e) The aggregate amount of guaranteed revenue debt incurred to make loans for educational purposes that may be outstanding at any time shall not exceed \$18 million, and the aggregate amount of guaranteed revenue debt incurred to purchase, or to lend or deposit against the security of, loans for educational purposes that may be outstanding at any time shall not exceed \$72 million.

In addition, Article VII, Section IV, Paragraph IV of the State Constitution provides:

> The state, and all state institutions, departments and agencies of the state are prohibited from entering into any contract, except contracts pertaining to guaranteed revenue debt, with any public agency, public corporation, authority, or similar entity if such contract is intended to constitute security for bonds or other obligations issued by any such public agency, public corporation, or authority and, in the event any contract between the state, or any state institution, department or agency of the state and any public agency, public corporation, authority or similar entity, or any revenues from any such contract, is pledged or assigned as security for the repayment of bonds or other obligations, then and in either such event, the appropriation or expenditure of any funds of the state for the payment of obligations under any such contract shall likewise be prohibited.

Article VII, Section IV, Paragraph I (b) of the State Constitution provides that the State may incur "Public debt to supply a temporary deficit in the state treasury in any fiscal year created by a delay in collecting the taxes of that year. Such debt shall not exceed, in the aggregate, 5 percent of the total revenue receipts, less refunds, of the state treasury in the fiscal year immediately preceding the year in which such debt is incurred. The debt incurred shall be repaid on or before the last day of the fiscal year in which it is incurred out of taxes levied for that fiscal year. No such debt may be incurred in any fiscal year under the provisions of this subparagraph (b) if there is then outstanding unpaid debt from any previous fiscal year which was incurred to supply a temporary deficit in the state treasury." Pursuant to O.C.G.A. § 50-17-24(b)(2), the amount of aggregate borrowing under this constitutional authorization currently is statutorily restricted to "1 percent of the total revenue receipts, less refunds, of the state treasury in the fiscal year immediately preceding the year in which such debt is incurred." No such debt has been incurred under this provision since its inception.

See "SECURITY FOR THE BONDS" and "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020" herein.

Authorized Indebtedness

The following table sets forth the aggregate net principal amount of general obligation debt and guaranteed revenue debt authorized by the General Assembly of the State to be issued during the fiscal years beginning July 1, 1974 and ending June 30, 2022. These totals include new debt authorizations for FY 2022 for general obligation debt of $983,135,000 and an authorization of new guaranteed revenue debt of $567,000,000 for the State Road and Tollway Authority ("SRTA"), a substantial portion of which is expected to be incurred in July 2021, as previously described in the section titled "AUTHORIZED INDEBTEDNESS" shown on page 8 herein. (Note, throughout this Official Statement a State fiscal year beginning on July 1 in one calendar year and on ending on June 30 of the subsequent calendar year (both historical and forward looking) may be referred to, for example, as FY 2022 for the State fiscal year beginning on July 1, 2021 and ending on June 30, 2022; therefore the table below encompasses the period of FY 1975 through FY 2022.) The amounts of such general obligation debt and guaranteed revenue debt actually funded (including the Bonds) and the remaining amounts authorized but unissued as of the date of issuance of the Bonds have been aggregated for presentation in the third and fourth columns of this table and labeled "Total State Debt Funded (Including the Bonds)" and "Unissued Authorized Indebtedness". The amounts reflected in the column labeled "Total State Debt Funded (Including the Bonds)" reflect the amount of authorized general obligation debt and guaranteed revenue debt funded through the issuance of bonds, a portion of which has been funded with initial issue premium upon the issuance of the bonds.

Purpose	General Obligation Debt Authorized	Guaranteed Revenue Debt Authorized	Total State Debt Funded (Including the Bonds)	Unissued Authorized Indebtedness
K-12 School Construction	$ 7,881,770,000		$ 7,710,860,000	$170,910,000
University Facilities	7,020,418,000		7,020,418,000	
Transportation	5,310,550,000	$1,322,245,000	6,065,795,000	567,000,000^
Technical College System	2,404,942,000		2,404,942,000	
Department of Corrections	1,231,960,000		1,231,960,000	
Department of Natural Resources	938,980,000		938,980,000	
Port Facilities	898,815,000		898,815,000	
Environmental Finance Authority	845,700,000	97,470,000	943,170,000	
World Congress Center[(1)]	826,200,000		826,200,000	
Building Authority	709,315,000		709,315,000	
Department of Juvenile Justice	488,645,000		488,645,000	
Human Services Facilities	467,920,000		467,920,000	
Public Safety	252,195,000		252,195,000	
Secretary of State	205,050,000		205,050,000	
Savannah-Georgia Convention Center	197,700,000		197,700,000	
Bureau of Investigations	192,490,000		192,490,000	
Public Libraries	191,860,000		191,860,000	
Department of Economic Development	172,390,000		172,390,000	
Department of Revenue	128,475,000		128,475,000	

Purpose	General Obligation Debt Authorized	Guaranteed Revenue Debt Authorized	Total State Debt Funded (Including the Bonds)	Unissued Authorized Indebtedness
Department of Agriculture	108,650,000		108,650,000	
Jekyll Island-State Park Authority	102,015,000		102,015,000	
Department of Defense	98,385,000		98,385,000	
Department of Community Affairs	81,740,000		81,740,000	
Stone Mountain Memorial Association	70,400,000		70,400,000	
Forestry Commission	69,660,000		69,660,000	
Department of Administrative Services	59,605,000		59,605,000	
Department of Labor	56,850,000		56,850,000	
Financing and Investment Commission	45,205,000		45,205,000	
Soil and Water Conservation Commission	44,540,000		43,540,000	1,000,000
Agricultural Exposition	40,025,000		40,025,000	
Department of Veterans Service	27,425,000		27,425,000	
Department of Driver Services	26,440,000		26,440,000	
Vocational Rehabilitation Agency	14,995,000		14,995,000	
All Other	53,875,000		53,875,000	
Total	$31,265,185,000	$1,419,715,000	$31,945,990,000	$738,910,000

^ Some portion of this amount is expected to be incurred in July 2021, but as of the date of this Official Statement the exact amount and date still is to be determined.
Source: Georgia State Financing and Investment Commission

Outstanding Debt

The following table sets forth the projected outstanding principal amount of indebtedness of the State upon issuance of the Bonds. (There are no general obligation or guaranteed revenue debt principal payments due between the date of this Official Statement and the end of FY 2021 on June 30, 2021.) Upon issuance of the Bonds, there will be $171,910,000 of unissued authorized general obligation debt remaining to be issued. The approved budget for FY 2022 includes an authorization for new guaranteed revenue debt of $567,000,000 for SRTA, as previously herein described, a substantial portion of which is expected to be incurred in July 2021, with the remainder expected to be incurred at a later date, but for purposes of the table below the full amount is being treated as issued.

Description	General Obligation	Guaranteed Revenue	Total Outstanding
Total projected debt outstanding as of June 30, 2021	$ 9,628,150,000	$ 63,460,000	$ 9,691,610,000
Less debt to be retired on July 1, 2021	-330,490,000	-	-330,490,000
Subtotal debt outstanding prior to issuance of the Bonds	9,297,660,000	63,460,000	9,361,120,000
Plus the Bonds	1,096,630,000		1,096,630,000
Less debt purchased and retired or refunded by the Bonds	-141,790,000	-	-141,790,000
Plus FY 2022 authorized guaranteed revenue debt	-	567,000,000	567,000,000
Projected total debt outstanding upon issuance of the Bonds	$10,252,500,000	$630,460,000	$10,882,960,000

Source: Georgia State Financing and Investment Commission

In November 2010, Georgia voters approved an amendment to the State Constitution which provided that "The General Assembly may by general law authorize state governmental entities to incur debt for the purpose of entering into multiyear contracts for governmental energy efficiency or conservation improvement projects in which payments are guaranteed over the term of the contract by vendors based on the realization of specified savings or revenue gains attributable solely to the improvements…." (Ga. L. 2010, Volume One, Book One, p. 1264, 2010 Regular Session, S.R. 1231) Subsequent to the ratification of said amendment to the State Constitution, S.B. 194, passed by the General Assembly during its 2010 session and signed by the Governor on June 4, 2010, became effective

January 1, 2011 (Ga. L. 2010, Volume One, Book One, commencing at p. 1091, Act No. 669, 2010 Regular Session, S.B. 194). S.B. 194 amended Title 50 of the Official Code of Georgia Annotated by adding Chapter 37, which is codified as O.C.G.A. § 50-37-1 through O.C.G.A. § 50-37-8 (the "Guaranteed Energy Savings Performance Act ("GESP Act")). The GESP Act, among other things, authorizes State governmental units to enter into guaranteed energy savings performance contracts ("EPC" or "EPCs") for terms not to exceed twenty years. O.C.G.A. § 50-37-7(3) authorizes the Commission to establish a total multiyear guaranteed energy savings performance contract value and provided that any EPC entered into by a state entity that was not in compliance with the total contract value set by the Commission shall be void and of no effect. Through FY 2021, approximately $80 million of Commission approved EPC contract value authority has been utilized. Per the Commission's adopted fiscal guideline policies for EPCs and multiyear rental agreements, the Commission generally will limit the total contract value authority to an amount which will not cause the ratio for debt service to prior year receipts in the Commission's debt management model to increase by more than one-half percent (0.50%), or exceed the established debt management planning target, when including all existing and anticipated multiyear obligations. EPCs are not general obligation debt or guaranteed revenue debt of the State and therefore are not subject to the ten percent (10%) debt limit described under "DEBT INFORMATION - Appropriations and Debt Limitations" herein.

In November 2012, Georgia voters approved an amendment to the State Constitution to authorize the General Assembly to allow certain State agencies to enter into multiyear rental agreements, without obligating present funds for the full amount of obligation the State may bear under the full term of such agreements. Subsequent to the ratification of said amendment to the State Constitution, S.B. 37, passed by the General Assembly during its 2012 session and signed by the Governor on May 2, 2012, became effective January 1, 2013 (Ga. L. 2012, Volume One, Book Two, commencing at p. 989, Act No. 717, 2012 Regular Session, S.B. 37). As amended by S.B. 37, O.C.G.A. § 50-16-41(c) authorizes the State Properties Commission (the "SPC") to enter into multiyear lease agreements for administrative space on behalf of state agencies for terms not to exceed twenty years. Pursuant to O.C.G.A. § 50-16-41(l) the Commission established fiscal policies regarding multiyear lease and rental agreements and, each year, the Commission establishes total multiyear contract value authority for use by SPC and the Board of Regents ("BOR") of the University System of Georgia. At its December 2, 2020 meeting, the Commission approved the SPC's request for $80 million for new multiyear rental agreement contract value authority for FY 2022. Through April 2021, the SPC has entered into 100 leases utilizing approximately $668 million of Commission approved multiyear rental agreement contract value authority. Through April 2021, the BOR has entered into four (4) leases utilizing approximately $125.2 million of Commission approved multiyear rental agreement contract value authority. At its June 9, 2021 meeting the Commission approved the BOR's request for new multiyear rental agreement contract value authority for FY 2022 in the amount of $10 million. Such multiyear rental agreements are not subject to the ten percent (10%) debt limitation described under "DEBT INFORMATION - Appropriations and Debt Limitations" herein.

In addition to the above, the State periodically acquires certain property and equipment through multiyear lease, purchase, or lease purchase contracts that are considered for accounting purposes to be capital lease or installment purchase obligations. The State also periodically leases land, office facilities, office and computer equipment, and other assets pursuant to leases that are considered for accounting purposes to be operating leases. For information regarding outstanding capital and operating leases entered into by the State, reference is made to Note 11 – "Leases" in the State's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2020, included herein as APPENDIX B.

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Outstanding Debt Service

Principal and interest debt service payments are made in various months throughout the year; amounts shown in the following schedule are the maximum aggregate scheduled sinking fund payments by fiscal year for all issued and outstanding general obligation bonds and guaranteed revenue bonds as of June 30, 2021, excluding both the Bonds and the expected issue of SRTA Guaranteed Revenue Bonds in July 2021.

	General Obligation Bonds		Guaranteed Revenue Bonds		Total Bonds		
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Total Debt Service
2022	$ 864,990,000	$ 383,291,752	$21,545,000	$2,634,375	$ 886,535,000	$ 385,926,127	$ 1,272,461,127
2023	823,935,000	346,514,685	22,650,000	1,529,500	846,585,000	348,044,185	1,194,629,185
2024	809,535,000	311,340,366	19,265,000	481,625	828,800,000	311,821,991	1,140,621,991
2025	751,890,000	278,078,807	-	-	751,890,000	278,078,807	1,029,968,807
2026	694,560,000	245,851,338	-	-	694,560,000	245,851,338	940,411,338
2027	656,020,000	216,900,621	-	-	656,020,000	216,900,621	872,920,621
2028	619,660,000	188,326,520	-	-	619,660,000	188,326,520	807,986,520
2029	619,745,000	160,881,451	-	-	619,745,000	160,881,451	780,626,451
2030	542,200,000	135,362,174	-	-	542,200,000	135,362,174	677,562,174
2031	508,590,000	113,295,444	-	-	508,590,000	113,295,444	621,885,444
2032	495,055,000	92,548,809	-	-	495,055,000	92,548,809	587,603,809
2033	462,840,000	73,075,532	-	-	462,840,000	73,075,532	535,915,532
2034	379,770,000	55,845,379	-	-	379,770,000	55,845,379	435,615,379
2035	330,575,000	42,716,377	-	-	330,575,000	42,716,377	373,291,377
2036	283,790,000	31,034,617	-	-	283,790,000	31,034,617	314,824,617
2037	239,655,000	21,286,048	-	-	239,655,000	21,286,048	260,941,048
2038	179,055,000	13,678,760	-	-	179,055,000	13,678,760	192,733,760
2039	184,775,000	8,012,065	-	-	184,775,000	8,012,065	192,787,065
2040	116,355,000	3,434,268	-	-	116,355,000	3,434,268	119,789,268
2041	65,155,000	886,563	-	-	65,155,000	886,563	66,041,563
Total	$9,628,150,000	$2,722,361,574	$63,460,000	$4,645,500	$9,691,610,000	$2,727,007,076	$12,418,617,076

Note: Total Interest and Total Debt Service amounts may not add precisely due to rounding.
Source: Georgia State Financing and Investment Commission

Rate of Debt Retirement

Shown below are the rates of scheduled debt retirement on all outstanding general obligation bonds and guaranteed revenue bonds of the State as of June 30, 2021, but not including the Bonds.

Principal Amount Due	Amount	% of Total
In 5 Years (60 Months)	$4,008,370,000	41.4%
In 10 Years (120 Months)	$6,954,585,000	71.8%

Source: Georgia State Financing and Investment Commission

Market Transactions to Retire Debt

From time to time the State uses earnings on invested general obligation bond proceeds to purchase outstanding general obligation bonds in secondary market transactions with dealers; bonds so purchased are then cancelled and are no longer outstanding. During the period shown below, very low interest rates available on the invested general obligation bond proceeds resulted in significantly fewer funds available for this program than in preceding years; this condition is expected to continue for an indeterminate period of time into the future. The schedule below summarizes these transactions for the years indicated (with FY 2021 through date of Official Statement).

Fiscal Year	Par Value	Purchase Price[a]	Purchase Price as % of Par Value
2017	$ 0	$ 0	NA
2018	200,000	228,425	114.212%
2019	400,000	426,460	106.615
2020	16,635,000	17,088,347	102.725
2021	870,000	877,473	100.859

[a] Excluding Accrued Interest
Source: Georgia State Financing and Investment Commission

Debt Statistics

Certain information and statistics regarding the debt of the State are set forth in the following tables.

State Treasury Receipts

The State's compliance with its constitutional debt limitation is calculated on the basis of the State Treasury Receipts (revenue receipts less refunds) set forth in the table below. The annual percentage increase in such State Treasury Receipts is set forth in the third column of the table below. Note: Final FY 2021 revenues amounts are not available as of the date of this Official Statement. For preliminary information regarding major tax category collections during FY 2021, see the subsequent table titled "Georgia Department of Revenue – FY 2021 Preliminary Unaudited State Revenues" herein.

Fiscal Year	State Treasury Receipts	% Change From Prior Year
2016	$23,476,964,889	8.9%
2017	24,519,402,190	4.4
2018	25,649,499,261	4.6
2019	26,973,017,172	5.2
2020	26,900,038,894	-0.3

Source: State Accounting Office – Georgia Revenues and Reserve Report

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Legal Debt Margin

The amounts permissible under the State's constitutional debt limitation are set forth below:

• State Treasury Receipts for FY 2020	$26,900,038,894
• Highest annual commitments permitted under constitutional limitation – 10% of State Treasury Receipts for FY 2020	$2,690,003,889
• Highest debt service for currently outstanding debt in any year (FY 2022)	$1,272,461,127
• As a percent of FY 2020 State Treasury Receipts	4.73%
• Highest Annual Debt Service for the Bonds	$92,289,971
• Total highest current outstanding debt service plus appropriated debt service for the Bonds	$1,364,751,098
• As a percent of FY 2020 State Treasury Receipts	5.07%
• Highest annual debt service for FY 2022 new authorization of guaranteed revenue debt[(1)]	$38,800,000
• Total highest current outstanding debt service plus appropriated debt service for the Bonds plus the new authorization of guaranteed revenue debt by SRTA	$1,403,551,098
• As a percent of FY 2020 State Treasury Receipts	5.22%
• Total additional debt service appropriations for all remaining currently authorized but unissued general obligation bonds after issuance of the Bonds	$14,715,496
• Total highest annual commitments in any fiscal year, current outstanding debt service plus debt service appropriations for all currently authorized but unissued general obligation bonds and guaranteed revenue debt	$1,418,266,594
• As a percent of FY 2020 State Treasury Receipts	5.27%
• Projected State Treasury Receipts for FY 2021	$26,310,010,277
• As a percent of FY 2021 Projected State Treasury Receipts	5.39%
• Projected State Treasury Receipts for FY 2022	27,252,569,696
• As a percent of FY 2022 Projected State Treasury Receipts	5.20%

[(1)] A substantial portion of the new FY 2022 guaranteed revenue debt authorization is expected to be incurred in July 2021 and the remainder at a later date; for this purpose, the full authorization is assumed.

Sources: Georgia State Financing and Investment Commission; State Accounting Office

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Assessed Valuation
(Real Estate and Personal Property)

The assessed valuation of real and personal property located in the State, its estimated actual value ("EAV"), and the assessed value as a percentage of the EAV are set forth in the table below.

Year	Assessed Valuation	Estimated Actual Value	Assessed as a % of EAV
2016	$375,667,703,224	$ 969,465,040,579	38.7%
2017	394,723,489,792	1,020,220,960,952	38.6
2018	422,873,392,201	1,092,978,527,271	38.6
2019	450,510,046,035	1,162,006,824,954	38.7
2020[a]	481,974,323,892	1,250,257,649,524	38.5

[a] Note: Amounts for 2020 are preliminary and subject to change until November 15, 2021, when they are scheduled to be finalized, with further revisions subject to any ongoing appeals at that time.
Source: State of Georgia Department of Audits and Accounts, Sales Ratio Division

Article VII, Section I, Paragraph II (a) of the State Constitution provides:

"The annual levy of state ad valorem taxes on tangible property for all purposes, except for defending the state in an emergency, shall not exceed one-fourth mill on each dollar of the assessed value of the property."

The State last imposed a tax levy under this provision in 2015, although occasionally payments will be received as appraisal and assessment appeals and court cases are resolved with taxes owed to the State or a refund owed by the State to a successful appellant or litigant.

Debt Ratios

The debt ratios set forth below in this table are based on the Assessed Valuation set forth in the table above and the following key statistics:

Projected Total State Debt Outstanding Upon Issuance of the Bonds (see "Outstanding Debt" herein)[(1)]	$10,882,960,000
2020 Population Estimate[(2)]	10,711,908
2020 Total Personal Income Estimate[(3)]	$547,876,000,000
Debt per Capita	$1,016
Debt to Personal Income	1.99%
Debt to Assessed Valuation	2.26%
Debt to Estimated Actual Value	0.87%

[(1)] A substantial portion of the new FY 2022 guaranteed revenue debt authorization is expected to be incurred in July 2021 and the remainder at a later date; for this purpose, the full authorization is assumed.
[(2)] As of July 1, 2020, U.S. Department of Commerce, Bureau of the Census
[(3)] U.S. Department of Commerce, Bureau of Economic Analysis – Calendar Year 2020
Source: Georgia State Financing and Investment Commission

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REVENUE INFORMATION

Fiscal Policy

Under Georgia law, the Governor is the State's Chief Executive and ex officio Director of the Budget. The Governor is assisted in financial management by the Director of the Governor's Office of Planning and Budget ("OPB"). The State Constitution assigns responsibility for revenue estimates to the Governor. The Governor is aided in this determination by revenue projections developed by the State Economist. The State Economist utilizes various sources of information and other forecasts of key U.S. and Georgia economic data when developing his forecasts. The State Economist's forecasts then are compared to publicly available forecasts such as those produced by the Georgia State University Economic Forecasting Center, and to consensus forecasts of the U.S. economy. The Governor also appoints a Council of Economic Advisors separate from the State Economist. The Council of Economic Advisors is comprised of economists from public and private entities who meet at the call of the Governor to provide independent economic and revenue forecasts on the current and future fiscal years.

Budgetary Controls and Budget Process

The State Constitution requires the State to adopt a balanced budget. The State Constitution assigns responsibility for revenue estimates to the Governor, provides that no money may be drawn from the State Treasury except for appropriations made by law, and requires that the General Assembly annually appropriate state and federal funds necessary to operate all of the various departments and agencies of State government. It further provides that the general appropriations bill embrace only appropriations that were fixed by previous laws; the ordinary expenses of the executive, legislative, and judicial departments of State government; payment of the public debt and the interest thereon; and, support of the public institutions and educational interests of the State.

Each year, the General Assembly passes and the Governor signs two separate budgets - the "amended" current fiscal year budget (to adjust the current fiscal year budget to account for changes in school enrollment and for other unanticipated needs), and the budget for the upcoming fiscal year, which must be adopted prior to the start of the upcoming fiscal year. If necessary, the Governor has the authority to call a special session of the General Assembly to take up a supplemental budget to address critical fiscal issues. The next regular session of the legislature is scheduled to begin in January 2022. One or more, if necessary, special legislative sessions can be called by the Governor prior to January 2022 to address any budgetary or revenue issues, or other legislative priorities.

Cash Flow Management

Before money can be disbursed pursuant to an appropriation, it must be allotted (administratively allocated and approved for expenditure). Allotments are provided to State agencies and other budget units by issuance of warrants by OPB. A warrant is the approval of funding a portion of the appropriated amount to a budget unit such that the budget unit has the funding available to expend in accordance with an appropriation. The Office of the State Treasurer ("OST") funds warrants against the allotments as allotment draw requests are presented to it by the various State budget units and monitors approved, but undrawn allotment balances. Undrawn allotment balances include funding for expenditures associated with contracts resulting in some carry-forwards from the previous fiscal year. Allotments tend to be paid out gradually; however, there is a risk that a sudden increase in requests by budget units for previously allotted funds could strain the State's cash resources. OPB has the authority to withhold undrawn allotments prior to such allotments being funded by the OST, if necessary, to manage state expenditures to available revenues, or to maintain liquidity. During the course of a fiscal year, if it appears that revenues have fallen below the amounts originally anticipated, OPB can take steps to reduce State expenditures by requiring budget units to reserve appropriations or, through coordination with State agencies and other budget units, can delay approval of allotments and rescind prior allotments. OPB also may rescind previously approved but undrawn allotments should the funds no longer be needed for the purpose as originally budgeted. In addition, the Governor can reduce the revenue estimate for a fiscal year and recommend that the legislature amend the then current budget to reflect lowered revenue estimates.

Treasury monitors cash balances available to fund appropriation allotments as they are presented for payment. If necessary, the State may take steps to ensure liquidity which could include managing the timing of allotments for appropriations and tax refunds as permitted by state law, withholding appropriation allotments, or rescinding appropriation allotments. Although it has not used other measures to maintain sufficient liquidity, the State has other legally authorized options available to enable it to access liquidity in more extraordinary circumstances, including securing a bank line of credit, issuing short-term debt, transacting reverse repurchase agreements, or internal borrowing. Under current State law, the amount that could be drawn on an external line of credit is limited to one percent (1%) of the prior year's receipts and any such borrowing must be repaid within the same fiscal year it was incurred.

Revenue Shortfall Reserve

With respect to the revenue shortfall reserve and the mid-year adjustment reserve, O.C.G.A. § 45-12-93 provides in relevant part:

(a) There shall be a reserve of state funds known as the "Revenue Shortfall Reserve."

(b) The amount of all surplus in state funds existing as of the end of each fiscal year shall be reserved and added to the Revenue Shortfall Reserve. Funds in the Revenue Shortfall Reserve shall carry forward from fiscal year to fiscal year, without reverting to the general fund at the end of a fiscal year. The Revenue Shortfall Reserve shall be maintained, accumulated, appropriated, and otherwise disbursed only as provided in this Code section.

(c) For each existing fiscal year, the General Assembly may appropriate from the Revenue Shortfall Reserve an amount up to one percent (1%) of the net revenue collections of the preceding fiscal year for funding increased K-12 needs.

(d) The Governor may release for appropriation by the General Assembly a stated amount from funds in the Revenue Shortfall Reserve that are in excess of four percent (4%) of the net revenue of the preceding fiscal year.

(e) As of the end of each fiscal year, an amount shall be released from the Revenue Shortfall Reserve to the general fund to cover any deficit by which total expenditures and contractual obligations of state funds authorized by appropriation exceed net revenue and other amounts in state funds made available for appropriation.

(f) The Revenue Shortfall Reserve shall not exceed fifteen percent (15%) of the previous fiscal year's net revenue for any given fiscal year.

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The following tables set forth certain information regarding the State's Revenue Shortfall Reserve for the fiscal years shown.

Total State General Funds and Revenue Shortfall Reserve ($ in millions)

		Revenue Shortfall Reserve [1]		
Fiscal Year	Total State General Funds	Total Reserves	Uses of Reserves [2]	Net
2016	$22,237	$2,255	$(222)	$2,033
2017	23,268	2,541	(233)	2,309
2018	24,320	2,800	(243)	2,557
2019	25,571	3,063	(256)	2,808
2020	25,479	2,959	(255)	2,705

(1) The amount by which the total Revenue Shortfall Reserve exceeds four percent (4%) of the net revenue collections (referred to as "Total State General Funds" above) of the preceding fiscal year may be released by the Governor for appropriation by the General Assembly. For the fiscal years shown above, no funds in addition to the one percent (1%) for funding increased educational needs (see (2) below) were released from the Revenue Shortfall Reserve by the Governor.

(2) Up to one percent (1%) of the net revenue collections (referred to as "Total State General Funds" above) of the preceding fiscal year may be used for funding increased educational (K-12) needs. Such amounts for the fiscal years shown above were appropriated in the immediate subsequent fiscal year for this purpose (see the table on page 6 herein).

Source: State Accounting Office
Note: Amounts may not add precisely due to rounding.

Reconciliation of Revenue Shortfall Reserve - FY 2020

Adjusted Net FY 2019 Revenue Shortfall Reserve Balance	$2,807,583,610
Less Deficit of FY 2020 Total Budget-Based Revenues Available for FY 2020 Appropriations	(263,113,698)
Plus Audited FY 2020 Agency Lapse of Surplus Funds	414,983,960
Subtotal FY 2020 Revenue Shortfall Reserve Balance	2,959,453,872
Less one percent (1%) Mid-year Adjustment for K-12 Education Appropriation in Amended FY 2021 Budget (see footnote 2 in table above)	(254,789,164)
Adjusted Net FY 2020 Revenue Shortfall Reserve Balance	$2,704,664,708

Source: State Accounting Office
Note: Amounts may not add precisely due to rounding.

Budgetary Uses of Revenue Shortfall Reserve for FY 2020 and FY 2021

On March 14, 2020, Governor Brian P. Kemp notified the Georgia General Assembly that he was amending his revenue estimate for Fiscal Year 2020 to include $100 million from the Revenue Shortfall Reserve, pursuant to O.C.G.A. § 45-12-93(d) due to anticipated shortfalls in State revenue collections as a result of the diminished economic activity within the State resulting from both actual cases of COVID-19 and efforts to slow and restrain transmission of the coronavirus which had progressed to point of being declared a pandemic by the World Health Organization on March 11, 2020 and also a national emergency in the United States by President Trump on March 13, 2020. The Governor requested and the General Assembly appropriated in the amended Appropriations Act for State Fiscal Year 2019-2020 (H.B. 792) an additional $100 million to the Governor's Emergency Fund to cover costs and expenditures associated with the State's response to COVID-19. Subsequent to the appropriation of the $100 million for COVID-19 response, on March 27, 2020, the federal government enacted the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which included $3.5 billion for the State in direct financial assistance through the Coronavirus Relief Fund. As a result of the federal action, the authorized transfer was not necessary and there was no release of funds from the Revenue Shortfall Reserve during FY 2020.

Also, as a result of the anticipated economic impact of the COVID-19 pandemic, on June 22, 2020 Governor Kemp revised his revenue estimate for FY 2021. To offset then anticipated State revenue declines, Governor Kemp included a transfer of $250,000,000 from the Revenue Shortfall Reserve in his revised revenue estimate for State Fiscal Year 2020-2021 (H.B. 793), which was adopted by the General Assembly on June 26, 2020 and signed by the Governor on June 30, 2020. The transfer of Revenue Shortfall Reserve funds during FY 2021 was determined to be unnecessary and the Governor did not include it in his revised FY 2021 revenue estimate for the amended State Fiscal Year 2020-2021 (H.B. 80) budget which was adopted by the General Assembly and signed by the Governor on February 15, 2021.

Changes to Georgia's Tax Code

2021 General Assembly Session. During its 2021 legislative session, which began January 11, 2021 and ended March 31, 2021, the General Assembly passed several bills that were signed into law by the Governor which amended Georgia's income tax code. In aggregate, these changes are projected by the State's Fiscal Economist, which include projections included in the fiscal notes accompanying the legislation, to reduce Georgia's general fund revenues by an estimated $170 to $200 million in FY 2022 with smaller effects of about $150 million per year in reduced revenue for subsequent fiscal years. HB 265, the annual conformity bill, was designed to match changes in the federal tax code through the end of December 2020. HB 593, an expansion of the standard deduction for personal income taxpayers, becomes effective beginning with taxes filed for the 2022 calendar year and is estimated to reduce future state fiscal years' general fund revenues by $141 million on a full fiscal year basis, rising slowly by about $1 to $2 million per year with population growth. HB 114, which expands the income tax credits available to families who adopt children from foster care, is expected to reduce future fiscal year general fund revenues by less than $1 million in FY 2022, increasing incrementally each year to an estimated $1.6 million for FY 2026. SB 6, which contained a variety of tax exemptions and tax credits, including the manufacturing of medical and pharmaceutical equipment, high-impact aerospace defense projects, Class III railroad maintenance, projects of regional significance, fine arts ticket sales, concrete manufacturing, boat retrofitting projects, rehabilitation of historic structures, retail business headquarters, and high-tech equipment purchases, is estimated to reduce State revenues by an estimated $9 to $18 million in FY 2022 and $8 to $22 million in FY 2023. The provisions with respect to aerospace, provided businesses in Georgia are awarded any such contracts, is expected to reduce potential future state revenues by an estimated $30 million by FY 2026. HB 63 changes the way the Title Ad Valorem Tax ("TAVT") on car sales is collected on leased cars and will reduce annual revenues by about $3 million. Finally, HB 317 changes the definition of innkeeper to include marketplace facilitators and thus will require the collection of hotel and motel taxes on short-term rentals through websites such as Airbnb. HB 317 is expected to add an estimated $17 million in revenue in FY 2022, $20 million in FY 2023, and growing incrementally thereafter. The current FY 2022 revenue estimate is sufficiently conservative to absorb these tax adjustments with no spending cuts required to offset the projected revenue losses from the changes.

Recent Prior General Assembly Sessions. During its 2020 legislative session, the General Assembly passed limited legislation which made changes to Georgia's tax code. The most significant fiscal bill passed in the 2020 session was a marketplace facilitator tax law, clarifying how internet-based marketplace facilitators must collect and remit sales taxes. This bill was signed into law by the Governor and went into effect on April 1, 2020. Based on sales taxes collected since the effective date, it appears this law has resulted in an increase in State sales tax collections on the order of $300 million per year; however, the impact of COVID-19 upon Georgia's economy and State revenues makes the analysis significantly more difficult, and less precise, than normally would be the case.

During its 2019 legislative session, the General Assembly passed several bills that were signed into law by the Governor which made adjustments to Georgia's tax code. These bills included adjusting thresholds for economic nexus, adjustments to job tax credits, and adjustments to the TAVT. These bills were expected to reduce the State's general fund revenues in aggregate by about $8.7 million in FY 2020 and $59.3 million in FY 2021.

During its 2018 legislative session, the General Assembly passed several bills to amend Georgia's income tax code which were signed into law by the Governor. In particular, the General Assembly passed and the Governor signed into law House Bill 918 ("HB 918") to align Georgia's income tax code with the federal tax code after passage by Congress of the Tax Cut and Jobs Act ("TCJA"), and to adjust Georgia's tax structure in response to expected revenue changes from those changes. The TCJA essentially expanded the federal tax base for individual and corporate income taxpayers while lowering federal income tax rates. Simply conforming Georgia's income tax code to the federal tax base changes would have resulted in significant increases in income tax revenues to Georgia. HB 918 established and initiated a three-step process to adjust Georgia's income tax structure. First, effective January 1, 2018, the standard deduction for all individual filers was doubled. Second, effective January 1, 2019, the top tax rate for individual and corporate taxpayers was reduced from 6.0% to 5.75%. Third, there was to have been an additional 0.25% reduction of the top tax rate from 5.75% to 5.50% effective January 1, 2020; however, because the rate decrease from 5.75% to 5.50% had been projected to result in a decrease of approximately $600 million per year of State income tax collections from FY 2021 forward, the Governor did not include that rate reduction in his revenue estimates presented to the General Assembly in January 2020. The General Assembly did not adopt the necessary resolution to reduce the top tax rate during its 2020 legislative session. HB 918 also provided that these changes to Georgia's income tax code sunset on December 31, 2025, concurrent with the sunset of the TCJA's changes to the federal tax code. For the two completed fiscal years since HB 918 became effective (FY 2019 and FY 2020), combined individual income taxes and corporate income taxes have accounted for approximately 50.3% of total State Treasury receipts.

Prior to the changes included in HB 918 described above, Georgia's income tax structure had remained unchanged since 1937, although an amendment to the State Constitution related to State income taxes which became effective on January 1, 2015 effectively established the maximum marginal rate of income tax at six percent (6%). As shown in the "Georgia Revenues Actual FY 2016 – FY 2020" table in the following "Fiscal Performance" section, during the three fiscal years preceding HB 918 (FY 2016 through FY 2018), combined individual income taxes and corporate income taxes accounted for approximately 49.3% of total State Treasury receipts.

Fiscal Performance

FY 2020 Results. FY 2020 State general fund revenues totaled $25.48 billion, a decrease of 0.4% over FY 2019 State general fund revenues. Tax revenues totaled $23.72 billion, which was 0.02% lower than in FY 2019. Revenues from interest, fees, and sales totaled $1.76 billion, which was 4.8% lower than in FY 2019. Revenue performance in FY 2020 continued to be bolstered by House Bill 170 ("HB 170"), adopted by the General Assembly in its 2015 session and effective July 1, 2015, which restructured motor fuel excise taxes and implemented new fees to fund transportation infrastructure. HB 170 revenues are dedicated to maintaining and enhancing the State's roads and bridges transportation network.

Georgia's key tax components posted a mixed performance for FY 2020 compared to FY 2019. FY 2020 individual income tax revenues grew by 1.9% compared to the prior fiscal year. Individual income tax withholding revenues grew by 1.8% in FY 2020 over FY 2019. In FY 2020, other individual income tax payments, including estimated payments, final return payments, and non-resident payments, fell by 1.3% from FY 2019.

FY 2020 corporate income tax revenues decreased by 3.0% compared to FY 2019 revenues. Corporate payments grew by 6.2% in FY 2020 compared to FY 2019 while refunds paid in FY 2020 increased by 70.5% compared to FY 2019 refund payments.

Sales and use tax revenues declined by 1.2% in FY 2020 compared to FY 2019. In addition, the State's share of TAVT, which during FY 2013 had replaced the sales tax on dealer new and used car sales and expanded the tax base to include nearly all vehicle title transactions, decreased by 23.5% in FY 2020 compared to FY 2019. This decrease largely reflects a legislative change that has the State retaining a smaller share of gross revenues generated by the 7.0% TAVT tax rate, with county governments receiving a large share of those revenues.

Revenue Shortfall Reserve. Georgia's Revenue Shortfall Reserve ("RSR") decreased by approximately $103 million to slightly less than $2.705 billion at the end of FY 2020 from $2.81 billion at the end of FY 2019. The decrease in the RSR balance was driven by the required use of $255 million for the K-12 midterm adjustment in the Amended FY 2021 budget. While the State aims to lapse at least one percent of revenues annually to allow for this required annual adjustment, in FY 2020, the State lapsed 0.6% of net revenues to the RSR. For additional details see "REVENUE INFORMATION – Revenue Shortfall Reserve" herein.

FY 2021 Year to Date Preliminary Results. Due to the COVID-19 pandemic, the federal government deferred tax filing and payment deadlines in April, May, and June 2020 until July 15, 2020; Georgia conformed to these deferrals for individual and corporate income taxes, both annual return payments and estimated quarterly payments. These deferrals meant that a significant amount of what normally would have been FY 2020 revenues was not paid in FY 2020, but rather was paid in FY 2021. In the interest of conforming to accrual accounting practices and to facilitate comparisons across fiscal years, Georgia recognized all revenue collected in July 2020 that was clearly identifiable as deferred individual and corporate income tax payments that would have been due and paid during FY 2020 as FY 2020 revenues in the State's COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020, included herein as Appendix B. For FY 2021, both the federal government and the State deferred income tax return filing deadlines for 2020 returns to May 17, 2021, which may have some effect on the net income tax collections for April and May on a monthly basis, but should not impact income tax revenues for FY 2021 as a whole. NOTE: ALL NUMBERS SHOWN IN THE DISCUSSION BELOW ARE APPROXIMATE AND HAVE BEEN ROUNDED TO THE NEAREST DECIMAL POINT AS SHOWN. ALSO, THE AMOUNTS SHOWN ARE FOR THE FIRST TEN MONTHS OF THE RESPECTIVE FISCAL YEAR (JULY THROUGH APRIL).

For FY 2021 ("FY 2021"), preliminary (unaudited) net tax and other revenues collected and reported by the Georgia Department of Revenue ("GDOR") increased by 13.1% as compared to FY 2020. This reflects preliminary (unaudited) total net tax revenues and other interest, fees, and sales revenues of $21.740 billion for FY 2021 versus $19.230 billion in FY 2020, an increase of $2.510 billion. For FY 2021, GDOR revenues comprise approximately 93.6% of the budget for State general fund revenues. (Other State general fund revenues are collected and reported by individual agencies other than GDOR; however, those amounts are not available as of the date of this Official Statement.)

Individual income tax collections for FY 2021 year to date increased $1.552 billion (15.8%) compared to FY 2020 (respectively, $11.361 billion from $9.809 billion) supported by workers returning to jobs after the Governor permitted businesses to reopen in May 2020 in accordance with social distancing and other standards designed to reduce the transmission of COVID-19, and by State income tax withholding on unemployment benefits (including the federal bonus payments) for those remaining out of work.

Corporate income tax collections year to date rose $512 million (59.5%) in FY 2021 versus FY 2020.

For sales tax, FY 2021 year to date net collections show an 8.7% increase over FY 2020 ($5.646 billion compared to $5.196 billion). This amount reflects the results of a large audit of software related misallocation of sales tax payments by remitters that led to a large transfer in September 2020 (approximately $240 million in total) from the state to local governments. The year to date gross sales tax collections for FY 2021 rose by 10.4%, and without the State making these one-time payments to local governments at the conclusion of the audit, State sales tax collections would have risen by a roughly comparable amount.

Motor fuel tax collections decreased -4.0%, $1.554 billion from $1.620 billion for the first ten months of FY 2021 versus FY 2020.

Motor Vehicle Revenues increased 3.1% to $943 million in FY 2021 from $915 million in FY 2020. The largest component of this category, TAVT increased 0.9% to $590 million from $585 million, with strong car sales during the period helping to offset the decline in share of those revenues retained by the State, as described above in *Fiscal Year 2020 Results*.

Interest, Fees and Sales Revenues reported by the Georgia Department of Revenue increased by 0.5% ($2.4 million) on a year over year basis to $472.0 million in the first ten months of FY 2021 from $469.6 million for the same months of FY 2020.

For additional, more detailed information regarding the revenues cited above, see the table titled "FY 2021 Year to Date Unaudited State Revenues – Georgia Department of Revenue" on page A-24 herein.

Current Economic Indicators. The American economy went through more volatility in calendar 2020 than in any previous single year in U.S. history. Unemployment went from record lows in February 2020 to near-Depression-level highs and back to nearly normal in a period of roughly nine months from March to December. Georgia's unemployment rate went from 3% to double digits and back to between 5% and 6% in that same time period. Now, in the first half of calendar 2021, Georgia's economy could be described as generally healthy and performing well compared to other states. Georgia's earlier reopening than many other states, combined with strong recommended safety protocols for businesses, allowed Georgia to regain and maintain employment and incomes grew at a faster rate than almost any other state, as documented by the CNN/Opportunity Insight Recovery Tracker. Consumer confidence drawing from the restoration of near-normal levels of employment and federal stimulus for both the employed and unemployed supported both Georgia's and the national economy, with Georgia seeing rising personal incomes and retail sales. In addition, new business formation in Georgia ran well ahead of 2019's pace throughout 2020 as entrepreneurs saw openings for new business ideas or opportunities to replace closed establishments. In the first three quarters of FY 2021 (July 2020 through March 2021), economic development announcements totaled $8.4 billion of proposed investment and 24,000 additional proposed jobs, with 70% of the announcements being outside of metropolitan Atlanta; overall, these announcements are an increase of 67% compared to the like period for FY 2020.

According to U.S. Bureau of Labor Statistics, Georgia had a state nonfarm employment of 5.02 million in February 2020, just before the COVID-19 pandemic impact began. In April 2020, employment in Georgia hit a low mark of 4.37 million, meaning that 650,000 people (13% of the workforce) were no longer working. Employment began to recover quickly, increasing to approximately 4.5 million employed early in the summer of 2020, 4.6 million employed in August and September, 4.8 million employed from October to December. Georgia ended calendar 2020 about 100,000 jobs short of a complete recovery, but it is expected many of those still missing jobs will return once the hospitality industry, and particularly the business convention portion, returns to full strength and schools fully reopen. Further gains in employment were made in January and February of 2021, with employment reaching 4.9 million employed in February 2021. Thus, while Georgia remains about 2% below peak nonfarm employment, it is expected that many of the missing jobs will return when normality is achieved in the travel and hospitality industries in the second half of 2021, as approximately 85% of the still missing jobs are in the hospitality industry.

Retail sales have been a particularly bright spot for Georgia's economy. Using the July-March collection period (representing June 2020 – February 2021 sales) to avoid comparisons involving months when much of the economy was shutdown at the beginning of the pandemic, Georgia's gross sales tax collections are up 7.7% on a year-over-year basis. Some of this is due to the implementation of a marketplace facilitator law that has increased collections from small online vendors, but around half of the growth is true growth in retail sales. Even with the reduction in business volume among the service sector, the goods sector, particularly consumer durables, has managed to pick up the slack and then some. The federal government's unprecedented financial support of households has combined with business ingenuity and modern technology to find ways for commerce to continue even during a pandemic, even with public health policies designed to minimize interpersonal interaction. Despite households using some of that federal money to pay down consumer debt and increase savings, solid growth in retail sales (and hence sales tax revenues) is expected to continue for at least several years to come.

Corporate income tax collections have been stronger than expected through the pandemic, supporting a more stable State budget situation than in typical recessions. This appears to be a combination of disposable income which fell only temporarily, the current ability of businesses to use e-commerce and technology to continue doing business without much direct personal interaction, and the selection of industries that were most affected by the public health restrictions and associated consumer fears. Analysis of industry-specific data for corporate income taxes historically collected in Georgia reveal that the restaurant, accommodation, and entertainment sectors did not pay very much in income taxes during good economic times, so the economic pain they suffered over the past year did not translate into much lost income tax revenue for the State. Conversely, the businesses that paid the most in corporate taxes - financial and professional services, some large manufacturers and retailers, and telecommunications and information technology companies - were the businesses that did best during the pandemic. It is anticipated that many businesses will be on much sounder financial footing than generally would be thought to be the case as the economy returns fully to normal.

The Georgia Ports Authority, a significant economic engine for Georgia, reported record volumes in 2020, with strong growth in the second half of the year more than compensating for a slowdown early in the pandemic. While total cargo volume was up 1.8% on an annual calendar year basis, December 2020 volume in tons was up 12.5% compared to December 2019, volume was up 24% by container unit (TEUs), and December rail volume was up 16.4% year over year. The strength of the Georgia ports is expected to support all industries in Georgia as it boosts transportation, warehousing, and distribution, as well as providing market access for retailers and manufacturers who need to procure manufacturing inputs or products to sell, and to ship finished products to customers around the world. Major infrastructure projects currently nearing completion, as well as planned future improvements, also should support continued growth of volume through Georgia's ports.

The sectors of the Georgia economy which remain most significantly impacted are travel, conventions, accommodations, restaurants, and personal services. As those sectors are highly concentrated in metropolitan Atlanta, over 80% of the still-missing jobs in Georgia are missing from the Atlanta metro, compared to its roughly 60% share of state employment. The overall diversification of Georgia's economy has contributed to Georgia's solid recovery over the past year, so while some sectors still are impacted, those sectors are not so dominant as to create significant harm to the state's total economy.

With federal aid for rural and economic development already being provided to state and local governments along with a federal infrastructure plan under consideration in Congress, the Georgia economy should be supported over the next several years with significant federal dollars which should allow the state economy to be even stronger throughout the state than it was before the pandemic. Thus, Georgia expects to enter FY 2022 in solid financial condition with a balanced budget, a healthy state reserve fund, and expectations for a growing economy across all sectors and geographies of the state.

Amended FY 2021 Budget. The General Assembly convened for its annual legislative session in January 2021 to consider the Amended FY 2021 and FY 2022 budgets and other legislative matters. The Amended FY 2021 budget anticipated a State general fund revenue decline of 2.5% over the FY 2020 State general fund revenue collections, primarily due to ongoing economic uncertainty resulting from the COVID-19 pandemic. This was an increase of $704 million in general fund revenue over the original FY 2021 budget which had assumed a 6.2% general fund revenue decline from FY 2020. The Amended FY 2021 budget also removed the use of $250 million in Revenue Shortfall Reserves included in the original FY 2021 budget estimate. The Amended revenue estimate also assumed total tax revenue declines of 1.5% over the FY 2020 tax revenue collections, driven by the expectation the State would experience flat performance in individual income and sales taxes and sharp declines in corporate tax collections similar to what had been experienced in other economic downturns. Through April, the State's revenue collections have exceeded expected performance in all these categories. (See table titled "FY 2021 Year to Date Unaudited State Revenues – Georgia Department of Revenue" on page A-24 for additional details.)

As a result of increased revenue estimates over the original budget, no additional across the board reductions were necessary for the Amended FY 2021 budget. The Amended FY 2021 budget included $255 million in RSR funds for the mid-term adjustment for K-12 enrollment growth. The Amended FY 2021 budget fully funded growth needs in education and Medicaid and is structurally balanced with no reliance on one-time sources of funding. Changes to the budget over the original FY 2021 base include:

- $567 million for the K-12 Quality Basic Education funding formula to restore 60% of the funds reduced in the original FY 2021 budget.
- $13 million reduction to the K-12 Quality Basic Education funding formula driven by low enrollment and offset by higher local contributions resulting from increased local property digest revenue.
- $74 million for higher education to fund prior year formula growth not included in the original FY 2021 base budget.
- $35 million for Disproportionate Share Hospitals offset by $47 million in savings in Medicaid expense growth.
- $421 million in savings due to the enhanced Federal Medical Assistance Percentage for Medicaid.
- $56 million to provide a $1,000 one-time pay supplement for state employees earning less than $80,000 to recognize additional work duties stemming from the COVID-19 pandemic.
- $200 million for the Department of Transportation.
- $26 million for vehicles and equipment for State agencies.
- $25 million for Forestland Protection grants to meet projected need.

- $20 million to establish a Rural Broadband Infrastructure Grant Program within the OneGeorgia Authority.

The Amended FY 2021 Budget was passed by the General Assembly on February 11, 2021 and enacted by Governor Kemp on February 15, 2021.

FY 2022 Budget. The FY 2022 budget revenue estimate assumes tax revenue growth of 3.6% and a total State general fund revenue growth of 3.8% compared to the Amended FY 2021 budget estimate. The FY 2022 budget estimate provides a $1.4 billion general fund increase compared to the original adopted FY 2021 base budget. This increase fully funded expected growth in education, Medicaid, and retirement system needs with no additional across-the-board reductions to State agencies.

The FY 2022 budget annualizes amounts restored in the Amended FY 2021 budget across a number of policy areas. This includes $577 million to the K-12 Quality Basic Education funding formula to restore 60 percent of the funds reduced in the FY 2021 budget, $74 million for higher education funding formulas for prior year formula growth not included in the FY 2021 base budget, $35 million for the Indigent Care Trust Fund, and $25 million for Forestland Protection Act grants to fully fund annual demand.

The budget also fully funds new growth requirements in education, health, and retirement systems. While K-12 enrollment growth was lower than expected due to the impact of COVID-19 on student enrollment, the FY 2022 budget includes $38 million to fully fund formula increases in Quality Basic Education enrollment growth, Equalization funding, and the State Charter School Supplement. Higher education institutions also will receive $66 million for current year funding formula growth. The budget also provides an additional $67 million to fully fund the Actuarially Determined Employer Contribution for the Teachers Retirement System.

With regards to health care programs, the FY 2022 budget funds $164 million for Medicaid and PeachCare to fund program growth, adjustments to FMAP and the Enhanced FMAP rates, and Medicare Part B and D adjustments. The budget recognizes one quarter of FMAP savings for Medicaid due to the Enhanced FMAP rate during the declared public health emergency based on communication from the federal government that the declaration is likely to last through the end of calendar year 2021. This would provide for an additional quarter of savings in the Amended FY 2022 budget if the enhanced rate is continued through 2021.

Finally, the FY 2022 budget continues to focus on promoting economic growth statewide by including $40 million to establish a new Rural Innovation Fund within the OneGeorgia Authority to provide “seed funding” for public-private partnerships focused on addressing the unique economic, health, education, and infrastructure needs of rural communities. It annualizes $10 million for the Broadband Infrastructure grant program to provide ongoing funding for rural broadband initiatives. The budget also includes $224 million in operational funding and $100 million in general obligation bond funding for the Department of Transportation to maintain and expand Georgia’s road and bridge infrastructure system.

Budget instructions for the Amended FY 2022 budget and the FY 2023 budget will be issued in July 2021. At that time, initial planning estimates for the Amended FY 2022 budget and the FY 2023 budget will be developed for the Governor’s consideration. Those estimates will incorporate a revised outlook based on any legislation passed during the 2021 session of the General Assembly that may impact State revenues and the most recent economic data and projections. In addition, these estimates will factor in FY 2021 actual revenue collections (preliminary, unaudited) as a new baseline for estimating future revenues.

Georgia Revenues
Actual FY 2016 – FY 2020

The following table sets forth actual budget-based State revenues available for appropriation. For preliminary information regarding major tax category collections during FY 2021, see the subsequent table titled "Georgia Department of Revenue – FY 2020 Preliminary Unaudited State Revenues" herein.

Sources	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Net Taxes: Dept. of Revenue					
Income Tax – Individual	$10,439,533,668	$10,977,729,901	$11,643,861,634	$12,176,943,411	$12,408,176,220
Income Tax – Corporate	981,002,336	971,840,713	1,004,297,542	1,271,270,326	1,232,945,217
Sales and Use Tax – General	5,480,196,159	5,715,917,830	5,945,877,598	6,250,309,667	6,174,450,754
Motor Fuel	1,655,027,765	1,740,963,444	1,801,686,710	1,837,953,784	1,873,220,179
Tobacco Taxes	219,870,412	220,773,541	224,910,391	223,363,457	225,530,805
Alcoholic Beverages Tax	190,536,391	193,437,999	195,696,036	198,769,659	207,638,435
Estate Tax	(414,376)	-	-	5,406	-
Property Tax	14,078,425	376,096	606,083	227,457	1,122,551
Motor Vehicle License Tax	368,005,068	368,131,657	398,498,915	388,482,660	379,718,639
Title Ad Valorem Tax	939,049,156	979,494,484	915,854,817	864,630,632	661,388,533
Net Taxes: Other Depts.					
Insurance Premium Tax	428,699,713	480,154,181	505,054,096	510,850,096	554,987,011
Total Net Taxes	20,715,584,717	21,648,819,846	22,636,343,824	23,722,806,555	23,719,178,344
Interest, Fees, and Sales					
Department of Revenue					
Transportation Fees	161,252,054	183,158,660	185,640,800	191,476,700	162,567,762
Other Interest, Fees, Sales	366,701,125	379,138,056	396,755,089	387,652,135	382,362,848
Office of State Treasurer					
Interest on Deposits	28,614,277	42,017,828	90,005,539	162,743,593	138,341,125
Other Fees and Sales	7,200,674	20,244,589	4,321,963	32,621,433	18,768,188
Behavioral Health	2,152,419	2,032,490	2,183,806	1,468,288	1,912,312
Driver Services	69,405,804	77,825,665	74,352,292	77,421,216	57,419,050
Natural Resources	48,490,740	52,184,809	59,226,724	61,624,364	67,214,248
Secretary of State	84,820,885	93,424,715	95,724,145	105,220,961	110,382,115
Labor	24,863,466	22,024,825	20,604,154	20,007,075	19,084,922
Public Health	11,308,266	13,133,756	12,320,067	12,765,470	14,111,403
Human Services	4,611,720	4,075,705	3,615,307	3,780,268	2,654,367
Banking and Finance	21,400,170	21,915,949	22,568,204	23,559,198	24,016,845
Corrections	14,537,413	14,251,948	12,762,073	12,690,619	12,611,626
Workers' Compensation	22,051,503	20,227,904	18,627,641	18,609,626	17,654,856
Public Service Commission	1,101,834	495,954	692,962	1,171,179	521,305
Nursing Home Provider Fees	163,523,682	156,746,016	161,574,691	154,262,561	168,452,690
Hospital Provider Payments	270,602,167	285,830,266	304,020,295	333,954,831	345,212,831
Driver Services Super Speeder Fine	21,577,826	21,583,419	21,406,516	23,457,860	22,910,707
Indigent Defense Fees	37,756,236	36,878,313	37,245,210	37,299,402	33,682,120
Peace Officers & Prosecutors Training	23,494,949	22,725,077	22,501,619	23,036,896	20,289,333
All Other	136,340,671	149,685,723	137,376,355	163,434,473	139,567,450
Total Interest, Fees & Sales	1,521,807,880	1,619,601,667	1,683,525,452	1,848,258,146	1,759,738,103
Total State General Funds	22,237,392,597	23,268,421,512	24,319,869,276	25,571,064,702	25,478,916,446
Lottery Funds	1,100,790,077	1,108,123,219	1,157,766,023	1,233,319,151	1,260,347,221
Tobacco Settlement Funds	137,152,014	141,256,202	169,773,074	165,919,164	158,310,869
Guaranteed Revenue Debt Common Reserve Fund Interest Earnings	168,758	272,331	665,642	1,265,664	1,052,307
Brain and Spinal Injury Trust Fund	1,458,567	1,325,935	1,422,131	1,445,857	1,409,333
Other	2,876	2,992	3,114	2,635	2,718
Total State Treasury Receipts	**23,476,964,889**	**24,519,402,190**	**25,649,499,261**	**26,973,017,172**	**26,900,038,894**
Agency Surplus Returned [a]	306,966,328	260,385,409	196,877,269	153,917,971	216,203,878
Mid-Year Adjustment for K-12 Education	204,347,430	222,373,926	232,684,215	243,198,693	255,710,647
TOTAL STATE FUNDS	$23,988,278,647	$25,002,161,526	$26,079,060,745	$27,370,133,837	$27,371,953,418

[a] Category renamed "Agency Surplus Returned" from "Funds Transferred from State Organizations" in previous state general obligation bond Official Statements.
Note: Amounts may not add precisely due to rounding.
Source: State Accounting Office

Georgia Revenues
Amended FY 2021 Budget and FY 2022 Budget

The following table sets forth projected budget-based State revenues available for appropriation for the Amended FY 2021 Budget and the FY 2022 Budget.

Sources	Amended FY 2021	Enacted FY 2022
Net Taxes: Department of Revenue		
Income Tax - Individual	$12,469,375,351	$12,738,707,793
Income Tax - Corporate	788,644,369	880,777,257
Sales and Use Tax-General	6,197,141,290	6,649,084,116
Motor Fuel	1,897,958,412	1,954,036,957
Tobacco Taxes	240,000,000	240,000,000
Alcoholic Beverages Tax	235,000,000	239,700,000
Motor Vehicle License Tax	385,000,000	350,000,000
Title Ad Valorem Tax	600,000,000	598,000,000
Net Taxes: Other Organizations		
Insurance Premium Tax	540,000,000	550,800,000
Total Net Taxes	23,353,119,422	24,201,106,123
Interest, Fees, and Sales - Dept. of Revenue		
Transportation Fees	97,500,000	137,638,448
Other Interest, Fees, and Sales	335,000,000	350,000,000
Office of State Treasurer - Interest on Deposits		
Interest on Motor Fuel Deposits	5,000,000	6,000,000
Interest on All Other Deposits	6,000,000	6,000,000
Other Fees and Sales:		
Banking and Finance	21,300,000	21,300,000
Behavioral Health	1,700,000	1,900,000
Corrections	12,500,000	12,500,000
Human Services	3,200,000	3,200,000
Labor	20,000,000	20,000,000
Natural Resources	64,287,051	64,921,825
Public Health	14,111,403	14,111,403
Public Service Commission	800,000	800,000
Secretary of State	101,841,701	105,000,000
Workers' Compensation	19,800,997	19,800,997
Driver Services	75,000,000	52,000,000
Driver Services Super Speeder Fine	16,000,000	19,000,000
Nursing Home Provider Fees	157,267,497	159,928,774
Hospital Provider Payment	353,741,510	387,091,717
Indigent Defense Fees	26,000,000	37,000,000
Peace Officers' & Prosecutors' Training Funds	16,000,000	23,000,000
All Other Departments	146,231,505	140,926,284
Total Interest Fees and Sales	1,493,281,664	1,582,119,448
Total State General Funds	24,846,401,086	25,783,225,571
Lottery Funds	1,301,318,614	1,319,161,131
Tobacco Settlement Funds	160,559,061	148,469,132
Brain and Spinal Injury Trust Fund	1,431,529	1,362,757
Safe Harbor for Children Trust Fund	299,987	351,005
Total State Treasury Receipts	**26,310,010,277**	**27,252,569,696**
Other Funds Available for Expenditure:		
Payments from State Agencies	1,912,185	-
Mid-year Adjustment Reserve for Education	254,789,164	-
TOTAL STATE FUNDS	$26,566,711,626	$27,252,569,696

Source: Governor’s Office of Planning and Budget

State Treasury Receipts

The following table sets forth, by category, the State Treasury Receipts available for appropriation for the period FY 2016 through FY 2020.

State Treasury Receipts	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Net Taxes					
Department of Revenue					
Income Tax - Individual	$10,439,533,668	$10,977,729,901	$11,643,861,634	$12,176,943,411	$12,408,176,220
Income Tax - Corporate	981,002,336	971,840,713	1,004,297,542	1,271,270,326	1,232,945,217
Sales and Use Tax - General	5,480,196,159	5,715,917,830	5,945,877,598	6,250,309,667	6,174,450,754
Motor Fuel					
Excise & Motor Carrier Mileage Tax[1]	1,604,961,748	1,740,507,028	1,801,408,958	1,837,943,797	1,873,183,125
Prepaid Motor Fuel Sales Tax[1]	50,066,016	456,416	277,753	9,987	37,054
Tobacco Products Tax	219,870,412	220,773,541	224,910,392	223,363,457	225,530,805
Alcoholic Beverages Tax	190,536,391	193,437,999	195,696,036	198,769,659	207,638,435
Estate Tax	(414,376)	-	-	5,406	-
Property Tax	14,078,425	376,096	606,083	227,457	1,122,551
Motor Vehicle License Tax	368,005,068	368,131,657	398,498,915	388,482,660	379,718,639
Title Ad Valorem Tax	939,049,156	979,494,484	915,854,817	864,630,632	661,388,533
Total Department of Revenue	20,286,885,004	21,168,665,664	22,131,289,728	23,211,956,459	23,164,191,332
Other Departments					
Insurance Premium Tax and Fees	428,699,713	480,154,181	505,054,096	510,850,096	554,987,011
Total Net Taxes	20,715,584,717	21,648,819,846	22,636,343,824	23,722,806,555	23,719,178,343
Interest, Fees, and Sales	1,521,807,880	1,619,601,667	1,683,525,452	1,848,258,146	1,759,738,102
Total State General Fund Receipts	22,237,392,597	23,268,421,512	24,319,869,276	25,571,064,702	25,478,916,446
Other Revenues Retained[2]	1,239,572,292	1,250,980,678	1,329,629,985	1,401,952,471	1,421,122,448
Total State Treasury Receipts	$23,476,964,889	$24,519,402,190	$25,649,499,261	$26,973,017,172	$26,900,038,894

Source: State Accounting Office; amounts may not add precisely due to rounding.
[1] Effective July 1, 2015, both the Prepaid Motor Fuel Sales Tax and the Motor Fuel Excise tax were repealed and replaced with a consolidated excise tax.
[2] Other Revenues Retained include Lottery Funds, Tobacco Settlement Funds, Guaranteed Revenue Debt Common Reserve Fund Earnings, Brain and Spinal Injury Trust Fund, Job and Growth Tax Relief, and Other amounts from the table "Georgia Revenues Actual FY 2015 – FY 2019" herein.

Changes in State Treasury Receipts – FY 2019 to FY 2020

The following table sets forth, by category, the changes in budget-based revenue available for appropriation for FY 2020 as compared to FY 2019.

State Treasury Receipts	FY 2019	FY 2020	Change ($)	Change (%)
Net Taxes				
Department of Revenue:				
Income Tax – Individual	$12,176,943,411	$12,408,176,220	$231,232,809	1.9%
Income Tax – Corporate	1,271,270,326	1,232,945,217	-38,325,109	-3.0
Sales and Use Tax – General	6,250,309,667	6,174,450,754	-75,858,913	-1.2
Excise and Motor Carrier Mileage Tax[1]	1,837,943,797	1,873,183,125	35,239,328	1.9
Prepaid Motor Fuel Sales Tax[1]	9,987	37,054	27,067	271.0
Tobacco Products Tax	223,363,457	225,530,805	2,167,348	1.0
Alcoholic Beverages Tax	198,769,659	207,638,435	8,868,776	4.5
Estate Tax (Refund)	5,406	-	-5,406	-100.0
Property Tax	227,457	1,122,551	895,094	393.5
Motor Vehicle License Tax	388,482,660	379,718,639	-8,764,021	-2.3
Title Ad Valorem Tax	864,630,632	661,388,533	-203,242,099	-23.5
Total Department of Revenue	23,211,956,459	23,164,191,332	-47,765,127	-0.2
Other Departments:				
Insurance Premium Tax and Fees	510,850,096	554,987,011	44,136,915	8.6
Total Net Taxes	23,722,806,555	23,719,178,344	-3,628,212	-0.0
Interest, Fees, and Sales	1,848,258,146	1,759,738,102	-88,520,044	-4.8
Total State General Fund Receipts	25,571,064,702	25,478,916,446	-92,148,256	-0.4
Other Revenues Retained[2]	1,401,952,471	1,421,122,448	19,169,977	1.4
Total State Treasury Receipts	$26,973,017,172	$26,900,038,894	-$72,978,278	-0.3

Notes: See above table for explanation of footnotes; amounts may not add precisely due to rounding.
Source: State Accounting Office

Summary of Appropriation Allotments

The following table summarizes the appropriation allotment amounts to various areas of State government for the five fiscal years FY 2016 through FY 2020.

Category	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Education	$12,124,400,653	$12,770,159,454	$13,560,480,406	$14,239,025,291	$15,125,169,142
Public Health and Welfare	5,081,448,026	5,195,042,337	5,327,185,727	5,744,582,403	5,887,670,410
Transportation	1,661,932,417	1,856,251,002	1,939,372,807	1,985,370,127	1,993,429,093
Judicial, Penal and Corrections	1,751,109,051	1,883,891,032	1,933,324,243	1,932,463,799	1,917,787,328
Natural Resources	188,280,731	216,814,121	210,574,947	313,328,859	203,448,753
General Obligation Debt Sinking Fund	1,215,481,162	1,204,689,739	1,210,798,469	1,267,392,608	1,143,272,036
General Government	1,035,694,380	1,201,088,204	1,229,150,856	1,289,153,023	1,160,802,152
Total Allotments	$23,058,346,420	$24,327,935,889	$25,410,887,455	$26,771,316,110	$27,431,578,914

Source: State Accounting Office

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FY 2021 Year to Date Unaudited State Revenues – Georgia Department of Revenue

The following table ($ in thousands) sets forth preliminary, unaudited net revenue collections, which are subject to change, by the Georgia Department of Revenue in certain categories for the first ten months (July 1 through April 30) of FY 2020 and FY 2021. There are various other revenues of the State which are not listed below which are collected by other State agencies and remitted to the Office of the State Treasurer.

Tax Revenues[a]:	FY 2020	FY 2021	Change ($)	Change (%)
Income Tax – Individual	$ 9,808,942	$11,361,244	$1,552,302	15.8%
Income Tax - Corporate	861,378	1,373,701	512,323	59.5
Sales and Use Tax – General				
Sales and Use Tax – Gross	10,501,141	11,589,460	1,088,319	10.4
Local Sales Tax Distribution[1]	(5,227,529)	(5,860,168)	(632,639)	-12.1
Sales Tax Refunds/Adjustments	(77,502)	(83,587)	(6,085)	-7.9
Total Net Sales and Use Taxes - General	5,196,110	5,645,705	449,596	8.7
Motor Fuel Taxes	1,619,702	1,554,475	(65,227)	-4.0
Tobacco Taxes	189,071	199,903	10,832	5.7
Alcohol Beverages Tax	169,187	188,216	19,029	11.2
Property Tax	1,117	1,214	97	8.7
Motor Vehicle Revenues				
Highway Impact Fees	13,208	16,057	2,849	21.6
Tag, Title and Fees	316,883	337,215	20,332	6.4
Title Ad Valorem Tax	584,844	589,984	5,140	0.9
Total Motor Vehicle Revenues	914,935	943,256	28,321	3.1
Total Net Tax Revenues	18,760,443	21,267,715	2,507,272	13.4
Interest, Fees and Sales				
Hotel/Motel Fees	139,017	109,853	(29,164)	-21.0
Other Interest, Fees, & Sales[2]	330,598	362,149	31,551	9.5
Total Interest, Fees, and Sales	469,615	472,002	2,387	0.5
Total Taxes and Other Revenues	$19,230,058	$21,739,717	$2,509,659	13.1

[a] Due to different extended filing deadlines for individual and corporate income tax returns for 2019 and 2020, year to date comparisons likely will be less directly comparable than for years prior to 2019; returns for 2019 were extended to July 15, 2020, while returns for 2020 were extended only to May 17, 2021.
[1] The Local Distribution is adjusted with an accrual to reflect payment activity that occurs after the actual distribution (three (3) business days prior to the end of a month).
[2] "Other Interest, Fees, and Sales" include payments that have been deposited in the bank, but for which returns may not yet have been processed. These undistributed amounts are then re-classified (once the return is processed) to the appropriate tax revenue account. "Other Fees" also includes Unclaimed Property collections.

Note: Amounts may not add precisely due to truncating amounts less than $1,000.
Source: State of Georgia Department of Revenue

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Monthly Cash Investments

The following table ($ in millions) sets forth the month ending cash investments of State fund balances in the State Treasury for FY 2016 through FY 2021.

Month	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020[(a)]	FY 2021[(a)]
July	$3,708	$4,781	$5,899	$6,368	$6,997	$10,830
August	3,833	5,069	5,835	6,602	7,126	11,091
September	4,191	5,534	6,092	6,876	7,375	11,356
October	3,754	4,999	5,583	6,245	6,836	10,731
November	3,825	4,938	5,538	6,302	6,603	10,820
December	4,286	5,374	5,895	6,678	6,972	10,501
January	4,771	5,732	6,815	6,984	7,342	11,599
February	4,287	5,120	5,916	6,086	6,553	11,510
March	4,338	5,131	5,856	5,957	6,470	11,280
April	4,825	5,758	6,553	7,256	9,969	12,139
May	4,833	5,789	6,482	7,088	9,541	NA
June	5,164	6,098	6,719	7,421	9,736	NA

Note: Balances (i) exclude investments in the Lottery for Education Reserve, Brain and Spinal Injury Trust Fund, Guaranteed Revenue Debt Common Reserve, unspent bond funds including any unspent general obligation bond funds, and previously drawn allotment balances held in state agency accounts, and (ii) include both the RSR and certain state agency funds invested by the Treasury for and on behalf of the state agencies, such as Georgia Department of Transportation funds, which state agency funds may not be readily available for use by Treasury. On any given day, the amount available for use by Treasury may be significantly less than the amounts reflected above, which are as of the last day of the month.
[(a)] In April 2020, the State received approximately $3.5 billion from the Coronavirus Relief Fund established by the federal government under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") to be used for necessary expenditures incurred due to the public health emergency that were not accounted for in the State's FY 2020 budget, and that are incurred during the period that began on March 1, 2020 and will end on December 31, 2021. Through April 2021, the State had received approximately $600 million of additional federal funding related to several COVID-related programs, for a total of approximately $4.1 billion during the period of April 2020 through April 2021. Through the end of April 2021, the balance of these federal funds in the State Treasury is approximately $1.8 billion, although all but $520 million had been obligated to reimburse for prior or projected expenditures during the allowable timeframe, which covers part of FY 2020, all of FY 2021, and a portion of FY 2022.

Sources: Office of State Treasurer (Table and Note); Governor's Office of Planning and Budget (Footnote (a))

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RETIREMENT SYSTEMS

Introduction

The State administers various retirement plans under two major retirement systems: the Employees' Retirement System of Georgia ("ERS"), which administers multiple retirement plans for various employer entities of the State, and the Teachers Retirement System of Georgia ("TRS"), which administers a retirement plan for teachers in State public schools, the University System of Georgia and certain other employees in legislatively designated educational agencies. The ERS and TRS are referred to herein, collectively, as the "Systems." The ERS retirement plan for State employees in the executive branch is the most significant of the defined benefit pension plans operated by ERS. Statistical information included herein regarding ERS is limited to the plan for State employees in the executive branch. As of June 30, 2020, the net position of the TRS and ERS retirement plans, which cover the State employees in the executive branch, comprise approximately 96.2% of the net position of the State's fifteen (15) defined benefit pension plans. For additional information on these two retirement plans (as well as four significantly smaller plans), including details regarding benefit eligibility, benefit formula and employee contributions rates, see Note 15, "Retirement Systems," in APPENDIX B hereto. The retirement plans are subject, in general, to the provisions of Title 47 of Official Code of Georgia and, in particular, Chapter 2 (ERS) and Chapter 3 (TRS). The retirement plans administered by the Systems are the subject of annual actuarial valuations. In the opinion of the actuary for the Systems, as of June 30, 2020, each of ERS and TRS are operating on an actuarially sound basis and in conformity with minimum funding standards of Georgia law.

According to the most recent actuarial valuation of ERS, as of June 30, 2020, the funded ratio (actuarial value of assets ("AVA") / actuarial accrued liability ("AAL")) declined to 73.8% as compared to 75.6% as of June 30, 2019 and the unfunded actuarial accrued liability ("UAAL") as a percentage of covered payroll also worsened to 184.4% as compared to 166.5% as of June 30, 2019.

According to the most recent actuarial valuation of TRS, as of June 30, 2020, the funded ratio decreased slightly to 76.2% as compared to 76.7% as of June 30, 2019 and the UAAL as a percentage of covered payroll worsened slightly to 200.6% as compared to 199.6% as of June 30, 2019.

ERS and TRS each received 100% of its respective Actuarially Determined Employer Contribution ("ADEC") for FY 2019 and FY 2020. For FY 2021 and FY 2022, both the ERS and the TRS ADEC payments are budgeted at 100%. ADEC payments are funded from a variety of sources, including State general fund appropriations, as well as federal, local, and other sources.

The pension disclosures rely on information produced by the pension plans and their independent accountants and actuaries. Actuarial assessments are "forward-looking" valuation estimates that reflect the judgment of the fiduciaries of the retirement plans. Actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inconsistent with subsequent events or be changed in the future, and will change with the future experience of the retirement plans.

Statutory Requirements Regarding Retirement Benefit Changes with Fiscal Impacts

Pursuant to O.C.G.A § 47-20-34, any retirement bill having a fiscal impact may only be introduced in the first term of the regular biennial session of the General Assembly. If a majority of the standing retirement committee in the House or the Senate wishes to consider the bill further and votes in favor of an actuarial investigation of the bill, an actuarial investigation shall be required. O.C.G.A. § 47-20-34 also requires that any such retirement bill may be passed during the second year of the regular biennial session. Pursuant to O.C.G.A. § 47-20-50, any retirement bill having a fiscal impact which is enacted by the General Assembly and which is approved by the Governor or which otherwise becomes law shall become effective on the first day of July immediately following the regular session during which it was enacted, but only if the enacted bill is concurrently funded. If an enacted bill, including one approved by the Governor, is not certified by the State Auditor to be concurrently funded, then such bill may not become effective as law and shall be null, void, and of no force and effect and shall stand repealed in its entirety on the first day of July immediately following its enactment.

System Membership and Beneficiary Information

ERS was created in 1949 by an act of the General Assembly to provide benefits for employees of the State and is managed by a seven-member Board of Trustees (the "ERS Board") comprised of the State Auditor (ex-officio), the State Treasurer (ex-officio), the Commissioner of the Department of Administrative Services (ex-officio), one appointee of the Governor and three appointees of the ERS Board. TRS was created in 1943 by an act of the General Assembly to provide benefits for qualifying teachers and is managed by a ten-member Board of Trustees (the "TRS Board") comprised of the State Auditor (ex-officio), the State Treasurer (ex-officio), five appointees of the Governor, two appointees of the TRS Board and one appointee of the Board of Regents. The ERS and TRS plans are cost-sharing multiple employer defined benefit plans. The ERS plan for State employees consists of 417 employers, of which 416 are not in the State reporting entity. TRS consists of 317 employers, of which 316 are not in the State reporting entity. Membership in the plans as of June 30, 2020 is shown below.

	ERS	TRS
Retirees and beneficiaries currently receiving benefits	53,249	135,649
Terminated employees entitled to benefits, but not yet receiving benefits, vested	6,495	13,799
Terminated employees, non-vested	57,000	103,349
Active plan members	57,059	231,047
Total	173,803	483,844

Sources: ERS and TRS Audited Financial Statements

According to the ERS audited financial statements as of June 30, 2020, ERS receipts (consisting of member and employer contributions and net investment earnings for the year) totaled $1,383,544,000 (compared to $1,558,875,000 for FY 2019) and ERS disbursements (consisting of benefit payments, member refunds, and administrative expenses for the year) totaled $1,498,730,000 (compared to $1,458,589,000 for FY 2019). According to the TRS audited financial statements as of June 30, 2020, TRS receipts (consisting of member and employer contributions, net investment earnings and unrealized appreciation for the year) totaled $7,659,291,000 (compared to $8,298,296,000 for FY 2019) and TRS disbursements (consisting of benefit payments, member refunds, and administrative expenses for the year) totaled $5,286,670,000 (compared to $5,042,284,000 for FY 2019).

Not all employers that comprise TRS participate in the Federal Social Security System (SSA) as some employers decided in the past not to join SSA; some of these employers created 403(b)-type retirement plans for their employees in lieu of joining SSA. Since this decision not to join SSA was made at the local employer level, it has no bearing on either the State or TRS.

Obligations and Funded Status

The State reports the funded status for each of the retirement plans "as a whole" using a smoothing method to calculate each retirement plan's actuarial value of assets ("AVA"). Under this method, changes in the market value of assets ("MVA") are recognized over a period of years. Prior to the FY 2006 actuarial valuation report, the ERS and TRS used a 5-year smoothing period. For the FY 2006 through FY 2012 actuarial valuation reports, the ERS and TRS used a 7-year smoothing period. The funded status of ERS and TRS for the ten most recent actuarial valuation dates is presented in the following table. The actuarial valuations for TRS shown below for valuation years 2009 through 2012 reflect the TRS Board action on July 27, 2011 to use a 7-year smoothing method within a corridor of between 75% and 125% of the MVA around the AVA. The actuarial valuations for ERS and TRS from June 30, 2013 and later shown below reflect the funding policies adopted by the ERS Board and TRS Board to set the actuarial value of assets equal to the market value of assets as of June 30, 2013 and to use a 5-year smoothing method in subsequent years. TRS uses a corridor of between 75% and 125% of the MVA around the AVA. For a more detailed explanation, see "Actuarial Methods and Assumptions" below. The retirement plans are the subject of five-year experience studies by actuarial firms and various assumptions and methods have been revised to reflect the results of such studies. The most recent experience study for ERS was completed for the five-year period ending June 30, 2019 with results first reflected in the June 30, 2020 valuation. For TRS, the most recent experience study was completed for the five-year period ending June 30, 2018 with results first reflected in the June 30, 2019 valuation.

Historical Funding Progress
Actuarial Value (Smoothed)
($ in thousands)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded AAL (UAAL) (AAL – AVA)	Funded Ratio (AVA/AAL)	Annual Covered Payroll	UAAL as % of Annual Covered Payroll
ERS						
6/30/2020	$13,556,622	$18,375,797	$4,819,175	73.8%	$2,612,773	184.4%
6/30/2019	13,481,219	17,829,220	4,348,001	75.6	2,611,965	166.5
6/30/2018	13,412,046	17,812,441	4,400,395	75.3	2,634,129	167.1
6/30/2017	13,088,185	17,514,898	4,426,713	74.7	2,546,492	173.8
6/30/2016	12,854,518	17,199,688	4,345,170	74.7	2,384,358	182.2
6/30/2015	12,675,649	17,099,527	4,423,878	74.1	2,352,920	188.0
6/30/2014	12,376,120	16,991,963	4,615,843	72.8	2,315,625	199.3
6/30/2013[a]	12,129,804	16,982,449	4,852,645	71.4	2,335,773	207.8
6/30/2012	12,260,595	16,777,922	4,517,327	73.1	2,414,884	187.1
6/30/2011	12,667,557	16,656,905	3,989,348	76.0	2,486,780	160.4
TRS						
6/30/2020	$81,632,571	$107,188,775	$25,556,204	76.2%	$12,737,375	200.6%
6/30/2019	78,126,922	101,839,399	23,712,477	76.7	11,882,828	199.6
6/30/2018	75,024,364	96,905,253	21,880,889	77.4	11,704,334	186.9
6/30/2017	71,212,660	95,981,031	24,768,371	74.2	11,333,997	218.5
6/30/2016	68,161,710	91,721,775	23,560,065	74.3	10,783,277	218.5
6/30/2015	65,514,119	82,791,010	17,276,891	79.1	10,347,332	167.0
6/30/2014	62,061,722	75,772,117	13,710,395	81.9	9,993,686	137.2
6/30/2013[b]	58,594,837	72,220,865	13,626,028	81.1	9,924,682	137.3
6/30/2012	56,262,332	68,348,678	12,086,346	82.3	10,036,023	120.4
6/30/2011	55,427,716	65,978,640	10,550,924	84.0	10,099,278	104.5

[a] Setting the AVA to equal the MVA as of June 30, 2013 as described under the heading "Actuarial Methods and Assumptions" below, resulted in a net increase of the AVA of approximately $128.3 million as of June 30, 2013. Absent such action, the AVA as of June 30, 2013 would have been approximately $12.002 billion and the funded ratio as of June 30, 2013 would have been 70.67%.

[b] Setting the AVA to equal the MVA as of June 30, 2013 as described under the heading "Actuarial Methods and Assumptions" below, resulted in a net increase of the AVA of approximately $926.7 million as of June 30, 2013. Absent such action, the AVA as of June 30, 2013 would have been approximately $57.668 billion and the funded ratio as of June 30, 2013 would have been 79.85%.

Sources: ERS and TRS actuarial reports.

For comparative purposes, the funded status of the ERS and TRS plans for the ten most recent actuarial valuation dates, using the MVA instead of the AVA, is presented in the following table.

Historical Funding Progress
Market Value
($ in thousands)

Valuation Date	Market Value of Assets (MVA)	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded AAL (UAAL) (AAL – MVA)	Funded Ratio (MVA / AAL)	Annual Covered Payroll	UAAL as % of Annual Covered Payroll
ERS						
6/30/2020	$13,502,286	$18,375,797	$4,873,511	73.5%	$2,612,773	186.5%
6/30/2019	13,617,472	17,829,220	4,211,748	76.4	2,611,965	161.2
6/30/2018	13,517,186	17,812,441	4,295,255	75.9	2,634,129	163.1
6/30/2017	13,098,299	17,514,898	4,416,599	74.8	2,546,492	173.4
6/30/2016	12,373,567	17,199,688	4,826,121	71.9	2,384,358	202.4
6/30/2015	12,967,964	17,099,527	4,131,563	75.8	2,352,920	175.6
6/30/2014	13,291,531	16,991,963	3,700,432	78.2	2,315,625	159.8
6/30/2013	12,129,804	16,982,449	4,852,645	71.4	2,335,773	207.8
6/30/2012	11,537,408	16,777,922	5,240,514	68.8	2,414,884	217.0
6/30/2011	12,233,380	16,656,905	4,423,525	73.4	2,486,780	177.9
TRS						
6/30/2020	$81,161,558	$107,188,175	$26,026,617	75.7%	$12,737,375	204.3%
6/30/2019	78,788,937	101,839,399	23,050,462	77.4	11,882,828	194.0
6/30/2018	75,532,925	96,905,253	21,372,328	77.9	11,704,334	182.6
6/30/2017	71,340,972	95,981,031	24,640,059	74.3	11,333,997	217.4
6/30/2016	65,552,411	91,721,775	26,169,364	71.5	10,783,277	242.7
6/30/2015	66,799,111	82,791,010	15,991,899	80.7	10,347,332	154.5
6/30/2014	66,466,091	75,772,117	9,306,026	87.7	9,993,686	93.1
6/30/2013	58,594,837	72,220,865	13,626,028	81.1	9,924,682	137.3
6/30/2012	53,487,149	68,348,678	14,861,529	78.3	10,036,023	148.1
6/30/2011	54,084,176	65,978,640	11,894,464	82.0	10,099,278	117.8

Sources: ERS and TRS actuarial reports. Underlying actuarial data was used for purposes of percentage calculations.

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The following table presents a comparison of the AVA to the MVA, the ratio of the AVA to the MVA and the funded ratio based on AVA compared to funded ratio based on MVA.

Funding Progress Comparison
($ in thousands)

Valuation Date	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)	% of AVA to MVA	Funded Ratio (AVA)	Funded Ratio (MVA)
ERS					
6/30/2020	$13,556,622	$13,502,286	100.4%	73.8%	73.5%
6/30/2019	13,481,219	13,617,472	99.0	75.6	76.4
6/30/2018	13,412,046	13,517,186	99.2	75.3	75.9
6/30/2017	13,088,185	13,098,299	99.9	74.7	74.8
6/30/2016	12,854,518	12,373,567	103.9	74.7	71.9
6/30/2015	12,675,649	12,967,964	97.7	74.1	75.8
6/30/2014	12,376,120	13,291,531	93.1	72.8	78.2
6/30/2013[a]	12,129,804	12,129,804	100.0	71.4	71.4
6/30/2012	12,260,595	11,537,408	106.3	73.1	68.8
6/30/2011	12,667,557	12,233,380	103.5	76.0	73.4
TRS					
6/30/2020	$81,632,571	$81,161,558	100.6%	76.2%	75.7%
6/30/2019	78,126,922	78,788,937	99.2	76.7	77.4
6/30/2018	75,024,364	75,532,925	99.3	77.4	77.9
6/30/2017	71,212,660	71,340,972	99.8	74.2	74.3
6/30/2016	68,161,710	65,552,411	104.0	74.3	71.5
6/30/2015	65,514,119	66,799,111	98.1	79.1	80.7
6/30/2014	62,061,722	66,466,091	93.4	81.9	87.7
6/30/2013[b]	58,594,837	58,594,837	100.0	81.1	81.1
6/30/2012	56,262,332	53,487,149	105.2	82.3	78.3
6/30/2011	55,427,716	54,084,176	102.5	84.0	82.0

[a] Setting the AVA to equal the MVA as of June 30, 2013 as described under the heading "Actuarial Methods and Assumptions" below, resulted in a net increase of the AVA of approximately $128.3 million as of June 30, 2013. Absent such action, the AVA as of June 30, 2013 would have been approximately $12.002 billion and the funded ratio as of June 30, 2013 would have been 70.67%.
[b] Setting the AVA to equal the MVA as of June 30, 2013 as described under the heading "Actuarial Methods and Assumptions" below, resulted in a net increase of the AVA of approximately $926.7 million as of June 30, 2013. Absent such action, the AVA as of June 30, 2013 would have been approximately $57.668 billion and the funded ratio as of June 30, 2013 would have been 79.85%.

Sources: ERS and TRS actuarial reports. Underlying actuarial data was used for purposes of percentage calculations.

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Financial Reporting of Net Pension Liability

ERS and TRS implemented the Governmental Accounting Standards Board ("GASB") Statement No. 67 ("GASB 67") beginning with their Comprehensive Annual Financial Statements for the fiscal year ended June 30, 2014. For additional information, refer to Note 15, "Retirement Systems," in APPENDIX B hereto. GASB 67 superseded previous guidance for the financial reports of pension plans by, among other things, requiring additional disclosure in the notes to financial statements and in required supplementary information; it also provides guidance regarding the calculation of the net pension liability (NPL) as the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service, using new parameters) and the fiduciary net position (consisting mostly of investments reflected at fair value). These disclosures are reported in accordance with accounting standards, not funding standards, and do not change the actuarial methods or assumptions that ERS and TRS use for their actuarial valuations to determine the funding status of the plans.

Net Pension Liability
($ in thousands)

Fiscal Year	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability (NPL)	Fiduciary Net Position as Percentage of Total Pension Liability (FNP/TPL)	Covered Payroll[a]	Net Pension Liability as Percentage of Covered Payroll
ERS						
6/30/2020	$17,717,243	$13,502,286	$4,214,957	76.2%	$2,614,856	161.2%
6/30/2019	17,744,003	13,617,472	4,126,531	76.7	2,615,491	157.8
6/30/2018	17,628,219	13,517,186	4,111,033	76.7	2,635,896	156.0
6/30/2017	17,159,634	13,098,299	4,061,335	76.3	2,565,918	158.3
6/30/2016	17,103,987	12,373,567	4,730,420	72.3	2,390,457	197.9
6/30/2015	17,019,362	12,967,964	4,051,398	76.2	2,353,225	172.2
6/30/2014	17,042,149	13,291,531	3,750,618	78.0	2,335,773	160.6
6/30/2013 [b]	16,982,449	12,129,804	4,852,645	71.4	2,335,773	207.8
TRS						
6/30/2020	$105,385,472	$81,161,558	$24,223,914	77.0%	$12,955,620	187.0%
6/30/2019	100,291,641	78,788,937	21,502,704	78.6	12,279,440	175.1
6/30/2018	94,095,067	75,532,925	18,562,142	80.3	12,009,066	154.6
6/30/2017	89,926,280	71,340,972	18,585,308	79.3	11,596,664	160.3
6/30/2016	86,183,526	65,552,411	20,631,115	76.1	11,075,907	186.3
6/30/2015	82,023,118	66,799,111	15,224,007	81.4	10,697,384	142.3
6/30/2014	79,099,772	66,466,091	12,633,681	84.0	10,349,862	122.1
6/30/2013 [b]	76,019,717	58,594,837	17,424,880	77.1	10,345,916	168.4

[a] Covered Payroll may not equal the amount shown as Annual Covered Payroll in the previous table "Historical Funding Progress – Market Value ($ in thousands)," which amounts present "snapshots" of the annualized compensation of the active members as of the dates of the respective valuations. As shown in this "Net Pension Liability" table, Covered Payroll represents the actual payroll during the fiscal years upon which the employer contributions were made.
[b] Since GASB Statement No. 67 was not effective for FY 2013, the FY 2013 audited financial statement and the actuary's GASB Statement No. 67 Report as of June 30, 2014 was used to report the FY 2013 information.
Sources: ERS and TRS audited financial statements.

Investment Fund Management

ERS and TRS are governed by Boards of Trustees with broad statutory powers including the power to invest and reinvest the assets of ERS and TRS, respectively. The investment functions of the Systems are vested in these Boards as set forth in Georgia law (O.C.G.A. § 47-2-31 and § 47-3-27). Each Board of Trustees elects an Investment Committee as set forth in the By-Laws of the said Board of Trustees. Investments for ERS and TRS are under the day-to-day management of the Division of Investment Services ("DIS"). In the domestic equity portion of the fund, the DIS utilizes different styles of management. Passive (index based) management is utilized as a low cost, low benchmark risk strategy for a core portion of the equity assets. Active management of the common stock portfolio is based on the belief that active management can enhance returns to the fund while maintaining the same conservative investment policy which is the guiding principle behind the investment of all of the System's assets. The DIS also employs investment advisory firms to assist in common stock management. Each such advisory firm is evaluated on both qualitative and quantitative criteria. As a minimum, an advisory firm must meet the following criteria:

1. Advisory firms shall have a five-year composite performance record that complies with AIMR-PPS or its successor organization and standards.

2. Assets under management of at least three billion dollars except assets under management shall be at least $750 million for small or mid-capitalization advisory firms.

3. In all cases, the portfolio of either ERS or TRS allocated to the advisory firm shall not exceed twenty-five percent (25%) of the advisory firm's total assets under management. Additionally, the combined assets of ERS and TRS allocated to the advisory firm shall not exceed thirty-five (35%) of the advisory firm's total assets under management.

4. In choosing advisory firms, the credentials of the advisory firm shall be considered including consideration of the number of CFAs, the performance record of the firm, and the stability of the advisory firm's personnel.

5. Advisory firms shall respond promptly to queries offered by the DIS. Advisory firms are subject to the related procedures and reporting promulgated by the DIS.

6. In the event that two advisory firms are equally capable, an advisory firm with an office located in the State will be given preference.

The DIS maintains a "Master Approved List of Common Stocks" eligible for investment of pension funds. The Master Approved List contains a current list of companies which are considered to meet a level of risk and potential return suitable for the Systems. DIS undertakes an ongoing analysis of issuers of common stock and adds or removes companies from the Master Approved list based upon a variety of screening criteria. The Master Approved List assists the Investment Committee in its approval process by providing a population of eligible companies which have been thoroughly screened by DIS research analysts.

The Investment Committee reviews asset allocation decisions and the equity portfolio mix on a yearly basis. There may, however, be interim allocation decisions due to market or other conditions when rebalancing is necessary. The Investment Committee has authorized the Chief Investment Officer and the Co-Chief Investment Officers to move up to two percent (2%) of the market value of the respective portfolios among asset classes between Investment Committee meetings.

Asset Allocation

Permissible investments of the Systems are set forth in the Public Retirement Systems Investment Authority Law (O.C.G.A. § 47-20-80 through O.C.G.A. § 47-20-86). In accordance with O.C.G.A. § 47-20-84, the investment assets of the Systems are prohibited from being allocated more than 75% to equity securities. Accordingly, current policy is to maintain equity exposure on a cost basis between 55% and 75% and fixed income between 25% and 45%. The cost of investments is computed using the original cost of equity securities and the amortized cost of bonds, which means that premiums and discounts are recognized totally over the life of the bonds.

Fixed-income investments include both bonds and mortgages of various types selected on the basis of return, quality, marketability, and overall suitability to the System's portfolio. Equity investments include both domestic and international equities and allow for maximization of total return. Real estate assets of the Systems are limited and restricted by law solely to any structure occupied by the System and to real property acquired through judicial foreclosure of mortgage loans owned and held by such System at time of foreclosure, or by any other judicial or court action that assigns ownership of real property to the System. It is the policy of each System to make every effort to sell or otherwise dispose of all such property except that of any structure occupied by such System within five years of date of acquisition. Effective July 1, 2012 and January 1, 2021, ERS and TRS, respectively, are permitted to invest in alternative investment instruments, such as private placements and private placement investment pools, as described in and permitted by O.C.G.A. § 47-20-87; provided, however, that such alternative investments shall not in the aggregate exceed five percent (5%) of the assets of ERS and TRS (each System independently of the other), at any time.

The following table presents the annualized rates of return (net of fees) of ERS and TRS through FY 2020.

Historical Rates of Return

	ERS	TRS
1 year	5.48%	5.42%
3 years	7.18	7.04
5 years	7.02	6.94
10 years	9.15	9.08
20 years	5.72	5.74
30 years	8.31	8.32

Source: Division of Investment Services, ERS and TRS.

The rates of return presented in the table above are "time-weighted rates of return" which reflect investment performance. The percentages above are derived by taking the ending daily plan balance, adjusted for contributions and distributions, and then dividing by beginning daily plan balance (with each daily result then linked together to provide for an annual return). For information on "money-weighted rates of return" for ERS and TRS, which is equivalent to an "internal rate of return" that just compares a beginning balance with an ending balance, see Note 15, "Retirement Systems," in APPENDIX B herein.

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The following table presents a comparison of the assumed investment rate of return for each of ERS and TRS and the actual time-weighted investment rate of return for each of ERS and TRS for the last ten years.

Historical Rates of Return

	ERS		TRS	
Fiscal Year	Assumed	Actual	Assumed	Actual
2020	7.30%	5.48%	7.25%	5.42%
2019	7.30	6.90	7.25	6.80
2018	7.30	9.18	7.25	8.95
2017	7.40	12.43	7.50	12.50
2016	7.50	1.40	7.50	1.37
2015	7.50	3.74	7.50	3.70
2014	7.50	17.29	7.50	17.17
2013	7.50	13.33	7.50	13.28
2012	7.50	2.19	7.50	2.16
2011	7.50	21.29	7.50	21.27

Source: Division of Investment Services, ERS, and TRS.

Status of Actuarially Determined Employer Contributions

ERS is a multi-employer plan; however, State general fund appropriations are the source for the majority of the ADEC payments. According to O.C.G.A. § 47-2-55, ADEC payments for ERS are borne by appropriations from State and federal funds. O.C.G.A. § 47-2-57 specifies that, on or before June 1 of each year, the normal cost and unfunded accrued liability contribution rates, determined based on the last annual actuarial valuation, are to be certified by the ERS Board to each employer. Each employer is required to make provision in its annual budget for funds with which to pay to the ERS an amount equal to the normal cost and unfunded accrued liability contributions on the earnable compensation of all such employer's eligible members.

TRS is a multi-employer plan; however, the employer contributions for TRS are comprised of funds from State general fund appropriations, local school districts, colleges, and universities, and federal and other funds. O.C.G.A. § 47-3-48 specifies that, thirty (30) days prior to the time when the State Board of Education fixes the minimum schedule of teacher salaries for the ensuing year, the normal cost and unfunded accrued liability contribution rates, determined based on the last annual actuarial valuation, are to be certified by the TRS Board to each employer. Each employer (other than the Board of Regents) is required to make provision in its annual budget submitted to the State School Superintendent for funds with which to pay to the TRS an amount equal to the normal cost and unfunded accrued liability contributions on the earnable compensation of all such employer's eligible members. The Board of Regents in its estimates of funds necessary for the operation of its units submitted to the General Assembly is to include a request for an appropriation payable to the TRS Board in an amount equal to its portion of the normal cost and unfunded accrued liability contributions and the General Assembly is to make an appropriation to the TRS Board sufficient to provide for such contributions as a part of the earnable compensation of such employer's eligible members.

The following table indicates, on a fiscal year basis, the ADEC for ERS and TRS, the portion of the ADEC funded by organizations in the State reporting entity, any amount unfunded, and the portion of the ADEC funded by organizations in the State reporting entity as a percentage of total State general fund appropriations. (For additional information about the State reporting entity, refer to Note 1.B. *Financial Reporting Entity*, in APPENDIX B hereto.) Employer offsets are not included in the amounts provided below and are not available. An employer offset exists under the ERS plan for employees who maintain membership with ERS based upon employment that started prior to July 1, 1982 (old plan members). The old plan offset as of June 30, 2020 is 4.75% of covered compensation paid by the employer on behalf of employees. As described under the heading "Projected Annual Actuarially Determined Employer Contributions," however, it is expected that a portion of the ADEC payments made to ERS and TRS by entities not within the State reporting entity are derived from State general fund appropriations. See "Projected Annual Actuarially Determined Employer Contributions" below.

State Reporting Entity Impact
ERS Annual Contribution Status
($ in thousands)

Fiscal Year	ADEC	Amount Unfunded[(a)]	State Reporting Entity Portion of ADEC[(b)]	State Reporting Entity Portion Amount Unfunded	State Reporting Entity Portion as a % of State General Fund Appropriations
2020	$643,857	$ -	$592,131	-	2.27%
2019	649,209	-	593,167	-	2.32
2018	650,073	(2,094)	596,729	-	2.47
2017	624,623	(658)	551,590	-	2.38
2016	595,124	(442)	518,281	-	2.36
2015	517,220	(943)	452,708	-	2.26
2014	428,982	(770)	373,127	-	1.95
2013	358,376	(616)	306,738	-	1.68
2012	273,623	(411)	238,738	-	1.37
2011	261,132	-	222,401	-	1.33

(a) Subsequent to the actuarial valuation as of June 30, 2009, ERS determined that an employer group – Locally Elected Tax Commissioners - within ERS had not contributed its required contribution and the financial statements were restated. Combined with an additional shortfall of $5,262,000 for the same employer group in years prior to FY 2001, the total deficit of $6,159,000 was expected to be repaid over ten years. Repayment of the deficit commenced in October 2011 and amounts shown in the "Amounts Unfunded" column for FY 2012 through FY 2019 represent such repayments. The repayment was completed during FY 2019, approximately three years ahead of the original schedule.
(b) Amounts reflect the portion of the ADEC funded by organizations within the State reporting entity and consist of State, federal and other monies.

Sources: ERS audited financial statements, ERS actuarial reports, State of Georgia comprehensive annual financial reports, and the Governor's Budget in Brief.

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State Reporting Entity Impact
TRS Annual Employer Contribution Status
($ in thousands)

Fiscal Year	ADEC	Amount Unfunded	State Reporting Entity Portion of ADEC[a]	State Reporting Entity Portion Amount Unfunded	State Reporting Entity Portion as a % of State General Fund Appropriations
2020	$2,738,818	-	$473,649	-	1.82%
2019	2,566,403	-	447,990	-	1.75
2018	2,018,724	-	349,152	-	1.45
2017	1,654,844	-	283,994	-	1.23
2016	1,580,532	-	269,656	-	1.23
2015	1,406,706	-	239,464	-	1.20
2014	1,270,963	-	214,220	-	1.12
2013	1,180,469	-	194,804	-	1.06
2012	1,082,224	-	175,588	-	1.01
2011	1,089,912	-	170,893	-	1.02

[a] Amounts reflect the portion of the ADEC funded by organizations within the State reporting entity and consist of State, federal and other monies. Certain amounts funded by other entities, however, are derived from State appropriations.
Sources: TRS audited financial statements, TRS actuarial reports, State of Georgia comprehensive annual financial reports, and the Governor's Budget in Brief.

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Contribution Rate Structure

Actuarially determined employer contribution rates for ERS and TRS for FY 2021, FY 2022, and FY 2023 are as shown in the following table. The employer contribution rate structures of ERS and TRS are established by their respective Boards of Trustees under statutory guidelines, including requirements for the minimum annual contributions necessary to ensure the actuarial soundness of ERS and TRS (see O.C.G.A. § 47-20-10). 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 plan" or "new plan," are members of the Georgia State Employees' Pension and Savings Plan "GSEPS." ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to the GSEPS plan. Employer offsets are the portion of the employees' required contribution to the pension system that the employer makes on the employees' behalf. An employer offset exists under the ERS plan for old plan members.

	ERS			TRS
Employer Contributions Expressed as a % of Covered Compensation	Old Plan	New Plan	GSEPS	
For FY 2021				
Normal Cost	6.20%			
Less Employer Offset	-4.75			
Employer Normal Cost	1.45	6.20%	3.11%	7.25%
UAAL	18.46	18.46	18.46	11.81
Total Rate	19.91%	24.66%	21.57%	19.06%
For FY 2022				
Normal Cost	6.23%			
Less Employer Offset	-4.75			
Employer Normal Cost	1.48	6.23%	3.17%	7.45%
UAAL	18.40	18.40	18.40	12.36
Total Rate	19.88%	24.63%	21.57%	19.81%
For FY 2023				
Normal Cost	6.40%			
Less Employer Offset	-4.75			
Employer Normal Cost	1.65	6.40%	3.32%	7.35%
UAAL	18.27	18.27	18.27	12.63%
Total Rate	19.92%	24.67%	21.59%	19.98%

Sources: ERS and TRS actuarial reports.

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Employee contribution rates for ERS and TRS for FY 2021, FY 2022, and FY 2023 are as shown in the following table. Employee contribution rates for ERS are fixed by statute. The TRS Board may establish employee rates between 5.00% and 6.00%.

Employee Contributions Expressed as a % of Salary	ERS Old Plan	ERS New Plan	ERS GSEPS	TRS
FY 2021				
Pension contribution	6.00%	1.25%	1.25%	6.00%
Group Term Life Insurance contribution	0.50%	0.25%	Not Covered	Not Covered
Employer Off-set	5.00%			
Total percent of pay contributed	1.50%	1.50%	1.25%	6.00%
FY 2022				
Pension contribution	6.00%	1.25%	1.25%	6.00%
Group Term Life Insurance contribution	0.50%	0.25%	Not Covered	Not Covered
Employer Off-set	5.00%			
Total percent of pay contributed	1.50%	1.50%	1.25%	6.00%
FY 2023				
Pension contribution	6.00%	1.25%	1.25%	6.00%
Group Term Life Insurance contribution	0.50%	0.25%	Not Covered	Not Covered
Employer Off-set	5.00%			
Total percent of pay contributed	1.50%	1.50%	1.25%	6.00%

Sources: ERS and TRS actuarial reports.

Projected Annual Actuarially Determined Employer Contributions

The following tables indicate, for the applicable fiscal and valuation years, commencing with FY 2021 and the valuation year ending June 30, 2018, the projected ADEC for ERS and TRS based on the estimated normal costs of benefits and the payments made to amortize the estimated UAAL. Also shown are the actual funded ratios per the 2018, 2019, and 2020 actuarial valuations, the estimated prospective funded ratios for valuation years 2021 through 2025, the estimated prospective portion of the projected ADEC funded by State general fund appropriations for fiscal years 2021 through 2028 (including payments made from State general fund appropriations for entities not within the State reporting entity), and the portion of the projected ADEC funded by State general fund appropriations as a percentage of total State general fund appropriations for fiscal years 2021 through 2028. Other than the last two columns, the information in the following tables regarding ERS and TRS was prepared by their enrolled actuary. The information in the last two columns of the following tables was derived by the Governor's Office of Planning and Budget from revenue estimates of the State Economist and using the assumptions noted. The following tables are based on the ERS and TRS actuarial valuations as of June 30, 2020 and utilize the same assumptions as the June 30, 2020 actuarial valuations.

For FY 2021, State general fund appropriations for the ADEC payments for ERS and TRS were approximately $410.7 million and $1.3 billion, respectively, and comprised, together, approximately 6.8% of total State general fund appropriations.

For FY 2022, State general fund appropriations are estimated to comprise approximately 54% of the ADEC payments for TRS and 69% for ERS. State general fund appropriations in FY 2022 for the ADEC payments for ERS and TRS are estimated to be approximately $409.3 million and $1.4 billion, respectively, and are estimated to comprise, together, approximately 6.9% of total State general fund appropriations.

State General Fund Appropriations Impact

ERS Projected Annual Actuarially Determined Employer Contribution Status
($ in thousands)

Valua-tion Year	Fiscal Year	Employer Rate (%)	Annual Payroll	ADEC Payment	AVA	AAL	UAAL	Funded Ratio (%)	State Portion of ADEC[c]	State Portion of ADEC as % of State General Fund Appropriations[d]
2018	2021	24.66 [a] 21.57 [b]	$2,614,152	$595,186	$13,412,046	$17,812,441	$4,400,395	75.3%	$410,678	1.64%
2019	2022	24.63 [a] 21.57 [b]	2,618,514	593,130	13,481,219	17,829,220	4,348,001	75.6	409,260	1.58
2020	2023	24.67 [a] 21.59 [b]	2,623,653	592,417	13,556,622	18,375,797	4,819,175	73.8	408,768	1.53
2021	2024	24.70 [a] 21.59 [b]	2,646,356	595,119	13,980,438	18,589,395	4,608,957	75.2	410,632	1.49
2022	2025	24.63 [a] 21.59 [b]	2,669,840	597,464	14,265,915	18,477,671	4,211,756	77.2	412,250	1.44
2023	2026	24.57 [a] 21.59 [b]	2,690,707	599,585	14,562,871	18,404,660	3,841,789	79.1	413,714	1.40
2024	2027	24.52 [a] 21.59 [b]	2,710,683	601,738	14,875,323	18,307,772	3,432,449	81.3	415,199	1.36
2025	2028	24.47 [a] 21.59 [b]	2,728,061	603,422	15,240,889	18,189,341	2,948,452	83.8	416,361	1.36

[a] Old Plan and New Plan.
[b] GSEPS.
(c) Amounts reflect the portion of the projected ADEC, 69%, estimated to be comprised of State general fund appropriations. This portion of the projected ADEC for FY 2021 – FY 2028 is based upon the estimated percent of payroll to be paid through State general fund appropriations during FY 2021.
(d) State general fund appropriations for FY 2023 – FY 2028 are based on the most recent revenue estimates of the State Economist.

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State General Fund Appropriations Impact

TRS Projected Annual Actuarially Determined Employer Contribution Status
($ in thousands)

Valuation Year	Fiscal Year	Employer Rate (%)	Annual Payroll	ADEC Payment	AVA	AAL	UAAL	Funded Ratio (%)	State Portion of ADEC[a]	State Portion of ADEC as % of State General Fund Appropriations[b]
2018	2021	19.06%	$13,283,962	$2,531,923	$75,024,364	$96,905,253	$21,880,889	77.4%	$1,367,239	5.45%
2019	2022	19.81	13,463,635	2,661,797	78,126,922	101,839,399	23,712,477	76.7	1,437,371	5.55
2020	2023	19.98	13,621,268	2,721,529	81,632,571	107,188,775	25,556,204	76.2	1,469,626	5.50
2021	2024	19.62	13,827,748	2,713,004	86,891,646	110,975,640	24,083,994	78.3	1,465,022	5.31
2022	2025	19.24	14,048,151	2,702,864	92,076,977	114,761,170	22,684,193	80.2	1,459,547	5.11
2023	2026	18.94	14,280,620	2,704,749	97,135,344	118,543,300	21,407,956	81.9	1,460,565	4.94
2024	2027	18.61	14,519,506	2,702,080	102,285,146	122,326,248	20,041,102	83.6	1,459,123	4.77
2025	2028	18.19	14,768,205	2,686,336	107,736,826	126,104,535	18,367,709	85.4	1,450,622	4.74

[a] Amounts reflect the portion of the projected ADEC estimated to be comprised of State general fund appropriations using the State Auditor's estimate of 54.0%. This portion of the projected ADEC for FY 2021 – FY 2028 is based upon the estimated percent of payroll to be paid through State general fund appropriations during FY 2021.

[b] State general fund appropriations for FY 2023 – FY 2028 are based on the most recent revenue estimates of the State Economist.

Actuarial Methods and Assumptions

Numerous significant assumptions are used to determine projected pension obligations and related costs. The amount of benefit to be paid depends on projections of future events incorporated into the pension benefit formula, including estimates of the average life of employees/survivors and average years of service rendered, and is measured based on assumptions concerning future interest rates and future employee compensation levels. In addition, actuarial valuations include assumptions regarding the long-term rate of return on plan assets. Should actual experience differ from actuarial assumptions, the projected pension obligations and related pension costs would be affected in future years. Refer to Note 15, "Retirement Systems," in APPENDIX B hereto for additional detail regarding significant actuarial assumptions.

Georgia law requires that at least once every five years an experience study be performed on TRS and ERS. An experience study is the investigation into the mortality, service and compensation experience of the members and beneficiaries by comparing the actual experience with the assumed experience during the five year period. The actuarial firm preparing the experience study will recommend changes to the assumptions and methods if there are any significant differences. The purpose of the experience study is to assess the reasonableness of the actuarial assumptions and methods used by the Systems.

The most recent five year experience study for ERS for the period beginning July 1, 2014 through June 30, 2019 was completed and presented to the ERS Board of Trustees on December 17, 2020. As a result of the study, the ERS Board of Trustees adopted: (1) revised rates of separation from active service due to withdrawal, disability, death, and retirement ; (2) revised rates of salary increases; (3) revised rates of post-retirement mortality; (4) reductions in the price inflation rate to 2.50% from

2.75% and the wage inflation rate to 3.00% from 3.25%; and (5) a reduction in the long-term investment rate of return assumption to 7.00% from 7.50%. The study also validated the Board's current approach of slowly reducing the rate of return assumption over time to ultimately reach the long-term target of 7.00%. The aggregate effect of the changes listed above results in an increase to the ERS UAAL of $551.2 million in valuation year 2020. The next experience investigation for ERS is expected to be completed in the fall of 2025 for the five-year period July 1, 2019 through June 30, 2024.

The TRS experience study for the five-year period July 1, 2013 through June 30, 2018 was completed and presented to the TRS Board of Trustees on May 13, 2020. As a result of the study, the TRS Board of Trustees adopted: (1) revised rates of separation from active service due to withdrawal, disability, death, and retirement; (2) revised rates of post-retirement mortality; and (3) reductions in the administrative expenses assumption from 0.25% to 0.20% of payroll. The aggregate effect of the changes noted above resulted in an increase to the TRS UAAL of $1,204 million in valuation year 2019. The next experience investigation for TRS is expected to be completed in the fall of 2024 for the five-year period July 1, 2018 through June 30, 2023.

Summary of Recent TRS Changes. On July 21, 2010, the TRS Board adopted a smoothed valuation interest rate methodology which has been used since the June 30, 2009 actuarial valuation to calculate the ADEC. The method utilizes a 30-year time horizon and determines the interest rate needed over a defined 23-year look-forward period, so that the ultimate investment rate of return (assumed to be 7.5% per year) is earned over such 30-year period, based on the actual rates of return for a 7-year look-back period. TRS adopted the smoothed valuation interest rate methodology based on its view that it allows for better alignment of employee and employer contribution rates with changes in the economy. With this method, TRS increases contribution rates during periods of rising revenues and investment returns, while maintaining current contribution rates during periods of declining revenues and investment returns. With the smoothed valuation interest rate method, the required contributions are counter-cyclical, allowing employees and employers to contribute at lower rates during bad economic times and at higher rates when funding is more readily available.

On July 27, 2011, the TRS Board of Trustees adopted a refinement of its smoothed valuation interest rate methodology to include a corridor around the long-term investment rate of return, effectively reducing the potential volatility of the actuarial valuation results reflected in the financial statements. This approach has been used since the June 30, 2010 actuarial valuation and was retroactively applied to the June 30, 2009 actuarial valuation. The corridor around the long-term investment rate of return (i.e., the average investment rate of return over the 40-year period beginning on the valuation date) is determined such that the long-term investment rate of return is within five (5) percentile ranks above and below the ultimate investment rate of return over a 40-year period based on TRS market assumptions and asset allocations, which as of the June 30, 2017 actuarial valuation is between 7.20% and 7.78%. The methodology to determine the AVA also includes a corridor between 75% and 125% of the MVA around the AVA. As discussed below, effective with the June 30, 2018 valuation, the Board's funding policy reflects a change from the smoothed valuation interest rate methodology to a constant interest rate method.

On November 20, 2013, the TRS Board adopted a formal funding policy to define TRS funding objectives, the benchmarks used to measure progress, and the primary methods and assumptions that were used to develop the benchmarks. At that time, two significant changes in actuarial methods and assumptions were adopted by the TRS Board. First, the method used to amortize the unfunded actuarial accrued liability (UAAL) was changed from an open 30-year period to a closed 30-year period. The previous 30-year open period meant that with each actuarial valuation, the total UAAL would be amortized over a new 30-year period and in effect "refinanced" the UAAL each year, resulting in the UAAL never being paid off. The new 30-year closed period meant that the initial UAAL (the UAAL as of June 30, 2013) would be amortized over a closed 30-year period. Each year thereafter, the change in the UAAL would be amortized over a separate closed 30-year period. The blended amortization period as of the June 30, 2019 actuarial valuation was 24.9 years. The purpose of this method was to lead to an eventual reduction in the UAAL with the intention of it being paid off. Second, the method used in smoothing asset values was changed from 7-year smoothing to 5-year smoothing, as a shorter period results in a closer fit to market value. The actuarial value of assets also was set to equal the market value of the assets which fully recognized the remaining unrealized gains and losses from the prior 7 years and facilitated the transition from 7-year smoothing to 5-year smoothing.

On May 15, 2019, the TRS Board adopted changes to the Board's funding policy to reflect a change from the smoothed valuation interest rate methodology to a constant interest rate method. In conjunction with the change in methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%. The combined impact of these changes decreased the UAAL by $133.4 million.

On May 13, 2020, the TRS Board adopted new rates of separation and mortality based on the results of an experience investigation that was prepared for the five-year period ending June 30, 2018. The impact of assumption and method changes increased the UAAL by $1,204.2 million.

The TRS actuarial report prepared by the TRS enrolled actuary dated May 12, 2021 indicates that, as of June 30, 2020, TRS has an UAAL in the amount of $25.6 billion and was used to set the ADEC for FY 2023. Significant actuarial assumptions used in the TRS actuarial report as of June 30, 2020 include: (a) an investment rate of return of 7.25%, (b) projected salary increases of 3.25% - 8.75%, (c) an annual inflation rate of 2.50%, (d) anticipated semi-annual cost-of-living adjustments of 1.50%, (e) amortization of the UAAL over a closed period of 30 years, and (f) 5-year smoothing of assets. The TRS actuarial report indicates that, in the opinion of the actuary, TRS is operating on an actuarially sound basis, and in conformity with the minimum funding standards of Georgia law.

The TRS audited financial statements show a net position restricted for pensions as of June 30, 2020 of approximately $81.2 billion, an increase of 3.0% from the June 30, 2019 net position restricted for pensions of approximately $78.8 billion. FY 2021 year to date as of April 30, 2021, TRS had a net position restricted for pensions of approximately $100.5 billion (interim, unaudited), an increase of approximately 23.8% from the June 30, 2020 net position restricted for pensions.

Summary of Recent ERS Changes. On December 19, 2013, the ERS Board adopted a formal funding policy to define ERS funding objectives, the benchmarks used to measure progress, and the primary methods and assumptions that will be used to develop the benchmarks. Two significant changes in actuarial methods and assumptions were adopted by the ERS Board. First, the method used to amortize the unfunded actuarial accrued liability (UAAL) was changed from an open 30-year period to a closed 25-year period. The previous 30-year open period meant that with each actuarial valuation, the total UAAL would be amortized over a new 30-year period and, in effect, "refinanced" the UAAL each year. The new 25-year closed period means that the initial UAAL (FY 2013) would be amortized over a closed 25-year period. Each year thereafter, any incremental change in the UAAL would be amortized over a separate closed 25-year period. The blended amortization period as of the June 30, 2020 actuarial valuation is 19.0 years. This method will lead to an eventual reduction in the UAAL with the intention of it being paid off, and in a shorter (25-year) timeframe than previously utilized. Second, the method used in smoothing assets was changed from 7-year smoothing to 5-year smoothing. A shorter period results in a closer fit to market value. The actuarial value of assets also was set to equal the market value of the assets for the FY 2013 actuarial valuation, which fully recognized the remaining unrealized gains and losses from the prior 7 years and facilitated the transition from 7-year smoothing to 5-year smoothing.

On March 15, 2018, the ERS Board adopted an updated version of its funding policy, effective with the June 30, 2017 valuation, which changes the system's assumed investment rate of return. In the years preceding the June 30, 2017 valuation, the system assumed a 7.50% rate of return. Beginning with the June 30, 2017 valuation, the rate of return assumption will be reduced by 0.1% (10 basis points) from the prior year in any year in which the actual investment rate of return exceeds the assumed rate of return. If the actual rate of return does not exceed the assumed rate of return in a given year, then the assumed rate of return will remain the same for the following year. The reductions in the assumed rate of return will continue until the assumed rate of return reaches the Board's target of a 7.00% return assumption. For the year ended June 30, 2020, the system's actual rate of return of 5.48% did not exceed the assumed rate of return of 7.30%, which resulted in no change to the 7.30% rate of return assumption.

The ERS actuarial report prepared by the enrolled actuary dated April 15, 2021 indicates that, as of June 30, 2020, ERS has an UAAL in the amount of $4.8 billion and was used to set the ADEC for FY 2023. The most significant reason for the increase of $471.2 million from the prior year UAAL was the aggregate result of the five-year experience study approved by the Board in December 2020. Significant actuarial assumptions used in the ERS actuarial report as of June 30, 2020 include: (a) an investment rate of return of 7.30%, (b) projected salary increases of 3.00% - 6.75%, (c) an annual inflation rate of 2.50%, (d) no cost-of-living adjustments, (e) amortization of the UAAL over a closed period of 25 years, and (f) 5-year smoothing of assets. The ERS actuarial report indicates that, in the opinion of the actuary, ERS is operating on an actuarially sound basis and in conformity with the minimum funding standards of Georgia law.

The ERS audited financial statements show a net position restricted for pensions as of June 30, 2020 of approximately $13.5 billion, a decrease of 0.8% from the June 30, 2019 net position restricted for pensions of approximately $13.6 billion. FY 2021 year to date as of April 30, 2021, ERS had a net position restricted for pensions of approximately $16.3 billion (interim, unaudited), an increase of approximately 21.0% from the June 30, 2020 net position restricted for pensions.

Regents Retirement Plan

The Georgia General Assembly created the University System of Georgia's Optional Retirement Plan ("Regents Retirement Plan"), a single-employer defined contribution retirement plan, in 1990 pursuant to the Regents Retirement Plan Act (O.C.G.A. Section 47-21-1 *et seq.*) and administered by the Board of Regents of the University System of Georgia ("Board"). O.C.G.A. Section 47-3-68(a) defines who may participate in the Regents Retirement Plan. An "eligible university system employee" is a faculty member, or all exempt full and partial benefit eligible employees, as designated by the regulations of the Board. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from three approved vendors for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the Plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

The institutions of the USG make monthly employer contributions to the Regents Retirement Plan on behalf of the participants at rates determined by the Board. The Board reviews the contribution amount every three (3) years. For FY 2020, the employer contribution was 9.24% for a participating employee's earnable compensation and participating employees contribute 6.00% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable. For FY 2020 the USG and the covered employees made contributions of $137.8 million and $89.7 million, respectively. Additional information is contained in the University System of Georgia Annual Financial Report Fiscal Year 2020 which is available from the Board.

Governmental Accounting Standards Board ("GASB") Statements 67 and 68

On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved GASB Statement Nos. 67 and 68, which impacts the accounting and financial reporting for defined benefit pension plans and for state and local governments that participate in such plans. Statement No. 67 superseded existing guidance for the financial reports of pension plans by, among other things, requiring additional disclosure in the notes to financial statements and in required supplementary information; it also provides guidance regarding the calculation of the net pension liability ("NPL") as the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service, using new parameters) and the net plan position (consisting mostly of investments reflected at fair value). ERS and TRS implemented GASB Statement No. 67 in their Comprehensive Annual Financial Statements for FY 2014. For additional information, refer to the prior section entitled "*Financial Reporting of Net Pension Liability*" and also Note 15, "Retirement Systems," in APPENDIX B hereto. Statement No. 68 revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits by, among other things, requiring governments to recognize long-term obligations for pension benefits as a liability. Major changes include: (1) the inclusion of the NPL on the government employer's balance sheet (previously, unfunded liabilities typically were included as notes to the government's financial statements) rather than the portion of the actuarially determined employer contribution that has not been funded; (2) separation of expenses from funding: reported annual pension expense will no longer be connected to the funding of the plan and could be significantly different from the actuarially determined employer contribution, and could be more volatile; (3) use of a single blended discount rate reflecting a long-term expected rate of return on plan assets to the extent that assets are projected to be available to pay benefits and a municipal borrowing rate to the extent a funding shortfall is projected; and (4) immediate recognition of certain benefit plan changes, which generally would increase pension expense; and shorter amortization periods than currently used to recognize the effects on the total pension liability for changes in assumptions and differences in assumptions and actual experience. In addition, the new standard requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective NPL and expense for the cost-sharing plan while under the prior standard, an employer in a cost-sharing plan would report a liability only if it failed to make its full contractually required contribution to the plan. GASB Statement No. 68 was implemented by state and local governments that provide their employees with pension benefits for FY 2015. The State reported a net pension liability for all plans of the primary government of $7.9 billion in its entity-wide financial statements for FY 2020; such liability was $7.3 billion for FY 2019. For additional information please refer to Note 15, "Retirement Systems" in APPENDIX B hereto.

OTHER POST-EMPLOYMENT BENEFIT ("OPEB") PLANS

Introduction

Retirees of State government and local school districts who are eligible to receive monthly retirement benefits from a State-sponsored retirement system and are enrolled in the State Health Benefit Plan ("SHBP") at the time they retire have the option to continue health-care coverage under SHBP. Retirees age 65 and older are required to enroll in a Medicare Advantage option in order to receive state contributions toward their health insurance policy premiums. Retirees and State employees hired prior to July 1, 2009 are also eligible to participate in group term life insurance ("GTLI"). These types of benefits are made available through plans which commonly are known as "Other Post-Employment Benefit" ("OPEB") plans.

The State provides the following significant OPEB plans:

Multi-employer Plans
Administered by the 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 ERS:
State Employees' Assurance Department – OPEB ("SEAD-OPEB") (For GTLI benefits)

Single-employer Plan
Administered by the Board of Regents of the University System of Georgia ("USG"):
Board of Regents Retiree Health Benefit Fund ("BOR Retiree Plan")

For additional information on the OPEB plans, including details regarding basis of accounting, investments, plan descriptions, plan membership, funding policies, benefits provided, contribution rates, and certain actuarial information, see Note 16, "Postemployment Benefits – Multi-employer Plans," Note 17, "Postemployment Benefits – Single-employer Plans", and "Required Supplementary Information – Other Postemployment Benefits (OPEB)" in APPENDIX B hereto. In addition, APPENDIX B contains certain other OPEB information required by the Governmental Accounting Standards Board ("GASB"), including details regarding funded status, funding progress, and net OPEB liability.

The OPEB disclosures rely on information produced by the plan's management and their enrolled actuaries. Actuarial assessments are "forward-looking" valuation estimates that reflect the judgment of the fiduciaries of the plans. Actuarial assessments are based upon a variety of assumptions. Should actual experience differ from actuarial assumptions, the projected OPEB obligations and related OPEB costs would be affected in future years.

GASB Statement 74

During FY 2017, the State adopted the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). GASB 74 requires the disclosure of the net OPEB liability determined using a specified actuarial cost method, requires expanded footnote disclosure and required supplementary information for OPEB plans, and clarifies what constitutes an OPEB plan.

GASB Statement 75

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 75"), effective for fiscal years beginning after June 15, 2017. GASB 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses in the employer financial statements. It also establishes requirements for related note disclosures and required supplementary information. GASB 75 was adopted with the FY 2018 financial statements. With the implementation of GASB 75, the State is not required to report information as previously reported in the Funding Progress Table shown hereinafter. Instead, the State is required to recognize its proportional share of the net OPEB liability of the OPEB plans applicable to said standard. The State reported a net OPEB liability for all plans of the primary government of $5.6 billion in its entity-wide financial statements for FY 2020.

System Membership and Beneficiary Description

The State OPEB Fund and School OPEB Fund are cost-sharing multiple employer defined benefit post-employment healthcare plans. The State OPEB Fund provides postemployment health benefits 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 ERS, Georgia Judicial Retirement System ("JRS"), and Legislative Retirement System ("LRS"). The School OPEB Fund provides postemployment health benefits 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 TRS and Public School Employees Retirement System ("PSERS"). The SEAD-OPEB Plan is a cost-sharing multiple employer defined benefit post-employment plan that provides post-employment GTLI benefits to eligible members of the ERS, JRS, and LRS on a monthly, renewable term basis, with no return premiums or cash value available to be earned. The BOR Retiree Plan is a single employer, defined benefit, post-employment healthcare plan administered by the Board of Regents ("BOR") as further described below.

Membership in the plans as of June 30, 2020 follows:

	State OPEB Fund	School OPEB Fund	SEAD-OPEB	BOR Retiree Plan
Retirees and beneficiaries	38,447	85,749	44,130	20,427
Inactive members entitled to but not yet receiving benefits	86	100	1,016	-
Active plan members	50,509	178,437	21,020	48,739
Total	89,042	264,286	66,166	69,166

Source: State of Georgia COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020.

Plan Contribution Information

The State OPEB Fund, the School OPEB Fund, and the BOR Retiree Plan are currently funded in large part on a "pay-as-you-go" basis. That is, annual costs of providing benefits will be funded in the same year as claims occur, with historically, no significant assets accumulating, as would occur in an advance funding strategy. Each fiscal year the General Assembly in the general appropriations act determines the maximum amount of the State's contributions, and the Board of Community Health and the BOR, respectively, reacting to input from various entities, determine plan benefits, terms and conditions, contributions required from all employers offering coverage under the respective plans, and the subscription (premium) rate for participants. Neither changes in the UAAL and the actuarially determined employer contribution ("ADEC"), nor changes in OPEB liability under GASB necessarily impact funding decisions, which remain within the discretion of the Board of Community Health, the BOR, and the annual appropriations process. GASB's promulgation of financial reporting standards does not necessarily dictate fiscal management policies or establish legal requirements.

Employer contributions to the State OPEB Fund currently are funded as a percent of state agency payroll. Employer contributions are funded through a mix of State funds appropriations, federal revenue, fee income and other income streams available to State agencies. For FY 2021, the budgeted employer share of pay-as-you-go contributions to the State OPEB Fund is approximately $150 million.

Approximately $115 million, or 76% of the employer contributions, is budgeted from State funded appropriations.

Employer contributions to the School OPEB Fund currently are funded from local school district direct contributions, a significant portion of which is derived from State funds appropriations. For FY 2021, the budgeted employer share of pay-as-you-go contributions to the School OPEB Fund is approximately $338 million. Approximately $217 million, or 64% of the employer contributions, is budgeted from State funded appropriations.

For FY 2020, the total amount of employer contributions were $150.5 million to the State OPEB Fund and $338.2 million to the School OPEB Fund. All contributions were pay-as-you-go amounts; there were no additional contributions to either the State OPEB Fund or the School OPEB Fund.

Since FY 2014, SHBP has been directed to transfer funds exceeding Incurred But Not Reported ("IBNR") liability, plus a ten percent (10%) contingency reserve, to the State OPEB Fund and the School OPEB Fund each year at fiscal year-end; typically the excess amounts are determined in the fall after the completion of the State's comprehensive annual financial report with transfers made before the end of the following fiscal year. As a result of these efforts, the State has added more than $2.1 billion to the OPEB Funds over the last seven years. For FY 2019, the amount of excess funds beyond the IBNR liability and 10% contingency amounts was $466.4 million. Due to the uncertainty regarding plan revenues and expenditures as a result of the unprecedented extraordinary actions the State undertook in response to the COVID-19 pandemic's effect upon the State's economy and State revenues, the FY 2019 year end OPEB transfer was deferred to help ensure there would be sufficient resources to maintain cash flow and meet any unanticipated expenses as a result of COVID-19. The FY 2020 excess funds amount, which also was deferred for the same reason as the FY 2019 deferral, was $184.4 million.

In May 2018, the State Depository Board approved the OPEB Trust Fund Investment Policy whereby assets in the State OPEB Fund and the School OPEB Fund are invested to generate investment earnings to the funds. As of June 30, 2020, the balances of the investment assets, including investment earnings, were approximately $1.668 billion and $611 million in the State OPEB Fund and School OPEB Fund, respectively, for a total of approximately $2.279 billion in assets.

The BOR Retiree Plan is a single-employer plan and is described in more detail in subsection "BOR Retiree Plan Information" further below. Additional information is available from the Board of Regents.

The total amount of employer contributions to the BOR Retiree Plan for FY 2020 was approximately $102.8 million, which consisted of a pay-as-you-go amount of $101.5 million and additional transfers of $1.3 million. Effective May 2017, any reserve funds in the BOR Health Benefit Plan remaining after allowing for the plan's IBNR liability plus twenty percent (20%) of plan benefit claims expense, are transferred to the BOR Retiree Plan annually, upon completion of the financial audit. Additional one-time contributions also may be made on a discretionary basis in connection with de-risking and other objectives upon approval of the BOR.

The SEAD-OPEB plan is administered by a Board of Directors that establishes contributions by plan members and employer contribution rates. Such rates, when added to members' contributions, shall not exceed one percent (1%) of earnable compensation. A valuation analysis is conducted each year to determine if employer contributions will be necessary. There are no required employer contributions for the SEAD-OPEB plan in FY 2021, FY 2022, or FY 2023. Per legislation passed in 2008 and 2009, no new members can be added to this plan.

State OPEB Fund and School OPEB Fund Actuarial Report Information

The Georgia Department of Community Health's most recent available Report of the Actuary on the Retiree Medical Valuations, relating to the State OPEB Fund and the School OPEB Fund, is dated as of September 9, 2020 and prepared as of June 30, 2019. The total OPEB liability at June 30, 2020 is based upon the June 30, 2019 actuarial valuation.

For the State OPEB Fund, the June 30, 2019 UAAL actuarial valuation was approximately $1.5 billion. The UAAL on the June 30, 2018 actuarial valuation was $2.1 billion. The UAAL decreased $606.7 million due to gains from FY 2019 actual contribution, claims and retiree premium experience, changes in actuarial assumptions, and actual experience differing from assumptions. The ADEC was $178.4 million per the June 30, 2018 valuation (for FY 2021) and $152.8 million per the June 30, 2019 valuation (for FY 2022). As of June 30, 2019, the actuary reported $1,617.2 million as the market value of the State OPEB Fund assets, compared to $1,201.9 million as of June 30, 2018.

For the School OPEB Fund, the June 30, 2019 UAAL actuarial valuation was approximately $8.7 billion. The UAAL on the June 30, 2018 actuarial valuation was $9.1 billion. The net decrease to the UAAL was approximately $372.8 million, principally due to claims and retiree premium experience gains which exceeded loss due to actual contribution below the ADEC and actual experience differing from assumptions. The ADEC was $754.0 million per the June 30, 2018 valuation (for FY 2021) and $728.2 million per the June 30, 2019 valuation (for FY 2022). As of June 30, 2019, the actuary reported $595.1 million as the market value of the School OPEB Fund assets, compared to $383.3 million as of June 30, 2018.

As noted above, the State OPEB Fund, the School OPEB Fund, and the BOR Retiree Plan primarily operate on a pay-as-you-go basis and thus changes to, or the size of, the UAAL do not necessarily impact funding decisions.

BOR Retiree Plan Post-Employment Benefit Actuarial Report Information

The Board of Regents Retiree Plan ("BOR Retiree Plan") is a single-employer, defined benefit, healthcare plan administered by the University System Office, an organizational unit of the University System of Georgia ("USG"). The BOR Retiree Plan's board is the Board of Regents ("BOR") of the USG that is comprised of nineteen members, all appointed by the Governor. The BOR Retiree Plan was authorized pursuant to OCGA § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree post-employment health insurance benefits. BORs' employer contributions are funded through a mix of State appropriations, student tuition, fee income, and other income streams available to BOR.

Pursuant to the general powers conferred by the OCGA § 20-3-31, the BOR has established group health and life insurance programs for regular employees of the BOR. It is the policy of the BOR to permit employees of the BOR eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The BOR 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 BOR Retiree Plan for FY 2020, the following self-insured health care options were available: Blue Choice HMO plan (Blue Cross and Blue Shield of Georgia), Consumer Choice HSA plan, and the (Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The BOR 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 BOR makes contributions to the retirees' health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare related expenses. The contribution requirements of plan members and the employer are established and may be amended by the Board. The BOR Retiree Plan is substantially funded on a pay-as-you-go basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation.

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 for the upcoming plan year. For the 2020 plan year, the employer rate was approximately 84% of the total contributions available to cover health insurance cost for eligible retirees and the retiree rate was approximately 16%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to years of service, which ranges from 0% to 100%. For life insurance, the employer covers the total premium cost for $25,000 of basic life insurance. If an individual elects to have supplemental and/or dependent life insurance coverage, such costs are borne entirely by the retiree. For FY 2020, the USG contributed $102.8 million to the plan for current premiums or claims.

The most recent actuarial valuation for the BOR Retiree Plan is as of May 1, 2020. The total OPEB liability at June 30, 2020 (FY 2020) is based upon the May 1, 2020 actuarial valuation, using generally accepted actuarial procedures; update procedures were used to roll forward the total OPEB liability to June 30, 2020. For the BOR Retiree Plan, the FY 2020 Net OPEB Liability was approximately $5.3 billion, compared to a Net OPEB Liability of $4.5 billion as of May 1, 2019 (FY 2019). The increase of approximately $862.2 million was primarily due to lowering the discount rate used for various calculations. The ADEC was $417.7 million per the May 1, 2020 valuation compared to $484.6 million per the May 1, 2019 valuation. As of June 30, 2020, the actuary reported $160.0 million as the market value of the BOR Retiree Plan assets.

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OPEB Funding Progress

The funded status and funding progress of the OPEB plans for each of the past five actuarial valuation dates is presented in the following table.

OPEB Plans
Historical Funding Progress
Market Value ($ in thousands)

OPEB Plan / Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
State						
6/30/2019	$1,617,205	$3,160,407	$1,543,202	51.2%	$2,797,241	55.2%
6/30/2018	1,201,865	3,351,782	2,149,916	35.9	2,802,815	76.7
6/30/2017[c]	854,937	3,642,056	2,787,119	23.5	2,535,722	109.9
6/30/2016[a]	516,245	3,609,889	3,093,644	14.3	2,404,901	128.6
6/30/2015[b]	101,450	3,529,010	3,427,560	2.9	2,333,060	146.9
School[e]						
6/30/2019	$595,129	$ 9,329,590	$ 8,734,461	6.4%	$10,625,003	82.2%
6/30/2018	383,263	9,490,548	9,107,285	4.0	10,583,167	86.1
6/30/2017[c]	229,685	10,089,950	9,860,265	2.3	10,516,260	93.8
6/30/2016[a]	95,407	10,559,402	10,463,995	0.9	10,086,189	103.7
6/30/2015[b]	30,853	10,543,010	10,512,157	0.3	9,687,485	108.5
SEAD						
6/30/2020	$1,256,718	$904,533	$(352,185)	138.9%	$1,138,882	(30.9)%
6/30/2019	1,233,856	946,738	(287,118)	130.3	1,213,174	(23.7)
6/30/2018	1,189,462	919,157	(270,305)	129.4	1,323,540	(20.4)
6/30/2017[c]	1,121,251	876,586	(244,665)	127.9	1,394,395	(17.6)
6/30/2016	1,028,541	832,369	(196,172)	123.6	1,442,024	(13.6)
BOR Retiree[f]						
7/1/2016[d]	2,899	3,068,726	3,065,827	0.1%	2,855,309	107.4%

[a] Reflects changes made in September 2017 to reflect additional member data for Fulton County school employees and City of Atlanta school employees who are members of the SHBP but not TRS or PSERS.
[b] Reflects assumption changes based on experience study of 5-year period ending June 30, 2014.
[c] Funding method changed to entry age normal.
[d] Reflects change in plan provisions: Effective January 1, 2016, all post-65 Medicare eligible retirees access medical coverage through an individual Healthcare Exchange marketplace. BOR provides an annual fixed dollar HRA contribution for these retirees.
[e] Annual Covered Payroll: The salary amount shown is total salaries and is not the salary amount upon which regular employer contributions to the SHBP are based. Since individual PSERS salary is not available, it assumes annual salary for PSERS members of $27,000 for 2019, 2018, 2017, 2016, 2015, and 2014.
[f] With the implementation of GASB 75, the actuary no longer calculates the information necessary for continuation of this table for the BOR Plan beyond 7/1/2016. Also see pages A-52 and A-53 for additional information regarding the BOR Retiree Plan.
Sources: Plan actuarial reports and underlying actuarial data; State of Georgia COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020.

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Employer Contributions

The following table provides information regarding actual employer contributions that have been made during the fiscal years shown. Although currently the OPEB plans are funded on a "pay-as-you-go" basis, the actuarial determined employer contribution ("ADEC") is provided for informational purposes only. The Total Employer Contributions received during the fiscal year include the required pay-as-you-go amount plus any additional voluntary contributions from excess funds. The State Entity Portion of Total Employer Contributions is calculated by the State Accounting Office; the average percentage for the fiscal years shown is 93.38% for the State OPEB Plan, 0.61% for the School OPEB Plan, and 100% for the BOR Retiree Plan.

OPEB Plans
Annual Employer Contributions
($ in thousands)

		Actual Employer Contributions			
OPEB Plan / Fiscal Year	Actuarial Determined Employer Contribution (ADEC)	Pay-As-You-Go Contributions	Other Excess Contributions	Total Employer Contributions	State Entity Portion of Total Employer Contributions
State					
2020	$210,034	$150,489	$ -	$150,489	$139,672
2019	218,962	171,018	363,655	534,673	494,957
2018	232,161	169,948	331,626	501,574	462,545
2017	202,092	164,222	333,980	498,202	470,934
2016	259,250	152,480	414,827	567,307	533,269
2015	275,681	165,726	101,434	267,160	250,676
2014	321,456	177,045	-	177,045	165,917
School					
2020	$786,912	$338,177	$ -	$338,177	$2,315
2019	833,291	344,171	194,398	538,569	3,501
2018	824,872	369,275	149,015	518,290	3,243
2017	669,894	388,282	133,126	521,408	3,025
2016	873,736	354,113	64,564	418,677	2,345
2015	873,278	375,751	30,848	406,599	2,440
2014	943,310	408,422	-	408,422	2,395
BOR Retiree					
2020	$417,744	$101,520	$ 1,272	$102,792	$102,792
2019	484,599	102,200	58,183	160,383	160,383
2018	467,338	102,563	55,857	158,420	158,420
2017	349,859	99,584	-	99,584	99,584
2016	295,192	111,814	-	111,814	111,814
2015	442,359	129,823	-	129,823	129,823
2014	403,314	120,926	-	120,926	120,926

Sources: Plan annual reports and actuarial reports; the State of Georgia COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020; audited financial statements of the BOR Retiree Plan as of June 30, 2020; State Accounting Office.

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Financial Reporting of Net OPEB Liability

For 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 / Net OPEB Asset, by plan ($000):

Fiscal Year	Total OPEB Liability (TOL)	Plan Fiduciary Net Position (PFNP)	Net OPEB Liability/(Asset) (TOL-PFNP)	Plan Fiduciary Net Position as Percentage of Total OPEB Liability (PFNP/TOL)	Covered Employee Payroll[a]	Net OPEB Liability as Percentage of Covered Employee Payroll
State						
6/30/2020	$2,792,919	$1,667,521	$1,125,398	59.7%	$2,797,241	40.2%
6/30/2019	2,858,521	1,617,207	1,241,314	56.6	2,802,815	44.3
6/30/2018	3,817,453	1,201,865	2,615,588	31.5	2,535,722	103.1
6/30/2017	4,929,142	854,937	4,074,205	17.3	2,483,060	164.1
School						
6/30/2020	$15,298,688	$611,017	$14,687,671	4.0%	$10,625,003	138.2%
6/30/2019	12,867,274	595,129	12,272,145	4.6	10,583,167	116.0
6/30/2018	13,092,956	383,263	12,709,693	2.9	10,516,261	120.9
6/30/2017	14,279,644	229,685	14,049,959	1.6	10,086,189	139.3
SEAD						
6/30/2020	$972,700	$1,256,718	$(284,018)	129.2%	$1,135,433	(25.0)%
6/30/2019	951,091	1,233,856	(282,765)	129.7	1,211,274	(23.3)
6/30/2018	918,816	1,189,462	(270,646)	129.5	1,328,485	(20.4)
6/30/2017	861,346	1,121,251	(259,905)	130.2	1,383,860	(18.8)
BOR Retiree						
6/30/2020	$5,493,697	$159,978	$5,333,719	2.9%	$3,622,123	147.3%
6/30/2019	4,616,022	144,455	4,471,568	3.1	3,375,246	132.5
6/30/2018	4,486,796	76,045	4,410,751	1.7	3,218,771	137.0
6/30/2017	4,227,583	7,857	4,219,726	0.2	3,122,694	135.1

[a] Covered Employee Payroll amounts for School are estimated, actual amounts are not available.

Source: State COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020

For additional information on the health benefit plans and OPEB, see Appendix B herein, Note 16 "Postemployment Benefits – Multi-Employer Plans", Note 17 "Postemployment Benefits – Single-Employer Plans" and "Required Supplementary Information – Other Postemployment Benefits (OPEB).

EMPLOYEE HEALTH BENEFIT PLANS

State Health Benefit Plan

The SHBP is comprised of three health insurance plans: (1) a plan primarily for State employees (O.C.G.A. § 45-18-2), (the "State Employees' Plan"), (2) a plan for teachers (O.C.G.A. § 20-2-881) (the "Teachers' Plan"), and (3) a plan for non-certificated public school employees (O.C.G.A. § 20-2-911) (the "Public School Employees' Plan"). All three plans operate on a plan year that is coincident with the calendar year. The State Employees' Plan is supported by the fund described in O.C.G.A. § 45-18-12, which holds contributions from State departments and agencies and other entities authorized by law to contract with DCH for inclusion, as well as contributions from their employees and retirees. Starting September 1, 2009, retirees' contributions and the portion of employer contributions to the State Employees' Plan allocated by DCH for the payment of retiree benefits have been deposited in the Georgia State Employees' Post-employment Health Benefit Fund. For FY 2021and FY 2022, the budgeted share of the employer contributions to the State Employee's Plan from State appropriations is estimated to be approximately seventy-six percent (76%).

The Teachers' Plan is supported by the fund described in O.C.G.A. § 20-2-891, which holds contributions from the Department of Education, local school systems, libraries and regional educational service agencies ("RESAs"), as well as contributions from their employees and retirees. The Public School Employees' Plan is supported by the fund described in O.C.G.A. § 20-2-918, which holds contributions from the Department of Education, local school systems, libraries and RESAs, as well as contributions from their employees and retirees. Starting September 1, 2009, retirees' contributions and the portion of employer contributions to the Teachers' Plan and the Public School Employees' Plan allocated by DCH for the payment of retiree benefits under those plans have been deposited in the Georgia School Personnel Post-employment Health Benefit Fund. For FY 2021 and FY 2022, the budgeted share of the employer contributions to the Teacher's Plan and the Public School Employees' Plan from State appropriations is approximately sixty-four percent (64%).

In Plan Year 2021, SHBP members continue to have choice in vendors and plan design offerings, including two HMOs, three HRA options, a High-Deductible Health Plan, two standard and two premium Medicare Advantage options, and a Regional HMO. The SHBP continues to prioritize wellness. Members may earn incentive credits by completing various wellness activities.

On August 13, 2020, the DCH board voted to continue the existing rate for the Non-Certificated Public School Employee Per Member Per Month (PMPM) Employer Contribution Rate (ECR) to remain the same as the previous year ($945.00). The DCH board also voted to continue the Teachers Plan ECR at $945.00 PMPM for each non library employee enrolled in the Teachers Plan and $843.00 PMPM for each library employee enrolled in the Teachers Plan. House Bill 31, the FY 2020 Appropriations Act effective July 1, 2019, lowered the State Employee ECR percent of payroll to 29.454%; this rate has been continued through FY 2021 and will be continued through FY 2022 by HB 81 (Act 305), the FY 2022 Appropriations Bill.

Board of Regents Health Benefit Fund

The University System of Georgia 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 University System of Georgia's Plan Year 2021, the following self-insured health care options were available: Blue Choice HMO plan, (Anthem, Blue Cross and Blue Shield of Georgia) Consumer Choice HSA plan, and the (Anthem, Blue Cross and Blue Shield of Georgia) Comprehensive Care plan. The USG also offers a self-insured dental plan administered by Delta Dental. There are no planned changes to the available self-insured health care options for plan year 2022.

The University System of Georgia institutions and participating employees and eligible retirees pay premiums to the plan fund to access benefits coverage. All units of the University System of Georgia share the risk of loss for claims associated with these plans. The reserves for these plans are considered to be a self-sustaining risk fund. The Board of Regents has contracted with Blue Cross and Blue Shield of Georgia, a wholly owned subsidiary of Anthem, Inc., to serve as the claims administrator for the self-insured healthcare plan options. In addition to the self-insured healthcare plan options offered to the employees and eligible retirees of the University System of Georgia, a fully insured HMO healthcare plan option also is offered through Kaiser Permanente. The self-insured plans have a carved-out prescription drug plan administered through CVS Caremark. Pharmacy drug claims are processed in accordance with guidelines established for the Board of Regents' Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to CVS Caremark for verification, processing, and payment. CVS Caremark maintains an eligibility file based on information furnished by Blue Cross and Blue Shield of Georgia on behalf of the various organizational units of the University System of Georgia. Retirees age 65 and older participate in a secondary healthcare coverage for Medicare eligible retirees and dependents provided through a retiree healthcare exchange option. The University System of Georgia makes contributions to a health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare related expenses.

The self-funded plan reserve fund had the following cash basis activity for FY 2020: premiums collected of $601,582,805; claims and expenses paid of $559,558,091 net of prescription rebate expense credit of $51,248,545; and other income of $10,470,445 resulting in an overall self-funded plan fund balance at June 30, 2020 of $286,849,746 of which $165,518,987 is held exclusively for OPEB. As of June 30, 2020, the self-funded plans had IBNR claims of $35,336,000 for active employees and $4,190,000 for retirees. As of June 30, 2020, the self-funded plan held cash assets of $7.0 million and investment assets of $280.0 million.

The Board of Regents has made benefit plan changes since 2009 to reduce healthcare cost increases that have included the following: moved from a 75% employer/25% employee contribution for health insurance premiums to a 70% employer/30% employee contribution; moved to a defined contribution pricing model for healthcare plan premiums; self-funded the BlueChoice HMO, a Consumer Choice HSA, and Comprehensive Care healthcare plans; added a monthly surcharge for tobacco users; added a surcharge for non-Medicare B enrollment; increased the number of hours per week that must be worked to qualify for benefits eligibility from 20 hours/week to 30 hours/week; increased co-pays for HMO plans; increased deductibles, co-pays, and co-insurance for the Comprehensive Care and Consumer Choice plans; moved Medicare-eligible retirees to a Medicare D pharmacy plan; required Medicare eligible retirees to enroll in Medicare Part B for primary coverage; and changed retiree healthcare benefits for employees hired on or after January 1, 2013 to base the employer subsidy for retiree health contributions on years of service with the USG - for example, retirees with only 10 years of service will pay 85% of healthcare premium rates and the USG will pay 15%. This is applied on a sliding scale so that 30 years of service will be required in order to receive a full employer contribution for healthcare premiums. Most recently, in January 2016 secondary coverage for Medicare eligible retirees 65 and older was moved from the University System healthcare plan to a private retiree healthcare exchange. Retirees purchase secondary coverage through the private retiree healthcare exchange and the University System makes an annual contribution to a health reimbursement account which Medicate eligible retirees then use to pay premiums and out-of-pocket healthcare related expenses. Each year the Board of Regents will determine the amount of the contribution to the health reimbursement account.

SIGNIFICANT CONTINGENT LIABILITIES

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Unless noted otherwise, the ultimate outcome of these proceedings is not presently determinable; however, it is not believed that any such outcome would have a material adverse effect on the financial condition of the State. The following are significant active, or recently concluded, litigation, claims, and assessments involving the State. For additional information, see "Appendix B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020 – Notes to Financial Statements – Note 20: Litigation, Contingencies and Commitments."

David M. Curry v. T-Mobile South, LLC

David M. Curry, Commissioner, Georgia Department of Revenue v. T-Mobile South, LLC, Fulton County Superior Court Civil Case 2020-CV-340221, September 8, 2020, on appeal from Ga. Tax Tribunal Docket Nos. 1732418, 1800700 (consolidated). 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 O.C.G.A. § 48-8-3(68). The total of the sales and use tax refunds claimed by T-Mobile South for such periods is approximately $11,500,000. The Department of Revenue ("DOR") ruled that the cell phone towers and the wireless network equipment purchased by T-Mobile South are "voice data transport technology," which is specifically excluded from the exemption, and therefore do not qualify for the sales tax exemption. T-Mobile South appealed these decisions with the Georgia Tax Tribunal. Following a trial on all issues, on August 6, 2020, the Georgia Tax Tribunal ruled in favor of T-Mobile South and found that the equipment qualified as computer equipment under O.C.G.A. § 48-8-3(68) and, therefore, qualified for the sales tax exemption. The Georgia Tax Tribunal reversed DOR's denial of T-Mobile South's refund claims and granted all of T-Mobile South's refund claims for a total amount of $11.4 million. DOR filed a petition for judicial review in Fulton County Superior Court on September 8, 2020. The parties have filed briefs and a hearing was held on May 12, 2021. On May 20, 2021, the Fulton County Superior Court issued a Final Order ruling in favor of DOR and found that the T-Mobile South equipment in the refund claim is voice transport technology and excluded from the sales tax exemption pursuant to O.C.G.A. § 48-8-3(68)(C)(ii)(I). T-Mobile South has 30 days to file an application for discretionary appeal to the Court of Appeals. If the application is granted, T-Mobile South has 10 days to file a notice of appeal in Fulton Superior Court. 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.

CSX Transportation v. David M. Curry

CSX Transportation v. David M. Curry, Commissioner, Georgia Department of Revenue, Ga. Tax Tribunal Docket No. 1622264. 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 O.C.G.A. § 48-8-31, and because interstate water carriers are exempt from sales and use tax under O.C.G.A. § 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 $37,500,000.

The Georgia Tax Tribunal cases have been stayed pending the outcome of pending litigation in Alabama in *CSX Trans., Inc. v. Alabama Dep't of Revenue*, Case No. 17-11705-G. The Eleventh Circuit ruled in *CSX Transp., Inc. v. Ala. Dep't of Revenue*, 888 F.3d 1163 (11th Cir. 2018) 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 has 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 in Alabama to conclude proceedings. DOR is awaiting a final ruling from the District Court. 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.

OTHER SIGNIFICANT MATTERS

Interstate Water Disputes Among Georgia, Alabama, and Florida

Background.

The State of Georgia is 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. These disputes include a suit the State of Florida filed in the U.S. Supreme Court seeking an equitable apportionment of the waters in the ACF River Basin, as well as other cases in federal courts pertaining to the Corps' operation of the ACF and ACT Basins.

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.

ACF River Basin Litigation.

U.S. Supreme Court Litigation

On October 1, 2013, the State of Florida filed a motion for leave to file a complaint in the U.S. Supreme Court against the State of Georgia, seeking an apportionment of the waters of the ACF River Basin. The Supreme Court has original and exclusive jurisdiction over suits directly between states. The suit challenged Georgia's use of the waters of the ACF Basin for municipal and industrial use and for agriculture. Among other things, the suit alleged that municipal and agricultural water consumption in the State had reduced flows in the ACF River Basin to a degree sufficient to harm Florida's oyster industry, among other harms. Georgia denied that its actions were responsible for harms suffered by Florida, if any. On November 3, 2014, the Supreme Court granted Florida's motion for leave to file an action seeking the equitable apportionment of the waters of the ACF River Basin. This action was docketed as *State of Florida v. State of Georgia,* No. 142 Orig., S. Ct. On November 19, 2014, the Supreme Court appointed a Special Master in this case with authority to fix the time and conditions for the filing of additional pleadings, to direct subsequent proceedings, to summon witnesses, to issue subpoenas, and to take such evidence as may be introduced and such as the Special Master deemed necessary. Commencing on October 31, 2016, and concluding on December 1, 2016, the Special Master conducted an evidentiary hearing on the matter. On February 14, 2017, the Special Master issued a Report. The Special Master found that Florida "failed to show that a consumption cap will afford adequate relief" and, based on that finding, recommended that "the Court deny Florida's request for relief." *Fla. v. Ga.*, Report of Special Master at 69-70 (Feb. 14, 2017). The Special Master concluded that this "single, discrete issue" "resolves this case" and thus did not make any factual findings on other elements of Florida's claim, including the reasonableness of Georgia's water use, whether Florida suffered an injury, or whether any alleged injury was actually caused by Georgia's purportedly inequitable water use. *Id*. at 30. The Special Master's Report was received and deemed filed by the Supreme Court on March 20, 2017. Florida filed exceptions to the Report of the Special Master on May 31, 2017, and Georgia filed a reply in opposition to Florida's exceptions on July 31, 2017. The Supreme Court heard oral arguments regarding Florida's exceptions on January 8, 2018. On June 27, 2018, the Supreme Court issued an opinion sustaining one of Florida's exceptions. The Court ruled on "only the narrow 'threshold' question the Master addressed below" and "reserve[d] judgment as to the ultimate disposition of this case." *Fla. v. Ga.*, 138 S. Ct. 2502, 2518 (2018). The Court remanded the case back to the Special Master, directing the Special Master "to make more specific factual findings and definitive recommendations" about whether Florida can demonstrate that the benefits from a cap substantially outweigh the harm to Georgia. *Id.* at 2527. To that end, the Court directed the Special Master to address specific questions on remand, including whether Georgia takes too much water from the Flint River, whether Florida has suffered any injuries, whether any of Florida's injuries were caused by Georgia, whether a consumption cap would increase water flow into Lake Seminole, to what extent additional water from a cap on Georgia's water consumption would result in additional streamflow into the Apalachicola River, and to what extent any additional water in the Apalachicola River might ameliorate Florida's injuries. *Id.* The Court appointed a new Special Master on August 9, 2018, and the new Special Master issued a briefing schedule. The parties completed that briefing on February 28, 2019. On March 12, 2019, Florida moved for oral argument, and the Special Master granted Florida's request. The Special Master held oral argument on November 7, 2019. On December 11, 2019, the Special Master issued a Report denying Florida's request for relief and finding for Georgia on all issues that the Supreme Court identified. *Fla. v. Ga.*, Report of Special Master at 7 (Dec. 11, 2019). In particular, the Special Master found that, though Florida pointed to harm in the oyster fishery, it had not proven that Georgia caused that harm by clear and convincing evidence. Additionally, though Georgia's water use from the Flint and Chattahoochee Rivers had increased since the 1970s, Georgia's water use was not unreasonable or inequitable. *Id.* at 7. Even if the Court were to enter a decree in Florida's favor, its effect would be minimal because, under the Corps' existing rules, very little streamflow would pass through to Florida in relevant times. *Id.* at 55. Lastly, the Special Master concluded that the benefits of an apportionment would not substantially outweigh the harm that might result from it (under either a clear-and-convincing or lower, preponderance-of-the-evidence standard). *Id.* at 7. Florida filed exceptions to the Report of the Special Master on April 13, 2020, Georgia filed a reply in opposition to Florida's exceptions on June 26, 2020, and Florida filed a reply on July 27, 2020. The Supreme Court heard oral argument on Florida's exceptions on February 22, 2021. In an opinion dated April 1, 2021, the Supreme Court overruled Florida's exceptions to the Special Master's Report and dismissed the case. Florida did not file a motion for reconsideration, therefore the case is closed.

District Court Litigation

On December 4, 2015, Georgia revised a prior request to the Corps asking the Corps to allocate storage space in Lake Lanier sufficient to meet Georgia's projected 2050 water supply needs. The Corps addressed Georgia's request in connection with updating its Water Control Manual for the ACF River Basin. On December 16, 2016, the Corps published the Final Environmental Impact Statement for the

ACF River Basin Master Water Control Manual Update and Water Supply Storage Assessment. In the Final Environmental Impact Statement, the Corps granted Georgia's revised water supply request. On March 30, 2017, the Corps issued a Record of Decision adopting the water control plans and manuals for the ACF River Basin proposed in the Final Environmental Impact Statement, as well as the Water Supply Storage Assessment addressing Georgia's water supply request. The ACF Record of Decision authorized the Corps to enter into a water supply agreement with Georgia or its authorized representatives for the use of 254,170 acre-feet of storage in Lake Lanier. That contract was executed on January 20, 2021.

On April 5, 2017, the State of Alabama filed a lawsuit in the United States District Court for the District of Columbia (the "D.C. District Court") challenging the ACF Record of Decision, the Corps' water control manuals, the Final Environmental Impact Statement, and the Water Supply Storage Assessment, asserting that the Corps' actions were contrary to law. This action was docketed as *State of Alabama v. U.S. Army Corps of Engineers, et al.*, D.D.C. District Court Case No. 1:17cv607. Georgia moved to intervene in this action on May 12, 2017 and was granted intervention on May 16, 2017. On June 30, 2017, Georgia moved to transfer this action. The D.C. District Court granted Georgia's motion on March 29, 2018, transferring the case to the United States District Court for the Northern District of Georgia. The transferred action was docketed as *State of Alabama v. U.S. Army Corps of Engineers, et al.*, N.D. Ga. District Court Case No. 1:18cv1529.

On April 27, 2017, the National Wildlife Federation, the Florida Wildlife Federation, and Apalachicola Bay and River Keeper, Inc. (the "Environmental Plaintiffs") also filed a challenge in the D.C. District Court to the ACF water control manuals and the Final Environmental Impact Statement. This action was docketed as *National Wildlife Federation, et al. v. U.S. Army Corps of Engineers, et al.*, D.D.C. District Court Case No. 1:17cv772. Georgia moved to intervene in this action on June 26, 2017 and was granted intervention on July 17, 2017. On August 15, 2017, Georgia moved to transfer this action. The D.C. District Court granted Georgia's motion on March 29, 2018, transferring the case to the United States District Court for the Northern District of Georgia. The transferred action was docketed as *National Wildlife Federation, et al. v. U.S. Army Corps of Engineers, et al.*, N.D. Ga. District Court Case No. 1:18cv1530.

On May 8, 2018, Judge Thrash of the United States District Court for the Northern District of Georgia ordered the two cases to be consolidated into a single action docketed as *In Re ACF Basin Water Litigation*, N.D. Ga. District Court Case No. 1:18-mi-043-TWT. In the summer of 2018, Georgia, along with the other two defendants, filed motions for partial judgment on the pleadings. The Court entered an order on May 22, 2020 granting those motions and dismissing certain of Alabama's and the Environmental Plaintiffs' claims. On November 17, 2020, the Court issued an Order setting dates for the parties to file motions for summary judgment on January 8, 2021. The Corps filed its responses and cross-motions for summary judgment on April 2, 2021. All summary judgment briefing is currently scheduled to be complete on August 9, 2021. It is not possible to predict the duration or outcome of this case.

ACT River Basin Litigation.

In January 2013, the State of Georgia submitted a request to the Corps for additional storage space from Lake Allatoona to support municipal and industrial water withdrawals beyond those that can be met under existing storage contracts. While Georgia's request was pending, the Corps was in the process of updating its Water Control Manual for the ACT River Basin. On November 7, 2014, the Corps published the Final Environmental Impact Statement for Revised Water Control Manuals for the ACT River Basin, but did not address Georgia's pending water supply request. On November 7, 2014, the State of Georgia sued the Corps in the United States District Court for the Northern District of Georgia, alleging that the Corps unlawfully failed to prepare water control plans and manuals reflecting current operations in the ACT River Basin and that the Corps had unlawfully failed to respond to Georgia's water supply requests. Georgia also alleged that the Final Environmental Impact Statement failed to meet applicable legal standards. This action is docketed as *The State of Georgia v. The U.S. Army Corps of Engineers, et al.,* N.D. Ga. District Court Case No. 1:14cv3593. On May 4, 2015, the Corps issued a Record of Decision adopting the water control plans and manuals for the ACT River Basin. On May 4, 2015, Georgia amended its complaint to allege that the Record of Decision failed to meet applicable legal standards. Georgia and the Corps filed motions for summary judgment, and the Court heard oral argument on those motions on August 15, 2017. On September 29, 2017, the Court issued an order finding that the Corps had unreasonably delayed action on Georgia's water supply requests for storage at Lake Allatoona. On January 9, 2018, the Court issued a Final Order directing the Corps to respond to Georgia's water supply request no later than March 1, 2021. The Court retained limited jurisdiction over this action for the purpose of ensuring the Corps' compliance with the Final Order. Pursuant to the Final Order, the parties are required to file periodic Joint Status Reports regarding the progress of required studies in accordance with a Court-prescribed schedule. On February 19, 2021, the Corps filed an unopposed request for an extension of the March 2021 deadline to respond to Georgia's water supply requests. On February 22, 2021, the Court issued an Order granting the Corps' request and extending the Corps' deadline for responding to Georgia's request to June 30, 2021.

On May 7, 2015, the State of Alabama and Alabama Power filed challenges in the D.C. District Court to the ACT Record of Decision, the Corps' water control manuals, and the Final Environmental Impact Statement, asserting that the Corps' actions were contrary to law. Both challenges have been consolidated into one litigation. This action is docketed as *State of Alabama v. U.S. Army Corps of Engineers, et al.*, D.D.C. District Court Case No. 1:15cv696. Those claims, if successful, could affect the Corps' operation of Lake Allatoona, including future water supply allocation and storage. Georgia moved to intervene in this litigation on October 7, 2016, and the D.C. District Court granted Georgia's motion to intervene on March 31, 2017. The parties completed briefing on summary judgement motions on December 11, 2017, and the D.C. District Court has yet to rule on those motions. It is not possible to predict the duration or outcome of this case.

Review of Medicaid Funding Arrangements for Nursing Facilities

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 FY 2010 and FY 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 FY 2012 and FY 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.

Authorization to Borrow for Funding of State Unemployment

The Federal Unemployment Account ("FUA") established by Title XII of the Social Security Act provides for loans to state unemployment programs to ensure a continued flow of unemployment benefits during times of severe economic downturn. As of May 5, 2021, 19 states and one territory are participating in this program. Under O.C.G.A. § 34-8-87, the Commissioner of Labor is authorized to borrow such funds from the United States Treasury. Such borrowed funds must be used only if and when the Unemployment Compensation Fund is depleted, and all borrowed funds must be used only for the purpose of paying unemployment benefits to eligible persons. In July 2020, Governor Kemp submitted the required letter to the U.S. Department of Labor, Secretary of Labor, applying for advances to the account of the State of Georgia in the Unemployment Trust Fund beginning with the month of August 2020 as a result of the economic impacts of the COVID-19 pandemic upon Georgia's economy and the unprecedented level of unemployment within the State; additional letters have been submitted for additional months during both 2020 and 2021. All advances during calendar year 2020 were paid in full as of the end of calendar year 2020; however, some advances have been necessary during calendar year 2021, but all have been repaid and currently Georgia has no outstanding balance or active Advance Authorization request. To date, approximately $1.5 billion of CRF funds have been used to repay FUA borrowings during the COVID-19 pandemic. Any such amounts could be less or more in the future than in the recent past, depending upon circumstances which are unforeseeable at the present time.

In the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (a part of the Families First Coronavirus Response Act), Congress provided an initial temporary waiver of interest accrual on FUA loans during calendar year 2020, which since has been extended by further legislation; however, unless further extended, the interest waiver will expire September 5, 2021, and interest will begin to accrue on outstanding balances on September 6, 2021. Title XII of the Social Security Act provides that the advances may be repaid at any time and may be paid from unemployment contributions or other funds in the state's unemployment trust fund; interest, if any, payable on the borrowings cannot be paid with unemployment contributions or administrative grant funding, thus other state funds must be used to pay interest costs. All borrowings must be repaid by November 10 of the second year of the loan; if the total borrowed amount is not repaid by that date, the federal unemployment tax on the employers within the state is effectively increased (by credit reduction) and the additional taxes are applied as payments against the loans. The Commissioner of Labor has the statutory authority to adjust unemployment contribution rates upward from current levels for unemployment contributions in 2021.

Subsequent to the 2007-2009 recession, state law was amended to authorize the Commissioner of Labor to increase the overall unemployment contribution rate up to 50 percent the following year if, on June 30 of the current year, the quotient of the Unemployment Compensation Fund balance and covered wages paid in the state during the previous fiscal year fell below 1.25 percent. Moreover, state law now mandates that the Commissioner of Labor increase the overall unemployment contribution rate 50 percent the following year if, on June 30 of the current year, any funds borrowed by the State from the United States Treasury pursuant to O.C.G.A. § 34-8-87 are unpaid. Any increase in unemployment contribution revenues beyond what is needed to pay claims may be available for repayments of the principal component of the outstanding borrowed amount.

For additional information, see "Appendix B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020 – Notes to Financial Statements – Note 20: Litigation, Contingencies and Commitments."

INSURANCE

The type and amounts of insurance that are carried by the various departments of the State and the State's agencies and authorities are specified through contracts and other arrangements between the Department of Administrative Services and each such department, agency or authority entered into pursuant to the provisions of O.C.G.A. Title 50, Chapter 5 and other sections of the Official Code of Georgia Annotated. See "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020" "Notes to the Financial Statements – Note 17: RISK MANAGEMENT" herein.

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR

FISCAL YEAR ENDED JUNE 30, 2020

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Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

STATE of GEORGIA CAPITOL
Atlanta, Georgia

State of Georgia

Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2020

Prepared by:
State Accounting Office


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State of Georgia

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For the Fiscal Year Ended June 30, 2020

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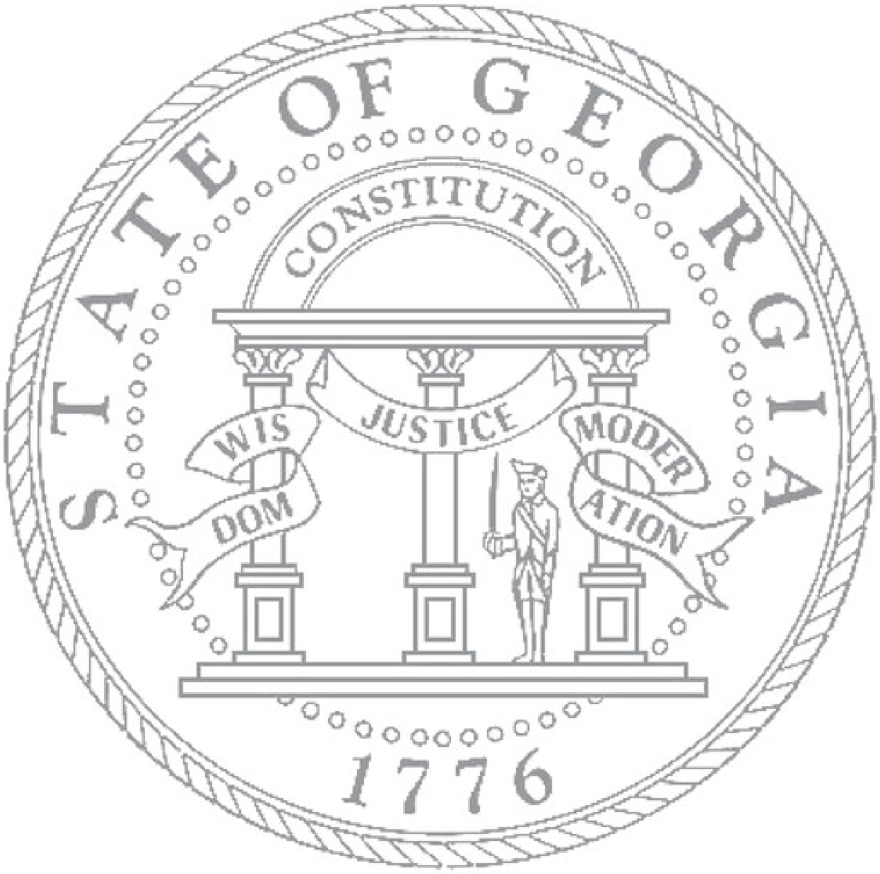
For the Fiscal Year Ended June 30, 2020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For the Fiscal Year Ended June 30, 2020

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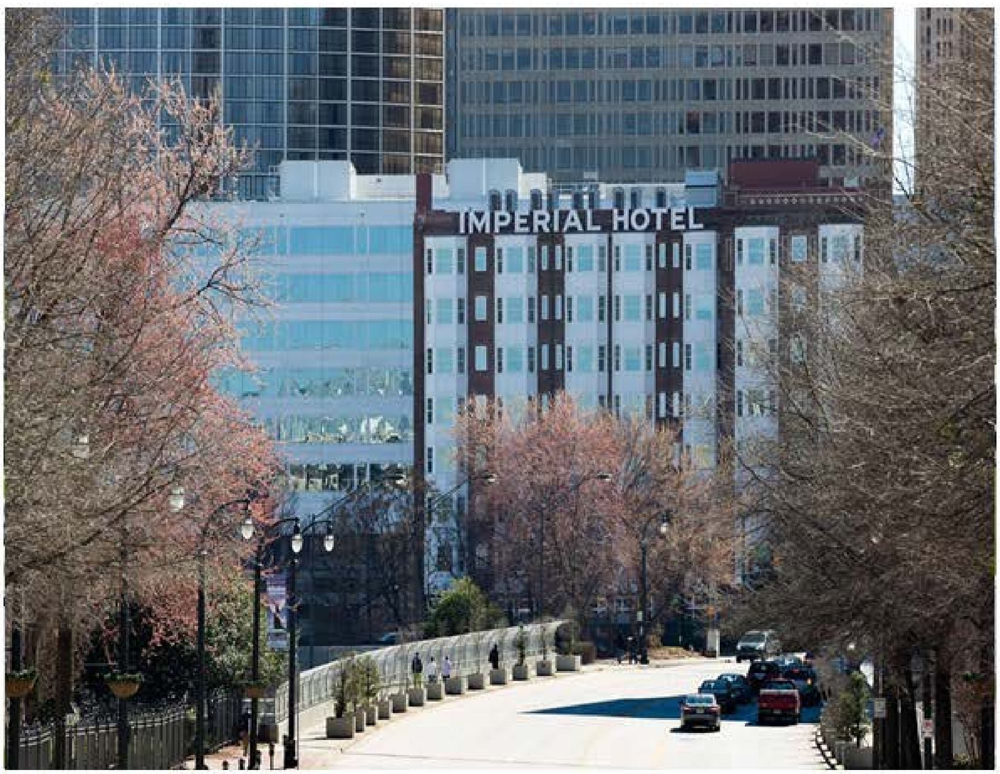
INTRODUCTORY SECTION



Imperial Hotel – LIHTC AND HOME Programs
Atlanta, GA
Submitted by the Department of Community Affairs

Brian P. Kemp
Governor

Kris W. Martins
State Accounting Officer

March 19, 2021

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* on the operations of the State of Georgia (State) for the fiscal year ended June 30, 2020, in accordance with the Official Code of Georgia Annotated (OCGA), § 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 a disclaimer of opinion on Business-Type Activities and the Unemployment Compensation Fund and an unmodified opinions on the remainder of 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 (MD&A)

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 10.6 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 vi. 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 - Summary of Significant Accounting Policies-Section B* in the Notes 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 2020 can be found in the separately issued Budgetary Compliance Report (BCR) dated December 11, 2020.

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

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus disease (COVID-19) pandemic. COVID-19 has had widespread, rapidly evolving and unpredicted impacts to the economics at a local, national and global level. The State had the following responses to addressing COVID-19:

- February 28, 2020: Governor Kemp established a Coronavirus Task Force to assess Georgia's preparations and procedures for preventing, identifying, and addressing cases of COVID-19. Since February, the Task Force coordinated efforts between multiple State agencies along with federal and local partners to quickly identify and mitigate spread within State and private institutions, including nursing homes, established alternate or surge medical facility capacity, and rapidly expanded community testing.

- March 14, 2020: Governor Brian Kemp issued Executive Order No. 03.14.20.01, declaring that a "Public Health State of Emergency" existed in the State due to the spread of COVID-19. On March 16, 2020, the State's General Assembly concurred with Governor Kemp's Executive Order by joint resolution of both the State House and State Senate.

- Since his initial Executive Order establishing the Public Health State of Emergency, Governor Kemp signed additional Executive Orders relating to COVID-19 which have, among other effects: (i) limited large gatherings statewide, ordered "shelter in place" for specific populations, and closed bars and nightclubs in the State; (ii) closed public elementary, secondary, and post-secondary schools throughout the State for the remainder of the 2019-2020 school year; (iii) authorized the State Board of Education to waive certain state rules, regulations, policies, procedures, and provisions to assist in the State's response to COVID-19; (iv) reduced regulations to facilitate the State's response to limit and reduce the spread of COVID-19.

In response to the financial pressures brought on by the pandemic, the Federal Government and other providers have provided additional resources to the State.

During fiscal year 2020 State General Fund receipts deposited with the Office of the State Treasurer were $25.5 billion, which was 1.0% less than the final amended revenue estimate of $25.7 billion and 0.4% less than prior year 2019. The impact of the COVID-19 pandemic to State General Fund receipts was minimized by withholding on unemployment compensation payments, limited mandatory Statewide lockdowns and consumer spending in areas such as home improvement. The State also employed various fiscal management techniques to adjust expenditures, such as cancelling of purchase orders and the use of Covid Relief Funds funds in lieu of using State funds, primarily for public safety. As a result, the balance of the RSR as of June 30, 2020 was only a decrease of $103.5 million (3.4%) from the prior year.

By statute, up to 1% of fiscal year 2020 net revenue collections ($254.8 million) may be appropriated from the RSR in fiscal year 2021 for K-12 needs. As of the date of this report, the $3.0 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 2020) revenue collections.

ECONOMIC FACTORS AND OUTLOOK

The State continues to experience the impacts the COVID-19 pandemic. Some of these indicators include higher unemployment than in previous years, lower State General Fund receipts and a 10% across the board reduction in fiscal year 2021 budget appropriations. The extent of the impact of the outbreak on the State's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and future federal assistance. The full extent of the economic uncertainty caused by COVID-19 on the State's consolidated financial statements in future periods is not yet determinable. Additional information on the economic outlook for the State can be located 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, 2019. This was the eighth 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,

Kris W. Martins
State Accounting Officer

Management's Discussion and Analysis (MD&A)

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.

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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 2020 can be found in the separately issued Budgetary Compliance Report (BCR) dated December 11, 2020.

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

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus disease (COVID-19) pandemic. COVID-19 has had widespread, rapidly evolving and unpredicted impacts to the economics at a local, national and global level. The State had the following responses to addressing COVID-19:

- February 28, 2020: Governor Kemp established a Coronavirus Task Force to assess Georgia's preparations and procedures for preventing, identifying, and addressing cases of COVID-19. Since February, the Task Force coordinated efforts between multiple State agencies along with federal and local partners to quickly identify and mitigate spread within State and private institutions, including nursing homes, established alternate or surge medical facility capacity, and rapidly expanded community testing.

- March 14, 2020: Governor Brian Kemp issued Executive Order No. 03.14.20.01, declaring that a "Public Health State of Emergency" existed in the State due to the spread of COVID-19. On March 16, 2020, the State's General Assembly concurred with Governor Kemp's Executive Order by joint resolution of both the State House and State Senate.

- Since his initial Executive Order establishing the Public Health State of Emergency, Governor Kemp signed additional Executive Orders relating to COVID-19 which have, among other effects: (i) limited large gatherings statewide, ordered "shelter in place" for specific populations, and closed bars and nightclubs in the State; (ii) closed public elementary, secondary, and post-secondary schools throughout the State for the remainder of the 2019-2020 school year; (iii) authorized the State Board of Education to waive certain state rules, regulations, policies, procedures, and provisions to assist in the State's response to COVID-19; (iv) reduced regulations to facilitate the State's response to limit and reduce the spread of COVID-19.

In response to the financial pressures brought on by the pandemic, the Federal Government and other providers have provided additional resources to the State.

During fiscal year 2020 State General Fund receipts deposited with the Office of the State Treasurer were $25.5 billion, which was 1.0% less than the final amended revenue estimate of $25.7 billion and 0.4% less than prior year 2019. The impact of the COVID-19 pandemic to State General Fund receipts was minimized by withholding on unemployment compensation payments, limited mandatory Statewide lockdowns and consumer spending in areas such as home improvement. The State also employed various fiscal management techniques to adjust expenditures, such as cancelling of purchase orders and the use of Covid Relief Funds funds in lieu of using State funds, primarily for public safety. As a result, the balance of the RSR as of June 30, 2020 was only a decrease of $103.5 million (3.4%) from the prior year.

By statute, up to 1% of fiscal year 2020 net revenue collections ($254.8 million) may be appropriated from the RSR in fiscal year 2021 for K-12 needs. As of the date of this report, the $3.0 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 2020) revenue collections.

ECONOMIC FACTORS AND OUTLOOK

The State continues to experience the impacts the COVID-19 pandemic. Some of these indicators include higher unemployment than in previous years, lower State General Fund receipts and a 10% across the board reduction in fiscal year 2021 budget appropriations. The extent of the impact of the outbreak on the State's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and future federal assistance. The full extent of the economic uncertainty caused by COVID-19 on the State's consolidated financial statements in future periods is not yet determinable. Additional information on the economic outlook for the State can be located 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, 2019. This was the eighth 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,

Kris W. Martins
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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State of Georgia

Principal State Officials
June 30, 2020

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, 2019

Christopher P. Morrill

Executive Director/CEO


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ACKNOWLEDGEMENTS

The Georgia Comprehensive Annual Financial Report for the fiscal year ending June 30, 2020 was prepared by:

STATE ACCOUNTING OFFICE

Kris Martins, Interim State Accounting Officer, Financial Reporting

STATEWIDE ACCOUNTING AND REPORTING

Nivia Allister	Tessica Harvey
Tanya Astin	Metsehet Ketsela
Aderia Beavers	Rachael Krizanek
Chelsea Bennett	Dan Lawson
Kevin Bryant	Kim Le
Dylan Cleveland	Vesna Mesihovic
Renita Coleman	Phyllis Raines
Bobbie R. Davis	Anna Read
Zeina Diallo	Amanda Weary
Kristi Fuss	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

Chatsworth Water Works Commission
Chatsworth, Georgia
Submitted by the Georgia Environmental Finance Authority

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 were engaged to audit 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, 2020, 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. Because of the matter described in the Basis for Disclaimer of Opinions paragraph, however, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Unemployment Compensation Fund and on Business-Type Activities.

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 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.

Georgia College & State University Foundation, Inc. and Subsidiaries
Georgia Environmental Finance Authority
Georgia Gwinnett College Foundation, Inc.
Georgia Health Sciences Foundation, Inc.
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.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
Teachers Retirement System of Georgia
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	3%	6%	2%
Business-type Activities	2%	8%	0%
Aggregate Discretely Presented Component Units	86%	81%	94%
Governmental Fund – General Obligation Bond Projects Fund	100%	100%	100%
Aggregate Remaining Fund Information	83%	85%	33%

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 Lottery Corporation
Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State University Athletic Association, Inc
Georgia State University Foundation, Inc

Georgia Health Sciences Foundation, Inc.	Georgia State University Research Foundation, Inc.
Georgia Tech Athletic Association	The University of Georgia Foundation
Georgia Tech Facilities, Inc.	University of Georgia Athletic Association, Inc.
Georgia Tech Foundation, Inc.	University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
Kennesaw State University Foundation, Inc.	UWG Real Estate Foundation, Inc.
Medical College of Georgia Foundation, Inc.	VSU Auxiliary Services Real Estate Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries	

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.

Except for the matter described in the Basis for Disclaimer of Opinions paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

Opinion Unit	***Type of Opinion***
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Unmodified
Governmental – General Fund	Unmodified
Governmental – General Obligation Bond Projects Fund	Unmodified
Enterprise – Higher Education Fund	Unmodified
Enterprise – State Employees' Health Benefit Fund	Unmodified
Enterprise – Unemployment Compensation Fund	Disclaimer
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinions on Business-Type Activities and Unemployment Compensation Fund

As of the date of our audit report, the State was unable to provide complete and accurate information associated with their determination of potential non-fraud and fraudulent overpayments within the CARES Act Unemployment Insurance (UI) program. The State's records do not permit us, nor is it practical to extend other auditing procedures, to obtain sufficient appropriate audit evidence to conclude that the receivable and payable balances and other related activity in the Business-Type Activities and Unemployment Compensation Fund were free of material misstatement. As a result of this matter, we were unable to determine whether further audit adjustments may have been necessary.

Disclaimer of Opinions

Because of the significance of the matter described in the "Basis For Disclaimer of Opinion on Business-Type Activities and Unemployment Compensation Fund" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions on the financial statements for the Business-Type Activities and Unemployment Compensation Fund of the State. Accordingly, we do not express an opinion on these financial statements.

Unmodified 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 aggregate discretely presented component units, each major fund except the Unemployment Compensation Fund, and the aggregate remaining fund information of the State, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

The State of Georgia's basic financial statements for the year ended June 30, 2020, reflect the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The State early implemented the requirements of GASB Statement No. 84. See Notes 2 and 3 to the financial statements, for the impact of the standard's implementation. Our opinions are not modified with respect to this matter.

As discussed in Notes 2 and 3 to the financial statements, the fiscal year 2019 governmental activities, the General Fund, business-type activities and Higher Education Fund financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

As discussed in Note 2, management has changed the method for estimating balances for the State Road and Tollway Authority (SRTA). The financial statements include estimates of SRTA's financial activity and balances based on SRTA's financial information for the fiscal year ended June 30, 2018, adjusted for certain intergovernmental activity within the financial reporting entity, in the absence of more timely and complete financial information. Our opinions are not modified with respect to this matter.

As discussed in Note 22 to the financial statements, subsequent to June 30, 2020 the state borrowed $1.1 billion from the federal government to fund the Unemployment Compensation Fund, a major fund, which was paid off in full by March 19, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 March 19, 2021 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. 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
State Auditor

March 19, 2021


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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The *Management's Discussion and Analysis* (MD&A) of the State of Georgia's *Comprehensive Annual Financial Report* presents an overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2020. 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 $24.2 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 decreased by $354.3 million in fiscal year 2020 compared to the balances reported in the prior year. More specifically, net position of governmental activities increased by $1.2 billion while net position of business-type activities decreased by $1.5 billion.

- Excess of Revenues over Expenses – Governmental Activities - The State's total revenues for governmental activities, which totaled $47.1 billion were $5.1 billion more than total expenses (excluding transfers). General revenues, which are primarily comprised of tax collections, totaled $26.3 billion, and program revenues, which primarily come from operating grants and contributions, totaled $20.8 billion.

Fund Level

- Governmental Funds – Fund Balances - The governmental funds reported combined ending fund balances of $10.3 billion. This amount represents an increase of $0.3 billion (2.7%) (as restated), when compared with the prior year. Of this total fund balance, $56.3 million (0.5%) represents nonspendable fund balance; $7.2 billion (70.4%) represents restricted fund balance; $17.4 million (0.2%) represents committed fund balance; $549.5 million (5.4%) represents assigned fund balance; and $2.4 billion (23.5%) represents unassigned fund balance.

- General Fund – Fund Balances - The General Fund ended the fiscal year with a total fund balance of $8.4 billion, of which $2.4 billion was classified as unassigned fund balance. Total revenues increased by $1.7 billion (3.7%) over the prior year.

- Enterprise Funds – Net position - The Enterprise Funds ended the fiscal year with a total net position of $4.2 billion. More specifically, the major funds areas with significant net positions were the Higher Education Fund of $2.3 billion, the Unemployment Compensation Fund of $1.0 billion, and the State Health Benefit Plan of $725.0 million.

Long-term Debt

The long-term bond debt of the primary government, prior to restatements, decreased $8.7 million (0.1%) during the fiscal year. The decrease represents the net difference between new issuances and maturing principal payments. The amount owed for general obligation bonds decreased by $1.0 million (less than 0.1%) for the primary government, while the amount owed for revenue bonds decreased $7.8 million (0.9%) for the primary government.

The State issued new bonded debt during the year in the amount of $1.3 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.

<u>Fund Financial Statements – Reporting the State's Most Significant Funds</u>

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:

- <u>Governmental Funds</u> - 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.

- <u>Proprietary Funds</u> - 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.

- <u>Fiduciary Funds</u> - 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.

<u>Reconciliation between Government-wide and Fund Statements</u>

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 $24.2 billion, which is comprised of $26.6 billion in net investment in capital assets, $8.2 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, 2020 and 2019 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets						
Non-Capital Assets	$ 23,045,158	$ 18,926,472	$ 7,395,216	$ 6,827,176	$ 30,440,374	$ 25,753,648
Net Capital Assets	25,279,036	23,695,200	11,637,688	11,592,071	36,916,724	35,287,271
Total Assets	48,324,194	42,621,672	19,032,904	18,419,247	67,357,098	61,040,919
Deferred Outflows of Resources	1,440,862	1,919,380	1,592,242	1,432,993	3,033,104	3,352,373
Liabilities						
Noncurrent Liabilities	16,659,093	17,764,845	12,098,034	11,698,551	28,757,127	29,463,396
Current Liabilities	11,172,896	6,345,445	2,968,570	1,110,481	14,141,466	7,455,926
Total Liabilities	27,831,989	24,110,290	15,066,604	12,809,032	42,898,593	36,919,322
Deferred Inflows of Resources	1,791,614	1,454,518	1,500,732	1,465,855	3,292,346	2,920,373
Net Position						
Net Investment in Capital Assets	21,408,838	20,361,680	8,529,759	8,429,136	26,614,216	25,566,212
Restricted	6,342,472	6,275,129	1,872,318	3,349,557	8,214,790	9,624,686
Unrestricted	(7,609,857)	(7,660,565)	(6,344,267)	(6,201,340)	(10,629,743)	(10,637,301)
Total Net Position	$ 20,141,453	$ 18,976,244	$ 4,057,810	$ 5,577,353	$ 24,199,263	$ 24,553,597
Percent Change in Total:						
Net Position from Prior Year	6.1 %		(27.2)%		(1.4)%	
Percent Change after Restatements	11.4 %		(28.0)%		2.1 %	

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 $1.2 billion (6.1%), and also increased by $2.1 billion (11.4%), when adjusted for restatements. The deficit unrestricted balance of $7.6 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 $5.6 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, 2020, this liability resulted in a $3.3 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, 2020, this liability resulted in a $2.1 billion impact to unrestricted net position.

Net position for business-type activities as originally reported decreased by $1.5 billion (27.2%), and also decreased by $1.6 billion (28.0%), when adjusted for restatements. The deficit unrestricted balance of $6.3 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, 2020, this liability resulted in a $2.9 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, 2020, this liability resulted in a $4.9 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 2020. Consistent with the prior year, the State received a majority of its $66.0 billion in revenues from taxes and operating grants and contributions. Expenses of the primary government during fiscal year 2020 were $65.5 billion with the increase over the prior year driven largely by education and health and welfare. As a result of the excess revenues over expenses, the total net position of the primary government increased by $489.5 million, before contributions to permanent endowments and transfers.

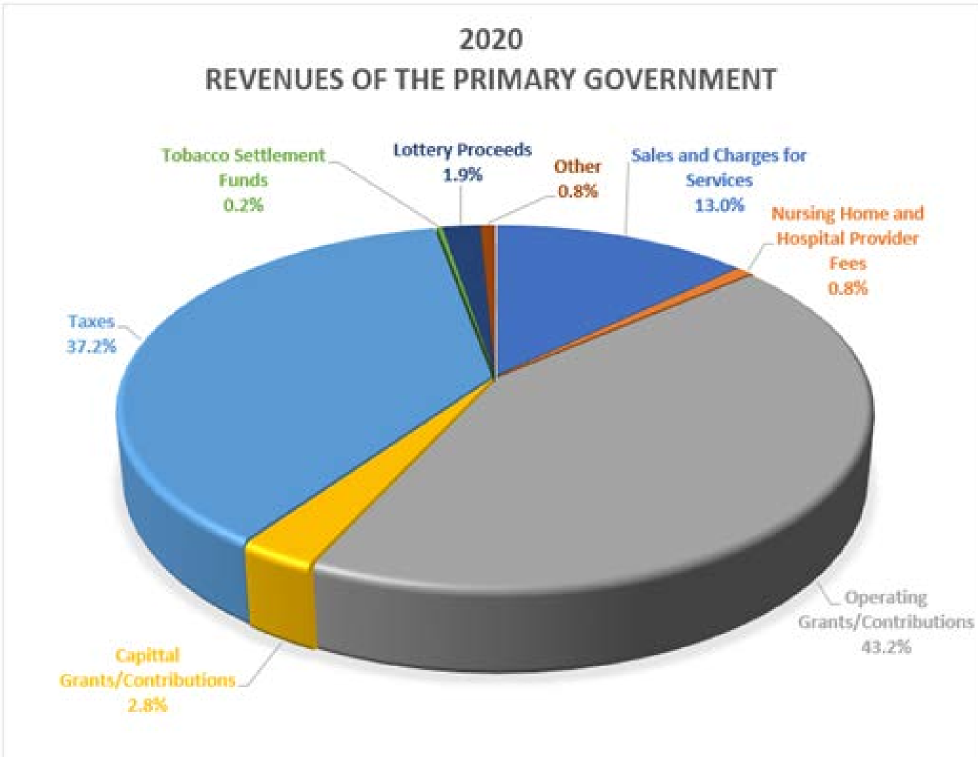
(Table on next page)

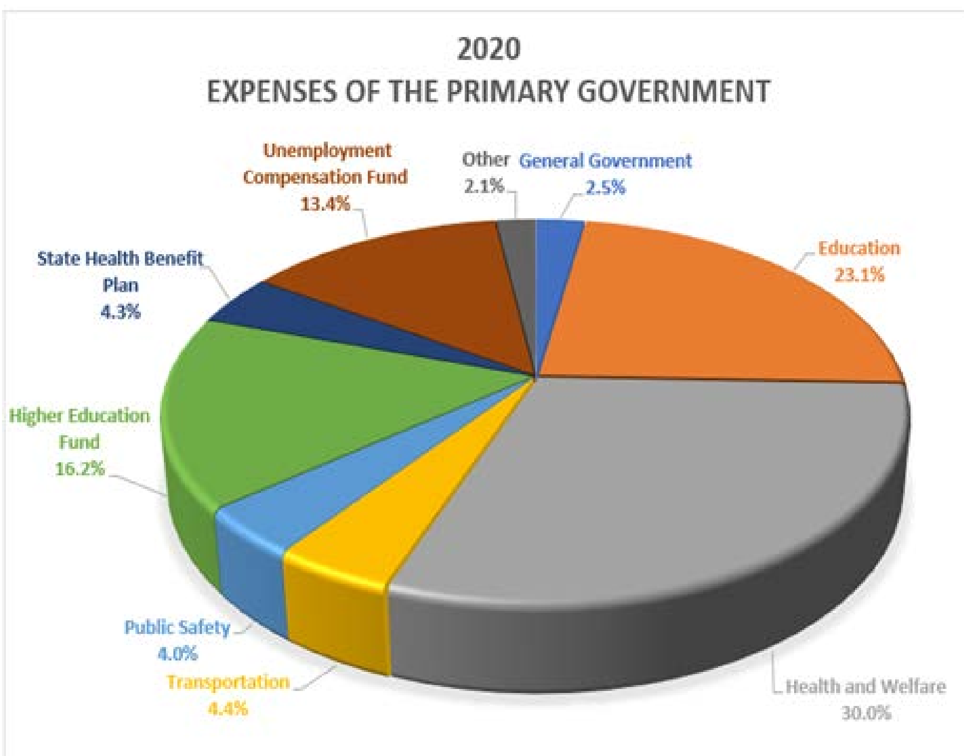
Table 2 - Changes in Net Position
For the Years Ended June 30, 2020 and 2019 (in thousands)

	Governmental Activities 2020	Governmental Activities 2019	Business-type Activities 2020	Business-type Activities 2019	Total Primary Government 2020	Total Primary Government 2019	Total Percentage Change 2019 to 2020
Revenues:							
Program Revenues:							
Sales and Charges for Services	$ 1,292,156	$ 1,300,343	$ 7,083,834	$ 6,887,111	$ 8,375,990	$ 8,187,454	2.3%
Operating Grants/Contributions	17,728,046	16,236,248	11,723,271	3,354,730	29,451,317	19,590,978	50.3%
Capital Grants/Contributions	1,730,727	1,614,685	103,004	109,838	1,833,731	1,724,523	6.3%
General Revenues:							
Taxes	23,940,845	23,783,820	—	—	23,940,845	23,783,820	0.7%
Lottery for Education - Lottery Proceeds	1,237,345	1,207,369	—	—	1,237,345	1,207,369	2.5%
Nursing Home and Hospital Provider Fees	513,666	488,218	—	—	513,666	488,218	5.2%
Tobacco Settlement Funds	157,009	163,851	—	—	157,009	163,851	(4.2%)
Unrestricted Investment Income	148,822	205,072	—	—	148,822	205,072	(27.4%)
Unclaimed Property	141,925	144,841	—	—	141,925	144,841	(2.0%)
Other	185,350	221,221	—	—	185,350	221,221	(16.2%)
Total Revenues	47,075,891	45,365,668	18,910,109	10,351,679	65,986,000	55,717,347	18.4%
Expenses:							
General Government	1,580,323	1,262,837	—	—	1,580,323	1,262,837	25.1%
Education	14,744,905	13,892,451	—	—	14,744,905	13,892,451	6.1%
Health and Welfare	19,182,338	18,015,041	—	—	19,182,338	18,015,041	6.5%
Transportation	2,831,753	2,668,539	—	—	2,831,753	2,668,539	6.1%
Public Safety	2,557,268	2,605,402	—	—	2,557,268	2,605,402	(1.8%)
Economic Development and Assistance	414,177	465,465	—	—	414,177	465,465	(11.0%)
Culture and Recreation	291,934	309,863	—	—	291,934	309,863	(5.8%)
Conservation	59,402	54,758	—	—	59,402	54,758	8.5%
Interest and Other Charges on Long-Term Debt	309,200	381,895	—	—	309,200	381,895	(19.0%)
Higher Education Fund	—	—	10,355,168	9,739,025	10,355,168	9,739,025	6.3%
State Health Benefit Plan	—	—	2,735,542	2,613,192	2,735,542	2,613,192	4.7%
Unemployment Compensation Fund	—	—	10,229,884	319,367	10,229,884	319,367	3,103.2%
Nonmajor Enterprise Funds	—	—	204,559	205,638	204,559	205,638	(0.5%)
Total Expenses	41,971,300	39,656,251	23,525,153	12,877,222	65,496,453	52,533,473	24.7%
Increase (Decrease) in Net Position Before Contributions and Transfers	5,104,591	5,709,417	(4,615,044)	(2,525,543)	489,547	3,183,874	
Contributions to Permanent Endowments	—	—	964	1,300	964	1,300	
Transfers	(3,035,910)	(3,485,850)	3,035,910	3,485,850	—	—	
Change in Net Position	2,068,681	2,223,567	(1,578,170)	961,607	490,511	3,185,174	
Net Position July 1 - Restated	18,072,772	16,752,677	5,635,980	4,615,746	23,708,752	21,368,423	
Net Position June 30	$ 20,141,453	$ 18,976,244	$ 4,057,810	$ 5,577,353	$ 24,199,263	$ 24,553,597	(1.4)%

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

(Charts on next page)


2020
REVENUES OF THE PRIMARY GOVERNMENT
Tobacco Settlement Funds 0.2%
Lottery Proceeds 1.9%
Other 0.8%
Sales and Charges for Services 13.0%
Nursing Home and Hospital Provider Fees 0.8%
Taxes 37.2%
Operating Grants/Contributions 43.2%
Capittal Grants/Contributions 2.8%

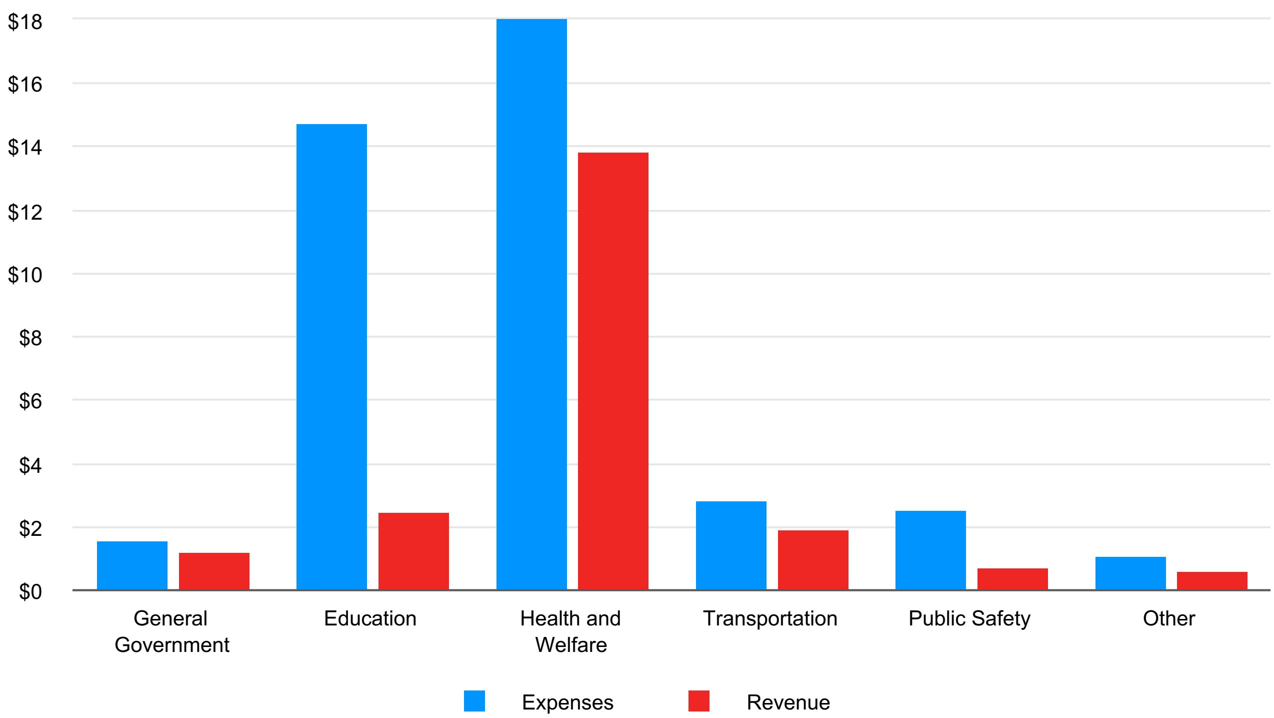

2020
EXPENSES OF THE PRIMARY GOVERNMENT
Unemployment Compensation Fund 13.4%
Other 2.1%
General Government 2.5%
Education 23.1%
State Health Benefit Plan 4.3%
Higher Education Fund 16.2%
Public Safety 4.0%
Transportation 4.4%
Health and Welfare 30.0%

Governmental Activities

The State's total revenues for governmental activities from all sources increased by $1.7 billion (3.8%). The primary driver of this change was an increase in operating grants and contributions of $1.5 billion (9.2%) which is a result of additional federal dollars, primarily in support of COVID-19 expenses and an increase in tax revenue totaling $157.0 million primarily due to additional tax withholding on increased unemployment insurance payments. Governmental Activities expenses increased by $2.3 billion as a result of expenses related to the COVID-19 pandemic, increased funding in education for enrollment growth and teacher training and experience, and increases in Pension and OPEB expense.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. During fiscal year 2020, program revenues covered $20.8 billion (49.4%) of the $42.0 billion in total program expenses. For the remaining $21.2 billion (50.6%) 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, 2020 (in billions)



Business-type Activities

Net position of business-type activities (as restated) decreased by $1.6 billion (28.0%) during the fiscal year. This decrease is primarily due to the COVID-19 pandemic and increased unemployment and the corresponding unemployment payments made in excess of premiums and operating grant revenues. As a result of these increased payments, total revenues and expenses for the State's business-type activities increased by $8.6 billion (82.7%) and $10.6 billion (82.7%) from the prior year, respectively.

The State's total revenues for business-type activities from all sources increased by $8.6 billion (82.7%). The primary driver of this change was an increase in additional federal dollars associated with additional unemployment insurance payments. Accordingly, expenses increased by $10.6 billion (82.7%) for the same reason.

In fiscal year 2020, business-type activities expenses were funded 80.4% from program revenues compared to 80.4% in the prior year. The remaining expenses were funded by $3.0 billion in transfers from governmental activities, of which the majority went to the Higher Education Fund. The amount of transfers decreased by $449.9 million over the prior year due to one-time asset transfers made in fiscal year 2019.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2020, the State's governmental funds reported a combined ending fund balance of $10.3 billion. Of this amount $7.2 billion (70.4%) is restricted for specific programs by constitutional provisions, external constraints, or contractual obligations and $2.4 billion (23.5%) 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 $8.4 billion as of fiscal year end. The net change in fund balance during the fiscal year was a decrease of $417.2 million (4.7%). The following major revenues, expenditures and other sources/uses contributed to the change in fund balance:

- Revenues - Revenues of the General Fund totaled $46.5 billion in the fiscal year, for an increase of $1.7 billion (3.7%) over the prior year. The primary increase in revenues is a result of additional federal dollars, primarily in support of COVID-19 expenses.

- Expenditures - Expenditures of the General Fund totaled $41.8 billion in the fiscal year, an increase of $2.0 billion over the prior year.

    - Education expenses increased $834.6 million consistent with additional funds allocated in the fiscal year 2020 budget for K-12 education to fund enrollment growth and teacher training and experience.

    - Health and welfare increased by $1.0 billion. as a result of the COVID-19 pandemic and increased enrollment in various Department of Community Health programs as a result of eliminating the waiting period.

    - Transportation expenses increased $144.5 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 decreased by $202.1 million (13.6%) from the prior year. This was primarily the result of capital expenditures and transfers out exceeding general revenues, debt issuances and transfers. Capital outlay expenditures increased by $69.2 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) decreased $123.3 million (5.1%) primarily due to an increase in pension and OPEB expense.

Operating revenues of the Higher Education Fund decreased by $8.4 million (0.1%). Nonoperating revenues (net of expenses) increased $212.0 million primarily due to grants and contributions. In addition, the Higher Education Fund received an increase of $33.7 million (1.2%) of transfers in, primarily from the General Fund and from Governmental Activities compared to the prior year.

Operating expenses increased $623.8 million (6.6%), compared to the prior year. This amount is primarily attributable to increases in pension and OPEB expense.

State Health Benefit Plan

Operating revenues for SHBP increased by $303.6 million and operating expenses increased by $122.1 million, which resulted in a corresponding increase in operating income of $181.5 million. The increase in operating revenues and expenses is primarily due to a contribution made to the Fiduciary OPEB funds in fiscal year 2019 that were not made in the current fiscal year due to the unknown financial impact the COVID-19 pandemic could have on SHBP expenses.

Unemployment Compensation Fund

Georgia's unemployment rate at June 30, 2020 increased from 3.5% to 7.6% in fiscal year 2020. As a result of the COVID-19 pandemic, unemployment claims were significantly higher and increased $9.9 billion (3,279.5%) this year as compared to the prior year. In addition, the corresponding federal revenue and unemployment tax revenue increased by $8.1 billion (1,350.0%). In fiscal year 2020 ending net position decreased by $1.5 billion as a result of benefit payments exceeding employer taxes and other revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's capital assets increased by a net $1.6 billion (4.6%) during the year. The change consisted of a net increase in infrastructure of $505.1 million, as well as net increases in machinery and equipment, land, and buildings of $157.3 million, $262.0 million and $50.8 million, respectively and a decrease in software of $18.2 million. Additionally, construction in progress increased by $642.5 million.

At June 30, 2020, the State had General Fund commitments of $2.9 billion and Capital Project Fund commitments of $500.2 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 $34.4 million for various construction and renovation contracts.

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, 2020 and 2019 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Buildings/Building Improvements	$ 2,310,619	$ 2,232,297	$ 9,463,020	$ 9,490,556	$ 11,773,639	$ 11,722,853
Improvements Other Than Buildings	120,844	111,379	201,754	188,454	322,598	299,833
Infrastructure	13,389,282	12,872,483	244,104	255,850	13,633,386	13,128,333
Intangibles - Other Than Software	133,119	125,568	—	—	133,119	125,568
Land	4,650,971	4,389,041	520,684	520,658	5,171,655	4,909,699
Library Collections	—	—	169,119	169,985	169,119	169,985
Machinery and Equipment	411,912	278,222	587,702	564,063	999,614	842,285
Software	250,155	283,852	124,135	108,651	374,290	392,503
Works of Art and Collections	1,400	1,400	60,592	60,018	61,992	61,418
Construction in Progress	4,010,734	3,400,958	266,578	233,836	4,277,312	3,634,794
Total	$ 25,279,036	$ 23,695,200	$ 11,637,688	$ 11,592,071	$ 36,916,724	$ 35,287,271

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, 2020, the State was $822.7 million below the annual debt service limit established by the Constitution.

Table 5 - Net Outstanding Bond Debt
As of June 30, 2020 and 2019 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	$10,351,636	$10,352,603	$ —	$ —	$10,351,636	$10,352,603
GARVEE Revenue Bonds	397,825	397,825	—	—	397,825	397,825
Revenue Bonds	215,945	215,945	234,234	242,003	450,179	457,948
	$10,965,406	$10,966,373	$234,234	$ 242,003	$11,199,640	$11,208,376

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) (94.4%), is secured by the full faith and credit of the government for general obligation bonds and guaranteed revenue bonds; $234.2 million (2.1%), 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 (3.6%) 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, decreased $1.0 million (0.0%) and decreased $7.8 million (0.9%) respectively, prior to restatements. During the fiscal year, the State issued $950.6 million of general obligation bonds, excluding premiums, discounts, and refunding issues. Of the general obligation bonds issued, $368.5 million was issued for higher education facilities, $150.0 million for election voting systems, $117.1 million for K-12 school facilities, $101.9 million for public safety, $85.6 million for economic development, a $36.0 million refunding bond issuance, $35.0 million for rail rehabilitation, $9.5 million for water and sewer loans to local governments, and $47.0 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 2020 Budget Highlights

The Amended Fiscal Year 2020 (AFY 2020) appropriations bill was signed by the Governor on March 17, 2020 as passed by the General Assembly with no vetoes. The revenue adjustments were based on resetting growth expectations against fiscal year 2019 actual amounts given previously enacted tax adjustments and broader international economic concerns.

Revenues

The AFY 2020 budget was built on a 0.66% increase in general fund revenue collections over fiscal year 2019 actual amounts.

- $404 million reduction in general fund revenues over original fiscal year 2020 revenue estimate, primarily driven by lowered individual income tax estimates
- Does not include HB 918 "Phase III" income tax reduction
- Structurally balanced, no reliance on one-time sources of funding

Expenditures

- $216 million savings from a 4% operational budget reduction to state agencies
- $136 million for K-12 enrollment growth ($110 million QBE and $25 million State Charter Schools)
- $39 million for Disproportionate Share Hospitals and Medicare Part B and D requirements offset by $43 million in savings in Medicaid expense growth
- $25 million for Forestland Protection grants to meet projected need
- $100 million in Revenue Shortfall Reserve funds for COVID-19 response efforts

The longest expansion in American history ended in February 2020 when government-mandated shutdowns to slow the spread of COVID-19 pushed the national economy into a recession. Growth in the first quarter of 2020 was slightly negative with positive conditions in the first half of the quarter outweighed by forced business closures in the second half. Economists expect second quarter U.S. GDP to be 7 to 9 percent below the first quarter's number. With state's allowing reopening of their businesses on different schedules, economic growth should resume in the third and fourth quarters of 2020 with a sharp rebound toward normality. However, the economy is not expected to regain full strength until either a vaccine or successful treatment regimen for COVID-19 is found and widely available.

The current economic outlook is more uncertain than normal, with many publicly traded companies suspending forward guidance and government actions to control the spread of the pandemic forcing businesses to close or change operations on a moment's notice. Whether the unemployment engendered by the economic shutdowns becomes lengthy versus temporary layoffs depends on how many businesses can remain solvent with reduced revenues and higher operating costs until the pandemic ends.

Unemployment went from a record low of 3.5% to a post-World War II record high in the mid-teens (with exact figures complicated by admitted misclassifications of some laid off workers in the government's survey). Georgia's unemployment rate peaked at 12.6% in April but had declined to 7.6% as of June 30, 2020, below the national average. The Georgia labor market is expected to continue to recover faster than the national trend due to higher business formation reported in Census Bureau Business Formation Statistics (http://census.gov/econ/bfs/index/html) and an earlier economic reopening.

Consumer spending has held up quite well in the face of rising unemployment, helped by federal largesse and consumers having lower debt burdens relative to disposable income than at the start of the previous recession in 2007 (source: Household Debt Service as Percent of Disposable Income, U.S. Federal Reserve Board). This has helped to support retail sales and thus sales tax collections and is expected to continue.

Prior to the pandemic Georgia's employment was well diversified across sectors and regions of the state. Georgia has significant, but not overly outsized presence in information and technology, manufacturing, finance, real estate, professional services, healthcare, hospitality, transportation, and agriculture. This diverse economy will serve to cushion the economic blow from this recession. In addition, on December 27, 2020, the federal government enacted an additional coronavirus stimulus package that will provide further direct financial assistance states and individuals while the Federal Reserve clearly stands ready to provide liquidity and low interest rates for at least as long as they are needed to support the economy. Taken together, while precise economic outlook is impossible at such an unprecedented time, spring 2020 was almost surely the economic bottom and the most likely course going forward is an uneven, but fairly rapid recovery supported by medical science, consumers with reasonable balance sheets, and the combination of monetary and fiscal policy with few if any limits.

(Table on next page)

Amended Fiscal Year 2020 Budget Highlights

(in whole dollars)

	FY 2019 Results	FY 2020 Original Budget	AFY 2020 Changes	AFY 2020 Final Amount
State General Fund Receipts	**$ 25,571,064,702**	**$ 26,143,099,653**	**$ (403,909,243)**	**$ 25,739,190,410**
Lottery for Education Proceeds and Interest	1,233,319,151	1,248,181,429	(16,543,308)	1,231,638,121
Tobacco Settlement Funds and Interest	165,919,164	150,159,978	5,721,600	155,881,578
Brain and Spinal Injury Trust Fund	1,445,857	1,409,333		1,409,333
Other Revenue	1,258,299			
Mid-Year Adjustment for Education (K-12)			255,710,647	255,710,647
Appropriation from RSR			100,000,000	100,000,000
Total State Treasury Receipts	**$ 26,973,007,172**	**$ 27,542,850,393**	**$ (59,020,304)**	**$ 27,483,830,089**

Fiscal Year 2020 Year End Strategy

Georgia took proactive measures to constrain spending early on in the fiscal year due to a softening economic forecast, driven largely by increasing uncertainty in international markets. The Governor issued 4% budget reduction instructions to agencies in early August which OPB then began implementing in October by exercising the Governor's authority to withhold allotments. This helped to ensure agencies were on target to meet reduction needs. As a result of those actions early in the fiscal year, the state did not need to take additional reduction measures in May or June to end the year. The following actions were also taken:

- Georgia received $3.5 billion directly through the Coronavirus Relief Fund (CRF), enabling the state to return the $100 million to RSR previously appropriated for COVID-19 response.
- Georgia implemented a strategy to utilize $105.7 million of CRF for payroll offsets for public health and public safety employees "substantially dedicated" to COVID-19 response or those employees whose performing duties are "substantially different" from what was appropriated.
- Did not mandate across the board furloughs or allotment withholds from state agencies to mitigate further economic harm or reduced state services.
- The Office of Planning and Budgeting (OPB) worked closely with state agencies to maximize surplus, including deobligating prior year funds for lapse netting a $533.0 million return of appropriated funds to Treasury.
- Accrued more than $950.0 million in income tax payments impacted by the July 15 tax deadline deferral retroactively to fiscal year 2020. This will avoid overstating actual revenue performance in fiscal year 2021 to provide better comparability.

Sales Tax and Marketplace Facilitator

- June US retail sales were +2.2% from June 2019.
- Georgia's July sales tax (June sales) was -1.2% from June 2019.
- This suggests the marketplace facilitator law is giving us a 3-5% boost, which would translate into $200-350 million annual boost in tax revenue.

Revenue Shortfall Reserve (RSR)

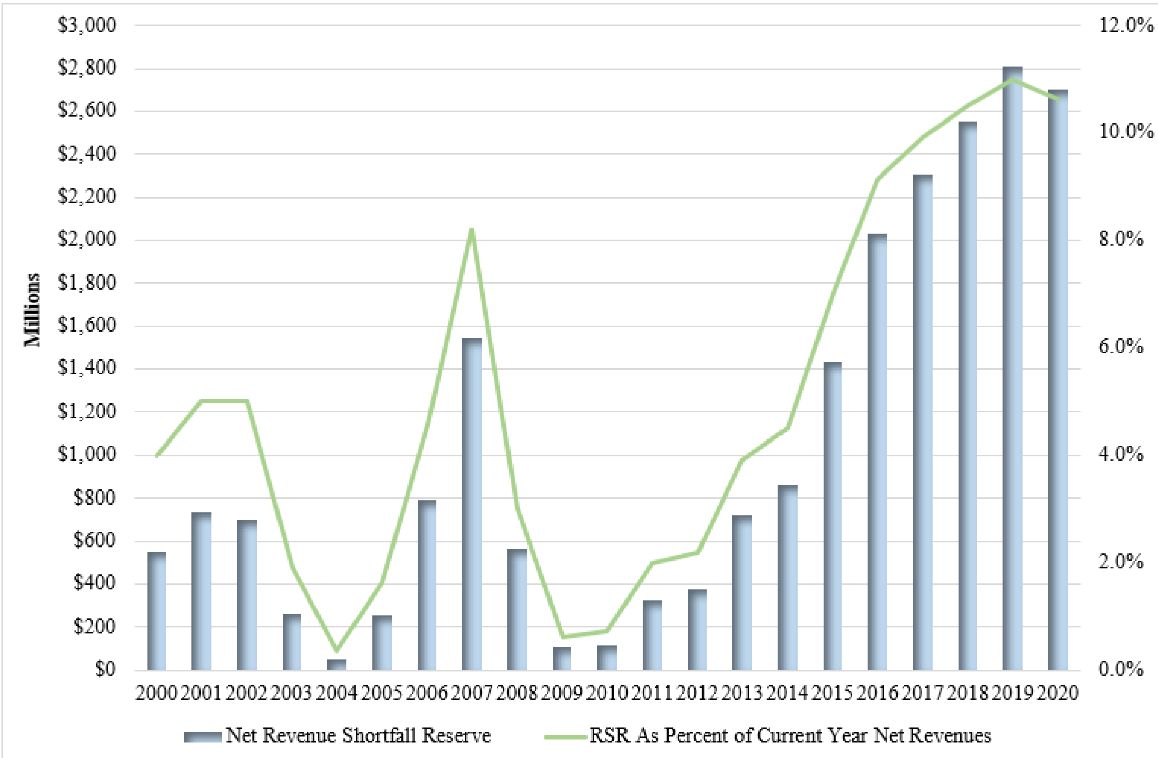
The RSR provides for the sound management of excess revenue collections in any given fiscal year. By statute, all surplus State funds existing at the end of each fiscal year shall be reserved and added to the RSR. Each fiscal year, the General Assembly may appropriate from the RSR an amount up to 1% 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.

By statute, 1% of fiscal year 2020 state general fund receipts/net revenue collections ($254.8 million) is available from the RSR for the mid-year K-12 education appropriation adjustment in the amended fiscal year 2021 budget. This amount had not been appropriated as of the date of this report, however, it has been included in the chart below.

The ending balance in the Revenue Shortfall Reserve (RSR), or "rainy day" fund, is a critical tool in helping to address budget shortfalls. As a result of the pandemic, the State focused on maintaining the RSR, and limiting the impact of COVID-19. After adjusting for the mid-year adjustment for education, the RSR balance as of June 30, 2020 is $2.7 billion. Prior to mid-year adjustment for education, this is a decline of $103.5 million (3.4%) from fiscal year 2019, and after the mid-year adjustment for education the is a decline of $102.6 million (3.7%) from fiscal year 2019.

As a result of the anticipated economic impact of the COVID-19 pandemic, on June 22, 2020 Governor Kemp revised his revenue estimate for fiscal year 2021. To offset anticipated tax revenue declines, Governor Kemp included a transfer of $250.0 million from the RSR in his revised revenue estimate for State fiscal year 2020-2021 (H.B. 793), which was adopted by the General Assembly on June 26, 2020. This transfer, if necessary, along with the annual appropriation of one percent (1%) of prior year net revenues for the mid-term adjustment for K-12 enrollment, anticipated to be included in the fiscal year 2021 Amended Appropriations Act in January 2021, will impact subsequent ending balances of the RSR.

(Graph on next page)



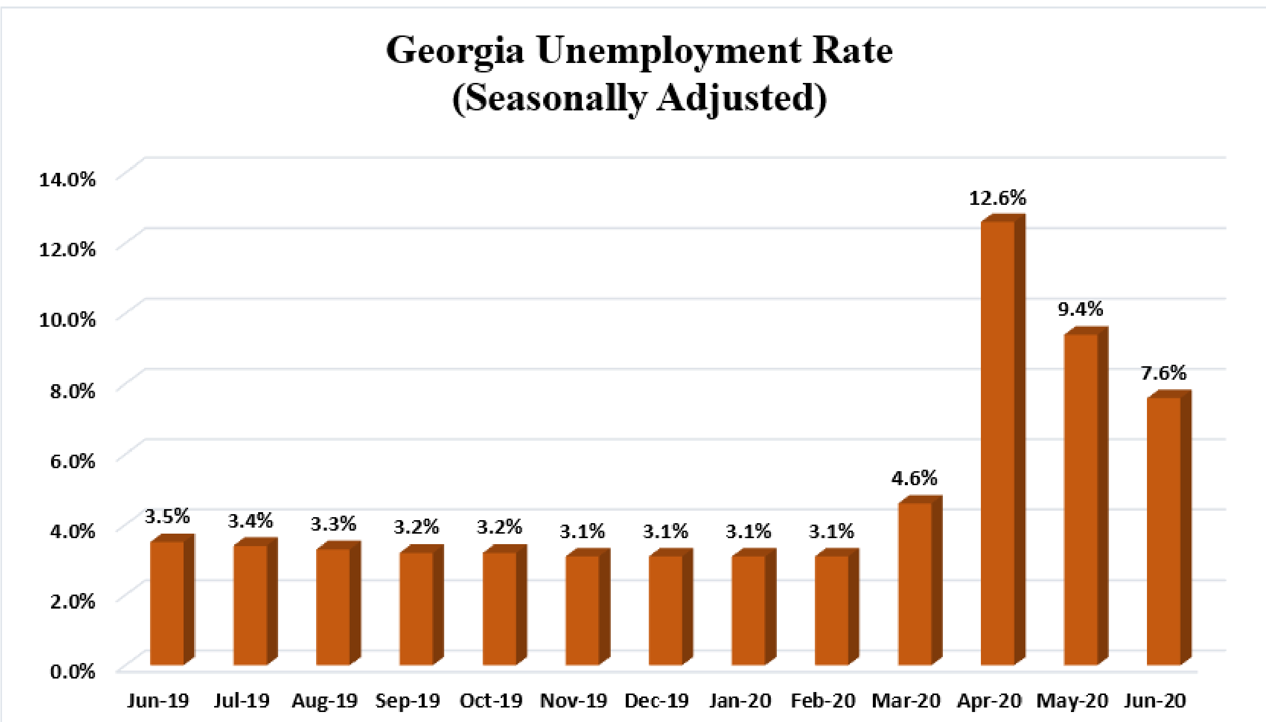
The decrease to the RSR is a result of the fiscal year 2020 budget appropriating State general fund receipts of $25.7 billion. However, actual fiscal year 2020 State general fund receipts collected were only $25.5 billion, which included leveraging COVID-19 related federal funds in lieu of State funds for expenses. This difference was funded from RSR.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Outlook

The COVID-19 pandemic continues to have an impact on state and local economies, with unknown additional federal government stimulus. However we do have the following economic outlook expectations:

- The unemployment rate dropped from 7.6% at June 30, 2020 to 5.6% at December 31, 2020 and is expected to continue to decline.
- Sales tax revenue is recovering quickly and should only be 2-4% below fiscal year 2020.
- Corporate tax collections will be the slowest to recover. The State is using 2008-2015 to guide forecast here.
- Business formation in Georgia is actually running ahead of year ago pace, so the State expects consolidation in 2020 and robust growth to return in 2021 and beyond.



Source: U.S. Bureau of Labor Statistics

Fiscal Year 2021 Budget Highlights

The fiscal year 2021 budget had only passed out of the House of Representatives when the General Assembly suspended the 2020 Spring Legislative Session on March 13, 2020 as a result of the COVID-19 outbreak. During the recess, the Office of Planning and Budget worked closely with the House and Senate Appropriations Committees to monitor ongoing changes in the economic climate and its impact on the fiscal year 2021 outlook.

- On May 1, 2020, the General Assembly and OPB jointly requested state agencies submit plans for up to a 14 percent budget reduction in anticipation of revenue declines for fiscal year 2021.

- On June 3, 2020, OPB notified the General Assembly it was revising the reduction guideline from 14 percent to 11 percent based on updated revenue performance.
- On June 22, 2020, Governor Kemp formally reduced the initial January 2020 State General Fund revenue estimate for Fiscal Year 2021 by $2.48 billion, a 9% reduction in general funds over the initial estimate.
    - In addition, Governor Kemp authorized the use of $250 million from the RSR to mitigate the impact of the anticipated revenue decline on the operations of the State and local education entities.
    - The revenue estimate also leverages $50 million in tobacco settlement fund reserves for Medicaid expense.
    - The revenue estimate does not include any one-time “windfall” from tax deadline deferral due to retroactive accrual to fiscal year 2020.
- The General Assembly adopted H.B. 793, the Fiscal Year 2021 Appropriations Act on June 26, 2020, and Governor Kemp signed it into law as passed on June 30, 2020 with no vetoes.
- Limited use of reserves to maintain structural balance and mitigate outyear budget “holes”.
- 10% operational budget reductions to all State agencies, the Quality Basic Education K-12 public education funding formula, and the funding formulas for institutions of higher education.
- Approximately $500 million in operational reductions to state agencies.

Education
- $879 million reduction to the Quality Basic Education funding formula.
- $230 million reduction to the Teaching formula within the University System of Georgia.
- $33 million reduction to the Technical Education program within the Technical College System of Georgia.
- $192 million in employer contributions savings for the Teachers Retirement System.
- $205 million to fully fund new K-12 growth, including: $141 million for enrollment growth and training and experience, $32 million for the State Commission Charter Schools supplement, and $32 million for Quality Basic Education Equalization grants for low wealth schools.

Human Services
- $430 million to fully fund anticipated needs for Medicaid programs and only assumes $165 million in savings from one quarter of enhanced FMAP rate based on current dates for federal public health emergency.
    - Includes $268 million for baseline expense growth, $19 million for six months of postpartum Medicaid coverage, $80 million to offset a reduction in the federal financial participation rate, and $63 million for Medicare Part B premiums, Medicare Part D Clawback payments, and the Health Insurer Provider Fee.
- $1.129 billion debt package emphasizing funding MRR to maintain state facilities and infrastructure.

Other
- No use of one-time CARES Act funding in base budget, but Georgia will continue to maximize opportunities for payroll offset for public health and public safety employees.
- OPB is working with state agencies to develop initial planning estimates for the Amended fiscal year 2021 budget and the fiscal year 2022 budget for the Governor’s consideration.
- Budget instructions for the Amended fiscal year 2021 and the fiscal year 2022 budgets were issued in early August 2020.

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.

STATE OF GEORGIA
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BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2020
(dollars in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents	$ 1,760,320	$ 1,332,527	$ 3,092,847	$ 853,023
Pooled Investments with State Treasury	11,596,494	1,273,737	12,870,231	1,770,650
Investments	1,112,799	434,921	1,547,720	1,233,367
Receivables (Net)	7,080,682	2,654,656	9,735,338	5,589,471
Due from Primary Government	—	—	—	31,819
Due from Component Units	175,557	472,239	647,796	—
Internal Balances	440,808	(440,808)	—	—
Inventories	46,218	30,296	76,514	37,216
Prepaid Items	89,515	77,435	166,950	49,794
Other Assets	96,309	2,068	98,377	186,838
Restricted Assets				
Cash and Cash Equivalents	—	1,050,817	1,050,817	407,775
Pooled Investments with State Treasury	289,658	196,047	485,705	149,752
Investments	—	298,567	298,567	3,687,994
Receivables (Net)	—	—	—	1,571,777
Net Pension Asset	115,550	—	115,550	—
Net OPEB Asset	241,248	12,714	253,962	3,238
Capital Assets				
Nondepreciable	8,796,015	843,080	9,639,095	876,034
Depreciable (Net of Accumulated Depreciation)	16,483,021	10,794,608	27,277,629	3,706,364
Total Assets	48,324,194	19,032,904	67,357,098	20,155,112
Deferred Outflows of Resources	1,440,862	1,592,242	3,033,104	187,414
Liabilities				
Accounts Payable and Accrued Liabilities	2,504,620	272,089	2,776,709	325,922
Local Education Agencies Payable	1,227,853	—	1,227,853	—
Due to Primary Government	—	—	—	647,796
Due to Component Units	21,696	10,123	31,819	—
Benefits Payable	1,839,745	2,138,134	3,977,879	—
Accrued Interest Payable	247,313	2,385	249,698	45,696
Contracts Payable	55,497	19,645	75,142	30,071
Funds Held for Others	174,059	16,178	190,237	57,202
Unearned Revenue	3,738,373	401,449	4,139,822	227,980
Claims and Judgments Payable	1,039,787	2,382	1,042,169	250
Other Liabilities	323,953	106,185	430,138	1,149,495
Noncurrent Liabilities:				
Due within one year	1,232,648	347,118	1,579,766	316,893
Due in more than one year				
Net Pension Liability	4,021,809	3,874,980	7,896,789	243,373
Net OPEB Liability	1,014,071	4,610,352	5,624,423	144,232
Other Noncurrent Liabilities	10,390,565	3,265,584	13,656,149	5,158,662
Total Liabilities	27,831,989	15,066,604	42,898,593	8,347,572
Deferred Inflows of Resources	1,791,614	1,500,732	3,292,346	72,749

(continued)

Statement of Net Position
June 30, 2020
(dollars in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net Position				
Net Investment in Capital Assets [1]	21,408,838	8,529,759	26,614,216	3,650,041
Restricted for:				
Bond Covenants/Debt Service	64,016	—	64,016	13,168
Capital Projects	—	12,440	12,440	244,734
Guaranteed Revenue Debt Common Reserve Fund	53,774	—	53,774	—
Loan and Grant Programs	—	—	—	1,922,788
Lottery for Education	1,423,113	—	1,423,113	—
Motor Fuel Tax Funds	3,533,343	—	3,533,343	—
Nonexpendable:				
Permanent Trust	—	184,012	184,012	2,423,241
Other Programs	—	—	—	48,350
Other Benefits	—	319,340	319,340	—
Other Purposes	1,268,226	318,012	1,586,238	417,819
Permanent Trust Expendable	—	—	—	789,859
Unemployment Compensation Benefits	—	1,038,514	1,038,514	—
Unrestricted [1]	(7,609,857)	(6,344,267)	(10,629,743)	2,412,205
Total Net Position	$ 20,141,453	$ 4,057,810	$ 24,199,263	$ 11,922,205

[1] Refer to Note 4 for additional details

Statement of Activities
For the Fiscal Year Ended June 30, 2020
(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	$ 1,580,323	$ 759,685	$ 441,338	$ 16,343
Education	14,744,905	10,486	2,431,934	—
Health and Welfare	19,182,338	70,209	13,781,041	1,297
Transportation	2,831,753	52,208	174,450	1,699,327
Public Safety	2,557,268	166,570	541,051	4,077
Economic Development and Assistance	414,177	53,123	262,194	—
Culture and Recreation	291,934	174,848	83,026	8,398
Conservation	59,402	5,027	13,012	1,285
Interest and Other Charges on Long-Term Debt	309,200	—	—	—
Total Governmental Activities	41,971,300	1,292,156	17,728,046	1,730,727
Business-type Activities:				
Higher Education	10,355,168	3,583,317	3,593,695	18,597
State Health Benefit Plan	2,735,542	2,827,312	10,889	—
Unemployment Compensation	10,229,884	633,361	8,099,181	—
Other Business-type Activities	204,559	39,844	19,506	84,407
Total Business-type Activities	23,525,153	7,083,834	11,723,271	103,004
Total Primary Government	$ 65,496,453	$ 8,375,990	$ 29,451,317	$ 1,833,731
Component Units				
Georgia Environmental Finance Authority	$ 40,076	$ 29,855	$ 96,325	$ —
Geo. L. Smith II Georgia World Congress Center Authority	172,684	45,267	8,341	4,014
Georgia Housing and Finance Authority	197,819	97,156	126,301	—
Georgia Lottery Corporation	4,750,229	4,762,754	—	—
Georgia Ports Authority	383,357	481,728	32,473	5,774
Georgia Tech Foundation, Incorporated	110,387	32,520	62,003	—
Nonmajor Component Units	3,453,511	1,574,946	1,763,176	52,527
Total Component Units	$ 9,108,063	$ 7,024,226	$ 2,088,619	$ 62,315

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (362,957)		$ (362,957)	
(12,302,485)		(12,302,485)	
(5,329,791)		(5,329,791)	
(905,768)		(905,768)	
(1,845,570)		(1,845,570)	
(98,860)		(98,860)	
(25,662)		(25,662)	
(40,078)		(40,078)	
(309,200)		(309,200)	
(21,220,371)		(21,220,371)	
	$ (3,159,559)	(3,159,559)	
	102,659	102,659	
	(1,497,342)	(1,497,342)	
	(60,802)	(60,802)	
	(4,615,044)	(4,615,044)	
(21,220,371)	(4,615,044)	(25,835,415)	
			$ 86,104
			(115,062)
			25,638
			12,525
			136,618
			(15,864)
			(62,862)
			67,097
12,529,857	—	12,529,857	—
6,212,812	—	6,212,812	—
1,872,628	—	1,872,628	—
1,041,107	—	1,041,107	—
1,214,809	—	1,214,809	—
1,069,632	—	1,069,632	10,067
1,237,345	—	1,237,345	—
513,666	—	513,666	—
157,009	—	157,009	—
148,822	—	148,822	38,018
141,925	—	141,925	—
185,350	—	185,350	—
—	—	—	80,975
—	964	964	80,942
(3,035,910)	3,035,910	—	—
23,289,052	3,036,874	26,325,926	210,002
2,068,681	(1,578,170)	490,511	277,099
18,072,772	5,635,980	23,708,752	11,645,106
$ 20,141,453	$ 4,057,810	$ 24,199,263	$ 11,922,205

Balance Sheet
Governmental Funds
June 30, 2020
(dollars in thousands)

	General Fund	General Obligation Bond Projects Fund	Nonmajor Funds	Total
Assets				
Cash and Cash Equivalents	$ 856,016	$ 516,726	$ 368,471	$ 1,741,213
Pooled Investments with State Treasury	11,437,875	—	13,802	11,451,677
Investments	113,129	906,135	60,554	1,079,818
Receivables (Net)	6,936,287	—	40,306	6,976,593
Due from Other Funds	16,072	—	25,654	41,726
Due from Component Units	175,519	—	—	175,519
Inventories	23,549	—	—	23,549
Restricted Assets				
Pooled Investments with State Treasury	72,189	—	217,468	289,657
Other Assets	185,379	—	190	185,569
Total Assets	$ 19,816,015	$ 1,422,861	$ 726,445	$ 21,965,321
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable and Other Accruals	$ 2,834,638	$ 57,965	$ 8,593	$ 2,901,196
Due to Other Funds	1,451,802	27,757	15,324	1,494,883
Due to Component Units	21,697	—	—	21,697
Benefits Payable	1,839,745	—	—	1,839,745
Contracts Payable	16,232	16,470	22,795	55,497
Undistributed Local Government Sales Tax	2,500	—	—	2,500
Funds Held for Others	173,407	—	—	173,407
Unearned Revenue	3,737,760	510	—	3,738,270
Other Liabilities	96,609	38,954	107,359	242,922
Total Liabilities	10,174,390	141,656	154,071	10,470,117
Deferred Inflows of Resources	1,234,734	—	—	1,234,734
Fund Balances:				
Nonspendable	39,561	—	16,770	56,331
Restricted	5,440,832	1,269,646	512,214	7,222,692
Unrestricted				
Committed	17,372	—	—	17,372
Assigned	494,586	11,559	43,390	549,535
Unassigned	2,414,540	—	—	2,414,540
Total Fund Balances	8,406,891	1,281,205	572,374	10,260,470
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 19,816,015	$ 1,422,861	$ 726,445	$ 21,965,321

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

State of Georgia

Reconciliation of Fund Balances
To the Statement of Net Position
June 30, 2020
(dollars in thousands)

Total Fund Balances - Governmental Funds (from previous page)			$	10,260,470
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	$	4,628,598		
Buildings and Building Improvements		3,894,328		
Improvements Other Than Buildings		163,426		
Machinery and Equipment		1,238,155		
Infrastructure		33,922,020		
Construction in Progress		3,994,345		
Works of Art		126		
Intangibles - Other Than Software		134,554		
Software		548,532		
Accumulated Depreciation		(23,636,827)		24,887,257
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		1,209,649		
Amount on refunding of bonded debt		(854)		
Related to OPEB		(1,422,935)		
Related to pensions		(320,380)		(534,520)
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.				633,517
Deferred outflows of resources are not reported in the governmental funds:				
Amount on refunding of bonded debt		93,781		
Related to OPEB		353,701		
Related to pensions		976,908		1,424,390
Other assets not available in the current period and therefore are not reported in the governmental funds:				
Net OPEB Asset		237,119		
Net Pension Asset		115,550		
Other Assets		100		352,769
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		(9,439,470)		
Premiums		(912,166)		
Accrued Interest Payable		(242,914)		
Revenue Bonds		(570,480)		
Premiums		(43,290)		
Accrued Interest Payable		(4,399)		
Capital Leases		(187,096)		
Compensated Absences		(377,657)		
Long-Term Notes		(53,701)		
Net OPEB Liability		(1,000,058)		
Net Pension Liability		(3,970,619)		
Other		(80,580)		(16,882,430)
Total Net Position - Governmental Activities			$	20,141,453

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	General Fund	General Obligation Bond Projects Fund	Nonmajor Funds	Total
Revenues:				
Taxes	$ 24,030,236	$ —	$ —	$ 24,030,236
Licenses and Permits	411,368	—	—	411,368
Intergovernmental - Federal	18,262,964	17,886	—	18,280,850
Intergovernmental - Other	414,935	32,487	171,175	618,597
Sales and Services	444,255	—	139	444,394
Fines and Forfeits	482,952	—	—	482,952
Interest and Other Investment Income	156,770	42,436	9,153	208,359
Unclaimed Property	141,925	—	—	141,925
Lottery Proceeds	1,237,345	—	—	1,237,345
Nursing Home Provider Fees	168,453	—	—	168,453
Hospital Provider Payments	345,213	—	—	345,213
Other	379,857	650	—	380,507
Total Revenues	46,476,273	93,459	180,467	46,750,199
Expenditures:				
Current:				
General Government	1,192,510	7,149	1,006	1,200,665
Education	14,693,652	—	—	14,693,652
Health and Welfare	19,231,330	—	—	19,231,330
Transportation	3,289,092	—	160,955	3,450,047
Public Safety	2,597,921	—	—	2,597,921
Economic Development and Assistance	414,221	—	—	414,221
Culture and Recreation	292,628	—	—	292,628
Conservation	58,921	—	—	58,921
Capital Outlay	—	959,817	—	959,817
Debt Service				
Principal	—	—	1,056,725	1,056,725
Interest	176	—	439,910	440,086
Accrued Interest on Bonds Retired in Advance	—	—	87	87
Discount on Bonds Retired in Advance	—	—	453	453
Other Debt Service Expenditures	—	20,623	1,513	22,136
Intergovernmental	—	276,081	—	276,081
Total Expenditures	41,770,451	1,263,670	1,660,649	44,694,770
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,705,822	(1,170,211)	(1,480,182)	2,055,429
Other Financing Sources (Uses):				
Debt Issuance - General Obligation Bonds	—	914,675	—	914,675
Debt Issuance - Refunding Bonds	—	—	321,835	321,835
Debt Issuance - GARVEE Bonds	—	—	63,850	63,850
Debt Issuance - General Obligation Bonds - Premium	—	85,090	—	85,090
Debt Issuance - Refunding Bonds - Premium	—	—	29,772	29,772
Debt Issuance - GARVEE Bonds - Premium	—	—	11,455	11,455
Payment to Refunded Bond Escrow Agent	—	—	(351,591)	(351,591)
Capital Leases	13,300	—	—	13,300
Transfers In	150,931	1,527	1,606,378	1,758,836
Transfers Out	(4,537,912)	(33,188)	(59,678)	(4,630,778)
Net Other Financing Sources (Uses)	(4,373,681)	968,104	1,622,021	(1,783,556)
Net Change in Fund Balances	332,141	(202,107)	141,839	271,873
Fund Balances, July 1	8,074,750	1,483,312	430,535	9,988,597
Fund Balances, June 30	$ 8,406,891	$ 1,281,205	$ 572,374	$ 10,260,470

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, 2020
(dollars in thousands)

Net Change in Fund Balances - Governmental Funds (from previous page)		$ 271,873
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	$ 2,407,803	
Depreciation expense	(1,171,722)	1,236,081
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds.		119,845
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	(914,675)	
Premiums on General Obligation Bonds Issued	(87,703)	
Refunding Bonds Issued	(35,920)	
Payments to escrow agent for refunding	351,591	(1,075,086)
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.		(13,300)
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	861,520	
Revenue Bonds	195,205	
Notes	3,008	
Capital Leases	4,766	1,064,499
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.		42,961
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	4,274	
Accrued Interest on Bonds Payable	6,635	
Amortization of Deferred Amount on Refunding	(7,945)	
Bond Premiums	151,092	
OPEB costs, net	470,127	
Pension costs, net	(186,538)	
Other	(15,837)	421,808
Change in Net Position - Governmental Activities		$ 2,068,681

Statement of Net Position
Proprietary Funds
June 30, 2020
(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	$ 1,312,304	$ 20,016	$ —	$ 207	$ 1,332,527	$ 19,107
Pooled Investments with State Treasury	348,887	899,775	—	25,075	1,273,737	144,817
Investments	14,093	—	—	319,146	333,239	8,663
Accounts Receivable (Net)	326,180	79,269	2,209,325	10,065	2,624,839	104,087
Due from Other Funds	27,757	—	—	69	27,826	927,572
Due from Component Units	289,949	—	—	182,290	472,239	38
Inventories	30,170	—	—	126	30,296	22,669
Other Assets	79,478	—	—	30	79,508	155
Restricted Assets:						
Cash and Cash Equivalents	263,100	—	777,524	7,652	1,048,276	—
Restricted Pooled Investments with State Treasury	—	—	—	196,047	196,047	—
Investments	755	—	—	—	755	—
Total Current Assets	2,692,673	999,060	2,986,849	740,707	7,419,289	1,227,108
Noncurrent Assets:						
Investments	101,682	—	—	—	101,682	24,319
Other Receivables	990	—	—	—	990	—
Notes Receivable	28,757	—	—	—	28,757	—
Restricted Assets:						
Cash and Cash Equivalents	2,541	—	—	—	2,541	—
Investments	297,812	—	—	—	297,812	—
Net OPEB Asset	12,008	304	—	402	12,714	4,129
Non-Depreciable Capital Assets	801,015	—	—	42,065	843,080	40,035
Depreciable Capital Assets, net	10,737,100	—	—	57,508	10,794,608	351,743
Total Noncurrent Assets	11,981,905	304	—	99,975	12,082,184	420,226
Total Assets	14,674,578	999,364	2,986,849	840,682	19,501,473	1,647,334
Deferred Outflows of Resources	1,569,836	1,805	—	20,601	1,592,242	16,473

(continued)

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

Statement of Net Position
Proprietary Funds
June 30, 2020
(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	227,609	4,028	16,246	21,195	269,078	45,923
Due to Other Funds	258,571	3,015	—	25,654	287,240	794
Due to Component Units	10,123	—	—	—	10,123	—
Benefits Payable	46,895	230,899	1,860,340	—	2,138,134	—
Unearned Revenue	270,711	26,819	68,119	—	365,649	104
Notes and Loans Payable	1,699	—	—	35,000	36,699	3,942
Claims and Judgments Payable	2,382	—	—	—	2,382	1,039,787
Compensated Absences Payable	181,887	255	—	179	182,321	2,160
Capital Leases/Installment Purchases Payable						
Component Units	100,352	—	—	—	100,352	—
Other	21,725	—	—	—	21,725	5,061
Revenue Bonds Payable	—	—	—	5,730	5,730	—
Other Current Liabilities	52,333	—	3,630	87,617	143,580	776
Current Liabilities Payable from Restricted Assets	—	—	—	29,671	29,671	—
Total Current Liabilities	1,174,287	265,016	1,948,335	205,046	3,592,684	1,098,547
Noncurrent Liabilities:						
Compensated Absences Payable	116,271	272	—	559	117,102	2,918
Capital Leases/Installment Purchases Payable						
Component Units	2,210,201	—	—	—	2,210,201	—
Other	478,388	—	—	—	478,388	20,550
Claims and Judgments Payable	1,103	—	—	—	1,103	—
Revenue Bonds Payable	—	—	—	228,504	228,504	—
Notes and Loans Payable	8,843	—	—	221,698	230,541	4,721
Net OPEB Liability	4,602,231	1,311	—	6,810	4,610,352	14,015
Net Pension Liability	3,859,160	7,183	—	8,637	3,874,980	51,191
Other Noncurrent Liabilities	6,130	—	—	849	6,979	—
Total Noncurrent Liabilities	11,282,327	8,766	—	467,057	11,758,150	93,395
Total Liabilities	12,456,614	273,782	1,948,335	672,103	15,350,834	1,191,942
Deferred Inflows of Resources	1,497,051	2,356	—	1,325	1,500,732	22,687
Net Position						
Net Investment in Capital Assets	8,440,767	—	—	88,992	8,529,759	363,476
Restricted for:						
Capital Projects	12,440	—	—	—	12,440	—
Other Purpose	275,144	286	—	42,582	318,012	3,421
Nonexpendable:						
Permanent Trust	184,012	—	—	—	184,012	—
Other Benefits	—	—	—	319,340	319,340	—
Unemployment Compensation Benefits	—	—	1,038,514	—	1,038,514	—
Unrestricted	(6,621,614)	724,745	—	(263,059)	(6,159,928)	82,281
Total Net Position	$ 2,290,749	$ 725,031	$ 1,038,514	$ 187,855	4,242,149	$ 449,178
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					(184,339)	
Net Position of Business-type Activities					$ 4,057,810	

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


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Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(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	$ 153,772	$ 2,827,312	$ 633,361	$ 547	$ 3,614,992	$ 281,087
Operating Grants	2,154,897	—	8,041,063	—	10,195,960	—
Rents and Royalties	11,332	—	—	—	11,332	43,875
Sales and Services	1,016,485	—	—	39,298	1,055,783	320,675
Tuition and Fees	3,097,238	—	—	—	3,097,238	—
Less: Scholarship Allowances	(729,331)	—	—	—	(729,331)	—
Other	33,820	—	—	—	33,820	1,613
Total Operating Revenues	5,738,213	2,827,312	8,674,424	39,845	17,279,794	647,250
Operating Expenses:						
Personal Services	6,044,056	5,634	—	10,012	6,059,702	49,343
Services and Supplies	2,357,684	114,954	—	34,843	2,507,481	326,692
Scholarships and Fellowships	643,546	—	—	—	643,546	—
Benefits Expense	423,784	2,614,741	10,229,884	3,588	13,271,997	—
Claims and Judgments	—	—	—	—	—	272,098
Interest Expense	—	—	—	7,960	7,960	—
Depreciation	593,579	—	—	11,685	605,264	21,495
Amortization	—	—	—	(844)	(844)	—
Other	—	—	—	667	667	—
Total Operating Expenses	10,062,649	2,735,329	10,229,884	67,911	23,095,773	669,628
Operating Income (Loss)	(4,324,436)	91,983	(1,555,460)	(28,066)	(5,815,979)	(22,378)
Nonoperating Revenues (Expenses):						
Grants and Contributions	1,374,800	—	—	—	1,374,800	3,063
Interest and Other Investment Income	59,473	10,889	58,118	19,156	147,636	3,472
Interest Expense	(133,738)	(213)	—	(10,014)	(143,965)	—
Other	(140,225)	—	—	(126,283)	(266,508)	(3,694)
Net Nonoperating Revenues (Expenses)	1,160,310	10,676	58,118	(117,141)	1,111,963	2,841
Income (Loss) Before Contributions and transfers	(3,164,126)	102,659	(1,497,342)	(145,207)	(4,704,016)	(19,537)
Contributions to Permanent Endowments	964	—	—	—	964	—
Capital Grants and Contributions	176,487	—	—	84,407	260,894	51,993
Total Contributions	177,451	—	—	84,407	261,858	51,993
Transfers:						
Transfers In	2,938,289	—	—	14,660	2,952,949	5,757
Transfers Out	(74,929)	—	—	—	(74,929)	(9,291)
Net Transfers	2,863,360	—	—	14,660	2,878,020	(3,534)
Change in Net Position	(123,315)	102,659	(1,497,342)	(46,140)	(1,564,138)	28,922
Net Position, July 1 - Restated (Note 3)	2,414,064	622,372	2,535,856	233,995		420,256
Net Position, June 30	$ 2,290,749	$ 725,031	$ 1,038,514	$ 187,855		$ 449,178
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					(14,032)	
Change in Net Position of business-type activities					$ (1,578,170)	

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(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	$ 49,405	$ —	$ —	$ 32,362	$ 81,767	$ 99,783
Cash Received from Other Funds (Internal Activity)	—	—	—	1,223	1,223	459,455
Cash Received from Grants and Required Contributions/ Premiums	2,156,939	2,891,303	6,597,543	—	11,645,785	—
Cash Received from Tuition and Fees	3,533,499	—	—	—	3,533,499	—
Cash Paid to Vendors	(3,995,461)	(114,928)	—	(29,509)	(4,139,898)	(336,430)
Cash Paid to Employees	(4,475,969)	(5,945)	—	(11,271)	(4,493,185)	(56,938)
Cash Paid for Benefits	—	(2,579,198)	(8,377,517)	—	(10,956,715)	—
Cash Paid for Claims and Judgments	—	—	—	—	—	(149,298)
Cash Paid to Other Funds (Internal Activity)	—	—	—	(1,223)	(1,223)	—
Cash Paid for Scholarships, Fellowships and Loans	(657,943)	—	—	—	(657,943)	—
Other Operating Receipts	9,898	—	3,630	84,963	98,491	150
Other Operating Payments	(979)	—	—	—	(979)	(287)
Net Cash Provided by (Used in) Operating Activities	(3,380,611)	191,232	(1,776,344)	76,545	(4,889,178)	16,435
Cash Flows from Noncapital Financing Activities:						
Proceeds from Debt	—	—	—	57,032	57,032	—
Bond Issuance Costs	—	—	—	(667)	(667)	—
Refunding Deposit with Escrow Agent	—	—	—	(56,365)	(56,365)	—
Interest Paid on Debt	—	—	—	(7,999)	(7,999)	—
Transfers from Other Funds	2,932,361	—	—	8,060	2,940,421	5,757
Transfers to Other Funds	(74,929)	—	—	—	(74,929)	(3,362)
Payments on Noncapital Financing Debt	—	—	—	(3,970)	(3,970)	—
Other Noncapital Receipts	1,249,196	—	—	—	1,249,196	8,702
Other Noncapital Payments	(39,735)	—	—	—	(39,735)	(7,191)
Net Cash Provided by (Used in) Noncapital Financing Activities	4,066,893	—	—	(3,909)	4,062,984	3,906
Cash Flows from Capital and Related Financing Activities:						
Capital Contributions	—	—	—	—	—	12,367
Capital Grants and Gifts Received	100,505	—	—	—	100,505	—
Grant Disbursements	—	—	—	(96,315)	(96,315)	—
Proceeds from Sale of Capital Assets	22,160	—	—	—	22,160	39
Intergovernmental Grant	—	—	—	39,343	39,343	—
Proceeds from Capital Debt	—	—	—	2,459	2,459	—
Acquisition and Construction of Capital Assets	(525,699)	—	—	(28,737)	(554,436)	(17,541)
Principal Paid on Capital Debt	(112,322)	—	—	—	(112,322)	(15,080)
Interest Paid on Capital Debt	(136,154)	—	—	—	(136,154)	—
Net Cash Used in Capital and Related Financing Activities	(651,510)	—	—	(83,250)	(734,760)	(20,215)
Cash Flows from Investing Activities:						
Proceeds from Sales of Investments	1,176,591	439,656	—	—	1,616,247	41,603
Purchase of Investments	(1,123,996)	(221,082)	—	(13,351)	(1,358,429)	(30,810)
Interest and Dividends Received	57,915	10,678	58,118	19,089	145,800	1,302
Other Investing Activities	—	—	—	11,970	11,970	—
Net Cash Provided by (Used in) Investing Activities	110,510	229,252	58,118	17,708	415,588	12,095
Net Increase (Decrease) in Cash and Cash Equivalents	145,282	420,484	(1,718,226)	7,094	(1,145,366)	12,221
Cash and Cash Equivalents, July 1 - Restated (Note 3)	1,781,550	499,307	2,495,750	221,887	4,998,494	151,704
Cash and Cash Equivalents, June 30	$ 1,926,832	$ 919,791	$ 777,524	$ 228,981	$ 3,853,128	$ 163,925

(continued)

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, 2020
(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)	$ (4,324,436)	$ 91,983	$ (1,555,460)	$ (28,066)	$ (5,815,979)	$ (22,378)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation/Amortization Expense	593,579	—	—	12,061	605,640	21,495
Other Reconciling Items	3,890	—	—	(553)	3,337	—
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:						
Accounts Receivable	20,267	48,492	(2,088,340)	216	(2,019,365)	5,070
Due from Other Funds	—	(4,762)	—	3	(4,759)	(93,090)
Due from Component Units	—	—	—	—	—	13
Notes Receivable	4,736	—	—	—	4,736	—
Net OPEB Asset	(300)	(12)	—	(402)	(714)	(255)
Other Assets	(24,452)	—	—	74	(24,378)	(7,038)
Deferred Outflows of Resources	(155,239)	653	—	170	(154,416)	3,079
Accounts Payable and Other Accruals	(40,580)	153	5,991	92,564	58,128	(2,498)
Due to Other Funds	—	3,015	—	—	3,015	(186)
Benefits Payable	—	35,543	1,852,367	—	1,887,910	—
Unearned Revenue	487	17,119	5,468	(7,300)	15,774	(4)
Claims and Judgments Payable	—	—	—	—	—	122,801
Compensated Absences Payable	34,070	122	—	(82)	34,110	139
Net OPEB Liability	(81,929)	(1,538)	—	(434)	(83,901)	(14,685)
Net Pension Liability	504,320	(32)	—	(1,851)	502,437	1,218
Other Liabilities	14,160	(10)	3,630	8,899	26,679	(154)
Deferred Inflows of Resources	70,816	506	—	1,246	72,568	2,908
Net Cash Provided by (Used in) Operating Activities	$ (3,380,611)	$ 191,232	$ (1,776,344)	$ 76,545	$ (4,889,178)	$ 16,435
Noncash Investing, Capital, and Financing Activities:						
Gift Reducing Proceeds of Gifts & Grants Recv'd From other than Capital Purposes	$ (18,848)	$ —	$ —	$ —	$ (18,848)	$ —
Gifts other than Capital Assets Reducing Proceeds of Grants and Gifts for Other than Capital Assets	3,770	—	—	—	3,770	—
Donation of Capital Assets	65,465	—	—	—	65,465	39,627
Change in Receivable from Grantor Agency Affecting Proceeds of Capital Debt	5,561	—	—	—	5,561	—
Change in Accrued Interest Payable Affecting Interest Paid	227	—	—	—	227	—
Capital Assets Acquired by Incurring Capital Lease Obligations	76,531	—	—	—	76,531	—
Change in Fair Value of Investments	1,559	—	—	—	1,559	2,289
Special Item - Equipment-Capital Asset Transfer	11,091	—	—	37,942	49,033	—
Gain (Loss) of Debt Refunding	(6,183)	—	—	—	(6,183)	—
Claims and Judgments Reducing Other Noncap Fin Pmts & Proceeds frm Cap Debt	—	—	—	—	—	39,627
Loss on Disposal of Capital Assets Reducing Proceeds from Sale of Capital Assets	(24,627)	—	—	—	(24,627)	—
Other	50,600	—	—	9,947	60,547	—
Total Noncash Investing, Capital and Financing Activities	$ 165,146	$ —	$ —	$ 47,889	$ 213,035	$ 81,543

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020
(dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Custodial Funds: Custodial	Custodial Funds: External Investment Pool
Assets					
Cash and Cash Equivalents	$ 1,755,374	$ —	$ —	$ 90,526	$ 1,660
Pooled Investments with State Treasury	1,624,146	11,054,973	358,376	75,099	—
Restricted Pooled Investments with State Treasury	581	—	—	—	—
Receivables, Net					
Interest and Dividends	216,208	160	—	—	—
Due from Brokers for Securities Sold	23,364	—	—	—	—
Other	336,210	—	32,298	95,341	—
Due from Other Funds	3,464	—	—	782,849	—
Investments, at Fair Value					
Certificates of Deposit	—	—	—	1,252	—
Pooled Investments	15,980,922	—	—	167,581	—
Exchange Traded Funds	21,663	—	—	—	—
Mutual Funds	2,376,272	—	—	7,459	50,215
Government Obligations	17,432,144	—	—	15,895	—
Corporate Bonds/Notes/Debentures	6,322,229	—	—	—	—
Stocks	57,995,160	—	—	—	14,253
Asset-backed Securities	35,439	—	—	—	—
Mortgage Investments	99,532	—	—	8,464	—
Real Estate Investment Trusts	72,433	—	—	—	—
Capital Assets					
Land	8,883	—	—	—	—
Buildings	7,793	—	826	—	—
Software	30,663	—	—	—	—
Machinery and Equipment	5,601	—	94	—	—
Works of Art	114	—	—	—	—
Accumulated Depreciation	(36,629)	—	(754)	—	—
Net OPEB Asset	3,227	—	126	—	—
Other Assets	55	—	10	4	—
Total Assets	104,314,848	11,055,133	390,976	1,244,470	66,128
Deferred Outflows of Resources	9,635	—	314	—	—
Liabilities					
Accounts Payable and Other Accruals	42,349	—	—	8,556	—
Cash Overdraft	—	—	19,851	—	—
Due to Other Funds	520	—	—	—	—
Due to Brokers for Securities Purchased	41,285	—	—	—	—
Due to Local Governments	—	—	—	843,137	—
Salaries/Withholdings Payable	—	—	—	29	—
Benefits Payable	41,959	—	—	—	—
Unearned Revenue	545	—	—	3,653	—
Compensated Absences Payable	85	—	68	—	—
Net OPEB Liability	11,217	—	305	—	—
Net Pension Liability	28,862	—	1,156	—	—
Other Liabilities	—	—	332	470	—
Total Liabilities	166,822	—	21,712	855,845	
Deferred Inflows of Resources	16,121	—	602	—	—
Net Position					
Restricted for:					
Pension Benefits	100,446,306	—	—	—	—
Other Postemployment Benefits	3,695,234	—	—	—	—
Pool Participants	—	11,055,133	—	—	66,128
Individuals, Organizations, and Other Governments	—	—	—	388,625	—
Other Purposes	—	—	368,976	—	—
Total Net Position	$ 104,141,540	$ 11,055,133	$ 368,976	$ 388,625	$ 66,128

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, 2020
(dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Custodial Funds: Custodial	Custodial Funds: External Investment Pool
Additions:					
Contributions/Assessments					
Child Support Recovery Program	$ —	$ —	$ —	$ 898,830	$ —
Collections for Local Governments	—	—	—	7,522,191	—
Detainees' Accounts	—	—	—	153,647	—
Employer	4,026,287	—	—	—	—
Fees	443	—	—	—	—
Insurance Premiums	3,088	—	—	—	—
NonEmployer	112,115	—	—	—	—
Plan Members/Participants	1,017,216	—	78,846	157,159	—
Pool Participant Deposits	—	15,158,806	—	—	7,595
Student Financial Aid	—	—	—	2,331,419	—
Student Support	—	—	—	78,462	—
Miscellaneous	1,000	—	—	82,426	—
Interest and Other Investment Income					
Dividends and Interest	2,185,304	153,778	5,018	9,634	1,331
Net Appreciation (Depreciation) in					
Investments Reported at Fair Value	3,070,103	59	—	4	(821)
Less: Investment Expense	(82,346)	(5,220)	—	(43)	(83)
Transfers from Other Funds	2,786	—	—	—	—
Total Additions	10,335,996	15,307,423	83,864	11,233,729	8,022
Deductions:					
Distributions					
Benefits	7,657,446	—	22,139	150,916	—
Child Support Recovery Program	—	—	—	866,704	—
Detainees' Accounts	—	—	—	146,792	—
Distributions to Local Governments	—	—	—	7,522,191	—
General and Administrative Expenses	46,209	—	1,573	—	—
Pool Participant Withdrawals	2,286	13,549,547	—	—	2,965
Refunds	96,340	—	62	—	—
Student Financial Aid	—	—	—	2,334,095	—
Student Support	—	—	—	85,902	—
Miscellaneous	—	—	—	87,039	—
Transfers to Other Funds	—	—	3	5,327	—
Total Deductions	7,802,281	13,549,547	23,777	11,198,966	2,965
Net Increase (Decrease) in Fiduciary Net Position	2,533,715	1,757,876	60,087	34,763	5,057
Net Position, July 1	101,607,825	9,297,257	308,889	353,862	61,071
Net Position, June 30	$ 104,141,540	$ 11,055,133	$ 368,976	$ 388,625	$ 66,128

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

Statement of Net Position
Component Units
June 30, 2020
(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	$ 7,804	$ 4,944	$ 88,866	$ 41,682
Pooled Investments with State Treasury	1,113,902	55,120	102,428	—
Investments	—	—	110,280	—
Receivables				
Accounts (Net)	3,656	5,295	—	221,582
Capital Leases from Primary Government	—	—	—	—
Interest and Dividends	2,088	—	864	—
Intergovernmental Receivables	2,306	—	—	—
Notes and Loans (Net)	—	—	—	—
Taxes	—	429	—	—
Due from Primary Government	—	—	—	—
Due from Component Units	—	—	—	—
Inventory	—	437	—	—
Other Current Assets	3	101	97,855	7,197
Restricted for:				
Cash and Cash Equivalents	—	—	—	—
Pooled Investments with State Treasury	—	—	149,752	—
Investments	—	—	—	—
Other Receivables (Net)	—	54,789	—	—
Total Current Assets	1,129,759	121,115	550,045	270,461
Noncurrent Assets:				
Investments	—	—	214,341	—
Receivables				
Capital Leases from Primary Government	—	—	—	—
Notes and Loans (Net)	1,483,339	—	607,076	—
Other (Net)	—	—	—	—
Restricted Assets				
Cash and Cash Equivalents	—	16,277	43,103	19,166
Investments	—	—	65,813	197,256
Net OPEB Asset	310	1,466	—	—
Receivables				
Notes and Loans (Net)	—	—	1,329,629	—
Interest and Dividends	—	—	8,733	—
Other (Net)	—	—	—	—
Non-depreciable Capital Assets	—	80,776	800	—
Depreciable Capital Assets (Net)	133	1,397,339	2,656	9,407
Other Noncurrent Assets	—	—	—	—
Total Noncurrent Assets	1,483,782	1,495,858	2,272,151	225,829
Total Assets	2,613,541	1,616,973	2,822,196	496,290
Deferred Outflows of Resources	1,026	17,169	—	46

Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
$ 64,924	$ 17,655	$ 627,148	$ 853,023
306,574	—	192,626	1,770,650
18,685	—	131,458	260,423
54,289	21,229	355,863	661,914
—	7,793	92,559	100,352
—	—	3,914	6,866
—	—	20,606	22,912
—	918	180,205	181,123
—	—	468	897
599	3,331	27,889	31,819
—	—	24,394	24,394
5,977	—	30,802	37,216
2,474	1,646	40,999	150,275
—	11,792	98,085	109,877
—	—	—	149,752
—	—	215,971	215,971
—	36,324	53,395	144,508
453,522	100,688	2,096,382	4,721,972
—	282,125	476,478	972,944
—	95,064	2,115,137	2,210,201
—	—	179,440	2,269,855
—	6,954	128,397	135,351
—	—	219,352	297,898
—	1,501,569	1,707,385	3,472,023
—	—	1,462	3,238
—	—	15	1,329,644
—	—	—	8,733
—	29,347	59,545	88,892
433,034	71,876	289,548	876,034
1,027,745	76,366	1,192,718	3,706,364
4,347	32,812	49,198	86,357
1,465,126	2,096,113	6,418,675	15,457,534
1,918,648	2,196,801	8,515,057	20,179,506
53,264	—	115,909	187,414

(continued)

Statement of Net Position
Component Units
June 30, 2020
(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	5,136	73	8,036	121,205
Due to Primary Government	—	26,405	2,186	146,316
Due to Component Units	—	—	—	—
Funds Held for Others	—	—	—	—
Unearned Revenue	—	3,336	3,014	—
Notes and Loans Payable	—	410	—	—
Revenue/Mortgage Bonds Payable	—	—	42,170	—
Other Current Liabilities	116	5,647	348,748	5,193
Current Liabilities Payable from Restricted Assets:				
Other	—	9,249	—	18,880
Total Current Liabilities	5,252	45,120	404,154	291,594
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	—
Notes and Loans Payable	—	44,716	—	—
Revenue/Mortgage Bonds Payable	—	—	1,561,586	—
Grand Prizes Payable	—	—	—	168,189
Derivative Instrument Payable	—	—	—	—
Net OPEB Liability	942	32,898	—	—
Net Pension Liability	4,123	28,446	—	226
Other Noncurrent Liabilities	348	47,441	608,261	4,094
Total Noncurrent Liabilities	5,413	153,501	2,169,847	172,509
Total Liabilities	10,665	198,621	2,574,001	464,103
Deferred Inflows	2,136	6,046	—	6,294
Net Position				
Net Investment in Capital Assets	133	1,478,115	3,456	9,407
Restricted for:				
Bond Covenants/Debt Service	—	—	—	—
Capital Projects	—	—	—	—
Permanent Trust Expendable				
Other Purposes	—	17,791	—	—
Nonexpendable:				
Permanent Trust	—	—	—	—
Other Purposes	—	—	—	—
Loan and Grant Programs	1,922,788	—	—	—
Unrestricted	678,845	(66,431)	244,739	16,532
Total Net Position	$ 2,601,766	$ 1,429,475	$ 248,195	$ 25,939

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

Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
36,995	5,550	192,697	369,692
642	8,791	463,456	647,796
—	—	24,394	24,394
—	—	57,202	57,202
—	15,844	189,916	212,110
—	19,048	18,636	38,094
—	13,165	172,869	228,204
3,942	2,958	56,991	423,595
—	—	3,868	31,997
41,579	65,356	1,180,029	2,033,084
1,883	—	13,987	15,870
—	69,487	139,144	253,347
—	243,728	2,778,979	4,584,293
—	—	—	168,189
—	—	43,945	43,945
11,297	—	99,095	144,232
61,666	—	148,912	243,373
20,097	30,941	174,451	885,633
94,943	344,156	3,398,513	6,338,882
136,522	409,512	4,578,542	8,371,966
2,605	—	55,668	72,749
1,460,779	(9,748)	707,899	3,650,041
—	—	13,168	13,168
—	20,521	224,213	244,734
—	184,968	604,891	789,859
—	—	400,028	417,819
—	1,393,639	1,029,602	2,423,241
—	—	48,350	48,350
—	—	—	1,922,788
372,006	197,909	968,605	2,412,205
$ 1,832,785	$ 1,787,289	$ 3,996,756	$ 11,922,205

Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2020
(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	$ 40,076	$ 172,684	$ 197,819	$ 4,750,229
Program Revenues:				
Sales and Charges for Services	29,855	45,267	97,156	4,762,754
Operating Grants and Contributions	96,325	8,341	126,301	—
Capital Grants and Contributions	—	4,014	—	—
Total Program Revenues	126,180	57,622	223,457	4,762,754
Net (Expenses) Revenue	86,104	(115,062)	25,638	12,525
General Revenues:				
Taxes	—	4,581	—	—
Unrestricted Investment Income/(Loss)	—	—	—	—
Payments from the Primary Government	—	—	—	—
Contributions to Permanent Endowments	—	—	—	—
Total General Revenues	—	4,581	—	—
Change in Net Position	86,104	(110,481)	25,638	12,525
Net Position, July 1 - Restated (Note 3)	2,515,662	1,539,956	222,557	13,414
Net Position, June 30	$ 2,601,766	$ 1,429,475	$ 248,195	$ 25,939

Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
$ 383,357	$ 110,387	$ 3,453,511	$ 9,108,063
481,728	32,520	1,574,946	7,024,226
32,473	62,003	1,763,176	2,088,619
5,774	—	52,527	62,315
519,975	94,523	3,390,649	9,175,160
136,618	(15,864)	(62,862)	67,097
—	—	5,486	10,067
—	6,260	31,758	38,018
—	—	80,975	80,975
—	31,382	49,560	80,942
—	37,642	167,779	210,002
136,618	21,778	104,917	277,099
1,696,167	1,765,511	3,891,839	11,645,106
$ 1,832,785	$ 1,787,289	$ 3,996,756	$ 11,922,205


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.

During the 2019 session, the Georgia General Assembly passed and the Governor signed new legislation which dissolved the Georgia International and Maritime Trade Center Authority and created the Savannah-Georgia Convention Center Authority, a state Authority, effective July 1, 2019. The management of the business and affairs of the Authority is vested in a Board of Directors. The new Board of Directors consists of 11 members: six members appointed by the Governor; three members appointed by the members of the Georgia General Assembly representing Chatham County; the President of the Savannah Area Convention and Visitors' Bureau; and the President of the Savannah Economic Development Authority. The Authority is considered a component unit of the State for financial reporting purposes because of the significance of its legal, operational and financial relationships

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

with the State. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

Blended Component Units

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.

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)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

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)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

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 seven members; four are appointed by the Governor and three are State Agency heads. (AUD)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 **Savannah Georgia Convention Center Authority** a state Authority, effective July 1, 2019, formally 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 11 members: six members appointed by the Governor; three members appointed by the members of the Georgia General Assembly representing Chatham County; the President of the Savannah Area Convention and Visitors' Bureau; and the President of the Savannah Economic Development Authority. (AUD)

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 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. (NSR)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (ERS) 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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". 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Funds – formally agency funds. Custodial funds reports fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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 four pools: Georgia Fund 1 (“GF1”), Georgia Fund 1 Plus (“GF1 Plus”), Georgia Extended Asset Pool (“GEAP”) 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 GEAP and GEAP Plus TMPs. For financial reporting purposes, investments of the pool are reported at fair value at fiscal year end.

Georgia Extended Asset Pool – (GEAP) was established on July 1, 2019 as an investment for the OPEB Trust Funds and initially funded with the July maturity of GEAP plus. It was comprised of a series of individual Target Maturity Portfolios (TMP). Funds from each 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2020, the State implemented the following GASB Statements:

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, the primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In compliance with GASB Statement No. 95, the two standards listed below were early implemented in fiscal year 2020.

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund

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

financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Adoption of this standard caused an increase to net position of $14.3 million and $418.7 million to Governmental Activities and Fiduciary funds, respectively in fiscal year 2020.

GASB Statement No. 90, *Majority Equity Interests*, improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. Adoption of this Statement did not have a significant impact on the financial statements.

B. Change in Accounting Principles

Primary Government

Management has changed the method for estimating balances for the State Road and Tollway Authority's financial position and activities. This change resulted in a decrease to net position of $14.5 million.

C. Correction of Prior Year Errors

Primary Government

Department of Revenue (DOR) recognized net receivables in the general fund in prior years of $551.6 million which were due to local governments. Of this amount $522.6 million results in overstated revenues in the general fund, and $29.0 million of overstated revenues in Governmental Activities in prior years.

DOR periodically performs audits of sales tax distributions to local governments. The results of these audits are typically not material. However, during fiscal year 2020, DOR identified $241.1 million of sales tax owed to local governments related to prior years.

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

During the fiscal year, it was determined that capital assets were overstated at the Department of Human Services by $51.1 million in fiscal year 2019, resulting in an overstatement of net position in the governmental activities. An adjustment was made in fiscal year 2020 to decrease net position to reflect correction to the prior year amounts.

An adjustment was made to Higher Education Fund, an Enterprise Fund, for misstated balances reported at June 30, 2019. Beginning net position has been decreased by $0.9 million to reflect correction of prior year amounts.

Component Units

During the fiscal year, adjustments were made to Component Units for misstated capital asset balances reported between asset classes at June 30, 2019. The adjustments between classes had no effect on beginning net position.

NOTE 3 - FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

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

	6/30/2019 As Previously Reported	Change in Accounting Principles	Correction of Prior Year Errors	6/30/2019 (Restated)
Governmental Funds and Activities				
Major Funds:				
General Fund	$ 8,824,118	$ 14,273	$ (763,641)	$ 8,074,750
General Obligation Bond Projects Fund	1,483,312	—	—	1,483,312
Nonmajor Funds:				
Special Revenue Funds	458,816	(28,551)	—	430,265
Debt Service Fund	64,016	(63,746)	—	270
Total Governmental Funds	10,830,262	(78,024)	(763,641)	9,988,597
Government-wide Adjustments				
Capital Assets, net of depreciation	23,327,093	9,235	(51,140)	23,285,188
Other Noncurrent Assets and Liabilities	(695,951)	144,093	—	(551,858)
Deferred Inflows/Outflows of Resources	1,339,931	(3,871)	(29,020)	1,307,040
Long-Term Liabilities Related to Debt	(11,100,870)	(131,583)	—	(11,232,453)
OPEB Assets/Liabilities	(2,296,049)	(213)	—	(2,296,262)
Pension Assets/Liabilities	(3,018,736)	692	—	(3,018,044)
Inclusion of Internal Service Funds in Governmental Activities	590,564	—	—	590,564
Total Governmental Funds and Activities	**$ 18,976,244**	**$ (59,671)**	**$ (843,801)**	**$ 18,072,772**
Proprietary Funds and Business-type Activities				
Major Funds:				
Higher Education Fund	$ 2,414,925	$ —	$ (861)	$ 2,414,064
State Health Benefit Plan	622,372	—	—	622,372
Unemployment Compensation Fund	2,535,856	—	—	2,535,856
Nonmajor Funds:				
Enterprise Funds	174,508	59,487	—	233,995
Internal Service Funds	420,256	—	—	420,256
Internal Service Funds Look-Back Adjustments				
Removal of Internal Service Funds Relating to Governmental Activities	(590,564)	—	—	(590,564)
Total Proprietary Funds and Business-type Activities	**$ 5,577,353**	**$ 59,487**	**$ (861)**	**$ 5,635,979**
Fiduciary Funds				
Pension and Other Employee Benefit Trust Funds	$ 101,607,825	$ —	$ —	$ 101,607,825
Investment Trust Funds	9,297,257	—	—	9,297,257
Private Purpose Trust Funds	305,075	3,814	—	308,889
Custodial Funds				
Custodial	—	61,071	—	61,071
External Investment Pool	—	353,862	—	353,862
Total Fiduciary Funds	**$ 111,210,157**	**$ 418,747**	**$ —**	**$ 111,628,904**
Discretely Presented Component Units	**$ 11,645,106**	**$ —**	**$ —**	**$ 11,645,106**
Total Reporting Entity	**$ 147,408,860**	**$ 418,563**	**$ (844,662)**	**$ 146,982,761**

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, 2020 are as follows (amount in thousands):

	General Fund	General Obligation Bond Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable Fund Balance				
Inventories and Prepaid Amounts	$ 39,561	$ —	$ 16,770	$ 56,331
Restricted Fund Balance				
Capital Projects	$ —	$ 1,189,608	$ —	$ 1,189,608
Guaranteed Revenue Debt				
Common Reserve Fund	53,774	—	—	53,774
Emission Regulation	6,186	—	—	6,186
Healthcare Facility Regulation	24,398	—	—	24,398
Health Care Access and Improvement	19,899	—	—	19,899
Indigent Care Trust Fund	4,515	—	—	4,515
LOGO Program	17,574	—	—	17,574
Lottery For Education	1,423,113	—	—	1,423,113
Roads and Bridges (Motor Fuel Tax Funds)	3,439,325	—	94,017	3,533,342
Disaster Grants - Public Assistance	25770	—	—	25,770
Roadside Enhancement and Beautification Fund	4348	—	—	4,348
Unclaimed Property	31,169	—	—	31,169
Underground Storage Tank Trust Fund	87,017	—	—	87,017
Unissued Debt/Debt Service	67,699	—	64,016	131,715
Utility Location, Planning and Coordination of Transportation Projects	28,083	—	—	28,083
Food Stamp Recoveries	15,859	—	—	15,859
Brain & Spinal Injury Trust Fund	2,943	—	—	2,943
Help America Vote Act	20,758	—	—	20,758
Victims of Violent Crime Emergency Fund	26,848	—	—	26,848
Health and Welfare				
Behavioral Health	2,583	—	—	2,583
Community Health	7,664	—	—	7,664
Human Services	20,816	—	—	20,816
Public Health	6,377	—	—	6,377
Transportation	2,081	—	354,181	356,262
Public Safety	13,676	—	—	13,676
Economic Development and Assistance	9,113	—	—	9,113
Culture and Recreation	51,489	—	—	51,489
Other	27,755	80,038	—	107,793
Total Restricted Fund Balance	**$ 5,440,832**	**$ 1,269,646**	**$ 512,214**	**$ 7,222,692**
Committed Fund Balance				
Armory Facility Maintenance	$ 1,402	$ —	$ —	$ 1,402
Billeting Funding	1,382	—	—	1,382
Rebate and Commissions	13,695	—	—	13,695
Other	893	—	—	893
Total Committed Fund Balance	**$ 17,372**	**$ —**	**$ —**	**$ 17,372**

(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	$ 146,095	$ 11,559	$ 2,029	$ 159,683
Education	14,664	—	—	14,664
Health and Welfare	172,505	—	—	172,505
Transportation	67,039	—	41,361	108,400
Public Safety	58,011	—	—	58,011
Economic Development and Assistance	9,483	—	—	9,483
Culture and Recreation	24,243	—	—	24,243
Conservation	2,546	—	—	2,546
Total Assigned Fund Balance	$ 494,586	$ 11,559	$ 43,390	$ 549,535

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 $8.2 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 $7.6 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, 2020, outstanding general obligation bonds applicable to these projects was $5.6 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 $3.3 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, 2020, the liability resulted in a $3.3 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, 2020, the liability resulted in a $2.1 billion impact to unrestricted net position.

The business-type activities of the State ended the year with an unrestricted net position deficit of $6.3 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, 2020, the liability resulted in a $2.9 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, 2020, the liability resulted in a $4.9 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, 2020 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	$ 3,092,847	$ 853,023	$ 3,945,870
Pooled Investments with State Treasury	12,870,231	1,770,650	14,640,881
Investments	1,547,720	1,233,367	2,781,087
Restricted Assets			
Cash and Cash Equivalents	1,050,817	407,775	1,458,592
Pooled Investments with State Treasury	485,705	149,752	635,457
Investments	298,567	3,687,994	3,986,561
Fiduciary Funds			
Cash and Cash Equivalents	1,827,709	—	1,827,709
Pooled Investments with State Treasury	13,112,594	—	13,112,594
Investments	100,600,913	—	100,600,913
Pooled Investments with State Treasury	581	—	581
Total Cash and Investments	**$ 134,887,684**	**$ 8,102,561**	**$ 142,990,245**

Cash on hand, deposits and investments as of June 30, 2020 consist of the following (amount in thousands):

	Primary Government and Fiduciary Funds	Component Units	Total
Cash on Hand	$ 1,792	$ 69	$ 1,861
Deposits with Financial Institutions (Note 5A)	3,563,832	1,085,897	4,649,729
Investments (Note 5B)	104,195,513	4,976,105	109,171,618
Pooled Investments with State Treasury (Note 5D)	26,469,112	1,920,401	28,389,513
Unemployment Compensation Funds with U.S. Treasury	777,524	—	777,524
Assets Held at the Board of Regents on Behalf of Other Organizations	(120,089)	120,089	—
Total Cash and Investments	**$ 134,887,684**	**$ 8,102,561**	**$ 142,990,245**

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 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.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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, 2020, bank balances of the primary government and its component units' deposits not included in the SDP totaled $3.3 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, $363.2 million were exposed to custodial credit risk as follows (amount in thousands):

	Primary Government and Fiduciary Funds	Component Units	Total
Uninsured and uncollateralized	$ 21,714	$ 187,662	$ 209,376
Uninsured and collateralized with securities held by the pledging financial institutions	2,220	17,319	19,539
Uninsured and collateralized with securities held by the pledging institutions' trust departments or agents, but not in the State's name	62,280	72,018	134,298
Total deposits exposed to custodial credit risk	**$ 86,214**	**$ 276,999**	**$ 363,213**

The carrying amounts of deposits of certain higher education foundations which utilize FASB standards were $414.6 million. These deposits are not included in the balances reflected above. Total SDP balance for the primary government and its component units' is $1.1 billion.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

B. Investments

<u>Investment Policies</u>

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 § 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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

custody and collateral requirements shall be reported by the Treasurer 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, 2020, 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, 2020 was $685.8 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, 2020 was $18.7 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, 2020 was $175.3 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, 2020 was $15.5 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, 2020 was $216.8 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, 2020 was $72.6 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, 2020, are as follows (amount in thousands):

	Fair Value
Bond Securities	$ 168,327
Certificates of Deposit	1,000
Corporate Bonds	23,751
Equity Securities- Domestic	360,835
Equity Securities- International	395,997
Equity Mutual Funds - Domestic	196,556
Equity Mutual Funds - International	348,707
Government and Agency Securities	3,593
General Obligations Bonds	18,429
Money Market Accounts	133,157
Mutual Bond Funds	100,433
Real Estate Investment Trusts	78,384
Real Estate Held for Investment Purposes	69,803
Repurchase Agreements	1,179
U.S. Treasuries	83,574
Other	1,862,086
Total Investments	**$ 3,845,811**

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

<u>Interest Rate Risk</u>

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.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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):

		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	$ 418	$ —	$ —	$ 418	$ —	$ —
Bank Deposits Held for Investment Purposes	299,279	299,279	—	—	—	—
Bond Securities	20	—	—	—	—	20
Corporate Debt						
Domestic	194,831	33,390	77,653	83,459	329	—
Money Market Mutual Funds	745,068	744,456	—	612	—	—
Mortgage-Backed Securities						
Commercial	10,064	4,466	3,998	—	—	1,600
Municipal Bonds	1,102	10	201	218	637	36
Mutual Funds - Debt*	93,308	2,775	—	17,106	36,759	36,668
Repurchase Agreements	249,852	249,852	—	—	—	—
U.S. Agency Obligations	922,959	37,279	142,234	668,734	20,716	53,996
U.S. Treasury Obligations	447,924	202,850	194,597	48,641	1,836	—
Total Debt Securities	**2,964,825**	**$ 1,574,357**	**$ 418,683**	**$ 819,188**	**$ 60,277**	**$ 92,320**
Equity Mutual Funds						
Domestic	152,320					
International	704					
Equity Securities						
Domestic	139,462					
International	356					
Real Estate Held for Investments	6,353					
Real Estate Investment Trust	300					
Other	174					
Total Investments	**$ 3,264,494**					

*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 gauge 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	$ 6,407,543	4
International Obligations:		
Corporate	1,060,595	5.3
U.S. Treasury Obligations	20,709,463	6.7
Total Debt Securities	28,177,601	
Common Stock		
Domestic	52,061,301	
International	15,415,173	
Mutual Funds - Equity	7,498	
Private Equity	365,458	
Commingled Funds	1,885,848	
Total Investments	**$ 97,912,879**	

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	$ 46,496	$ —	$ —	$ 22,302	$ 5,533	$ 18,661
Corporate Debt						
Domestic	220,832	2,027	18,174	69,176	66,448	65,007
International	7,606	—	215	4,093	2,221	1,077
Exchange Traded Funds	23,895	—	—	16,164	5,499	2,232
Guaranteed Investment Contracts	131	—	—	—	—	131
International Government Obligations	458	—	—	96	362	—
Money Market Mutual Funds	108,721	108,721	—	—	—	—
Mortgage-backed Securities	124,432	—	—	519	1,935	121,978
Municipal Bonds	6,657	—	76	786	2,922	2,873
Mutual Funds - Debt*	148,412	23,724	—	16,379	56,711	51,598
U.S. Agency Obligations	90,882	402	1,619	4,392	2,043	82,426
U.S. Treasury Obligations	64,920	3,130	5,448	27,562	10,918	17,862
Total Debt Securities	**843,442**	**$ 138,004**	**$ 25,532**	**$ 161,469**	**$ 154,592**	**$ 363,845**
Commingled Funds	108,899					
Equity Mutual Funds						
Domestic	190,035					
Equity Securities						
Domestic	1,615,890					
International	138,952					
Short-term Investment Funds	65,543					
Private Equity	55,072					
Real Estate Investment Trust	—					
Pending Purchases	216					
Other	91					
Total Investments	**$ 3,018,140**					

*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	$ 595	$ —	$ —	$ 595	$ —	$ —
Corporate Debt						
Domestic	127,484	4,845	9,468	83,206	18,703	11,262
Certificates of Deposits	6,838	982	250	5,606	—	—
Insurance Contracts	18,685	—	—	—	—	18,685
International Government						
Obligations	5,943	—	628	3,242	2,009	64
Investment Agreements	11,829	—	—	2,660	3,357	5,812
Money Market Mutual Funds	71,324	71,324	—	—	—	—
Mortgage-Backed Securities	96,761	—	—	2,722	3,768	90,271
Municipal Bonds	11,990	3,765	—	7,703	403	119
Mutual Funds - Debt*	29,782	—	—	17,576	—	12,206
Non-purpose investments	97,242	—	97,242	—	—	—
Repurchase Agreements	59,129	53,364	—	—	—	5,765
Strategic Income Opportunities Funds	25,535	—	—	25,535	—	—
U.S. Agency Obligations	225,459	—	1,435	57,373	159,012	7,639
U.S. Treasury Obligations	243,664	11,156	17,881	128,392	54,946	31,289
Total Debt Securities	**1,032,260**	**$ 145,436**	**$ 126,904**	**$ 334,610**	**$ 242,198**	**$ 183,112**
Equity Mutual Funds						
Domestic	38,494					
International	12,542					
Equity Securities						
Domestic	25,509					
International	10,179					
Exchange Traded Funds	7,142					
Other Investments	4,165					
Total Investments	**$ 1,130,291**					

* 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 OCGA § 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	B	Not Rated
Asset-Backed Securities							
Domestic	$ 418	$ 418	$ —	$ —	$ —	$ —	$ —
Bond Securities	20	—	—	—	20	—	—
Corporate Debt							
Domestic	194,831	2,369	2,142	190,004	304	—	12
Money Market Mutual Funds	745,069	16,616	263,347	—	—	—	465,106
Mortgage-Backed Securities							
Commercial	10,064	10,064	—	—	—	—	—
Municipal Bonds	1,103	246	630	211	—	—	16
Mutual Funds - Debt	93,308	418	33	—	33	17	92,807
Repurchase Agreements	249,849	—	—	—	—	—	249,849
U.S. Agency Obligations	736,512	302,760	433,752	—	—	—	—
Total Credit Risk-Investments	**2,031,174**	**$ 332,891**	**$ 699,904**	**$ 190,215**	**$ 357**	**$ 17**	**$807,790**
Bank Deposit Held for							
Investment Purposes	299,279						
U.S. Agency Obligations							
Explicitly Guaranteed	186,448						
U.S. Treasury Obligations	447,924						
Total Debt Securities	**$ 2,964,825**						

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	D	Not Rated
Asset-backed Securities											
Domestic	$ 46,498	$ 28,330	$ 6,213	$ 2,639	$ 2,706	$ 97	$ 421	$ 1,249	$ 248	$ 464	$ 4,131
Corporate Debt											
Domestic	6,628,373	933,485	2,340,419	2,672,649	666,723	7,178	—	—	—	—	7,919
International	1,068,200	—	848,681	213,368	5,099	982	—	—	—	—	70
Exchange Traded Funds	23,896	—	—	—	—	—	—	—	—	—	23,896
Guaranteed Investment Contracts	131	—	—	—	—	—	—	—	—	—	131
International Government Obligations	458	—	—	362	96	—	—	—	—	—	—
Money Market Mutual Funds	108,721	13,090	—	—	—	—	—	—	—	—	95,631
Mortgage-backed Securities	124,431	51,030	16,712	8,652	8,602	632	629	207	179	66	37,722
Municipal Bonds	6,658	—	2,017	3,089	1,552	—	—	—	—	—	—
Mutual Funds - Debt	148,411	—	—	—	—	—	—	—	—	—	148,411
U.S. Agency Obligations	86,423	3,373	496	—	—	—	—	—	—	—	82,554
Total Credit Risk - Investments	**8,242,200**	**$1,029,308**	**$3,214,538**	**$2,900,759**	**$ 684,778**	**$8,889**	**$1,050**	**$ 1,456**	**$ 427**	**$ 530**	**$400,465**
U.S. Agency Obligations Explicitly Guaranteed	4,459										
U.S. Treasury Obligations	20,774,384										
	$ 29,021,043										

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	Not Rated
Asset-Backed Securities								
Domestic	$ 595	$ 403	$ —	$ —	$ —	$ —	$ —	$ 192
Corporate Debt								
Domestic	127,483	31,786	30,850	37,094	27,683	46	24	—
International	6,839	—	999	1,261	767	250	—	3,562
Insurance Contracts	18,685	—	—	—	—	—	—	18,685
International Government								
Obligations	5,943	29	36	2,703	3,170	5	—	—
Investment Agreements	11,829	5,268	—	6,561	—	—	—	—
Money Market Mutual Funds	71,324	61,881	—	—	—	—	—	9,443
Mortgage-Backed Securities	96,760	8,535	87,373	334	43	—	—	475
Municipal Bonds	11,990	4,383	4,719	2,888	—	—	—	—
Mutual Funds - Debt	29,782	—	—	—	—	—	—	29,782
Non-purpose investments	97,242	—	—	—	—	—	—	97,242
Strategic Income								
Opportunities Funds	25,535	—	—	—	—	—	—	25,535
Repurchase Agreements	59,129	5,765	—	—	—	—	—	53,364
U.S. Agency Obligations	223,328	171,027	52,301	—	—	—	—	—
Total Credit Risk - Investments	**786,464**	**$ 289,077**	**$ 176,278**	**$ 50,841**	**$ 31,663**	**$ 301**	**$ 24**	**$ 238,280**
U.S. Treasury Obligations	243,665							
U.S. Agency Obligations								
Explicitly Guaranteed	2,131							
Total Debt Securities	**$ 1,032,260**							

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.

   At June 30, 2020, $6.2 million was uninsured and held by the investment's counterparty's trust department or agent, but not in the USG's name.

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, 2020, $20.7 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.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

At June 30, 2020, approximately 10.47%, 9.30%, 8.99%, 6.03% and 5.24% of business-type activity and fiduciary fund investments were investments in U.S. Treasuries, Government National Mortgage Assn. notes and pools, Federal National Mortgage Assoc. notes and pools, Federal Home Loan Corp Pool, and the Vanguard Institutional Index Fund, respectively.

Approximately 27.24%, 12.03%, 11.72, 7.61%, 7.51%, 7.39% and 5.17% of Deferred Compensation Fiduciary Fund investments were invested in Fidelity Contrafund Fund, Fidelity U.S. Bond Index Fund, Fidelity Strategic Income Fund, Vanguard Institutional Target Retirement 2025 Fund, Fidelity Institutional Money Market Government Institutional Portfolio, Fidelity Low Priced Stock Fund, and Vanguard Total Bond Market Index Fund Institutional Shares.

Approximately 16.85%, 16.55%, and 5.13% of Investment Pool Custodial Fund investments were invested in iShares Russell 3000 ETF, Vanguard Institutional Index Fund, and Ishares Core Total U.S. Aggregate Bond ETF, respectively.

At June 30, 2020, approximately 24.84% of the primary government's total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. Government. Approximately 25.08%, and 6.57% of the primary government's total investments were invested in Money Market Mutual Funds and Corporate Debt, respectively.

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, 2020, 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, 2020, 19.80% of the component units' total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. Government. At June 30, 2020, no more than 5% of the component units total investments were investments in any single issuer other than the U.S. Government or its agencies.

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.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

- 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.

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
Asset-backed Securities	$ 418	$ —	$ 418	$ —
Bond Securities	20	20	—	—
Corporate Debt	194,831	12	194,819	—
Equity Mutual Fund				
Domestic	152,320	152,320	—	—
International	704	704	—	—
Equity Securities				
Domestic	139,462	139,462	—	—
International	356	119	237	
Money Market Mutual Funds	745,068	745,068	—	—
Municipal Bonds	1,102	1,102	—	—
Mutual Funds - Debt	93,308	93,308	—	—
Mortgage Backed Securities	10,064	8,464	1,600	—
Real Estate Investment Trusts	300	300	—	—
Real Estate Held for Investment Purposes	6,353	—	—	6,353
U.S. Agencies	922,959	435,031	487,928	—
U.S. Treasuries	447,924	447,924	—	—
Other	174	174	—	—
	2,715,363	**$ 2,024,008**	**$ 685,002**	**$ 6,353**
Reconciling Items:				
Bank Deposits Held for Investment Purposes	299,279			
Repurchase Agreements	249,852			
	$ 3,264,494			

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	$ 46,496	$ —	$ 46,496	$ —	$ —
Commingled Funds	1,994,746	70,297	1,924,449	—	—
Corporate Debt					
Domestic	6,628,376	—	6,628,376	—	—
International	1,068,201	—	1,068,201	—	—
Equity Securities					
Domestic	53,677,191	53,677,191	—	—	—
International	15,554,123	15,431,419	122,704	—	—
Exchange Traded Funds	23,896	23,896	—	—	—
Guaranteed Investment Contracts	131	—	—	131	—
International Government Obligations	458	—	458	—	—
Money Market Mutual Funds	108,721	19,738	88,983	—	—
Mortgage Backed Securities	124,432	21,139	103,293	—	—
Municipal bonds	6,658	—	6,658	—	—
Mutual Funds-Debt	148,411	148,411	—	—	—
Mutual Fund Equities					
Domestic	197,533	195,967	1,566	—	—
International	—	—	—	—	—
Private Equities	431,001	—	—	—	431,001
Real Estate Investment Trust	55,072	54,472	600	—	—
U.S. Agencies Obligations	90,882	574	90,308	—	—
U.S. Treasuries Obligations	20,774,384	20,711,812	62,572	—	—
Other	91	91	—	—	—
	100,930,803	**$ 90,355,007**	**$ 10,144,664**	**$ 131**	**$ 431,001**
Reconciling Items:					
Pending Purchases	216				
Total Investments	**$ 100,931,019**				

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	$ 595	$ —	$ 595	$ —	$ —
Bond Securities	168,327	145,367	21,924	—	1,036
Certificate of Deposits	7,839	7,839	—	—	—
Corporate Debt	151,235	68,172	83,063	—	—
Equity Mutual Funds- Domestic	235,051	234,489	562	—	—
Equity Mutual Funds- International	361,250	314,226	7,582	—	39,442
Equity Securities- Domestic	386,344	385,980	—	—	364
Equity Securities- International	406,176	389,921	—	—	16,255
Exchange Traded Funds	7,142	7,142	—	—	—
General Obligations Bonds	18,429	18,429	—	—	—
Insurance Contracts	18,685	—	—	—	18,685
International Government Obligations	5,943	5,943	—	—	—
Investment Agreements	11,830	—	—	11,830	—
Money Market Mutual Funds	204,481	188,242	127	—	16,112
Municipal Obligations	11,991	—	11,991	—	—
Mutual Bond Funds	130,215	75,238	41,288	13,689	—
Mortgage Backed Securities	96,760	96,760	—	—	—
Non Purpose Investments	97,242	—	97,242	—	—
Real Estate Held for Investment Purposes	69,803	—	—	69,803	—
Real Estate Investment Trusts	78,384	34,565	—	—	43,819
Strategic Income Opportunity fund	25,535	25,535	—	—	—
US Agencies	229,052	212,598	16,454	—	—
US Treasuries	327,240	97,602	229,638	—	—
Other	1,866,245	(895)	13,244	16,940	1,836,956
	4,915,794	**$ 2,307,153**	**$ 523,710**	**$ 112,262**	**$ 1,972,669**
Repurchase Agreements	60,308				
	$ 4,976,102				

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, 2020, the State's exposure to foreign currency risk in U.S. Dollars are highlighted in the tables below (amount in thousands):

(Table on next page)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

International Investment Securities at Fair Value as of June 30, 2020

	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	$ —	$ 40,080	$ —	$ 40,080	$ —	$ 196,847	$ —	$ 196,847
Brazilian Real	—	20,461	—	20,461	—	101,345	—	101,345
British Pound	—	78,488	—	78,488	—	381,413	—	381,413
Canadian Dollar	—	32,609	—	32,609	—	163,762	—	163,762
Chilean Peso	—	1,892	—	1,892	—	9,468	—	9,468
Columbian Peso	—	698	—	698	—	3,490	—	3,490
Czech Krone	—	1,133	—	1,133	—	5,672	—	5,672
Danish Krone	—	18,708	—	18,708	—	89,223	—	89,223
Euro	—	302,113	—	302,113	—	1,466,280	—	1,466,280
Hong Kong Dollar	—	107,113	—	107,113	—	518,930	—	518,930
Indian Rupee	—	51,555	—	51,555	—	251,325	—	251,325
Indonesian Rupiah	—	4,184	—	4,184	—	20,937	—	20,937
Israeli Sheke	—	1,847	—	1,847	—	9,260	—	9,260
Japanese Yen	—	219,848	—	219,848	—	1,068,583	—	1,068,583
Malaysian Ringgit	—	9,178	—	9,178	—	46,013	—	46,013
Mexican Peso	—	9,218	—	9,218	—	44,038	—	44,038
New Taiwan Dollar	—	35,284	—	35,284	—	177,165	—	177,165
New Zealand Dollar	—	2112	—	2,112	—	10,564	—	10,564
Norwegian Krone	—	1,989	—	1,989	—	10,049	—	10,049
Philippine Peso	—	3,662	—	3,662	—	18,313	—	18,313
Polish Zloty	—	3,387	—	3,387	—	16,951	—	16,951
Qatari Riyal	—	2,644	—	2,644	—	13,235	—	13,235
Singapore Dollar	—	16,481	—	16,481	—	77,626	—	77,626
South African Rand	—	22,607	—	22,607	—	111,643	—	111,643
South Korean Won	—	67,365	—	67,365	—	332,033	—	332,033
Swedish Krona	—	39,606	—	39,606	—	189,100	—	189,100
Swiss Franc	—	27,143	—	27,143	—	133,514	—	133,514
Thailand Baht	—	20,763	—	20,763	—	101,899	—	101,899
UAE Dirham	—	3,976	—	3,976	—	19,899	—	19,899
Total Holdings subject to Foreign Currency Risk	—	1,146,144 -	—	1,146,144	—	5,588,577	—	5,588,577
Investment Securities payable in U.S. Dollars	—	1,488,052	212,119	1,700,171	—	7,190,479	848,476	8,038,955
Total International Investment Securities - at Fair Value	**$ —**	**$ 2,634,196**	**$ 212,119**	**$ 2,846,315**	**$ —**	**$ 12,779,056**	**$ 848,476**	**$ 13,627,532**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Other Pension and Employee Benefit Trust Funds

Currency	Cash & Cash Equivalents	Equities	Fixed Income	Total
Australian Dollar	$ —	$ 1,379	$ —	$ 1,379
British Pound	46	10,240	—	10,286
Canadian Dollar	—	1,086	—	1,086
Euro	41	3,649	—	3,690
Japanese Yen	—	175	—	175
Norwegian Krone	—	984	—	984
Swedish Krona	—	1,291	—	1,291
Swiss Franc	—	146		146
Total Holdings subject to Foreign Currency Risk	87	18,950	—	19,037
Investment Securities payable in U.S. Dollars	—	16,318	1,403	17,721
Total International Investment Securities - at Fair Value	$ 87	$ 35,268	$ 1,403	$ 36,758

D. Pooled Investments with State Treasury

As of the end of the year, the state operates four local government investment pools managed by OST and is comprised of Georgia Fund 1, Georgia Fund 1 Plus, Georgia Extended Asset Pool (GEAP) and Georgia Extended Asset Pool Plus (GEAP Plus). GEAP Plus was established on July 1, 2018 and GEAP was established on July 1, 2019 as investments for the OPEB Trust Fund. GEAP was initially funded with with approximately $163.0 million of OPEB Trust Funds. Both GEAP Plus and GEAP are 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, GEAP Plus and GEAP 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 $18.8 billion at June 30, 2020, and the collateral value was equal to 105.0%. 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, 2020, the Department held surety bonds in the amount of $59.5 million, and cash bonds in the amount of $15.9 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, rehabilitation, 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, 2020, securities valued at $185.4 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 $664.0 million for construction performance to ensure proper completion and complete performance of construction contracts, and $730.4 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.

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Department of Corrections holds surety bonds in the amount of $37.4 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 custodial funds. At June 30, 2020, the Department held surety bonds in the amount of $81.4 million, and cash bonds in the amount of $3.0 million. These bonds are not recorded on the Statement of Net Position.

Department of Defense Surety Bonds are required of all freight carriers in order to transport military freight. They are mandated by a wing of the military called the Surface Deployment and Distribution Command (SDDC). The bond amount is based on the size of the company and how many states they serve. Department of Defense holds surety bonds in the amount of $14.5 million for freight carriers transporting military freight.

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 2020 and 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		Fair Value at 06/30/20		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - GASB					
Cash flow hedges:					
AU Health System Inc.					
2014A&B - Interest Rate Swap	Investment Revenue	$ (8,096)	Debt	$ (28,181)	$ 102,120
University of Georgia Athletic Association, Inc.					
2005B - Interest Rate Swap	Deferred outflow of resources	(1,328)	Debt	(5,065)	19,775
				$ (33,246)	

	Change in Fair Value		Fair Value at 06/30/19		
	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)	

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, 2020 and 2019, was $102.1 and $106.3 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,

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

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 London Interbank Offered Rate (LIBOR).

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, 2020 and 2019, the fair value of the swap represented a liability to the Health System in the amount of $28.2 and $20.1 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, 2020 and 2019, the Health System had $28.2 and $20.2 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, 2020 and 2019, 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, 2020 and 2019, 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 over the counter 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

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

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.

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, 2020, the fair value of the interest rate swap agreements was $5.1 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 rates vary, variable rate bond interest payments and net swap payments will vary. As of June 30, 2020, 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 (amount in thousands):

	Variable Rate Bonds		Interest Rate	
	Principal	Interest	Swaps, Net	Total
Years ending:				
2021	$ 945	$ 655	$ 21	$ 1,621
2022	980	621	20	1,621
2023	1,010	586	19	1,615
2024	1,045	550	17	1,612
2025	1,080	512	16	1,608
2026-2030	6,005	1,948	62	8,015
2031-2036	8,710	788	25	9,523
Total	**$ 19,775**	**$ 5,660**	**$ 180**	**$ 25,615**

Credit Risk - As of June 30, 2020, 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 loss equivalent to $0.2 million less the cumulative fair value of $5.1 million.

As of June 30, 2020 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 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

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

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.

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 Interest Rate Swaps

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2020 and 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 06/30/20		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - FASB					
Cash flow hedges:					
Georgia College & State University Foundation, Inc.	Investment Revenue	$ 58	Debt	$ (1,161)	$ 20,600
	Investment Revenue	(283)	Debt	(5,554)	69,820
University of Georgia Foundation	Investment Revenue	(534)	Debt	(2,052)	4,063
	Investment Revenue	(1,124)	Debt	(1,932)	10,545
				$ (10,699)	

	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
				$ (8,816)	

VSU Auxiliary Services Real Estate Foundation no longer has derivative.

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

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 agreement 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. As of June 30, 2020 and 2019, the refinanced swap savings owed to the University were $1.6 and $1.8 million, respectively.

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, 2020 and 2019, the total notional amount of the swap was $4.1 and $4.2 million, respectively. As of June 30, 2020 and 2019, the fair value of this interest rate swap was a liability of $2.0 and $1.5 million, respectively. The Foundation recorded a related unrealized loss of $0.5 million and $0.3 million for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the total notional amount of the swap was $10.5 and $10.9 million, respectively. As of June 30, 2020 and 2019, the fair value of this interest rate swap was a liability of $1.9 and $0.8 million, respectively. The Foundation recorded a related unrealized loss of $1.1 and $0.7 million for the years ended June 30, 2020 and 2019, respectively.

Component Unit - FASB Organizations Derivative Investments

	Change in Fair Value		Fair Value at 06/30/20		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Component unit activities - FASB					
Georgia Tech Foundation, Inc.	Investment Revenue	$ (753)	Debt	$ (141)	$ 101,098
	Investment Revenue	(4,357)	Debt	(3,544)	89,818
				$ (3,685)	

Amounts in the table are in thousands.

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

Georgia Tech Foundation, Inc.

The Foundation directly invests in derivatives associated with market risk. The purpose of these investment derivatives is to gain additional exposure to U.S. and foreign fixed income and equity markets.

Futures and forward contracts obligate the buyer to purchase an asset (and the seller to sell an asset), such as a physical commodity or financial instrument, at a predetermined price.

During 2020, the Foundation recognized net realized/unrealized gains on direct positions in Equity Index Futures derivatives and U.S. Treasury Futures derivatives of $5.8 million and $24.2 million, respectively. As of June 30, 2020, the Foundation held direct positions in derivatives as shown in the following table (amount in thousands):

Investment	Fair Value at 06/30/20	Notional Exposure
Equity Index Futures	$ (141)	$ 101,098
U.S. Treasury Futures	(3,544)	89,818
Total	**$ (3,685)**	**$ 190,916**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020, 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	$ 5,837,928	$ —	$ 578,234	$ 2,170,639	$ 8,586,801	$ (1,650,514)	$ 6,936,287
Nonmajor Governmental Funds	—	—	40,306	—	40,306	—	40,306
Total - Governmental Funds	5,837,928	—	618,540	2,170,639	8,627,107	(1,650,514)	6,976,593
Government-wide adjustments:							
Internal Service Funds	—	—	104,174	644	104,818	(729)	104,089
Total - Governmental Activities	**$ 5,837,928**	**$ —**	**$ 722,714**	**$ 2,171,283**	**$ 8,731,925**	**$ (1,651,243)**	**$ 7,080,682**
Business-type Activities							
Higher Education Fund	$ —	$ 31,266	$ 286,336	$ 106,210	$ 423,812	$ (67,885)	$ 355,927
State Health Benefit Plan	—	—	107,978	—	107,978	(28,709)	79,269
Unemployment Compensation Fund	—	—	219,975	2,003,566	2,223,541	(14,216)	2,209,325
Georgia Higher Education Facilities Authority	—	—	332	—	332	—	332
State Road and Tollway Authority	—	—	9,733	—	9,733	—	9,733
Government-wide adjustments:							
Other	—	—	70	—	70	—	70
Total - Business-type Activities	**$ —**	**$ 31,266**	**$ 624,424**	**$ 2,109,776**	**$ 2,765,466**	**$ (110,810)**	**$ 2,654,656**
Component Units							
Unrestricted:							
Georgia Environmental Finance Authority	$ —	$ 1,483,339	$ 5,744	$ 2,306	$ 1,491,389	$ —	$ 1,491,389
Georgia Geo. L. Smith II World Congress Center Authority	429	—	5,295	—	5,724	—	5,724
Georgia Housing and Finance Authority	—	611,812	864	—	612,676	(4,736)	607,940
Georgia Lottery Corporation	—	—	227,022	—	227,022	(5,440)	221,582
Georgia Ports Authority	—	—	60,297	—	60,297	(6,008)	54,289
Georgia Tech Foundation, Incorporated	—	918	131,040	—	131,958	—	131,958
Nonmajor Component Units	468	390,482	2,773,140	39,622	3,203,712	(127,123)	3,076,589
Total - Unrestricted	897	2,486,551	3,203,402	41,928	5,732,778	(143,307)	5,589,471
Restricted:							
Georgia Geo. L. Smith II World Congress Center Authority	—	—	92,294	—	92,294	(37,505)	54,789
Georgia Housing and Finance Authority	—	1,334,129	8,733	—	1,342,862	(4,500)	1,338,362
Georgia Tech Foundation, Incorporated	—	—	72,097	—	72,097	(6,426)	65,671
Nonmajor Component Units	—	15	125,988	—	126,003	(13,048)	112,955
Total - Restricted	—	1,334,144	299,112	—	1,633,256	(61,479)	1,571,777
Total - Component Units	**$ 897**	**$ 3,820,695**	**$ 3,502,514**	**$ 41,928**	**$ 7,366,034**	**$ (204,786)**	**$ 7,161,248**

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

A. Due To/From Other Funds

Due To/From Other Funds at June 30, 2020, consist of the following (amount in thousands):

	Due From Other Funds						
	General Fund	Nonmajor Governmental Fund	Higher Education Funds	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Due To Other Funds
Due To Other Funds							
General Fund	$ —	$ —	$ —	$ —	$ 668,957	$ 782,845	$ 1,451,802
General Obligation Bond Projects Fund	—	—	27,757	—	—	—	27,757
Nonmajor Governmental Funds	15,289	—	—	—	35	—	15,324
Higher Education Fund	—	—	—	—	258,571	—	258,571
State Health Benefit Plan	—	—	—	—	—	3,015	3,015
Nonmajor Enterprise Funds	—	25,654	—	—	—	—	25,654
Internal Service Funds	783	—	—	—	9	2	794
Fiduciary Funds	—	—	—	69	—	451	520
Total Due From Other Funds	**$ 16,072**	**$ 25,654**	**$ 27,757**	**$ 69**	**$ 927,572**	**$ 786,313**	**$ 1,783,437**

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, 2020, 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	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Transfers Out
Transfers Out:								
General Fund	$ —	$ 1,527	$ 1,589,168	$2,932,360	$ 11,644	$ 427	$ 2,786	$4,537,912
General Obligation Bond Projects Fund	16,012	—	17,176	—	—	—	—	33,188
Nonmajor Governmental Funds	56,628	—	34	—	3,016	—	—	59,678
Higher Education Fund	74,929	—	—	—	—	—	—	74,929
Unemployment Compensation Fund	—	—	—	—	—	—	—	—
Nonmajor Enterprise Funds	—	—	—	—	—	—	—	—
Internal Service Funds	3,362	—	—	5,929	—	—	—	9,291
Fiduciary Funds	—	—	—	—	—	5,330	—	5,330
Total Transfers In	**$150,931**	**$ 1,527**	**$ 1,606,378**	**$2,938,289**	**$ 14,660**	**$ 5,757**	**$ 2,786**	**$4,720,328**

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, 2020, was as follows (amount in thousands):

	Balance 7/1/2019 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2020
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 4,389,041	$ 288,654	$ (26,724)	$ 4,650,971
Works of Art and Collections	1,400	—	—	1,400
Intangibles - Other Than Software	125,125	7,785	—	132,910
Construction in Progress	3,402,073	3,213,593	(2,604,932)	4,010,734
Total Capital Assets, Not Being Depreciated	7,917,639	3,510,032	(2,631,656)	8,796,015
Capital Assets Being Depreciated:				
Infrastructure	32,464,073	1,498,637	(40,687)	33,922,023
Buildings and Building Improvements	4,388,494	283,407	(105,432)	4,566,469
Improvements Other Than Buildings	176,803	17,974	(6,954)	187,823
Intangibles - Other than Software	1,644	—	—	1,644
Machinery and Equipment	1,152,828	212,396	(53,487)	1,311,737
Software	580,968	22,643	—	603,611
Total Capital Assets Being Depreciated	38,764,810	2,035,057	(206,560)	40,593,307
Less Accumulated Depreciation For:				
Infrastructure	19,591,590	953,296	(12,145)	20,532,741
Buildings and Building Improvements	2,191,763	115,719	(51,632)	2,255,850
Improvements Other Than Buildings	65,424	4,211	(2,656)	66,979
Intangibles - Other Than Software	1,201	234	—	1,435
Machinery and Equipment	862,751	82,726	(45,652)	899,825
Software	316,425	37,031	—	353,456
Total Accumulated Depreciation	23,029,154	1,193,217	(112,085)	24,110,286
Total Capital Assets, Being Depreciated, Net	15,735,656	841,840	(94,475)	16,483,021
Governmental Activities Capital Assets, Net	**$ 23,653,295**	**$ 4,351,872**	**$ (2,726,131)**	**$ 25,279,036**

NOTE 9 - CAPITAL ASSETS (continued)

	Balance 7/1/2019 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2020
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	$ 504,109	$ 19,793	$ (3,218)	$ 520,684
Works of Art and Collections	55,244	1,013	(439)	55,818
Construction in Progress	217,674	253,091	(204,187)	266,578
Total Capital Assets, Not Being Depreciated	777,027	273,897	(207,844)	843,080
Capital Assets Being Depreciated:				
Infrastructure	390,201	35,388	(2,687)	422,902
Buildings and Building Improvements	14,317,817	363,800	(12,516)	14,669,101
Improvements Other Than Buildings	380,073	34,330	(6,899)	407,504
Machinery and Equipment	2,226,276	196,169	(102,680)	2,319,765
Software	166,145	39,734	(993)	204,886
Library Collections	983,786	32,054	(6,588)	1,009,252
Works of Art and Collections	6,605	160	—	6,765
Total Capital Assets Being Depreciated	18,470,903	701,635	(132,363)	19,040,175
Less Accumulated Depreciation For:				
Infrastructure	153,378	25,420	—	178,798
Buildings and Building Improvements	4,838,733	368,446	(1,098)	5,206,081
Improvements Other Than Buildings	191,619	14,311	(180)	205,750
Machinery and Equipment	1,655,771	139,284	(62,992)	1,732,063
Software	57,494	24,177	(920)	80,751
Library Collections	813,801	33,466	(7,134)	840,133
Works of Art and Collections	1,831	160	—	1,991
Total Accumulated Depreciation	7,712,627	605,264	(72,324)	8,245,567
Total Capital Assets, Being Depreciated, Net	10,758,276	96,371	(60,039)	10,794,608
Business-type Activities, Capital Assets, Net	**$ 11,535,303**	**$ 370,268**	**$ (267,883)**	**$ 11,637,688**

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	$	33,174
Education		2,381
Health and Welfare		32,240
Transportation		973,776
Public Safety		75,499
Economic Development		27,852
Culture and Recreation		18,398
Conservation		8,402
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)		21,495
Depreciation Expense - Governmental Activities	**$**	**1,193,217**

Business-type Activities		
Higher Education Fund	$	593,579
Nonmajor Enterprise Funds		11,685
Depreciation Expense - Business-type Activities	**$**	**605,264**

NOTE 9 - CAPITAL ASSETS (continued)

B. Component Units

Capital Asset activity for the fiscal year-ended June 30, 2020, was as follows (amount in thousands):

	Balance July 1, 2019 (Restated - Note 3)	Increases	Decreases	Balance June 30, 2020
Component Units				
Capital Assets Not Being Depreciated:				
Land	$ 396,901	$ 30,668	$ (9)	$ 427,560
Works of Art and Collections	1,670	—	—	1,670
Construction in Progress	129,408	143,620	(39,346)	233,682
Total Capital Assets, Not Being Depreciated	527,979	174,288	(39,355)	662,912
Capital Assets Being Depreciated:				
Infrastructure	381,174	31,156	577	412,907
Buildings and Building Improvements	2,857,461	57,854	(1,619)	2,913,696
Improvements Other Than Buildings	883,431	81,252	(466)	964,217
Machinery and Equipment	1,247,597	56,169	(15,024)	1,288,742
Patents, Trademarks, and Copyrights	—	160	—	160
Software	37,698	3,719	—	41,417
Library Collections	4,619	133	(2)	4,750
Works of Art and Collections	71	—	—	71
Total Capital Assets Being Depreciated	5,412,051	230,443	(16,534)	5,625,960
Less Accumulated Depreciation For:				
Infrastructure	179,417	11,863	—	191,280
Buildings and Building Improvements	622,927	126,050	(1,129)	747,848
Improvements Other Than Buildings	392,174	38,698	(27)	430,845
Machinery and Equipment	705,160	76,068	(5,912)	775,316
Software	29,662	1,877	—	31,539
Library Collections	3,373	236	—	3,609
Works of Art and Collections	22	3	—	25
Total Accumulated Depreciation	1,932,735	254,795	(7,068)	2,180,462
Total Capital Assets, Being Depreciated, Net	3,479,316	(24,352)	(9,466)	3,445,498
Component Units Capital Assets, Net*	**$ 4,007,295**	**$ 149,936**	**$ (48,821)**	**$ 4,108,410**

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

NOTE 9 - CAPITAL ASSETS (continued)

As of June 30, 2020, the capital assets balances of FASB organizations are as follows (amount in thousands):

Capital Assets Not Being Depreciated:		
Land	$	151,200
Works of Art and Collections		7,756
Construction in Progress		54,166
Total Capital Assets, Not Being Depreciated		213,122
Capital Assets Being Depreciated		
Infrastructure		4,281
Buildings and Building Improvements		368,330
Improvements Other Than Buildings		10,551
Machinery and Equipment		30,633
Software		3,357
Total Capital Assets Being Depreciated		417,152
Less: Accumulated Depreciation		(156,286)
Total Capital Assets, Being Depreciated, Net		260,866
Capital Assets, Net (FASB presentation)		473,988
Total Capital Assets, Net - All Component Units	**$**	**4,582,398**

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, 2020, are as follows (amount in thousands):

	Balance 7/1/2019 (Restated - Note 3)	Additions	Reductions	Balance 6/30/2020	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	$ 9,388,795	$ 950,595	$ (899,920)	$ 9,439,470	$ 864,371
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	963,808	87,703	(139,345)	912,166	—
Revenue Bonds	18,883	—	(5,513)	13,370	—
GARVEE Bonds	12,059	38,614	(20,753)	29,920	—
Total Bonds Payable	11,098,080	1,426,677	(1,559,351)	10,965,406	1,031,696
Notes and Loans Payable - Direct Borrowings	60,350	—	(3,957)	56,393	4,095
Notes and Loans Payable - Other	8,912	—	(2,941)	5,971	2,971
Capital Lease Obligations	219,259	13,300	(19,850)	212,709	21,426
Compensated Absences Payable	386,869	164,100	(168,235)	382,734	172,460
Total Governmental Activities	**$ 11,773,470**	**$ 1,604,077**	**$ (1,754,334)**	**$ 11,623,213**	**$ 1,232,648**
Business-type Activities					
Revenue Bonds Payable	$ 229,491	$ 49,855	$ (62,925)	$ 216,421	$ 5,730
Net Unamortized Premiums/(Discounts):					
Revenue Bonds	10,297	9,392	(1,876)	17,813	—
Total Bonds Payable	239,788	59,247	(64,801)	234,234	5,730
Notes and Loans Payable	259,267	35,045	(27,072)	267,240	36,699
Capital Lease Obligations	2,856,209	80,965	(126,506)	2,810,668	122,077
Compensated Absences Payable	265,000	214,593	(180,171)	299,422	182,321
Other Liabilities	1,431	—	(293)	1,138	291
Total Business-type Activities	**$ 3,621,695**	**$ 389,850**	**$ (398,843)**	**$ 3,612,702**	**$ 347,118**

Other long-term liabilities of Governmental Activities, such as pension, other post-employment benefits (OPEB) and compensated absences, are typically liquidated by the general fund.

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, 2020: capital leases of $25.6 million, compensated absences of $5.1 million and notes payable of $8.7 million. Of these amounts, $5.1 million, $2.2 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, 2020, are as follows (amount in thousands):

	Balance 7/1/2019 (Restated - Note 3)	Additions	Reductions	Balance 6/30/2020	Amounts Due Within One Year
Component Units					
Revenue Bonds Payable	$ 2,994,104	$ 361,514	$ (314,636)	$ 3,040,982	$ 186,034
Mortgage Bonds Payable	1,436,100	277,840	(121,055)	1,592,885	42,170
Net Unamortized Premiums/(Discounts):					
Revenue Bonds	142,549	43,436	(18,226)	167,759	—
Mortgage Bonds	9,342	1,529	—	10,871	—
Total Bonds Payable	4,582,095	684,319	(453,917)	4,812,497	228,204
Notes and Loans Payable	287,929	117,396	(112,070)	293,255	38,094
Net Unamortized Premiums	(1,938)	205	(82)	(1,815)	—
Capital Lease Obligations	83,871	13,765	(11,766)	85,870	8,868
Compensated Absences Payable	34,201	14,559	(9,918)	38,842	30,235
Grand Prizes Payable	178,014	13,156	(18,090)	173,080	4,891
Derivative Instruments Payable	37,493	11,306	(4,855)	43,944	—
Other Liabilities	28,307	7,172	(5,597)	29,882	6,601
Total Component Units	**$ 5,229,972**	**$ 861,878**	**$ (616,295)**	**$ 5,475,555**	**$ 316,893**

B. Bonds and Notes Payable

At June 30, 2020, 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% - 5.11%	2039	$ 11,986,950	$ 7,133,375
General Government - Refunding	1.50% - 5.00%	2030	3,813,290	2,306,095
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	88,390	62,364
Business-type Activities				
Revenue Bonds				
Georgia Higher Education Facilities Authority	2.00% - 6.25%	2041	486,520	182,290
Transportation Projects	6.25% - 7.00%	2049	26,070	34,131
Notes and Loans Payable	2.00% - 3.79%	2031	349,064	267,240
Component Units				
Revenue Bonds				
Higher Education Foundations	1.05% - 5.50%	2052	3,252,720	2,787,857
Georgia Tech Foundation	1.76% - 6.66%	2049	375,685	246,810
Other Revenue Bonds	4.16% - 5.28%	2028	15,750	6,315
Mortgage Bonds				
Georgia Housing and Financing Authority	0.15% - 5.00%	2050	2,201,410	1,592,885
Notes and Loans Payable				
Higher Education Foundations	0.00% - 6.55%	2042	238,584	149,891
Georgia Tech Foundation	2.94% - 5.04%	2029	104,152	88,887
Other Notes and Loans Payable	1.57% - 4.50%	2046	68,299	54,477

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 18, 2019, the State issued general obligation bonds, (Series 2019A and 2019B), totaling $914.7 million 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 (GEFA) 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, 2020, are as follows (amount in thousands):

Purpose	Authorized Unissued Debt
K-12 Education	$ 337,255

Defeasance and Refunding of General Obligation Bonds

On July 18, 2019, the State issued Series 2019C general obligation refunding bonds totaling $35.9 million to refund a total of $38.4 million from two different series of general obligation bonds with interest rates of 5.00%. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the two refunded transactions is $2.9 million. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. In addition, the 2019C refunding transaction produced an economic gain of 2.7 million.

As of June 30, 2020, 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.

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 purchases of various series of State of Georgia General Obligation Bonds in the secondary market with a par value of $16.6 million The early retirements of the bonds will save the State $17.6 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 2020, the State collected $1.8 billion of motor fuel tax funds, which exceeds the principal and interest due on the revenue bonds of $53.8 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. In addition, the refunding transactions produced an economic gain of $13.7 million.

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, 2020, 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, 2020, the outstanding principal for these revenue bonds is $182.3 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, 2020, the

NOTE 10 - LONG-TERM LIABILITIES (continued)

outstanding principal for these revenue bonds was $2.8 billion. These bonds are secured by lease arrangements for these various facilities with the Board of Regents.

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, 2020, the outstanding principal for these revenue bonds was $246.8 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, 2020, of $6.3 million as detailed below (amount in thousands):

	Amount
Lake Lanier Islands Development Authority	$ 5,285
Regional Educational Service Agencies (RESA)	1,030
Total	**$ 6,315**

E. Mortgage Bonds

Component Units

Mortgage bonds outstanding of $1.6 billion at June 30, 2020, 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 loans 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, 2020, were $56.4 million.

- Of this amount, Energy Performance Contracts for the Department of Economic Development, the Department of Corrections and the Department of Natural Resources, attributed $26.4 million, $23.4 million, and $3.9 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 $2.7 million related to the Cyber Center Audio Visual with interest rates ranging from 3.25% to 5.92%, and matures in 2023. 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, 2020, were $6.0 million.

- Georgia Technology Authority has total notes payable $6.0 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, 2020, were as follows (amount in thousands):

	Amount
Transportation Projects	$ 256,698
Georgia Institute of Technology	10,542
Total	**$ 267,240**

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 during fiscal year 2018.

NOTE 10 - LONG-TERM LIABILITIES (continued)

Component Units

Notes and loans payable for component units as of June 30, 2020, were as follows (amount in thousands):

		Amount
Higher Education Foundations	$	149,891
Georgia Tech Foundation, Inc.		88,887
Lake Lanier Islands Development Authority		7,209
Georgia Military College		2,143
Georgia Geo. L. Smith II World Congress Center Authority - CU		45,125
Total	**$**	**293,255**

Higher Education Foundations Notes and Loans

As of June 30, 2020 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, 2020 is 4.25%. The outstanding balance at June 30, 2020 is $0.5 million.

As of June 30, 2020 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 (2.02% at June 30, 2020) for $2.7 million outstanding balance and interest payable quarterly at a variable rate of 30-day LIBOR plus 0.70% per annum (0.87% at June 30, 2020) for $10.0 million outstanding balance. Quarterly principal payment of $ 0.9 million beginning July 2014 through July 2028. The outstanding balance at June 30, 2020 is $12.7 million.

In October 2016, the University System of Georgia (USG) Real Estate IV, LLC purchased the Fort Valley State University 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 U.S. 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 matured 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 19-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 was refinanced with a 22 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 matured 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

NOTE 10 - LONG-TERM LIABILITIES (continued)

of the Indenture. At maturity, the BAN payable was fully refinanced with four, individual 22-year low-interest fixed rate USDA notes.

In September 2018, the University System of Georgia (USG) Real Estate IV, LLC fully refinanced the BAN payable with five individual, 19 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, 2020 is $38.9 million.

In November 2019, the University System of Georgia (USG) Real Estate V, LLC fully refinanced the BAN payable with four individual, 22 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 V, LLC by the Board of Regents pursuant to a ground lease for minimal rent. The USDA notes payable will all mature on November 18, 2041, with a fixed interest rate of 3.00%, and are payable annually. The outstanding balance at June 30, 2020 is $35.6 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 0.50% at June 30, 2020. Principal and interest are payable monthly. The outstanding balance at June 30, 2020 was $4.1 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 1.33% at June 30, 2020. Principal and interest on the promissory loan agreement are payable quarterly. The outstanding balance at June 30, 2020 was $10.4 million.

In November 2018, the University of Georgia Research Foundation, Inc. entered into a $25.0 million revolving credit agreement, for a five-year term to expire on November 30, 2023. Borrowings under the revolving credit agreement bear interest at the bank's one month LIBOR plus 0.48%. At June 30, 2020, the rate applicable to the borrowings was 0.65%. The outstanding balance at June 30, 2020 was $14.0 million.

During June 2013, the Medical College of Georgia Foundation entered into a non-revolving secured draw loan not to exceed $3.0 million with a financial institution to provide financing to obtain land located around Augusta University. The note was modified on May 27, 2020 to lower the interest rate to 3.50%. The outstanding balance at June 30, 2020 was $10.7 million.

In addition to the notes and loans discussed in the previous paragraphs, as of June 30, 2020, an additional $23.0 million in notes was held by various higher education foundations.

NOTE 10 - LONG-TERM LIABILITIES (continued)

Other Component Units Notes and Loans

The Georgia Tech Foundation, Inc. has guaranteed lines of credit in the name of the Georgia Tech Foundation Funding Corporation (GTFFC) totaling $26.0 million. The Georgia Tech Foundation, Inc has one line of credit in the name of the Foundation totaling to $25.0 million. Interest is calculated using the 30-day LIBOR rate. This resulted in an average effective interest rate of 2.96% at June 30, 2020. As of June 30, 2020, the outstanding balance on the note was $18.1 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, 2020 was 5.04%. As of June 30, 2020, the outstanding balance on the note was $33.6 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, 2020 was 4.75%. As of June 30, 2020, the outstanding balance on the loan was $12.1 million.

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, 2020 was 4.75%. As of June 30, 2020, the outstanding balance on the loan was $25.1 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.*

NOTE 10 - LONG-TERM LIABILITIES (continued)

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 $80.2 million at June 30, 2020 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 2020 was as follows (amount in thousands):

Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Amounts Due Within One Year
$ 60,506	$ 37,608	$ 17,894	$ 80,220	$ —

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
2021	$ 864,371	$ 385,019	$ 44,105	$ 9,665	$ 123,220	$ 18,375	$ 4,095	$ 2,164
2022	803,249	346,841	46,335	7,436	129,385	12,213	4,285	1,996
2023	759,825	312,434	48,675	5,095	68,305	5,744	4,124	1,820
2024	743,070	279,637	21,545	2,634	4,930	2,339	3,571	1,674
2025	682,970	248,781	22,650	1,530	5,170	2,092	3,763	1,539
2026-2030	2,961,155	828,019	19,265	482	36,895	6,706	21,408	5,433
2031-2035	1,921,120	302,324	—	—	—	—	15,147	1,182
2036-2040	703,710	47,764	—	—	—	—	—	—
2041-2045	—	—	—	—	—	—	—	—
2046-2050	—	—	—	—	—	—	—	—
2051-2055	—	—	—	—	—	—	—	—
Total	**$ 9,439,470**	**$ 2,750,819**	**$ 202,575**	**$ 26,842**	**$ 367,905**	**$ 47,469**	**$ 56,393**	**$ 15,808**

	Governmental Activities		Business-type Activities			
	Notes and Loans Payable - Other		Revenue Bonds		Notes and Loans Payable	
Year	Principal	Interest	Principal *	Interest	Principal **	Interest
2021	$ 2,971	$ 60	$ 5,730	$ 7,978	$ 36,699	$ 239
2022	3,000	30	6,958	7,692	1,738	201
2023	—	—	7,770	7,386	1,777	162
2024	—	—	8,443	7,063	1,205	123
2025	—	—	9,175	6,724	615	102
2026-2030	—	—	46,582	38,007	3,330	259
2031-2035	—	—	57,452	30,180	178	1
2036-2040	—	—	62,350	17,887	—	—
2041-2045	—	—	13,425	8,642	—	—
2046-2050	—	—	14,175	4,435	—	—
2051-2055	—	—	3,795	265	—	—
Total	**$ 5,971**	**$ 90**	**$ 235,855**	**$ 136,259**	**$ 45,542**	**$ 1,087**

* 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
2021	$ 171,818	$ 127,225	$ 13,165	$ 10,710	$ 1,051	$ 226
2022	125,329	123,889	13,980	10,102	1,100	217
2023	100,291	119,104	12,505	9,513	606	208
2024	107,719	114,024	13,130	8,945	639	175
2025	114,767	108,553	13,995	8,334	674	141
2026-2030	657,918	451,660	69,190	31,426	2,245	197
2031-2035	674,195	284,944	33,040	16,191	—	—
2036-2040	543,335	132,415	11,715	12,971	—	—
2041-2045	177,080	38,411	16,395	10,157	—	—
2046-2050	105,655	13,648	49,695	4,897	—	—
2051-2055	9,750	661	—	—	—	—
Total	**$ 2,787,857**	**$ 1,514,534**	**$ 246,810**	**$ 123,246**	**$ 6,315**	**$ 1,164**

	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
2021	$ 17,296	$ 4,583	$ 19,048	$ 3,461	$ 1,750	$ 2,247
2022	18,675	4,110	996	3,413	1,835	2,213
2023	6,493	3,695	1,446	3,355	3,414	2,274
2024	19,799	3,264	43,289	2,578	1,802	2,010
2025	6,408	2,958	582	1,133	1,901	1,963
2026-2030	28,934	12,197	23,526	3,393	6,335	9,093
2031-2035	26,946	7,729	—	—	7,753	7,700
2036-2040	21,069	4,185	—	—	11,464	5,598
2041-2045	4,271	1,177	—	—	16,283	2,554
2046-2050	—	—	—	—	1,940	44
Total	**$ 149,891**	**$ 43,898**	**$ 88,887**	**$ 17,333**	**$ 54,477**	**$ 35,696**

	Georgia Housing and Finance Authority	
	Mortgage Bonds	
Year	Principal	Interest
2021	$ 42,170	$ 52,726
2022	44,345	51,507
2023	43,165	50,389
2024	40,945	49,281
2025	41,170	48,204
2026-2030	225,890	223,082
2031-2035	289,915	182,128
2036-2040	337,605	129,202
2041-2045	320,945	69,967
2046-2050	206,735	17,553
Total	**$ 1,592,885**	**$ 874,039**

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 $13.1 million, $66.7 million, and $35.9 million, respectively, for the year ended June 30, 2020. Future minimum commitments for operating leases as of June 30, 2020, are listed below (amount in thousands).

	Primary Government		
Fiscal Year Ended June 30	**Governmental Activities**	**Business-type Activities**	**Component Units**
2021	$ 15,660	$ 62,418	$ 35,568
2022	11,275	43,904	29,145
2023	8,180	42,148	26,610
2024	5,702	36,480	20,867
2025	5,433	32,138	15,715
2026-2030	21,268	147,524	55,332
2031-2035	7,407	64,214	32,815
2036-2040	2	3,750	16,886
2041-2045	2	822	474
2046-2050	2	767	95
2051-2055	2	—	—
2056-2060	2	—	—
2061-2065	2	—	—
2066-2070	289	—	—
Total Future Minimum Commitments	**$ 75,226**	**$ 434,165**	**$ 233,507**

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, 2020, 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	$ —	$ 55,878	$ —
Infrastructure	—	39,705	—
Buildings	311,940	3,461,534	67,104
Improvements Other Than Buildings	—	6,458	—
Machinery and Equipment	13,374	33,528	369
Software	1,887	—	—
Less: Accumulated Depreciation	(178,828)	(1,203,419)	(20,261)
Total Assets Held Under Capital Lease	**$ 148,373**	**$ 2,393,684**	**$ 47,212**

NOTE 11 - LEASES (continued)

At June 30, 2020, 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**
2021	$ 57,402	$ 267,977	$ 13,294
2022	53,585	272,250	12,619
2023	48,666	265,599	11,435
2024	46,906	264,615	9,943
2025	42,701	263,178	9,098
2026-2030	163,514	1,299,063	35,093
2031-2035	63,539	1,043,437	22,714
2036-2040	4,989	683,186	—
2041-2045	2,472	121,346	—
2046-2050	30	31,180	—
2051-2055	30	1,548	—
2056-2060	24	—	—
Total Capital Lease Payments	483,858	4,513,379	114,196
Less: Interest	(267,995)	(1,349,468)	(28,323)
Executory Costs	(3,154)	(353,243)	(3)
Present Value of Capital Lease Payments	**$ 212,709**	**$ 2,810,668**	**$ 85,870**

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 $8.9 million, and $71.2 million, respectively, for the year ended June 30, 2020. Minimum future revenues and rentals to be received under operating leases as of June 30, 2020, are as follows (amount in thousands):

	Primary Government		
Fiscal Year Ended June 30	Governmental Activities	Business-type Activities	Component Units
2021	$ 7,832	$ —	$ 59,067
2022	7,395	—	35,025
2023	7,401	—	29,812
2024	7,473	—	28,697
2025	7,829	—	25,965
2026-2030	12,035	—	108,370
2031-2035	651	—	92,688
2036-2040	529	—	69,421
2041-2045	110	—	65,649
2046-2050	49	—	50,669
2051-2055	48	—	45,099
2056-2060	47	—	300,699
2061-2065	30	—	18,468
2066-2070	4	—	19,022
2071-2075	4	—	19,593
2076-2080	4	—	20,181
Total Minimum Revenues	**$ 51,441**	**$ —**	**$ 988,425**

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, 2020, are as follows (amount in thousands):

Fiscal Year Ended June 30	Amount
2021	$ 199,724
2022	206,427
2023	200,542
2024	200,871
2025	201,970
Thereafter	2,705,561
Total Minimum Revenues	3,715,095
Less: Unearned Income	(1,404,542)
Net Revenue	**$ 2,310,553**

D. Related Parties

Primary Government

University System of Georgia Foundations

During fiscal year 2020, 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 $329.4 million as of June 30, 2020.

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 $3.7 million and is reflected as restricted net position.

Changes in the endowment net position for the year ended June 30, 2020, are as follows (amount in thousands):

Component Units	**Without Donor Restriction**	**With Donor Restriction**	**Total**
Endowment net position, July 1 (Restated)	$ 288,354	$ 2,848,458	$ 3,136,812
Contributions	4,616	96,994	101,610
Net realized and unrealized gains	3,419	33,966	37,385
Appropriation of endowment assets for expenditure	(8,427)	(111,088)	(119,515)
Transfers to comply with donor intent	(168)	(916)	(1,084)
Other	6,978	2,561	9,539
Endowment net position, June 30	**$ 294,772**	**$ 2,869,975**	**$ 3,164,747**

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 Campus Living-USG,LLC, 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, 2020, leaving a remaining deferred inflow of resources balance of $279.7 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. A deferred inflow of resources was recorded as the offset to the Capital Asset additions. 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, 2020, the USO amortized $4.6 million of deferred inflows related to these seven projects, leaving a remaining deferred inflow of resources balance of $162.3 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, 2020, the USO amortized $7.4 million and recognized $2.2 million in associated interest income, leaving a deferred inflow balance of $34.6 million as of June 30, 2020.

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 2020 was $36.0 thousand and the remaining deferred inflow was $0.1 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 2020 for the remaining construction commitment was $0.3 million leaving deferred inflow balance of $1.3 million.

For Fiscal Year 2020, GGC reported a total remaining deferred inflow of resources of $1.4 million related to the SCA.

Kennesaw State University

At June 30, 2020, Kennesaw State University (KSU) was a participant in four SCAs.

1. In August 2001, KSU entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) whereby 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 University received no funds upfront from KSUF, but will take full ownership of the residence hall at the end of the operating agreement in August 2037.
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 University received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in July 2036.
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 University received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in September 2038.

NOTE 13 - SERVICE CONCESSION ARRANGEMENTS (continued)

4. In July 2017, KSU entered into 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 University 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.

For fiscal year 2020, the University increased beginning deferred inflows by $3.5 million related to the re-evaluation of SCA with the KSUF. The agreement terms were revised which reduced annual and accumulated amortization.

At June 30, 2020, the University reports the three housing residences and one retail space as capital assets with a net carrying value of $57.5 million. For fiscal year 2020, the University reported a remaining deferred inflows of resources of $57.5 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, 2020, 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	$ —	$ —	$ —	$ 7,928
Deferred Amount on Refundings of Bonded Debt	93,781	53,943	147,724	44,801
Deferred Outflows Relating to Other Postemployment Benefits:				
Difference between expected and actual experience	1,226	248,073	249,299	920
Change of assumptions	4,883	249	5,132	13,266
Net difference between projected and actual earnings on pension plan investments	68,271	8,929	77,200	1,491
Change in proportion	161,587	9,153	170,740	11,068
State contribution subsequent to the measurement date	122,300	119,894	242,194	4,787
Deferred Outflows Relating to Pensions:				
Difference between expected and actual experience	137,988	210,446	348,434	15,228
Change of assumptions	114,416	349,504	463,920	20,578
Net difference between projected and actual earnings on pension plan investments	—	2,273	2,273	14,069
Change in proportion	69,397	102,774	172,171	8,027
State contribution subsequent to the measurement date	667,013	487,004	1,154,017	45,251
Total Deferred Outflows of Resources	**$ 1,440,862**	**$ 1,592,242**	**$ 3,033,104**	**$ 187,414**
Deferred Inflows of Resources				
Deferred Amount on Refundings of Bonded Debt	$ 854	$ 70,431	$ 71,285	$ —
Deferred Service Concession Arrangement Receipts	—	535,491	535,491	—
Deferred Inflows Relating to Other Postemployment Benefits:				
Difference between expected and actual experience	350,969	71,279	422,248	12,687
Change of assumptions	944,904	625,995	1,570,899	17,367
Net difference between projected and actual earnings on pension plan investments	22,174	2,366	24,540	297
Change in proportion	125,487	20,139	145,626	4,419
Deferred Inflows Relating to Pensions:				
Difference between expected and actual experience	45,746	1,068	46,814	937
Change of assumptions	18,941	—	18,941	1,288
Net difference between projected and actual earnings on pension plan investments	160,206	93,135	253,341	4,772
Change in proportion	97,574	70,078	167,652	7,507
Unavailable Revenue	24,759	10,750	35,509	23,475
Total Deferred Inflows of Resources	**$ 1,791,614**	**$ 1,500,732**	**$ 3,292,346**	**$ 72,749**

NOTE 14 - DEFERRED INFLOWS AND OUTFLOWS (continued)

Of the $1.4 billion of deferred outflows of resources reported in the governmental activities, $358.3 million represent deferred outflows related to other postemployment benefits, of which $4.6 million are reported in the internal service funds and $988.8 million represent deferred outflows relating to pensions, of which $11.9 million are reported in the internal service funds. The remaining $93.8 million represent deferred amounts on refundings of bonded debt.

Of the $1.8 billion of deferred inflows of resources reported in the governmental activities, $1.4 billion represent deferred inflows related to other postemployment benefits, of which $20.6 million are reported in the internal service funds and $322.5 million represent deferred inflows relating to pensions, of which $2.1 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 $24.8 million in unavailable revenues to fund future eligible mitigation actions. The remaining $0.9 million represent deferred amounts on refundings of bonded debt.

Deferred outflows reported in business-type activities include $1.6 billion which represent $386.3 million relating to other postemployment benefits, $1.2 billion which represent deferred outflows relating to pensions and $53.9 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, $719.8 million represent deferred inflows relating to other postemployment benefits, $164.3 million represent deferred inflows relating to pensions, $535.5 million represent deferred service concession arrangement receipts described in *Note 13 - Service Concession Arrangements*, $70.4 million represent deferred amounts on refundings of bonded debt and $10.8 million in unavailable revenue represent grant funds received before the period when those resources are permitted to be used.

Of the $187.4 million of deferred outflows of resources reported in the component units, $31.5 million represent deferred outflows relating to other postemployment benefits, $103.2 million represent deferred outflows relating to pensions and $44.8 million represent deferred amounts on refundings of bonded debt. The remaining $7.9 million represent accumulated decrease in fair value of hedging derivatives.

Of the $72.7 million of deferred inflows of resources reported in the component units, $34.8 million represent deferred inflows relating to other postemployment benefits, $14.5 million represent deferred inflows relating to pensions, and $23.5 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 $1.2 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 plans' 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, 2020, 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	(3.60)%
Teacher's Retirement System	2.91 %
Peace Officers'	3.77 %
Firefighters'	(0.20)%

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, 2020:

	Target Allocation					
Asset Class	ERS	PSERS	GJRS	TRS	Peace Officers'	Firefighters'
Fixed Income	25% - 45%	25% - 45%	25% - 45%	25% - 45%	20% - 35%	19.5% - 49.5%
Equities	55% - 75%	55% - 75%	55% - 75%	55% - 75%	30% - 90%	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.

NOTE 15 - RETIREMENT SYSTEMS (continued)

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 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 2020 were based on the June 30, 2017 actuarial valuation as follows:

Plan Segment	Contribution Rate 2020
Old Plan*	24.66 %
New Plan	24.66 %
GSEPS	21.64 %

* 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 $15.50, 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, 2020 were $825.03 per active member and were based on the June 30, 2017, 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.

NOTE 15 - RETIREMENT SYSTEMS (continued)

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.

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, 2020 were 9.13% of compensation and were based on the June 30, 2017 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

NOTE 15 - RETIREMENT SYSTEMS (continued)

reduced rate, to a designated beneficiary on the member's death. Death, disability, and spousal benefits are also available.

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 2020 were 6% of covered payroll. Employer and Nonemployer contributions required for fiscal year 2020 were 21.14% of annual salary as required by the June 30, 2017, 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, 2020, was $25.15 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.

NOTE 15 - RETIREMENT SYSTEMS (continued)

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.

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, 2020, calculated the minimum employer contribution for the fiscal year ended June 30, 2020, as $13.1 million. The fines and forfeitures revenue of $13.0 million for the fiscal year ended June 30, 2020, did not 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, 2020 is $940 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

NOTE 15 - RETIREMENT SYSTEMS (continued)

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.

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, 2020, calculated the minimum employer contribution for the fiscal year ended June 30, 2020, as $29.9 million. The insurance premium tax revenue of $40.6 million for the fiscal year ended June 30, 2020, 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, 2020:

Participating Membership by Plan
June 30, 2020

Plan Membership	ERS	PSERS	GJRS	TRS	Peace Officers'	Firefighters'
Inactive plan members or beneficiaries currently receiving benefits	53,249	19,232	414	135,649	6,944	6,153
Inactive plan members entitled to but not yet receiving benefits	63,495	50,276	64	13,799	1,595	345
Inactive plan members not entitled to benefits	—	—	—	103,349	—	2,429
Active plan members	57,059	34,736	522	231,047	13,451	13,636
Total	173,803	104,244	1,000	483,844	21,990	22,563
Number of Employers	417	186	92	317	667	431

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, 2020, by Plan (amount in thousands):

Components of the Net Pension Liability/(Asset)	ERS	PSERS	GJRS	TRS	Peace Officers'	Firefighters'
Total Pension Liability	$17,717,243	$ 1,134,725	$ 455,656	$ 105,385,472	$ 841,241	$1,144,365
Plan Fiduciary Net Position	13,502,286	958,248	485,930	81,161,558	827,420	924,905
Employers' and non-employer contributing entity's net pension liability/(asset)	$4,214,957	$ 176,477	$ (30,274)	$ 24,223,914	$ 13,821	$ 219,460
Plan fiduciary net position as a percentage of the total pension liability	76.21 %	84.45 %	106.64 %	77.01 %	98.36 %	80.82 %

NOTE 15 - RETIREMENT SYSTEMS (continued)

F. Defined Benefit Plans Actuarial Methods and Assumptions

Actuarial Valuation Date

The total pension liability at June 30, 2020 is based upon the June 30, 2019 actuarial valuation for ERS, PSERS, GJRS, TRS, and Peace Officers, and upon the June 30, 2020 actuarial valuations for Firefighters', using generally accepted actuarial procedures/techniques.

Actuarial Assumptions

The total pension liability, as of June 30, 2020, 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	6/30/2019	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	6/30/2019	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	6/30/2019	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	6/30/2019	2.50%	3.00% - 8.75%*	7.25%	1.5% semi-annually	Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (set forward one year and adjusted 106%) with the MP-2019 Projected scale applied generationally. The rates of improvement were reduced by 20% for all years prior to ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table (set forward one year and adjusted 106%) was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. Rates of improvement were reduced by 20% for all years prior to the ultimate rate.	7/1/2013-6/30/2018
Peace Officers'	6/30/2019	2.25%	N/A	6.50%	N/A	Mortality rates were based on the RP-2014 Healthy Mortality Table with blue collar adjustments and generational mortality projection using the MP-2019 scale for healthy lives and the RP-2014 Disabled Retiree Mortality Table with generational mortality projection using the MP-2019 scale for disabled lives.	6/30/2008-6/30/2015
Firefighters'	6/30/2020	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 and June 30, 2018 actuarial valuations, 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, or a building-block method 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.

Summarized by plan in the table below are the target asset allocation and best estimates of arithmetic real rates of return for each major asset class for ERS, PSERS, GJRS, TRS, and Firefighters' plans. Peace Officers' plan estimates are represented by the geometric real rates of return:

(Table on next page)

NOTE 15 - RETIREMENT SYSTEMS (continued)

Asset Class	ERS Target allocation	ERS Long-term expected real rate of return*	PSERS Target allocation	PSERS Long-term expected real rate of return*	GJRS Target allocation	GJRS Long-term expected real rate of return*	TRS Target allocation	TRS Long-term expected real rate of return*	Peace Officers' Target allocation	Peace Officers' Long-term expected real rate of return*	Firefighters' Target allocation	Firefighters' Long-term expected real rate of return*
Investment Grade Corporate Credit	—	—	—	—	—	—	—	—	2.0 %	0.5 %	12.0 %	2.1 %
Mortgage Backed Securities	—	—	—	—	—	—	—	—	—	—	12.0 %	1.1 %
Fixed Income	30.0 %	(0.1%)	30.0 %	(0.1%)	30.0 %	(0.1%)	30.0 %	(0.1%)	19.0 %	0.5 %	—	—
Core Bonds	—	—	—	—	—	—	—	—	—	—	10.5 %	1.0 %
Domestic large equities	46.2 %	8.9 %	46.2 %	8.9 %	46.2 %	8.9 %	51.0 %	8.9 %	39.0 %	4.8 %	15.5 %	5.2 %
Domestic small equities	1.3 %	13.2 %	1.3 %	13.2 %	1.3 %	13.2 %	1.5 %	13.2 %	—	—	—	—
Global equities	—	—	—	—	—	—	—	—	6.0 %	3.7 %	—	—
Small/mid cap equities	—	—	—	—	—	—	—	—	22.0 %	5.0 %	15.5 %	6.2 %
International developed market equities	12.4 %	8.9 %	12.4 %	8.9 %	12.4 %	8.9 %	12.4 %	8.9 %	10.0 %	4.8 %	—	—
International emerging market equities	5.1 %	10.9 %	5.1 %	10.9 %	5.1 %	10.9 %	5.1 %	10.9 %	—	—	6.5 %	9.6 %
International equity funds	—	—	—	—	—	—	—	—	—	—	13.0 %	6.1 %
Private equity	—	—	—	—	—	—	—	—	—	—	5.0 %	10.4 %
Real estate	—	—	—	—	—	—	—	—	2.0 %	4.0 %	5.0 %	4.1 %
Real Assets (liquid)	—	—	—	—	—	—	—	—	—	—	5.0 %	4.1 %
Alternatives	5.0 %	12.0 %	5.0 %	12.0 %	5.0 %	12.0 %	—	—	—	0.4 %	—	—
Total	100.0 %		100.0 %		100.0 %		100.0 %		100.0 %		100.0 %	

Target Allocation

* Rates shown are net of the 2.75% assumed rate of inflation with the exception of TRS, which assume a 2.50% rate of inflation, and Peace Officers', which assume a 2.25% rate of inflation.

Discount Rate

The discount rate used for ERS, PSERS, and GJRS to measure the total pension liability, as of June 30, 2020, was 7.30%. The discount rate used for TRS to measure the total pension liability was 7.25%. 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, 2020, 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

NOTE 15 - RETIREMENT SYSTEMS (continued)

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, 2020, 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.

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, 2020. 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	$ 5,929,704	$ 4,214,957	$ 2,751,621
	(6.30%)	(7.30%)	(8.30%)
PSERS's Net Pension Liability	$ 300,027	$ 176,477	$ 72,356
	(6.30%)	(7.30%)	(8.30%)
GJRS's Net Pension Liability/(Asset)	$ 11,449	$ (30,274)	$ (66,607)
	(6.25%)	(7.25%)	(8.25%)
TRS's Net Pension Liability	$ 38,413,345	$ 24,223,914	$ 12,592,649
	(5.50%)	(6.50%)	(7.50%)
Peace Officers' Net Pension Liability/(Asset)	$ 117,527	$ 13,821	$ (72,471)
	(5.00%)	(6.00%)	(7.00%)
Firefighters' Net Pension Liability	$ 370,130	$ 219,460	$ 94,927

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, 2020 is as follows (amount in thousands):

Aggregate Pension Amounts - All Plans

	Primary Government	Component Units
Pension liabilities	$ 7,896,789	$ 243,373
Pension assets	$ 115,550	$ —
Deferred outflows of resources related to pensions	$ 2,140,815	$ 103,153
Deferred inflows of resources related to pensions	$ 486,748	$ 14,504
Pension expense/expenditures	$ 1,546,251	$ 53,348

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, 2019. The total pension liability/asset used to calculate the NPL/NPA for each plan was based on an actuarial valuation as of June 30, 2018 for ERS, PSERS, GJRS, TRS, Peace Officers' and as of June 30, 2019 for Firefighters'.

Employees' Retirement System

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

Primary Government: At June 30, 2020, 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, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total pension liability to June 30, 2019. The State's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion for the ERS plan as Employer was 88.906000% which was an decrease of 0.042204% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized pension expense of $741.7 million.

At June 30, 2020, the State reported a liability of $67.4 million, for its proportionate share of the net pension liability, based on contributions to ERS during the fiscal year ended June 30, 2019, for certain Local County Tax Commissioners and the CSC and PAC employees in certain counties. At June 30, 2019, the State's proportion was 1.633579% for certain Local County Tax Commissioners and the CSC and PAC employees in certain counties. For the year ended June 30, 2020, the State recognized expense of $6.9 million.

Component Units: At June 30, 2020, the State reported a liability of $60.8 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total pension liability to June 30, 2019. The State's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion for the ERS plan as Employer was 1.473466%, which was a increase of 0.103843% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized pension expense of $10.9 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

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

At June 30, 2020, 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	$ 121,928	$ —	$ 2,245	$ —	$ 2,025	$ —
Changes of assumptions	64,408	—	1,186	—	1,070	—
Net difference between projected and actual earnings on pension plan investments	—	113,892	—	2,098	—	1,893
Changes in proportion and differences between State contributions and proportionate share of contributions	66,552	63,427	662	3,979	2,745	1,558
State contributions subsequent to the measurement date	578,020	—	9,840	—	9,324	—
Total	**$ 830,908**	**$ 177,319**	**$ 13,933**	**$ 6,077**	**$ 15,164**	**$ 3,451**

Primary Government: State contributions as employer and nonemployer subsequent to the measurement date of $578.0 million and $9.8 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2021.

Component Units: State contributions as employer subsequent to the measurement date of $9.3 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2021.

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
2021	$ (177,178)	$ (424)	$ (3,147)
2022	93,338	2,272	636
2023	22,497	413	373
2024	(14,226)	(277)	(251)
2025	—	—	—
Thereafter	—	—	—

NOTE 15 - RETIREMENT SYSTEMS (continued)

Public School Employees Retirement System

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

Primary Government: At June 30, 2020, the State reported a liability of $165.9 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total pension liability to June 30, 2019. The State's proportion of the net pension liability was based on contributions to PSERS during the fiscal year ended June 30, 2019. At June 30, 2019, 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, 2020, the State recognized pension expense of $51.2 million.

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

At June 30, 2020, 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	$ —	$ 5,269
Changes of assumptions	3,558	—
Net difference between projected and actual earnings on pension plan investments	—	10,044
Changes in proportion and differences between State contributions and proportionate share of contributions	—	—
State contributions subsequent to the measurement date	32,496	—
Total	$ 36,054	$ 15,313

NOTE 15 - RETIREMENT SYSTEMS (continued)

Primary Government: State contributions as nonemployer subsequent to the measurement date of $32.5 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2021. 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	
2021	$	(129)
2022		(10,711)
2023		(1,910)
2024		995
2025		—
Thereafter		—

Georgia Judicial Retirement System

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

Primary Government: At June 30, 2020, the State reported an asset of $22.4 million, for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension asset used to calculate the net pension asset was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total pension asset to June 30, 2019. The State's proportion of the net pension asset was based on contributions to GJRS during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion for the GJRS plan as Employer was 57.017332%, which was a decrease of 0.796727% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized pension expense of $5.2 million.

At June 30, 2020, the State reported an asset of $16.9 million, for its proportionate share of the net pension asset, based on contributions to GJRS during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion was 42.982668% for certain State court judges and solicitors general and for certain juvenile court judges. For the year ended June 30, 2020, the State recognized an expense of $3.8 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

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

At June 30, 2020, 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	$ 3,507	$ 2,940	$ 2,643	$ 2,216
Changes of assumptions	2,619	636	1,975	480
Net difference between projected and actual earnings on pension plan investments	—	2,910	—	2,193
Changes in proportion and differences between State contributions and proportionate share of contributions	888	365	791	1,314
State contributions subsequent to the measurement date	3,270	—	2,428	—
Total	$ 10,284	$ 6,851	$ 7,837	$ 6,203

Primary Government: State contributions as employer and nonemployer subsequent to the measurement date of $3.3 million and $2.4 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, 2021.

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
2021	$ 905	$ 445
2022	(1,445)	(1,335)
2023	663	226
2024	94	(79)
2025	(54)	(51)
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, 2020, 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, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total pension liability to June 30, 2019. The State's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion for the TRS plan as Employer was 17.045266%, which was an increase of 0.033909% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized pension expense of $649.6 million.

At June 30, 2020, the State reported a liability of $45.6 million, for its proportionate share of the net pension liability, based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion was 0.212260% for certain full-time public school support personnel. For the year ended June 30, 2020, the State recognized expense of $(2.3) million.

Component Units: At June 30, 2020, the State reported a liability of $120.9 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total pension liability to June 30, 2019. The State's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion for the TRS plan as Employer was 0.562276%, which was a increase of 0.003284% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized pension expense of $19.6 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

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

At June 30, 2020, 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	$ 206,576	$ 1,087	$ 2,573	$ 14	$ 6,815	$ 36
Changes of assumptions	351,700	—	4,380	—	11,602	—
Net difference between projected and actual earnings on pension plan investments	—	87,274	—	1,087	—	2,879
Changes in proportion and differences between State contributions and proportionate share of contributions	99,651	67,759	3,626	30,808	5,282	5,949
State contributions subsequent to the measurement date	457,759	—	5,729	—	15,748	—
Total	$ 1,115,686	$ 156,120	$ 16,308	$ 31,909	$ 39,447	$ 8,864

Primary Government: State contributions as employer and nonemployer subsequent to the measurement date of $457.8 million and $5.7 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2021.

Component Units: State contributions as employer subsequent to the measurement date of $15.7 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2021.

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
2021	$ 213,344	$ (7,614)	$ 6,355
2022	44,115	(9,719)	695
2023	122,212	(4,663)	3,715
2024	122,136	666	4,070
2025	—	—	—
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, 2020, the State reported an asset of $23.5 million, for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension asset used to calculate the net pension asset was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total pension asset to June 30, 2019. The State's proportion of the net pension asset was based on contributions to Peace Officers' during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion was 100% for the Peace Officers' plan for local government Peace Officers. For the year ended June 30, 2020, the State recognized expense of $21.8 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

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

At June 30, 2020, 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	$ —	$ 19,328
Changes of assumptions	4,451	16,741
Net difference between projected and actual earnings on pension plan investments	—	9,579
Changes in proportion and differences between State contributions and proportionate share of contributions	—	—
State contributions subsequent to the measurement date	13,021	—
Total	$ 17,472	$ 45,648

Primary Government: State contributions subsequent to the measurement date of $13.0 million are reported as deferred outflows of resources and will be recognized as an addition to the NPA in the year ended June 30, 2021. 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
2021	$ (6,893)
2022	(16,800)
2023	(11,623)
2024	(3,717)
2025	(2,164)
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, 2020, the State reported a liability of $169.1 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. The State's proportion of the net pension liability was based on contributions to Firefighters' during the fiscal year ended June 30, 2019. At June 30, 2019, the State's proportion was 100% for the Firefighters' plan for local government Firefighters. For the year ended June 30, 2020, the State recognized expense of $48.4 million.

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

At June 30, 2020, 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	$ 5,903	$ 10,703
Changes of assumptions	23,123	—
Net difference between projected and actual earnings on pension plan investments	—	11,905
Changes in proportion and differences between State contributions and proportionate share of contributions	—	—
State contributions subsequent to the measurement date	40,575	—
Total	$ 69,601	$ 22,608

NOTE 15 - RETIREMENT SYSTEMS (continued)

Primary Government: State contributions subsequent to the measurement date of $40.6 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2021. 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**	
2021	$	3,630
2022		(4,344)
2023		3,517
2024		3,755
2025		318
Thereafter		(458)

NOTE 15 - RETIREMENT SYSTEMS (continued)

H. Actuarial Methods and Assumptions (GASB 68)

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:

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%	N/A	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)

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 %	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 %	—	—
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 %	—	—
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 %
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 which assume a 2.50%, and and Peace Officers', which includes a 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%. 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, 2019. 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	$ 5,213,608	$ 3,667,433	$ 2,351,754	$ 86,407	$ 60,803	$ 38,976
SFS	95,796	67,410	43,212	—	—	—
Total ERS Net Pension Liability	$ 5,309,404	$ 3,734,843	$ 2,394,966	$ 86,407	$ 60,803	$ 38,976
	(6.30%)	(7.30%)	(8.50%)	(6.30%)	(7.30%)	(8.30%)
PSERS's Net Pension Liability	$ 287,322	$ 165,908	$ 63,677	$ —	$ —	$ —
	(6.30%)	(7.30%)	(8.30%)	(6.30%)	(7.30%)	(8.30%)
GJRS's Net Pension (Asset)	$ 958	$ (22,425)	$ (42,780)	$ —	$ —	$ —
SFS	722	(16,906)	(32,249)	—	—	—
Total GJRS's Net Pension (Asset)	$ 1,680	$ (39,331)	$ (75,029)	$ —	$ —	$ —
	(6.25%)	(7.25%)	(8.25%)	(6.25%)	(7.25%)	(8.25%)
TRS's Net Pension Liability	$ 5,949,681	$ 3,664,958	$ 1,786,532	$ 196,263	$ 120,905	$ 58,933
SFS	74,090	45,642	22,247	—	—	—
Total TRS's Net Pension Liability	$ 6,023,771	$ 3,710,600	$ 1,808,779	$ 196,263	$ 120,905	$ 58,933
	(5.50%)	(6.50%)	(7.50%)	(5.50%)	(6.50%)	(7.50%)
Peace Officers' Net Pension Liability/(Asset)	$ 75,945	$ (23,505)	$ (105,897)	$ —	$ —	$ —
	(5.00%)	(6.00%)	(7.00%)	(5.00%)	(6.00%)	(7.00%)
Firefighters' Net Pension Liability	$ 315,762	$ 169,132	$ 48,033	$ —	$ —	$ —

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.

There were 71,716 plan members and 470 participating employers in the plan at June 30, 2020.

NOTE 15 - RETIREMENT SYSTEMS (continued)

For the fiscal year ended June 30, 2020, the State's employer and employee GSEPS contributions were $35.2 million and $70.2 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, 2020, 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, 2020, employer and employee contributions were $137.8 million and $89.7 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, 2020, 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	3.21 %
School OPEB Fund	3.16 %
SEAD-OPEB Plan	(3.60%)

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, 2020:

	Target Allocation		
Asset Class	State OPEB	School OPEB	SEAD-OPEB
Fixed Income	30 %	30 %	25% - 45%
Equities	70 %	70 %	55% - 75%
Alternative Investments	— %	— %	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 2020 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 2020 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.

Due to the uncertainty regarding plan revenues and expenditures as a result of the unprecedented actions the State is undertaking in response to COVID-19, the fiscal year 2019 year end OPEB transfer was deferred in fiscal year 2020 to help ensure there would be sufficient resources to maintain cash flow and meet any unanticipated expenses as a result of COVID-19. If any excess amounts are transferred to the OPEB funds in fiscal year 2021, it will be determined after the completion of the State's fiscal year 2020 Comprehensive Annual Financial Report.

The contribution requirements of plan members and participating employers are established by the Board in accordance with the 2020 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, 2020, 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 2019 - June 2020	29.454%	for August 2019 - July 2020 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 2019 - June 2020	$945.00	for August 2019 - July 2020 coverage

Library employees:

July 2019 - June 2020	$843.00	for August 2019 - July 2020 coverage

Non-certificated school personnel:

July 2019 - June 2020	$945.00	for August 2019 - July 2020 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, 2020. Contributions were based on actuarial valuations, and for fiscal year 2020 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, 2020:

Participating Membership by Plan
June 30, 2020

Plan Membership	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Inactive plan members or beneficiaries currently receiving benefits	38,447	85,749	44,130
Inactive plan members entitled to but not yet receiving benefits	86	100	1,016
Active plan members	50,509	178,437	21,020
Total	89,042	264,286	66,166
Open to New Members (Yes/No)	Yes	Yes	No
Number of Employers	200	247	444

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, 2020, by Plan (amount in thousands):

Components of the Net OPEB Liability/ (Asset)	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Total OPEB Liability	$2,792,919	$15,298,688	$ 972,700
Plan Fiduciary Net Position	1,667,521	611,017	1,256,718
Net OPEB liability/(asset)	$1,125,398	$14,687,671	$ (284,018)
Plan fiduciary net position as a percentage of the total OPEB liability	59.71 %	3.99 %	129.20 %

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. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claim costs. Continued monitoring of the ACA's impact on the Plan's liability will be required. Additionally, the impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Continued monitoring of the COVID-19 impact on the Plan's liability will also 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, 2020, is based upon the June 30, 2019 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, 2020, 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	6/30/2019	6/30/2019	6/30/2019
Inflation	2.50%	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	7.00%	7.00%	N/A
Medicare Eligible	5.25%	5.25%	N/A
Ultimate Trend Rate			
Pre-Medicare Eligible	4.50%	4.50%	N/A
Medicare Eligible	4.50%	4.50%	N/A
Year Ultimate Trend is Reached			
Pre-Medicare Eligible	2029	2029	N/A
Medicare Eligible	2023	2023	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. There is a margin for future mortality improvement in the tables used by the plan. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.	For Teachers Retirement System (TRS) members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with the MP-2019 projection scale (set forward one year and adjusted 106%) is used for death after service retirement and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generationally with the MP-2019 Projection scale (set forward one year and adjusted 106%) is used for death prior to retirement. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate. 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. 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.	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	7/1/2013 - 6/30/2018	7/1/2009 - 6/30/2014

[1] Long-term expected rate of return is net of investment expense, including inflation

*Includes respective inflation assumption. The State Plan has been lowered from 2.75% to 2.50% in anticipation of the upcoming ERS experience study.

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 recent actuarial experience studies which covered the five year period ending June 30, 2014, and June 30, 2018, respectively. Various assumptions and methods have been revised to reflect the results of the TRS experience study for the five-year period ending June 30, 2018. 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, 2019 valuation for the State and School OPEB funds were based on a review of recent plan experience done concurrently with the June 30, 2019 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 was decreased as reported in the June 30, 2017 and June 30, 2018 actuarial valuations, based on a funding policy change. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuations.

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 %	0.5%	30.0 %	0.5%	30.0 %	(0.1%)
Domestic large equities	70.0 %	9.2 %	70.0 %	9.2 %	46.2 %	8.9 %
Domestic small equities	—	—	—	—	1.3 %	13.2 %
International developed market equities	—	—	—	—	12.4 %	8.9 %
International emerging market equities	—	—	—	—	5.1 %	10.9 %
Alternatives	—	—	—	—	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, 2020, for the State OPEB fund, a single equivalent interest rate of 7.06% was used, as compared with last year's discount rate of 7.30%. This is comprised of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (2.21% per the Municipal Bond Index Rate) along with other factors. 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 2118.

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 2.22% was used as the discount rate, as compared with last year's rate of 3.58%. 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 (2.21% 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 2118.

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, 2020. 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
	(6.06%)	(7.06%)	(8.06%)
State's Net OPEB Liability	$ 1,410,587	$ 1,125,398	$ 882,248
	(1.22%)	(2.22%)	(3.22%)
School's Net OPEB Liability	$ 17,255,590	$ 14,687,671	$ 12,634,053
	(6.30%)	(7.30%)	(8.30%)
SEAD-OPEB Plan's Net OPEB (Asset)	$ (157,545)	$ (284,018)	$ (388,280)

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, 2020. 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	$ 845,713	$ 1,125,398	$ 1,456,816
School's Net OPEB Liability	$ 12,228,963	$ 14,687,671	$ 17,870,984
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, 2020 is as follows (amount in thousands):

Aggregate OPEB Amounts - All Plans

	Primary Government	Component Units
OPEB liabilities	$ 1,152,855	$ 82,041
OPEB assets	$ 253,962	$ 3,237
Deferred outflows of resources related to OPEBs	$ 393,763	$ 16,832
Deferred inflows of resources related to OPEBs	$ 1,634,292	$ 27,528
OPEB expense/expenditures	$ (402,983)	$ 2,203

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, 2019. The total OPEB liability/asset used to calculate the NOL/NOA for each plan was based on an actuarial valuation as of June 30, 2018 for State, School, and SEAD.

State OPEB Fund

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

Primary Government: At June 30, 2020, the State reported a liability of $1.2 billion for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2019. 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, 2019, the State's proportion for the State plan as employer was 92.429945%, which was an increase of 0.406988% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized OPEB expense of $(383.6) million.

Component Units: At June 30, 2020, the State reported a liability of $2.3 million, for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2019. 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, 2019, the State's proportion for the State plan as Employer was 0.197090%, which was a decrease of 0.012879% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized OPEB expense of $(1.1) million.

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

At June 30, 2020, 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	$ —	$ 396,730	$ —	$ 781
Changes of assumptions	—	1,068,570	—	2,103
Net difference between projected and actual earnings on OPEB plan investments	77,200	—	152	—
Changes in proportion and differences between State contributions and proportionate share of contributions	166,961	141,710	39	716
State contributions subsequent to the measurement date	139,402	—	270	—
Total	$ 383,563	$ 1,607,010	$ 461	$ 3,600

Primary Government: State contributions as employer subsequent to the measurement date of $139.4 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2021.

Component Units: State contributions as employer subsequent to the measurement date of $0.3 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2021.

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
2021	$ (532,183)	$ (1,450)
2022	(477,472)	(1,233)
2023	(289,362)	(752)
2024	(63,832)	26
2025	—	—
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, 2020, the State reported a liability of $79.8 million, for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2019. 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, 2019, the State’s proportion for the School plan as Employer was 0.650152% which was an increase of 0.024389% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized OPEB expense of $3.4 million.

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

At June 30, 2020, 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	$ —	$ 8,680
Changes of assumptions	2,771	11,248
Net difference between projected and actual earnings on OPEB plan investments	174	—
Changes in proportion and differences between State contributions and proportionate share of contributions	10,928	3,618
State contributions subsequent to the measurement date	2,315	—
Total	**$ 16,188**	**$ 23,546**

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Component Units: State contributions as employer subsequent to the measurement date of $2.3 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2021.

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**	
2021	$	(2,260)
2022		(2,260)
2023		(2,267)
2024		(1,906)
2025		(870)
Thereafter		(110)

<u>State Employees' Assurance Department (SEAD-OPEB Plan)</u>

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

Primary Government: At June 30, 2020, the State reported an asset of $254.0 million, for it's proportionate share of net OPEB asset. The net OPEB asset was measured as of June 30, 2019. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total OPEB asset to June 30, 2019. The State's proportion of the net OPEB asset was based on the State’s proportion of the prior year payroll of SEAD members. At June 30, 2019, the State’s proportion for the SEAD plan as Employer was 89.830175%, which was an increase of 0.016775% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized OPEB expense of $(19.4) million.

***Component Units*:** At June 30, 2020, the State reported an asset of $3.2 million, for it's proportionate share of net OPEB asset. The net OPEB asset was measured as of June 30, 2019. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2018, with standard roll-forward techniques performed to update the total OPEB asset to June 30, 2019. The State's proportion of the net OPEB asset was based on the State’s proportion of the prior year payroll of SEAD members. At June 30, 2019, the State’s proportion for the SEAD plan as Employer was 1.155560%, which was an increase of 0.036224% from its proportion measured as of June 30, 2018. For the year ended June 30, 2020, the State recognized OPEB expense of $(0.2) million.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

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

At June 30, 2020, 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	$ 1,288	$ —	$ 16	$ —
Changes of assumptions	5,132	—	66	—
Net difference between projected and actual earnings on OPEB plan investments	—	23,366	—	297
Changes in proportion and differences between State contributions and proportionate share of contributions	3,780	3,916	101	85
State contributions subsequent to the measurement date	—	—	—	—
Total	$ 10,200	$ 27,282	$ 183	$ 382

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
2021	$ (4,928)	$ (25)
2022	(11,076)	(160)
2023	(2,213)	(28)
2024	1,135	14
2025	—	—
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	6/30/2018	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 are based on the results of the most recent actuarial experience studies, which covered the last 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, rates 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 the 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 long-term expected 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 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 for the State OPEB, 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 was projected to be available to make all projected future benefit payment 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 of 3.58% was used as the discount rate, as compared with the prior measurement period date 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 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 head count. 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 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 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.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

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
	(6.30%)	(7.30%)	(8.30%)	(6.30%)	(7.30%)	(8.30%)
State's Net OPEB Liability	$ 1,420,431	$ 1,152,855	$ 915,207	$ 3,029	$ 2,253	$ 1,952
	(2.58%)	(3.58%)	(4.58%)	(2.58%)	(3.58%)	(4.58%)
School's Net OPEB Liability	$ —	$ —	$ —	$ 92,740	$ 79,788	$ 69,252
	(6.30%)	(7.30%)	(8.30%)	(6.30%)	(7.30%)	(8.30%)
SEAD Plan's Net OPEB (Asset)	$ (140,558)	$ (253,962)	$ (347,239)	$ (1,808)	$ (3,237)	$ (4,467)

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	$ 881,679	$ 1,152,855	$ 1,462,656	$ 1,880	$ 2,253	$ 3,119
School's Net OPEB Liability	$ —	$ —	$ —	$ 67,213	$ 79,788	$ 95,759
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, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, for the Regents Plan was 5.27%.

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, 2020:

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 § 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 § 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 2020, 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 2020 plan year, the employer rate was approximately 84% of the total health insurance cost for eligible retirees, and the retiree rate was approximately 16%. 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, 2020, the USG contributed approximately $102.8 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, 2020:

Plan Membership	June 30, 2020	June 30, 2019
Inactive plan members or beneficiaries currently receiving benefits	20,427	19,826
Inactive plan members entitled to but not yet receiving benefits	—	—
Active plan members	48,739	48,661
Total	69,166	68,487
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, 2020 (amount in thousands):

Components of the Net OPEB Liability		
Total OPEB Liability	$	5,493,697
Plan Fiduciary Net Position		159,978
Net OPEB liability	$	5,333,719
Plan fiduciary net position as a percentage of the total OPEB liability		2.91 %

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

F. Actuarial Methods and Assumptions

The "*Further Consolidated Appropriations Act, 2020*" signed into law on December 20, 2019 included a permanent repeal of the excise tax on high-cost plans originally imposed by the Affordable Care Act in 2010. The impact of this change was included as a change in assumption which decreased the net OPEB liability by about $173.5 million.

Projections 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, 2020, is based upon May 1, 2020 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, 2020.

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	5/1/2020
Inflation	2.10%
Salary increases	4.00%
Long-term expected rate of return [1]	3.75%
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	6.70%
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-2019.
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 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 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 %	—
Equity Allocation	30.0 %	4.51 %
Total	100.0 %	

* Rates shown are net of the 2.10% assumed rate inflation.

Discount Rate

In order to measure the total OPEB liability for the Regents Plan, as of June 30, 2020, a yield or index rate of 2.21% was used as the discount rate, as compared with last year's rate of 3.50%. 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 (2.21% 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.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following schedule summarizes the NOL, as of June 30, 2020, 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
	1.21%	2.21%	3.21%
Regents OPEB Liability	$ 6,502,284	$ 5,333,719	$ 4,398,498

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, 2020. 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	$ 4,422,484	$ 5,333,719	$ 6,489,162

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, 2020 is as follows (amount in thousands):

Aggregate OPEB Amounts - All Plans

	Primary Government	Component Units
OPEB liabilities	$ 4,471,568	$ 62,191
Deferred outflows of resources related to OPEBs	$ 350,802	$ 14,699
Deferred inflows of resources related to OPEBs	$ 529,022	$ 7,244
OPEB expense/expenditures	$ 315,573	$ 8,737

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

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, 2019. The total OPEB liability used to calculate the NOL was based on an actuarial valuation as of May 1, 2019.

Regents Plan

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

Primary Government: At June 30, 2020, the State reported a net OPEB liability of $4.5 billion, for the Regents Plan. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2019, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2019. The net OPEB liability was based on contributions during the fiscal year ended June 30, 2019. For the year ended June 30, 2020, the State recognized OPEB expense of $315.6 million.

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

At June 30, 2020, 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	$ 248,010	$ 25,518
Changes of assumptions	—	502,329
Net difference between projected and actual earnings on OPEB plan investments	—	1,175
State contributions subsequent to the measurement date	102,792	—
Total	$ 350,802	$ 529,022

Primary Government: State contributions as Employer subsequent to the measurement date of $102.8 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2021.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

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):

Year ended June 30:	Primary Government State as Employer
2021	$ (66,788)
2022	(66,788)
2023	(64,937)
2024	(29,344)
2025	(27,610)
Thereafter	(25,545)

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	$ 217,648
Interest	180,173
Benefit changes	(11,211)
Differences between expected and actual experience	(29,667)
Changes of assumptions	(129,153)
Benefit payments/refunds	(98,563)
Net change in total OPEB liability	129,227
Total OPEB liability-beginning	4,486,796
Total OPEB liability-ending (a)	4,616,023
Plan fiduciary net position:	
Contributions-employer	160,383
Net investment income	7,126
Benefit payments/refunds	(98,563)
Administrative expense	(536)
Net change in plan fiduciary net position	68,410
Plan fiduciary net position-beginning	76,045
Plan fiduciary net position-ending (b)	144,455
Net OPEB liability-ending (a)-(b)	$ 4,471,568

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.

Projections 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 the actuarial valuation for May 1, 2019 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:

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 project with scale MP-2018 Disabled: Pub-2010 Disabled Mortality for Teachers (as appropriate) headcount weighted project 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 assumptions are based on the results of the most recent actuarial experience study of the Teacher's Retirement System of Georgia, 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 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 geometric 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%	1.09 %
Equity Allocation	30%	4.46 %
Total	100.0 %	

* Rates shown are net of the 2.50% assumed rate of 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 3.5% was used as the discount rate, as compared with the prior measurement period date 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 (3.5% 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 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, 2019. 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
	(2.50%)	(3.50%)	(4.50%)
Regents Net OPEB Liability	$ 5,293,080	$ 4,471,568	$ 3,786,697

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

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, 2019. 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	$ 3,749,464	$ 4,471,568	$ 5,376,308

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 § 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 § 45-18-2, (2) a plan for teachers OCGA § 20-2-881, and (3) a plan for non-certificated public school employees OCGA § 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 § 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 6/30/2020	Fiscal Year Ended 6/30/2019
Unpaid Claims and Claim Adjustments July 1	**$ 195,355**	**$ 200,292**
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	2,699,185	2,542,632
Decrease in provision for insured events of the prior fiscal year	(84,444)	(47,115)
Total incurred claims and claim adjustment expenses	2,614,741	2,495,517
Payments:		
Claims and claim adjustment attributable to insured events of the current year	(2,472,442)	(2,348,115)
Claims and claim adjustment attributable to insured events of the prior year	(106,756)	(152,339)
Total Payments	(2,579,198)	(2,500,454)
Total Unpaid Claims and Claim Adjustments June 30	**$ 230,898**	**$ 195,355**

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 6/30/2020	Fiscal Year Ended 6/30/2019
Unpaid Claims and Claim Adjustments July 1	**$ 45,014**	**$ 33,467**
Current Year Claims and Changes in Estimates	423,784	434,268
Claims Payments	(421,904)	(422,721)
Unpaid Claims and Claim Adjustments June 30	**$ 46,894**	**$ 45,014**

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, 2020, of $987.4 million both for workers' compensation and liability was charged back to the contributing funds. Expenditures of $641.8 million are reported in the General Fund, and expenses of $256.7 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 6/30/2020	Fiscal Year Ended 6/30/2019
Unpaid Claims and Claim Adjustments July 1	**$ 916,988**	**$ 827,166**
Current Year Claims and Changes in Estimates	272,097	250,585
Claims Payments	(149,298)	(160,763)
Unpaid Claims and Claim Adjustments June 30	**$ 1,039,787**	**$ 916,988**

NOTE 19 - TAX ABATEMENT

As of June 30, 2020, 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, including Cares Act funds related to COVID-19 pandemic, 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

David M Curry, Commissioner, Georgia Department of Revenue v. T- Mobile South, LLC, -Fulton County Superior Court, September 8, 2020 on appeal from GA. Tax Tribunal (consolidated). 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 cell phone towers and the wireless network equipment purchased by T-Mobile South are "voice data transport technology", which is specifically excluded from the exemption, and therefore do not qualify for the sales tax exemption. T-Mobile South appealed these decisions with the Georgia Tax Tribunal. Following a trial on all issues, on August 6, 2020, the Georgia Tax Tribunal ruled in favor of T-Mobile South and found that the equipment qualified as computer equipment under OCGA § 48-8-3(68) and, therefore, qualified for the sales tax exemption. The Georgia Tax Tribunal reversed DOR's denial of T-Mobile South's refund claims and granted all of T-Mobile South refund claims for a total amount of $11.4 million. DOR filed a petition for judicial review in Fulton County Superior on September 8, 2020. The parties have filed briefs and a hearing is scheduled on May 12, 2021. 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.

CSX 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

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

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 vigorously 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 million should 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

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

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 issued a Report denying Florida's request for relief and finding for Georgia on all issues that the Supreme Court identified. The U.S. Supreme Court heard oral argument on February 22, 2021. It is not possible at this time to predict the duration or outcome of these disputes.

C. Guarantees and Financial Risk

Component Units

Georgia Housing Finance Authority (GHFA) has uninsured single-family mortgage loans of approximately $50.4 million as of June 30, 2020. 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.

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, 2020, the fund balances of the primary government include encumbrances of $5.3 billion. In addition to this amount, the state has obligated $371.6 million of Coronavirus Relief Funds (CRF) to local governments and $405.9 million CARES Act Elementary and Secondary School Emergency Relief Funds (ESSER) to local education authorities.

The University System of Georgia (Higher Education Fund) had significant, unearned, outstanding construction or renovation contracts executed in the amount of $33.4 million as of June 30, 2020. This amount is not reflected in the financial statements.

As of June 30, 2020, Employees' Retirement System of Georgia committed to fund certain private equity partnerships for a total capital commitment of $647.8 million.

Of this amount, $289.4 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*.

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

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 $162.8 million as of June 30, 2020.

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 $135.2 million as of June 30, 2020.

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 $53.1 million as of June 30, 2020.

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 $70.5 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 $175.1 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, 2020, Georgia Environmental Finance Authority (GEFA) had commitments to fund projects, excluding the undisbursed portion of loans in process, totaling $62.8 million.

As of June 30, 2020, Georgia Ports Authority (GPA) had commitments for construction projects of approximately $118.4 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 $12.1 million through the year ended June 30, 2020, 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*):

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

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, 2020 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	$ 23,857	$ 13,811
Noncurrent Assets	13	59
Due from Other Funds	—	876
Capital Assets	16,956	9,873
Total Assets	40,826	24,619
Deferred Outflows	58	165
Liabilities		
Current Liabilities	30,415	—
Noncurrent Liabilities	228,615	43,776
Due to Other Funds	381	1,318
Total Liabilities	259,411	45,094
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	$ (18,614)	$ (12,628)
Noncapital Financing Activities	400	(543)
Activities	(109,547)	(2,600)
Investing Activities	1,529	256
Net Increase (Decrease)	(126,232)	(15,515)
Beginning Cash and Cash Equivalents	150,089	21,376
Ending Cash and Cash Equivalents	$ 23,857	$ 5,861

NOTE 22 - SUBSEQUENT EVENTS

A. Primary Government

Long-term Debt Issues

General Obligation Bonds Issued

In August 2020, the State sold General Obligation bonds 2020A and 2020B for $802.6 million and $329.9 million, respectively in the total amount of $1.1 billion, delivered on August 27, 2020. 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 2020AB bonds was 1.5286% and the average life is 10.414 years.

Defeasance of General Obligation Bonds

Premium proceeds totaling $174.4 million from the issuance of the Series 2020A general obligation bonds were deposited into an escrow fund to defease a total of $171.7 million from ten different series of general obligation bonds with interest rates ranging from 1.00% to 5.00%.

Revenue Bonds

On December 22, 2020, the State Road and Tollway Authority (SRTA) issued $387.4 million in aggregate principal amount of its Federal Highway Grant Anticipation Revenue Bonds, Series 2020 and $96.8 million in aggregate principal amount of its Federal Highway Reimbursement Revenue Bonds, Series 2020 for the purpose of providing funds to finance a portion of the cost of planning, designing, engineering acquisition and construction of the transportation projects and to pay the costs of issuance of the Series 2020 Bonds.

Other Subsequent Events

Coronavirus Relief Fund Spend

During fiscal year 2020 the State received $3.5 billion of Coronavirus Relief Funds (CRF) as part of the federal CARES Act. Of this amount, $315.1 million was expended and an additional $397.4 million was encumbered by state agencies as of June 30, 2020. On June 29, 2020, the Governor committed $371.6 million to local governments for COVID-19 relief. The encumbrance amount and the amount for local governments have been disclosed in Note *20 - Litigation, Contingencies, and Commitments*.

Subsequent to June 30, 2020, the Governor allocated $1.5 billion to repay borrowing for the Unemployment Compensation Fund, and another $78.0 million has been designated to nursing homes and long-term care facilities for COVID-19 testing. The remaining balance of $837.9 million has not yet been obligated as of the date of this report.

Subsequent to June 30, 2020, the state borrowed $1.1 billion from the federal government to fund the Unemployment Compensation Fund, which was paid off in full by the issuance date of this report.

NOTE 22 - SUBSEQUENT EVENTS (continued)

University System of Georgia

In April 2019, the Board of Regents of the University System of Georgia (BOR) entered into a rental agreement with Georgia Tech Facilities, Inc., a component unit, for the Campus Center at the Georgia Institute of Technology. The Campus Center is a student center complex comprised of a student center, pavilion, exhibition hall, and café. The existing Fred B. Wenn Student Center will undergo related improvements as part of the Campus Center project. This collection of buildings will be a central point of resources, gathering, entertainment and restoration for the Georgia Tech Community. The lease term is for thirty-one years. Total estimated rental payments will be $204.0 million over the lease period. Semi-annual rental payments will include base rent and a repair and replacement contribution. Rental payments will begin fiscal year 2021. The capital lease liability and capital asset will be recorded on the Institute's books once construction is complete and the certificate of occupancy is issued.

B. Component Units

<u>Other Subsequent Events</u>

Georgia Housing and Finance Authority

The Authority issued 2020 Series B Single-Family Mortgage Bonds. The bond deal closed on October 21, 2020 in the amount of $110.9 million.

On September 10, 2020, the Authority increased its errors and omissions insurance policy amount to $2.4 million.

University System of Georgia

Georgia Southern University Housing Foundation Seven, LLC (GSUHF7) issued Series 2020 bonds in June 2020 to be used for the renovation of a student housing facility, Kennedy Hall. The total estimated cost of the project is $16.5 million. Construction in progress as of June 30, 2020 totaled $0.9 million. It is anticipated that the project will be completed for use in the fall of 2021. In conjunction with the project, GSUHF7 has a rental agreement with the Board of Regents for the student housing facility. The lease will begin upon substantial completion of the renovation and improvement, currently expected to commence July 1, 2021.

In July 2020, the Georgia State Athletic Association entered into a naming rights and sponsorship agreement for the naming of the GSU football stadium. Under the terms of the agreement, the Association will receive approximately $21.0 million over a 15-year period.

On September 1, 2020, Kennesaw State University (KSU) entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) where KSUF would renovate and improve a student housing facility (Howell Hall). This facility will be leased to KSU for a 30-year period through June 30, 2052 with lease payments totaling $20.5 million. At the end of the lease, the ownership of the student housing facility will transfer to KSU. On September 1, 2020, Kennesaw State University Foundation, Inc. entered into a promissory note agreement to repay $9.6 million Series 2020C bonds issued by the Development Authority of Cobb County. The proceeds of the bonds will be used for the purpose of financing the cost of renovating and improving Howell Hall, a student housing facility located on the Marietta campus of Kennesaw State University, fund capitalized interest for the Series 2020C Bonds and paying all or a portion of the costs of issuing the Series 2020 Bonds.

On December 17, 2020, Kennesaw State University (KSU) entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) where KSUF would construct and equip a student housing facility. This new facility will be leased to KSU for a 30-year period through June 30, 2052 with lease payments totaling $65.3

NOTE 22 - SUBSEQUENT EVENTS (continued)

million. At the end of the lease, the ownership of the student housing facility will transfer to KSU. On December 17, 2020, Kennesaw State University Foundation, Inc. entered into a promissory note agreement to repay $35.4 million Series 2020 bonds issued by the Development Authority of Cobb County. The proceeds of the bonds will be used for the purpose of (i) financing the cost of acquiring, constructing and equipping a student housing facility consisting of approximately 508 beds to be located on the Kennesaw campus of Kennesaw State University, (ii) fund capitalized interest for the Series 2020 Bonds and (iii) paying all or a portion of the costs of issuing the Series 2020 Bonds.

On December 9, 2020, University of Georgia (UGA) entered into an agreement with UGA Real Estate Foundation, Inc. (UGAREF) a component unit of University of Georgia Research Foundation, Inc. where UGAREF would construct and equip a student housing facility. This new facility will be leased to UGA for a 30 year period through June 30, 2052 with lease payments totaling $79.3 million. On December 9, 2020, UGAREF entered into a promissory note agreement to repay $39.0 million Series 2020 bonds issued by the Athens Housing Authority. The proceeds of the bonds will be used for the purpose of (a) financing the cost of the acquisition, construction and equipping of certain buildings, structures, equipment and related real and personal property to be used as a student housing facility consisting of approximately 527 beds and related amenities to be located on the campus of the UGA in Athens-Clarke County, Georgia, (b) pay capitalized interest on the Series 2020 Bonds and certain annual fees during construction of the facility and for approximately six months thereafter and (c) pay the cost of issuing the Series 2020 Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Budgetary Comparison Schedule
Budget Fund
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
Funds Available					
State Appropriation					
State General Funds	$ 23,723,308	$ 23,335,409	$ 23,421,962	$ 23,361,577	$ 60,385
Revenue Shortfall Reserve for K-12 Needs	—	255,711	255,711	255,711	—
State Motor Fuel Funds	1,925,866	1,911,700	1,911,700	1,911,700	—
Lottery Proceeds	1,248,182	1,231,638	1,231,638	1,231,638	—
Tobacco Settlement Funds	150,160	155,882	155,881	155,882	(1)
Brain and Spinal Injury Trust Fund	1,409	1,409	1,409	1,563	(154)
Nursing Home Provider Fees	157,326	155,482	168,453	168,453	—
Hospital Provider Fee	336,599	336,599	345,213	345,213	—
State Funds - Prior Year Carry-Over					
State General Fund Prior Year	—	—	349,345	376,625	(27,280)
Brain and Spinal Injury Trust Fund - Prior Year	—	—	2,918	2,800	118
State Motor Fuel Funds - Prior Year	—	—	491,355	2,212,901	(1,721,546)
Federal Funds					
CCDF Mandatory & Matching Funds	97,618	97,618	83,597	83,597	—
Child Care and Development Block Grant	138,020	138,020	300,559	298,690	1,869
Community Mental Health Services Block Grant	14,164	14,164	17,520	16,756	764
Community Services Block Grant	16,329	16,282	21,102	20,950	152
Federal Highway Administration - Highway Planning and Construction	1,507,117	1,514,708	1,552,909	1,358,169	194,740
Foster Care Title IV-E	105,222	98,678	102,341	103,283	(942)
Low-Income Home Energy Assistance	56,008	56,164	104,230	102,315	1,915
Maternal and Child Health Services Block Grant	16,977	16,977	19,900	16,892	3,008
Medical Assistance Program	7,466,286	7,410,223	8,586,062	8,489,362	96,700
Prevention and Treatment of Substance Abuse Block Grant	47,852	47,852	58,612	56,736	1,876
Preventive Health and Health Services Block Grant	2,207	2,207	5,650	4,586	1,064
Revenue Shortfall Reserve	—	100,000	13,447	—	13,447
Social Services Block Grant	53,608	52,582	50,924	48,814	2,110
State Children's Insurance Program	427,871	488,359	625,359	397,189	228,170
Temporary Assistance for Needy Families Block Grant	327,877	329,891	350,323	317,100	33,223
TANF Transfer to SSBG	1,337	1,802	1,977	1,977	—
Federal Funds Not Itemized	4,037,395	4,120,090	4,526,258	4,187,849	338,409
Federal Funds-COVID-19					
Child Care & Development Block Grant - COVID-19	—	—	36,935	36,935	—
Community Services Block Grant - COVID-19	—	—	26,896	5,627	21,269
Federal Funds Not Itemized – COVID-19	—	—	2,825,563	2,636,121	189,442
Low-Income Home Energy Assistance - COVID-19	—	—	44,685	40,604	4,081
American Recovery and Reinvestment Act of 2009					
Medical Assistance Program	—	—	—	8,807	(8,807)
Federal Recovery Funds Not Specifically Identified	36,134	21,219	38,014	36,860	1,154
Other Funds	11,121,212	11,410,845	15,778,360	15,690,134	88,226
Total Funds Available	53,016,084	53,321,511	63,506,808	63,983,416	(476,608)
Expenditures					
Georgia Senate	11,938	11,541	11,790	9,866	1,924
Georgia House of Representatives	19,772	19,428	20,102	18,351	1,751
Georgia General Assembly Joint Offices	14,137	14,453	21,128	12,520	8,608
Audits and Accounts, Department of	36,806	36,691	36,697	36,202	495
Appeals, Court of	22,455	23,292	23,423	23,421	2
Judicial Council	20,895	20,998	23,413	22,184	1,229
Juvenile Courts	9,078	8,920	9,209	8,895	314
Prosecuting Attorneys	86,808	85,293	125,706	116,263	9,443
Superior Courts	76,047	75,402	75,413	74,622	791
Supreme Court	16,847	16,749	17,153	17,153	—
Accounting Office, State	29,205	28,945	30,741	30,280	461
Administrative Services, Department of	218,459	225,113	255,022	245,121	9,901
Agriculture, Department of	61,926	60,883	95,568	91,957	3,611
Banking and Finance, Department of	13,444	12,908	13,271	12,969	302

(continued)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
Expenditures					
Behavioral Health & Developmental Disabilities, Department of	1,408,569	1,383,104	1,456,798	1,446,893	9,905
Community Affairs, Department of	257,843	250,093	264,674	247,453	17,221
Community Health, Department of	15,649,092	15,646,637	20,450,404	16,324,573	4,125,831
Community Supervision, Department of	186,522	179,054	184,292	179,915	4,377
Corrections, Department of	1,224,216	1,166,447	1,307,057	1,227,606	79,451
Defense, Department of	84,865	82,938	109,387	80,474	28,913
Driver Services, Department of	73,272	71,433	80,605	77,287	3,318
Early Care and Learning, Department of	847,445	832,361	1,011,452	1,011,452	—
Economic Development, Department of	35,318	33,622	37,220	35,822	1,398
Education, Department of	12,769,228	12,893,560	13,373,952	13,236,321	137,631
Employees' Retirement System of Georgia	62,005	63,681	63,294	61,430	1,864
Forestry Commission, State	54,089	53,999	56,681	56,390	291
Governor, Office of the	91,628	196,950	1,734,096	1,489,036	245,060
Human Services, Department of	1,963,882	1,898,466	2,129,342	2,021,511	107,831
Insurance, Department of	22,045	22,309	23,458	23,269	189
Investigation, Georgia Bureau of	287,404	285,668	370,355	323,465	46,890
Juvenile Justice, Department of	358,836	342,259	365,752	346,368	19,384
Labor, Department of	120,570	114,826	120,556	117,152	3,404
Law, Department of	73,917	73,355	101,482	98,351	3,131
Natural Resources, Department of	290,429	286,456	391,157	337,979	53,178
Pardons and Paroles, State Board of	18,209	17,483	17,633	16,955	678
Properties Commission, State	2,100	2,481	2,481	2,041	440
Public Defender Council, Georgia	94,060	94,051	94,417	92,878	1,539
Public Health, Department of	698,359	701,041	1,019,234	874,926	144,308
Public Safety, Department of	270,902	258,236	288,308	253,464	34,844
Public Service Commission	11,391	11,235	11,402	11,402	—
Regents, University System of Georgia	8,216,107	8,461,402	9,441,121	8,523,609	917,512
Revenue, Department of	198,668	214,047	235,364	228,842	6,522
Secretary of State	30,102	29,724	68,942	48,909	20,033
Student Finance Commission and Authority, Georgia	1,018,340	1,002,498	999,407	955,644	43,763
Teachers' Retirement System	41,023	41,811	41,886	38,824	3,062
Technical College System of Georgia	912,686	1,048,998	1,017,650	877,663	139,987
Transportation, Department of	3,701,270	3,699,181	4,491,145	4,053,694	437,451
Veterans' Services, Department of	41,344	39,832	49,480	49,152	328
Workers' Compensation, State Board of	19,496	19,499	19,993	16,924	3,069
State of Georgia General Obligation Debt Sinking Fund	1,243,035	1,162,158	1,317,695	1,249,996	67,699
Total Expenditures	53,016,084	53,321,511	63,506,808	56,757,474	6,749,334
Excess of Funds Available over Expenditures	$ —	$ —	$ —	$ 7,225,942	$ (7,225,942)

Required Supplementary Information
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	General Fund
Sources/Inflows of Resources	
Summary	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	$ 63,983,416
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.	(10,793,256)
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	26,624,888
State appropriations revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(27,431,579)
Basis Differences:	
Accrual of taxpayer assessed receivables and revenues.	353,192
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	(240,604)
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(6,649,172)
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(930,729)
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.	(1,327,082)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(96,639)
Revenue reported for nonbudgetary food stamp program and donated commodities.	2,738,560
Revenue reported for on-behalf payments related to pensions.	61,700
Other net accrued receivables and revenues.	183,578
Total Revenues (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	$ 46,476,273

(continued)

Uses/Outflows of Resources	General Fund
Summary	
Actual amounts (budgetary basis) “Total Expenditures” from the budgetary comparison schedule	$ 56,757,474
Differences - budget to GAAP	
Perspective Differences:	
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(13,696,534)
Expenditures of nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	191,707
Basis Differences:	
Accrual of teacher salaries not included in current budget year.	(72,203)
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	13,300
Change in expenditure accrual for nonbudgetary Medicaid claims.	(54,600)
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.	(1,293,039)
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(930,729)
Expenditures reported for nonbudgetary food stamp program and donated commodities.	2,738,560
Expenditures reported for on-behalf payments related to pensions.	61,700
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	(554,042)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(1,610,312)
Other net accrued liabilities and expenditures.	219,169
Total Expenditures (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	$ 41,770,451

Budgetary Reporting

Budgetary Process

OCGA § 45-12-4 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, 2020

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, 2020, 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.

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, 2020
(dollars in thousands)

	Fiscal and Policy Year Ended							
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
(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	$2,901,981
(2) Unallocated expenses	100,532	150,939	155,501	144,515	140,450	132,097	118,674	120,873
(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	2,614,741
(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	2,472,442
One year later	2,223,219	1,931,895	1,871,509	1,915,972	2,151,121	2,340,034	2,454,871	
Two years later	2,223,219	1,931,895	1,871,509	1,915,972	2,151,121	2,340,034		
Three years later	2,223,219	1,931,895	1,871,509	1,915,972	2,151,121			
Four years later	2,223,219	1,931,895	1,871,509	1,915,972				
Five years later	2,223,219	1,931,895	1,871,509					
Six years later	2,223,219	1,931,895						
Seven 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	2,614,741
One year later	2,068,566	1,879,800	1,871,599	1,915,823	2,150,162	2,340,850	2,458,806	
Two years later	2,014,054	1,934,321	1,871,599	1,915,823	2,148,700	2,340,255		
Three years later	2,019,869	1,934,321	1,871,599	1,915,846	2,148,678			
Four years later	2,019,869	1,934,321	1,871,599	1,915,846				
Five years later	2,019,869	1,934,321	1,871,599					
Six years later	2,019,869	1,934,321						
Seven 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)	(9,510)	71,104	(36,711)	—

(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	6/30/2011	$ 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 %
	6/30/2020	643,857	643,857	—	2,614,856	24.62 %
Public School Employees Retirement System [1]	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
	6/30/2020	32,496	32,496	—	N/A	N/A
Georgia Judicial Retirement System	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 %
	6/30/2020	6,464	6,464	—	63,835	10.13 %

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.

	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)
Teachers Retirement System of Georgia	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 %
	6/30/2020	2,738,818	2,738,818	—	12,955,620	21.14 %
Peace Officers' Annuity and Benefit Fund of Georgia	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
	6/30/2020	13,088	13,021	67	N/A	N/A
Georgia Firefighters' Pension Fund	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
	6/30/2020	29,916	40,575	(10,659)	N/A	N/A

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
Schedules of Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Seven Fiscal Years
(dollars in thousands)

	2020	2019	2018	2017
Employees' Retirement System:				
Total pension liability	$ 17,717,243	$ 17,744,003	$ 17,628,219	$ 17,159,634
Plan fiduciary net position	13,502,286	13,617,472	13,517,186	13,098,299
Employers' and nonemployers' net pension liability	$ 4,214,957	$ 4,126,531	$ 4,111,033	$ 4,061,335
Plan fiduciary net position as a percentage of the total pension liability	76.21 %	76.74 %	76.68 %	76.33 %
Covered payroll	$ 2,614,856	$ 2,615,491	$ 2,635,896	$ 2,565,918
Employers' and nonemployers' net pension liability as a percentage of covered payroll	161.19 %	157.77 %	155.96 %	158.28 %
Public School Employees Retirement System:				
Total pension liability	$ 1,134,725	$ 1,107,496	$ 1,072,165	$ 1,013,163
Plan fiduciary net position	958,248	941,588	914,138	868,134
Employers' and nonemployers' net pension liability	$ 176,477	$ 165,908	$ 158,027	$ 145,029
Plan fiduciary net position as a percentage of the total pension liability	84.45 %	85.02 %	85.26 %	85.69 %
Covered payroll	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
Georgia Judicial Retirement System:				
Total pension liability	$ 455,656	$ 440,041	$ 428,624	$ 394,736
Plan fiduciary net position	485,930	479,372	466,657	441,182
Employers' and nonemployers' net pension (asset)	$ (30,274)	$ (39,331)	$ (38,033)	$ (46,446)
Plan fiduciary net position as a percentage of the total pension liability	106.64 %	108.94 %	108.87 %	111.77 %
Covered payroll	$ 63,835	$ 60,532	$ 60,572	$ 59,695
Employers' and nonemployers' net pension (asset) as a percentage of covered payroll	(47.43%)	(64.98%)	(62.79%)	(77.81%)

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.

2016	2015	2014
$ 17,103,987	$ 17,019,362	$ 17,042,149
12,373,567	12,967,964	13,291,531
$ 4,730,420	$ 4,051,398	$ 3,750,618
72.34 %	76.20 %	77.99 %
$ 2,390,457	$ 2,353,225	$ 2,335,773
197.89 %	172.16 %	160.57 %
$ 992,292	$ 946,200	$ 930,745
803,775	823,150	821,733
$ 188,517	$ 123,050	$ 109,012
81.00 %	87.00 %	88.29 %
N/A	N/A	N/A
N/A	N/A	N/A
$ 368,669	$ 357,081	$ 350,443
403,011	404,852	400,790
$ (34,342)	$ (47,771)	$ (50,347)
109.32 %	113.38 %	114.37 %
$ 57,401	$ 54,272	$ 54,787
(59.83%)	(88.02%)	(91.90%)

(continued)

Required Supplementary Information
Schedules of Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Seven Fiscal Years
(dollars in thousands)

	2020	2019	2018	2017
Teachers Retirement System:				
Total pension liability	$ 105,385,472	$ 100,291,641	$ 94,095,067	$ 89,926,280
Plan fiduciary net position	81,161,558	78,788,937	75,532,925	71,340,972
Employers' and nonemployers' net pension liability	$ 24,223,914	$ 21,502,704	$ 18,562,142	$ 18,585,308
Plan fiduciary net position as a percentage of the total pension liability	77.01 %	78.56 %	80.27 %	79.33 %
Covered payroll	$ 12,955,620	$ 12,279,440	$ 12,009,066	$ 11,596,664
Employers' and nonemployers' net pension liability as a percentage of covered payroll	186.98 %	175.11 %	154.57 %	160.26 %
Peace Officers' Annuity and Benefit Fund of Georgia:				
Total pension liability	$ 841,241	$ 802,169	$ 781,281	$ 742,609
Plan fiduciary net position	827,420	825,675	795,273	754,615
Employers' and nonemployers' net pension liability/(asset)	$ 13,821	$ (23,506)	$ (13,992)	$ 12,006
Plan fiduciary net position as a percentage of the total pension liability	98.36 %	102.93 %	101.79 %	101.62 %
Covered payroll	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
Georgia Firefighters' Pension Fund:				
Total pension liability	$ 1,144,365	$ 1,103,481	$ 1,065,923	$ 1,007,205
Plan fiduciary net position	924,905	934,352	894,871	843,414
Employers' and nonemployers' net pension liability	$ 219,460	$ 169,129	$ 171,052	$ 163,791
Plan fiduciary net position as a percentage of the total pension liability	80.82 %	84.67 %	83.95 %	83.74 %
Covered payroll	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

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.

2016	2015	2014
$ 86,183,526	$ 82,023,120	$ 79,099,772
65,552,411	66,799,111	66,466,091
$ 20,631,115	$ 15,224,009	$ 12,633,681
76.06 %	81.44 %	84.03 %
$ 11,075,907	$ 10,697,384	$ 10,349,862
186.27 %	142.32 %	122.07 %
$ 747,459	$ 720,213	$ 674,725
689,022	703,536	698,889
$ 58,437	$ 16,677	$ (24,164)
92.18 %	97.68 %	103.58 %
N/A	N/A	N/A
N/A	N/A	N/A
$ 970,157	$ 923,835	$ 848,314
766,678	767,333	761,115
$ 203,479	$ 156,502	$ 87,199
79.03 %	83.06 %	89.72 %
N/A	N/A	N/A
N/A	N/A	N/A

Required Supplementary Information

Schedules of Changes in Employers' and Nonemployers' Net Pension Liability

Defined Benefit Pension Plans

For the Last Seven Fiscal Years

(dollars in thousands)

Employees' Retirement System:	**2020**	**2019**	**2018**	**2017**
Total pension liability:				
Service cost	$ 132,004	$ 135,679	$ 129,294	$ 125,910
Interest	1,240,887	1,233,882	1,233,689	1,230,175
Benefit changes	65,702	42,097	31,097	30,563
Differences between expected and actual experience	25,736	155,573	180,655	72,315
Changes of assumptions	—	—	314,733	—
Benefit payments	(1,484,445)	(1,443,756)	(1,413,298)	(1,394,283)
Refunds of contributions	(6,644)	(7,691)	(7,585)	(9,033)
Net change in total pension liability	(26,760)	115,784	468,585	55,647
Total pension liability-beginning	17,744,003	17,628,219	17,159,634	17,103,987
Total pension liability-ending (a)	17,717,243	17,744,003	17,628,219	17,159,634
Plan fiduciary net position:				
Contributions-employer	634,108	638,989	639,302	613,191
Contributions-nonemployer	9,749	10,220	12,865	12,080
Contributions-member	35,837	36,252	37,130	35,863
Administrative expense allotment	10	10	10	10
Net investment income	703,840	873,404	1,166,013	1,475,626
Benefit payments	(1,484,445)	(1,443,756)	(1,413.298)	(1,394,283)
Administrative expense	(7,641)	(7,142)	(8,056)	(8,732)
Refunds of contributions	(6,644)	(7,691)	(7,585)	(9,033)
Other*	—	—	(7,494)	10
Net change in plan fiduciary net position	(115,186)	100,286	418,887	724,732
Plan fiduciary net position-beginning	13,617,472	13,517,186	13,098,299	12,373,567
Plan fiduciary net position-ending (b)	13,502,286	13,617,472	13,517,186	13,098,299
Net pension liability-ending (a)-(b)	$ 4,214,957	$ 4,126,531	$ 4,111,033	$ 4,061,335
Public School Employees Retirement System:				
Total pension liability:				
Service cost	$ 14,017	$ 13,762	$ 13,180	$ 12,788
Interest	78,414	75,923	73,643	72,157
Benefit changes	13,680	18,050	17,289	—
Differences between expected and actual experience	(12,220)	(8,159)	(3,943)	(3,665)
Changes of assumptions	—	—	21,354	—
Benefit payments	(66,090)	(63,637)	(61,820)	(59,378)
Refunds of contributions	(572)	(609)	(700)	(1,031)
Net change in total pension liability	27,229	35,330	59,003	20,871
Total pension liability-beginning	1,107,496	1,072,166	1,013,163	992,292
Total pension liability-ending (a)	1,134,725	1,107,496	1,072,166	1,013,163
Plan fiduciary net position:				
Contributions-nonemployer	32,496	30,263	29,276	26,277
Contributions-member	2,338	2,256	2,162	2,084
Net investment income	49,913	60,554	78,417	97,715
Benefit payments	(66,090)	(63,636)	(61,820)	(59,378)
Administrative expense	(1,425)	(1,378)	(1,331)	(1,308)
Refunds of contributions	(572)	(609)	(700)	(1,031)
Net change in plan fiduciary net position	16,660	27,450	46,004	64,359
Plan fiduciary net position-beginning	941,588	914,138	868,134	803,775
Plan fiduciary net position-ending (b)	958,248	941,588	914,138	868,134
Net pension liability-ending (a)-(b)	$ 176,477	$ 165,908	$ 158,028	$ 145,029

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.

*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.

2016	2015	2014
$ 143,043	$ 145,045	$ 150,075
1,225,650	1,227,846	1,224,380
—	—	—
(238)	(53,950)	—
70,890	—	—
(1,347,633)	(1,334,278)	(1,305,998)
(7,087)	(7,450)	(8,757)
84,625	(22,787)	59,700
17,019,362	17,042,149	16,982,449
17,103,987	17,019,362	17,042,149
583,082	505,668	418,807
12,484	12,495	10,945
31,961	33,713	32,423
10	10	—
141,292	474,147	2,021,748
(1,347,633)	(1,334,278)	(1,305,998)
(8,506)	(7,872)	(7,440)
(7,087)	(7,450)	(8,757)
—	—	—
(594,397)	(323,567)	1,161,728
12,967,964	13,291,531	12,129,803
12,373,567	12,967,964	13,291,531
$ 4,730,420	$ 4,051,398	$ 3,750,618
$ 11,952	$ 12,089	$ 11,049
68,776	67,652	66,143
—	—	—
(9,483)	(6,858)	—
33,215	—	—
(57,903)	(56,972)	(56,189)
(465)	(456)	(514)
46,092	15,455	20,489
946,200	930,745	910,256
992,292	946,200	930,745
28,580	28,461	27,160
1,925	1,800	1,659
9,809	30,129	123,799
(57,903)	(56,972)	(56,189)
(1,321)	(1,545)	(1,450)
(465)	(456)	(514)
(19,375)	1,417	94,465
823,150	821,733	727,268
803,775	823,150	821,733
$ 188,517	$ 123,050	$ 109,012

(continued)

Required Supplementary Information
Schedules of Changes in Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Seven Fiscal Years
(dollars in thousands)

Georgia Judicial Retirement System:	2020	2019	2018	2017
Total pension liability:				
Service cost	$ 13,375	$ 13,350	$ 13,019	$ 12,514
Interest	31,047	30,267	28,666	26,826
Benefit changes	693	1,065	3,442	3,419
Differences between expected and actual experience	(24)	(5,250)	6,379	5,258
Changes of assumptions	—	—	7,466	—
Benefit payments	(29,263)	(27,462)	(24,934)	(21,784)
Refunds of contributions	(213)	(553)	(150)	(166)
Net change in total pension liability	15,615	11,417	33,888	26,067
Total pension liability-beginning	440,041	428,624	394,736	368,669
Total pension liability-ending (a)	455,656	440,041	428,624	394,736
Plan fiduciary net position:				
Contributions-employer	4,022	3,117	4,725	4,081
Contributions-nonemployer	2,442	2,137	1,841	2,603
Contributions-member	5,005	5,469	4,910	4,906
Net investment income	25,415	30,827	39,877	49,259
Benefit payments	(29,263)	(27,462)	(24,934)	(21,784)
Administrative expense	(850)	(820)	(794)	(728)
Refunds of contributions	(213)	(553)	(150)	(166)
Net change in plan fiduciary net position	6,558	12,715	25,475	38,171
Plan fiduciary net position-beginning	479,372	466,657	441,182	403,011
Plan fiduciary net position-ending (b)	485,930	479,372	466,657	441,182
Net pension (asset)-ending (a)-(b)	$ (30,274)	$ (39,331)	$ (38,033)	$ (46,446)
Teachers Retirement System:				
Total pension liability:				
Service cost	$ 1,597,714	$ 1,536,336	$ 1,484,705	$ 1,413,080
Interest	7,080,133	6,868,617	6,565,372	6,293,611
Differences between expected and actual experience	368,463	430,272	894,691	573,483
Changes of assumptions	1,316,780	2,388,357	—	—
Benefit payments	(5,192,283)	(4,950,465)	(4,699,920)	(4,461,124)
Refunds of contributions	(76,976)	(76,543)	(76,061)	(76,296)
Net change in total pension liability	5,093,831	6,196,574	4,168,787	3,742,754
Total pension liability-beginning	100,291,641	94,095,067	89,926,280	86,183,526
Total pension liability-ending (a)	105,385,472	100,291,641	94,095,067	89,926,280
Plan fiduciary net position:				
Contributions - employer	2,732,925	2,560,810	2,014,088	1,648,411
Contributions-nonemployer	5,729	5,414	4,416	6,175
Contributions-member	800,864	759,474	745,574	716,233
Net investment income	4,119,609	4,972,419	6,247,155	7,971,677
Benefit payments	(5,192,283)	(4,950,465)	(4,699,920)	(4,461,124)
Administrative expense	(17,411)	(15,276)	(15,865)	(16,773)
Refunds of contributions	(76,976)	(76,543)	(76,061)	(76,296)
Other**	164	179	(27,434)	258
Net change in plan fiduciary net position	2,372,621	3,256,012	4,191,953	5,788,561
Plan fiduciary net position-beginning	78,788,937	75,532,925	71,340,972	65,552,411
Plan fiduciary net position-ending (b)	81,161,558	78,788,937	75,532,925	71,340,972
Net pension liability-ending (a)-(b)	$ 24,223,914	$ 21,502,704	$ 18,562,142	$ 18,585,308

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.

**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.

2016	2015	2014
$ 12,713	$ 7,751	$ 7,584
26,058	25,566	24,530
—	—	—
(3,603)	(7,542)	—
(4,308)	—	—
(19,011)	(18,365)	(17,441)
(261)	(772)	(22)
11,588	6,638	14,651
357,081	350,443	335,792
368,669	357,081	350,443
4,754	2,696	1,373
2,869	1,564	1,002
5,507	5,061	4,731
5,055	14,697	60,012
(19,011)	(18,365)	(17,441)
(754)	(819)	(754)
(261)	(772)	(22)
(1,841)	4,062	48,901
404,852	400,790	351,889
403,011	404,852	400,790
$ (34,342)	$ (47,771)	$ (50,347)
$ 1,435,808	$ 1,386,498	$ 1,374,556
5,990,178	5,779,597	5,557,046
380,526	(165,785)	—
662,047	—	—
(4,228,819)	(3,996,879)	(3,764,452)
(79,334)	(80,083)	(87,095)
4,160,406	2,923,348	3,080,055
82,023,120	79,099,772	76,019,717
86,183,526	82,023,120	79,099,772
1,572,624	1,399,668	1,264,546
7,908	7,038	6,417
685,626	661,835	640,120
810,574	2,384,145	9,826,743
(4,228,819)	(3,996,879)	(3,764,452)
(15,281)	(14,996)	(15,025)
(79,334)	(80,085)	(87,095)
—	(27,706)	—
(1,246,702)	333,020	7,871,254
66,799,113	66,466,091	58,594,837
65,552,411	66,799,113	66,466,091
$ 20,631,115	$ 15,224,007	$ 12,633,681

(continued)

Required Supplementary Information
Schedules of Changes in Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Seven Fiscal Years
(dollars in thousands)

Peace Officers' Annuity and Benefits Fund of Georgia	**2020**	**2019**	**2018**	**2017**
Total pension liability:				
Service cost	$ 15,137	$ 14,015	$ 13,771	$ 15,049
Interest	51,838	49,361	48,066	52,255
Benefit changes	—	12,271	11,546	—
Differences between expected and actual experience	14,854	(17,616)	(350)	(6,615)
Changes of assumptions	(3,148)	—	—	(32,942)
Benefit payments	(39,268)	(36,684)	(33,890)	(32,216)
Refunds of contributions	(341)	(460)	(470)	(406)
Net change in total pension liability	39,072	20,887	38,673	(4.875)
Total pension liability-beginning	802,169	781,282	742,609	747,484
Total pension liability-ending (a)	841,241	802,169	781,282	742,609
Plan fiduciary net position:				
Contributions-nonemployer	13,021	14,444	13,826	14,005
Contributions-member	3,641	3,542	3,460	3,482
Net investment income	25,732	50,633	58,716	81,611
Benefit payments	(39,268)	(36,683)	(33,890)	(32,216)
Miscellaneous	261	119	92	64
Administrative expense	(1,301)	(1,193)	(1,076)	(947)
Refunds of contributions	(341)	(460)	(470)	(406)
Net change in plan fiduciary net position	1,745	30,402	40,658	65,593
Plan fiduciary net position-beginning	825,675	795,273	754,616	689,021
Plan fiduciary net position-ending (b)	827,420	825,675	795,273	754,615
Net pension liability/(asset)-ending (a)-(b)	$ 13,821	$ (23,506)	$ (13,992)	$ (12,006)
Georgia Firefighters' Pension Fund:				
Total pension liability:				
Service cost	$ 20,560	$ 20,381	$ 19,713	$ 19,557
Interest	64,565	62,400	58,986	56,847
Benefit changes	11,107	10,795	20,553	9,980
Differences between expected and actual experience	(550)	(4,165)	7,676	(3,913)
Changes of assumptions	—	—	—	—
Benefit payments	(53,786)	(50,704)	(47,256)	(44,301)
Refunds of contributions	(1,012)	(1,149)	(954)	(1,121)
Net change in total pension liability	40,884	37,558	58,718	37,049
Total pension liability-beginning	1,103,481	1,065,923	1,007,205	970,156
Total pension liability-ending (a)	1,144,365	1,103,481	1,065,923	1,007,205
Plan fiduciary net position:				
Contributions-nonemployer	40,575	37,902	35,715	34,152
Contributions-member	4,104	4,022	3,960	3,952
Net investment income	2,155	50,109	60,756	85,059
Benefit payments	(53,786)	(50,704)	(47,256)	(44,301)
Administrative expense	(2,200)	(1,509)	(1,484)	(1,341)
Refunds of contributions	(1,012)	(1,149)	(954)	(1,121)
Other	717	810	718	337
Net change in plan fiduciary net position	(9,447)	39,481	51,455	76,737
Plan fiduciary net position-beginning	934,352	894,871	843,414	766,677
Plan fiduciary net position-ending (b)	924,905	934,352	894,871	843,414
Net pension liability-ending (a)-(b)	$ 219,460	$ 169,129	$ 171,054	$ 163,791

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.

2016	2015	2014
$ 12,826	$ 13,085	$ 17,890
50,242	47,138	43,877
—	—	—
(4,688)	—	—
—	14,577	—
(30,696)	(28,879)	(27,263)
(413)	(433)	(437)
27,271	45,488	34,067
720,213	674,725	640,658
747,484	720,213	674,725
14,713	15,341	15,342
3,527	3,537	3,532
(837)	15,771	103,600
(30,696)	(28,879)	(27,263)
66	65	90
(874)	(755)	(730)
(413)	(433)	(437)
(14,514)	4,647	94,134
703,535	698,889	604,755
689,021	703,536	698,889
$ 58,463	$ 16,677	$ (24,164)
$ 19,398	$ 18,377	$ 17,889
54,164	53,833	51,850
14,201	—	—
771	(11,448)	—
—	54,973	—
(41,562)	(39,379)	(37,530)
(650)	(835)	(694)
46,322	75,521	31,515
923,835	848,314	816,799
970,157	923,835	848,314
32,684	31,489	30,034
3,970	3,896	3,836
5,973	12,080	111,715
(41,562)	(39,379)	(37,530)
(1,362)	(1,329)	(1,209)
(651)	(835)	(693)
293	296	332
(655)	6,218	106,485
767,333	761,115	654,630
766,678	767,333	761,115
$ 203,479	$ 156,502	$ 87,199

Required Supplementary Information
Schedules of Investment Returns
Defined Benefit Pension Plans
For the Last Seven Fiscal Years

	Annual money-weighted rate of return, net of investment expense						
	2020	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Pooled Investment Fund (ERS):	(3.60%)	(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	2.91%	4.08%	5.05%	7.62%	(2.92%)	(0.45%)	12.17%
Peace Officers' Annuity and Benefit Fund of Georgia	3.77%	6.14%	7.89%	11.91%	0.08%	2.53%	18.49%
Georgia Firefighters' Pension Fund	(0.20)%	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, 2020

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 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. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

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, withdrawal, and salary increases. 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, and remained unchanged for June 30, 2019.

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. The monthly benefit accrual was increased from $15.25 to $15.50 per year of credible service effective July 1, 2019. A 2% cost-of-living adjustment (COLA) was granted to certain retirees and beneficiaries effective July 2016, another July 2017, and another July 2018. Two 1.5% COLAs were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

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, withdrawal, and salary increases. 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, and remained unchanged for June 30, 2019.

Actuarial Methods and Assumptions - Plan Perspective:

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% COLA was granted to certain retired members and beneficiaries effective July 1, 2016, another 2% COLA was granted effective July 1, 2017. Two one-time 2% payments were granted to certain retired members and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.

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, withdrawal, and salary increases. 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, and remained unchanged for June 30, 2019.

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 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, disability, withdrawal, and salary increases. Based on the funding policy adopted by the Board on May 15, 2019, the investment rate of return assumption was changed to 7.25%. In addition, the assumed rate of inflation was changed to 2.50%. On May 13, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, and withdrawal.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2020

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%. For fiscal year 2020, the mortality improvement scale was changed from Buck Modified MP-2016 to MP-2019 with no modifications. This change was made to better reflect current mortality improvements expectations.

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% 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. In 2019, 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, 2019. In 2020, 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, 2020.

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.

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, 2017	June 30, 2017
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level percent of pay, closed
Remaining amortization period	16.5 years	16.1 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, 2017	June 30, 2017
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level percent of payroll, closed
Remaining amortization period	21.2 years	27.1 years
Asset valuation method	5-year smoothed fair	5-year smoothed fair
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, 2019	June 30, 2019
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, closed
Remaining amortization period	30 years	25.3 years
Asset valuation method	Actuarial value	5-year smoothed market with 15.0% corridor
Inflation	2.50%	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.

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

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Required Supplementary Information
Schedules of State's Contributions - As Employer
Defined Benefit Pension Plans
For the Last Six Fiscal Years
(dollars in thousands)

	2020	2019	2018	2017
Primary Government				
Employees' Retirement System:				
Statutorily required contribution	$ 578,020	$ 578,876	$ 582,189	$ 554,976
Contributions in relation to the statutorily required contribution	(578,020)	(578,876)	(582,189)	(554,976)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 2,389,515	$ 2,378,687	$ 2,403,879	$ 2,257,282
Contributions as a percentage of the covered payroll	24.19 %	24.34 %	24.22 %	24.59 %
Georgia Judicial Retirement System:				
Statutorily required contribution	$ 3,270	$ 2,741	$ 2,507	$ 3,701
Contributions in relation to the statutorily required contribution	(3,270)	(2,741)	(2,507)	(3,701)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 35,811	$ 34,988	$ 34,956	$ 35,440
Contributions as a percentage of the covered payroll	9.13 %	7.83 %	7.17 %	10.44 %
Teachers Retirement System:				
Statutorily required contribution	$ 457,759	$ 434,861	$ 339,634	$ 276,210
Contributions in relation to the statutorily required contribution	(457,759)	(434,861)	(339,634)	(276,210)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 2,169,964	$ 2,075,231	$ 2,016,415	$ 1,934,055
Contributions as a percentage of the covered payroll	21.10 %	20.95 %	16.84 %	14.28 %
Component Units				
Employees' Retirement System:				
Statutorily required contribution	$ 9,324	$ 9,369	$ 9,184	$ 9,576
Contributions in relation to the statutorily required contribution	(9,324)	(9,369)	(9,184)	(9,576)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 40,397	$ 40,121	$ 37,649	$ 36,171
Contributions as a percentage of the covered payroll	23.08 %	23.35 %	24.39 %	26.47 %
Teachers Retirement System:				
Statutorily required contribution	$ 15,748	$ 14,338	$ 11,195	$ 9,248
Contributions in relation to the statutorily required contribution	(15,748)	(14,338)	(11,195)	(9,248)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 74,484	$ 68,606	$ 66,582	$ 64,715
Contributions as a percentage of the covered payroll	21.14 %	20.90 %	16.81 %	14.29 %

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.

2016	2015
$ 505,411	$ 440,602
(505,411)	(440,602)
$ —	$ —
$ 2,103,422	$ 1,875,953
24.03 %	23.49 %
$ 4,134	$ 2,209
(4,134)	(2,209)
$ —	$ —
$ 33,710	$ 31,184
12.26 %	7.08 %
$ 261,758	$ 230,939
(261,758)	(230,939)
$ —	$ —
$ 1,832,311	$ 1,756,586
14.29 %	13.15 %
$ 9,425	$ 8,304
(9,425)	(8,304)
$ —	$ —
$ 39,238	$ 35,265
24.02 %	23.55 %
$ 8,616	$ 8,231
(8,616)	(8,231)
$ —	$ —
$ 63,339	$ 62,558
13.60 %	13.16 %

Required Supplementary Information
Schedules of State's Contributions - As Nonemployer Contributing Entity
Defined Benefit Pension Plans
For the Last Six Fiscal Years
(dollars in thousands)

	2020	2019	2018	2017
Employees' Retirement System:				
Statutorily required contribution	$ 9,840	$ 10,404	$ 10,781	$ 11,967
Contributions in relation to the statutorily required contribution	(9,840)	(10,404)	(10,781)	(11,967)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
Public School Employees Retirement System:				
Statutorily required contribution	$ 32,496	$ 30,263	$ 29,276	$ 26,277
Contributions in relation to the statutorily required contribution	(32,496)	(30,263)	(29,276)	(26,277)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
Georgia Judicial Retirement System:				
Statutorily required contribution	$ 2,428	$ 2,065	$ 1,838	$ 2,575
Contributions in relation to the statutorily required contribution	(2,428)	(2,065)	(1,838)	(2,575)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
Teachers Retirement System:				
Statutorily required contribution	$ 5,729	$ 5,414	$ 4,420	$ 6,152
Contributions in relation to the statutorily required contribution	(5,729)	(5,414)	(4,420)	(6,152)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
Peace Officers' Annuity and Benefit Fund of Georgia				
Statutorily required contribution	$ 13,021	$ 14,444	$ 13,826	$ 14,005
Contributions in relation to the statutorily required contribution	(13,021)	(14,444)	(13,826)	(14,005)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
Georgia Firefighters' Pension Fund:				
Statutorily required contribution	$ 40,575	$ 37,902	$ 35,715	$ 34,152
Contributions in relation to the statutorily required contribution	(40,575)	(37,902)	(35,715)	(34,152)
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.

2016	2015
$ 12,138	$ 11,174
(12,138)	(11,174)
$ —	$ —
$ 28,580	$ 28,461
(28,580)	(28,461)
$ —	$ —
$ 2,902	$ 1,558
(2,902)	(1,558)
$ —	$ —
$ 7,944	$ 7,038
(7,944)	(7,038)
$ —	$ —
$ 14,713	$ 15,341
(14,713)	(15,341)
$ —	$ —
$ 32,684	$ 31,489
(32,684)	(31,489)
$ —	$ —

Required Supplementary Information

Schedules of State's Proportionate Share of the Net Pension Liability - As Employer

Defined Benefit Pension Plans

For the Last Six Fiscal Years

(dollars in thousands)

	2020	2019	2018	2017
Primary Government				
Employees' Retirement System:				
State's proportion of the net pension liability	88.906000 %	88.948204 %	88.415594 %	87.798535 %
State's proportionate share of the net pension liability	$ 3,667,433	$ 3,656,194	$ 3,590,854	$ 4,153,237
State's Covered payroll	$ 2,378,687	$ 2,403,879	$ 2,257,282	$ 2,103,422
State's proportionate share of the net pension liability as a percentage of its covered payroll	154.18 %	152.10 %	159.08 %	197.45 %
Plan fiduciary net position as a percentage of the total pension liability	76.74 %	76.68 %	76.33 %	72.34 %
Georgia Judicial Retirement System:				
State's proportion of the net pension liability	57.017332 %	57.814059 %	58.970340 %	58.753912 %
State's proportionate share of the net pension liability	$ (22,425)	$ (21,988)	$ (27,390)	$ (20,177)
State's Covered payroll	$ 34,988	$ 34,956	$ 35,440	$ 33,710
State's proportionate share of the net pension liability as a percentage of its covered payroll	(64.09%)	(62.90%)	(77.29%)	(59.85%)
Plan fiduciary net position as a percentage of the total pension liability	108.94 %	108.87 %	111.77 %	109.32 %
Teachers Retirement System:				
State's proportion of the net pension liability	17.045266 %	17.011357 %	16.885665 %	16.741530 %
State's proportionate share of the net pension liability	$ 3,664,958	$ 3,157,367	$ 3,137,798	$ 3,453,291
State's Covered payroll	$ 2,075,231	$ 2,016,415	$ 1,934,055	$ 1,832,311
State's proportionate share of the net pension liability as a percentage of its covered payroll	176.60 %	156.58 %	162.24 %	188.47 %
Plan fiduciary net position as a percentage of the total pension liability	78.56 %	80.27 %	79.33 %	76.06 %
Component Units				
Employees' Retirement System:				
State's proportion of the net pension liability	1.473466 %	1.369623 %	1.501635 %	1.639295 %
State's proportionate share of the net pension liability	$ 60,803	$ 56,305	$ 60,985	$ 77,545
State's Covered payroll	$ 40,121	$ 37,649	$ 36,171	$ 39,238
State's proportionate share of the net pension liability as a percentage of its covered payroll	151.55 %	149.55 %	168.60 %	197.63 %
Plan fiduciary net position as a percentage of the total pension liability	76.74 %	76.68 %	76.33 %	72.34 %

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.

2016		2015	
	87.682412 %		87.266834 %
$	3,552,363	$	3,273,046
$	1,875,953	$	1,615,070
	189.36 %		202.66 %
	76.20 %		77.99 %
	58.635878 %		57.356971 %
$	(28,011)	$	(28,878)
$	31,184	$	29,887
	(89.82%)		(96.62%)
	113.38 %		114.37 %
	16.687812 %		16.517474 %
$	2,540,211	$	2,086,629
$	1,756,586	$	1,683,292
	144.61 %		123.96 %
	81.44 %		84.03 %
	1.557127 %		1.543905 %
$	63,085	$	57,906
$	35,265	$	28,075
	178.89 %		206.25 %
	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 Six Fiscal Years

(dollars in thousands)

	2020	2019	2018	2017
Component Units				
Teachers Retirement System:				
State's proportion of the net pension liability	0.562276 %	0.558992 %	0.564739 %	0.577541 %
State's proportionate share of the net pension liability	$ 120,905	$ 103,761	$ 104,910	$ 119
State's Covered payroll	$ 68,606	$ 66,582	$ 64,715	$ 63,339
State's proportionate share of the net pension liability as a percentage of its covered payroll	176.23 %	155.84 %	162.11 %	187.83 %
Plan fiduciary net position as a percentage of the total pension liability	78.56 %	80.27 %	79.33 %	76.06 %

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.

	2016		2015
	0.564109 %		0.590520 %
$	85,798	$	74,604
$	62,558	$	60,180
	137.15 %		123.97 %
	81.44 %		84.03 %

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 Six Fiscal Years
(dollars in thousands)

	2020	2019	2018	2017
Employees' Retirement System:				
State's proportion of the net pension liability (asset)	1.633579 %	1.696518 %	1.891959 %	2.111751 %
State's proportionate share of the net pension liability (asset)	$ 67,410	$ 69,744	$ 76,839	$ 99,895
Plan fiduciary net position as a percentage of the total pension liability	76.74 %	76.68 %	76.33 %	72.34 %
Public School Employees Retirement System:				
State's proportion of the net pension liability (asset)	100.000000 %	100.000000 %	100.000000 %	100.000000 %
State's proportionate share of the net pension liability (asset)	$ 165,908	$ 158,027	$ 145,029	$ 188,517
Plan fiduciary net position as a percentage of the total pension liability	85.02 %	85.26 %	85.69 %	81.00 %
Georgia Judicial Retirement System:				
State's proportion of the net pension liability (asset)	42.982668 %	42.185941 %	41.029660 %	41.246088 %
State's proportionate share of the net pension liability (asset)	$ (16,906)	$ (16,045)	$ (19,057)	$ (14,165)
Plan fiduciary net position as a percentage of the total pension liability	108.94 %	108.87 %	111.77 %	109.32 %
Teachers Retirement System:				
State's proportion of the net pension liability (asset)	0.212260 %	0.220738 %	0.375432 %	0.507487 %
State's proportionate share of the net pension liability (asset)	$ 45,642	$ 40,974	$ 69,775	$ 104,700
Plan fiduciary net position as a percentage of the total pension liability	78.56 %	80.27 %	79.33 %	76.06 %
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 %
State's proportionate share of the net pension liability (asset)	$ (23,505)	$ (13,992)	$ (12,006)	$ 58,463
Plan fiduciary net position as a percentage of the total pension liability	102.93 %	101.79 %	101.62 %	92.18 %
Georgia Firefighters' Pension Fund:				
State's proportion of the net pension liability (asset)	100.000000 %	100.000000 %	100.000000 %	100.000000 %
State's proportionate share of the net pension liability (asset)	$ 169,132	$ 171,054	$ 163,791	$ 203,479
Plan fiduciary net position as a percentage of the total pension liability	84.67 %	83.95 %	83.74 %	79.03 %

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.

2016		2015	
	2.225584 %		2.410713 %
$	90,167	$	90,417
	76.20 %		77.99 %
	100.000000 %		100.000000 %
$	123,050	$	109,012
	87.00 %		88.29 %
	41.364122 %		42.643029 %
$	(19,760)	$	(21,469)
	113.38 %		114.37 %
	0.507036 %		0.504588 %
$	77,191	$	63,748
	81.44 %		84.03 %
	100.000000 %		100.000000 %
$	16,677	$	(24,164)
	97.68 %		103.58 %
	100.000000 %		100.000000 %
$	156,502	$	87,199
	83.06 %		89.72 %

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. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019.

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. 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 June 30, 2017 actuarial valuation. In addition, based on the ERS 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. 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 creditable service effective July 1, 2017. The monthly benefit accrual rate was increased from $15.00 to $15.25 per year of creditable service effective July 1, 2018.

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 and withdrawal. 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 June 30, 2017 actuarial valuation. In addition, based on the PSERS 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. 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% COLA was granted to certain retired members and beneficiaries effective July 1, 2016, another 2% COLA was granted effective July 1, 2017. Two one-time 2% payments were granted to certain retired members and beneficiaries effective July 2018 and January 2019.

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, withdrawal, and salary increases. 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 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. Therefore, an assumption change from 7.50% to 7.30% is reflected in the calculation of the total pension liability.

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 late 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.

Peace Officers' Annuity and Benefit Fund of Georgia

Changes of benefit terms: For fiscal year 2019, a 1.5% COLA effective July 1, 2018. For fiscal year 2020, a 1.5% COLA adjustment 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%.

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, 2020

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, 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 market	5-year smoothed fair
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, 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 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, 2018	June 30, 2018
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, closed
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	6.5%, 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]	6/30/2011	$ 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 %
	6/30/2020	210,034	150,489	59,545	2,797,241	5.38 %
School OPEB[1]	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
	6/30/2020	786,912	338,177	448,735	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.

	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]	6/30/2011	$ 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 %
	6/30/2020	417,744	102,792	314,952	3,622,124	2.84 %
SEAD-OPEB[5]	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
	6/30/2020	—	—	—	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 Four Fiscal Years
(dollars in thousands)

	2020	2019	2018	2017
State OPEB Fund:				
Total OPEB liability	$ 2,792,919	$ 2,858,521	$ 3,817,453	$ 4,929,142
Plan fiduciary net position	1,667,521	1,617,207	1,201,865	854,937
Employers' net OPEB liability	$ 1,125,398	$ 1,241,314	$ 2,615,588	$ 4,074,205
Plan fiduciary net position as a percentage of the total OPEB liability	59.71 %	56.57 %	31.48 %	17.34 %
Covered payroll	$ 2,797,241	$ 2,802,815	$ 2,535,722	$ 2,483,060
Employers' net OPEB liability as a percentage of covered payroll	40.23 %	44.29 %	103.15 %	164.08 %
School OPEB Fund:				
Total OPEB liability	$15,298,688	$12,867,274	$13,092,956	$14,279,644
Plan fiduciary net position	611,017	595,129	383,263	229,685
Employers' net OPEB liability	$14,687,671	$12,272,145	$12,709,693	$14,049,959
Plan fiduciary net position as a percentage of the total OPEB liability	3.99 %	4.63 %	2.93 %	1.61 %
Covered payroll	N/A	N/A	N/A	N/A
Employers' net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
SEAD-OPEB Plan:				
Total OPEB liability	$ 972,700	$ 951,091	$ 918,816	$ 861,346
Plan fiduciary net position	1,256,718	1,233,856	1,189,462	1,121,251
Employers' net OPEB (asset)	$ (284,018)	$ (282,765)	$ (270,646)	$ (259,905)
Plan fiduciary net position as a percentage of the total OPEB liability	129.20 %	129.73 %	129.46 %	130.17 %
Covered payroll	$ 1,135,433	$ 1,211,274	$ 1,328,485	$ 1,383,860
Employers' net OPEB (asset) as a percentage of covered payroll	(25.01%)	(23.34%)	(20.37%)	(18.78%)
Regents Plan:				
Total OPEB liability	$ 5,493,697	$ 4,616,023	$ 4,486,796	$ 4,227,583
Plan fiduciary net position	159,978	144,455	76,045	7,857
Employers' net OPEB liability	$ 5,333,719	$ 4,471,568	$ 4,410,751	$ 4,219,726
Plan fiduciary net position as a percentage of the total OPEB liability	2.91 %	3.13 %	1.69 %	0.19 %
Covered payroll*	$ 3,622,124	$ 3,375,246	$ 3,218,771	$ 3,122,694
Employers' net OPEB liability as a percentage of covered payroll	147.25 %	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.


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Required Supplementary Information
Schedule of Changes in Employers' Net OPEB Liability
Multi-Employer and Single-Employer OPEB Plans
For the Last Four Fiscal Years
(dollars in thousands)

	2020	2019	2018	2017
State OPEB Fund:				
Total OPEB liability:				
Service cost	$ 39,825	$ 63,724	$ 112,297	$ 119,686
Interest	203,201	194,860	174,427	158,096
Differences between expected and actual experience	(185,261)	(371,757)	(267,124)	—
Changes of assumptions	26,555	(676,765)	(963,394)	(383,932)
Benefit payments	(149,922)	(168,993)	(167,896)	(162,145)
Net change in total OPEB liability	(65,602)	(958,931)	(1,111,690)	(268,295)
Total OPEB liability-beginning	2,858,521	3,817,452	4,929,142	5,197,437
Total OPEB liability-ending (a)	2,792,919	2,858,521	3,817,452	4,929,142
Plan fiduciary net position:				
Contributions-employer	150,489	534,673	501,574	498,202
Net investment income	51,938	51,687	15,300	4,696
Benefit payments	(149,922)	(168,993)	(167,896)	(162,145)
Administrative expense	(2,191)	(2,025)	(2,052)	(2,077)
Net change in plan fiduciary net position	50,314	415,342	346,926	338,676
Plan fiduciary net position-beginning	1,617,207	1,201,865	854,939	516,261
Plan fiduciary net position-ending (b)	1,667,521	1,617,207	1,201,865	854,937
Net OPEB liability-ending (a)-(b)	$ 1,125,398	$ 1,241,314	$ 2,615,587	$ 4,074,205
School OPEB Fund:				
Total OPEB liability:				
Service cost	$ 458,802	$ 408,667	$ 521,135	$ 557,770
Interest	454,637	500,123	504,681	452,024
Differences between expected and actual experience	(619,357)	(1,298,677)	(341,373)	—
Changes of assumptions	2,473,164	503,959	(1,506,313)	(1,262,291)
Benefit payments	(335,832)	(339,754)	(364,818)	(383,556)
Net change in total OPEB liability	2,431,414	(225,682)	(1,186,688)	(636,053)
Total OPEB liability-beginning	12,867,274	13,092,956	14,279,644	14,915,697
Total OPEB liability-ending (a)	15,298,688	12,867,274	13,092,956	14,279,644
Plan fiduciary net position:				
Contributions-employer	338,177	538,569	518,290	521,408
Net investment income	18,795	17,468	4,563	1,148
Benefit payments	(335,832)	(339,754)	(364,818)	(383,556)
Administrative expense	(5,252)	(4,417)	(4,457)	(4,727)
Net change in plan fiduciary net position	15,888	211,866	153,578	134,273
Plan fiduciary net position-beginning	595,129	383,263	229,685	95,412
Plan fiduciary net position-ending (b)	611,017	595,129	383,263	229,685
Net OPEB liability-ending (a)-(b)	$ 14,687,671	$ 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 Four Fiscal Years
(dollars in thousands)

	2020	2019	2018	2017
SEAD-OPEB Plan:				
Total OPEB liability:				
Service cost	$ 3,237	$ 3,617	$ 3,695	$ 3,959
Interest	67,796	65,708	63,242	61,076
Differences between expected and actual experience	(4,670)	366	4,697	—
Changes of assumptions	—	—	22,085	—
Benefit payments	(44,754)	(37,416)	(36,249)	(36,058)
Net change in total OPEB liability	21,609	32,275	57,470	28,977
Total OPEB liability-beginning	951,091	918,816	861,346	832,369
Total OPEB liability-ending (a)	972,700	951,091	918,816	861,346
Plan fiduciary net position:				
Insurance premiums-member	3,088	3,328	3,599	3,793
Net investment income	65,248	79,193	101,542	125,550
Benefit payments	(44,754)	(37,416)	(36,249)	(36,058)
Administrative expense	(720)	(716)	(681)	(576)
Other	—	5	—	1
Net change in plan fiduciary net position	22,862	44,394	68,211	92,710
Plan fiduciary net position-beginning	1,233,856	1,189,462	1,121,251	1,028,541
Plan fiduciary net position-ending (b)	1,256,718	1,233,856	1,189,462	1,121,251
Net OPEB (asset)-ending (a)-(b)	$ (284,018)	$ (282,765)	$ (270,646)	$ (259,905)
Regents Plan:				
Total OPEB liability:				
Service cost	$ 226,809	$ 217,648	$ 236,917	$ 211,513
Interest	167,864	180,173	158,223	124,612
Benefit changes	(81,917)	(11,211)	—	—
Differences between expected and actual experience	94,948	(29,667)	264,729	123,090
Changes of assumptions	564,180	(129,153)	(310,107)	(347,331)
Benefit payments	(94,211)	(98,563)	(90,549)	(89,653)
Net change in total OPEB liability	877,673	129,227	259,213	22,231
Total OPEB liability-beginning	4,616,023	4,486,796	4,227,583	4,205,352
Total OPEB liability-ending (a)	5,493,697	4,616,023	4,486,796	4,227,583
Plan fiduciary net position:				
Contributions-employer	102,792	160,383	158,420	99,584
Net investment income	7,528	7,126	802	72
Benefit payments	(94,211)	(98,563)	(90,549)	(89,653)
Administrative expense	(586)	(536)	(485)	(5,045)
Net change in plan fiduciary net position	15,523	68,410	68,188	4,958
Plan fiduciary net position-beginning	144,455	76,045	7,857	2,899
Plan fiduciary net position-ending (b)	159,978	144,455	76,045	7,857
Net OPEB liability-ending (a)-(b)	$ 5,333,719	$ 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 Four Fiscal Years

	Annual money-weighted rate of return, net of investment expense			
	2020	2019	2018	2017
State OPEB Fund	3.21%	3.85%	1.54%	0.74%
School OPEB Fund	3.16%	3.80%	1.57%	0.78%
SEAD-OPEB Plan	(3.60%)	(1.80%)	0.60%	2.90%
Regents Plan	5.27%	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.

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, 2019 valuation: The inflation assumption was lowered from 2.75% to 2.5% in anticipation of the upcoming ERS Experience Study. Additionally, decremental assumptions were changed to reflect the TRS experience study. Approximately 6% of State OPEB employees are members of TRS.
- 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, 2019 valuation: Decremental assumptions were changed to reflect the TRS experience study.
- June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.5%.
- 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.

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, and remained unchanged for June 30, 2019.

Regents Plan

Changes of benefit terms: HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 2018 is based on a policy that ties years of service to the amount the University System of Georgia contributes based on 22-tiers ranging from 100% for employees retiring with 30 years of service to 21% for employees retiring with 10 years of service.

Changes of assumptions:

- Expected claims were updated to reflect actual claims experience.
- Trend rate schedule was updated to remove excise tax adjustments.
- Mortality improvement scale was updated from MP-2018 to MP-2019.
- The discount rate was updated from 3.50% as June 30, 2019 to 2.21% as of June 30, 2020.
- The withdrawal rates were updated to better reflect anticipated future experience, as the result of the assumption study.
- The coverage election assumption was updated to better reflect anticipated future experience, as the result of the assumption study.
- The spousal coverage election assumption was updated to better reflect anticipated future experience, as the result of the assumption study.
- The spousal age difference assumption was updated to better reflect anticipated future experience, as the result of the assumption study.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
June 30, 2020

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, 2019 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, 2017	June 30, 2017
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	7.50%	7.50%
Medicare Eligible	5.50%	5.50%
Ultimate Trend Rate		
Pre-Medicare Eligible	4.75%	4.75%
Medicare Eligible	4.75%	4.75%
Year of ultimate trend rate	2028 Pre-Medicare Eligible 2022 Medicare Eligible	2028 Pre-Medicare Eligible 2022 Medicare Eligible
Investment Rate of return*	4.50%	4.50%

	SEAD-OPEB Plan	Regents Plan
Valuation date	June 30, 2017	May 1, 2020
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%	2.10%
Salary Increases	3.25 - 7.00%	4.00%
Healthcare cost trend rate		
Pre-Medicare Eligible	N/A	6.70%
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%	3.75%

* 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 go 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 Three Fiscal Years
(dollars in thousands)

	2020	2019	2018
Primary Government			
State OPEB Fund:			
Statutorily required contribution	$ 139,402	$ 493,986	$ 461,566
Contributions in relation to the statutorily required contribution	(139,402)	(493,986)	(461,566)
Contribution Deficiency (excess)	$ —	$ —	$ —
State's covered payroll*	$ 2,588,350	$ 2,636,539	$ 2,454,971
Contributions as a percentage of the covered payroll	5.39 %	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*	$ 1,068,459	$ 1,145,756	$ 1,247,936
Contributions as a percentage of the covered payroll	N/A	N/A	N/A
Component Units			
State OPEB Fund:			
Statutorily required contribution	$ 270	$ 971	$ 979
Contributions in relation to the statutorily required contribution	(270)	(971)	(979)
Contribution Deficiency (excess)	$ —	$ —	$ —
State's covered payroll*	$ 12,240	$ 12,585	$ 13,038
Contributions as a percentage of the covered payroll	2.21 %	7.72 %	7.51 %
School OPEB Fund:			
Statutorily required contribution	$ 2,315	$ 3,501	$ 3,243
Contributions in relation to the statutorily required contribution	(2,315)	(3,501)	(3,243)
Contribution Deficiency (excess)	$ —	$ —	$ —
State's covered-employee payroll*	$ 74,439	$ 68,679	$ 65,272
Contributions as a percentage of the covered-employee payroll	3.11 %	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*	$ 14,304	$ 14,739	$ 15,496
Contributions as a percentage of the covered payroll	N/A	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 Three Fiscal Years

(dollars in thousands)

	2020	2019	2018
Primary Government			
Multi-Employer Plans			
State OPEB Fund:			
State's proportion of the net OPEB liability	92.429945 %	92.022957 %	91.476285 %
State's proportionate share of the net OPEB liability	$ 1,152,855	$ 2,409,618	$ 3,726,929
State's covered payroll	$ 2,636,539	$ 2,454,971	$ 2,305,259
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	43.73 %	98.15 %	161.67 %
Plan fiduciary net position as a percentage of the total OPEB liability	56.57 %	31.48 %	17.34 %
SEAD-OPEB Plan:			
State's proportion of the net OPEB liability	89.830175 %	89.813400% [1]	89.559271 %
State's proportionate share of the net OPEB liability	$ (253,962)	$ (243,103)	$ (232,195)
State's covered payroll	$ 1,145,756	$ 1,247,936	$ 1,247,936
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	(22.17%)	(19.48%)	(18.61%)
Plan fiduciary net position as a percentage of the total OPEB liability	129.73 %	129.46 %	130.17 %
Single-Employer Plan			
Regents Plan:			
State's proportion of the net OPEB liability	100.000000 %	100.000000 %	100.000000 %
State's proportionate share of the net OPEB liability	$ 4,471,568	$ 4,410,751	$ 4,219,726
State's covered-employee payroll	$ 3,375,246	$ 3,218,771	$ 3,122,694
State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	132.48 %	137.03 %	135.13 %
Plan fiduciary net position as a percentage of the total OPEB liability	3.13 %	1.69 %	0.19 %

[1] Prior year percentage calculation was updated.

Required Supplementary Information

Schedules of State's Proportionate Share of the Net OPEB Liability - As Employer

For the last Three Fiscal Years

(dollars in thousands)

	2020	2019	2018
Component Units			
Multi-Employer Plans			
State OPEB Fund:			
State's proportion of the net OPEB liability	0.197090 %	0.209969 %	0.213868 %
State's proportionate share of the net OPEB liability	$ 2,253	$ 5,107	$ 8,097
State's covered payroll	$ 12,585	$ 13,038	$ 12,526
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	17.90 %	39.17 %	64.64 %
Plan fiduciary net position as a percentage of the total OPEB liability	56.57 %	31.48 %	17.34 %
School OPEB Fund:			
State's proportion of the net OPEB liability	0.650152 %	0.625763 %	0.598651 %
State's proportionate share of the net OPEB liability	$ 79,788	$ 79,533	$ 84,110
State's covered-employee payroll	$ 68,679	$ 65,272	$ 63,442
State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	116.18 %	121.85 %	132.58 %
Plan fiduciary net position as a percentage of the total OPEB liability	4.63 %	2.93 %	1.61 %
SEAD-OPEB Plan:			
State's proportion of the net OPEB liability	1.155560 %	1.119336 %	1.245396 %
State's proportionate share of the net OPEB liability	$ (3,237)	$ (3,000)	$ (3,195)
State's covered payroll	$ 14,739	$ 15,496	$ 15,496
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	(21.96%)	(19.36%)	(20.62%)
Plan fiduciary net position as a percentage of the total OPEB liability	129.73 %	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
Schedules of Employers' Net OPEB Liability - As Employer
Single-Employer OPEB Plans
For the last Three Fiscal Years
(dollars in thousands)

	2020	2019	2018
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-employee payroll	$ 3,375,246	$ 3,218,771	$ 3,122,694
Employers' net OPEB liability as a percentage of covered-employee payroll	132.48 %	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 Three Fiscal Years
(dollars in thousands)

	2020	2019	2018
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/Refunds	(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/Refunds	(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
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
June 30, 2020

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 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, 2020

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:

- 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 costs 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 the Teacher's Retirement System to rates based on actual experience.
- The discount rate was updated from 3.87% as of 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, 2020

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, 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	7.75%	7.75%
Medicare Eligibile	5.75%	5.75%
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	30 year closed
Asset valuation method	Fair value	
Inflation	2.75%	2.50%
Healthcare cost trend rate	N/A	
Pre-Medicare		6.90%
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 go basis, and not funded based on the actuarially determined contributions.

Schedule includes all significant plans and funds administered by the State of Georgia.

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

COMBINING AND INDIVIDUAL FUND STATEMENTS


STATE OF GEORGIA
CONSTITUTION
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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, 2020
(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	$ 2,050	$ 396	$ 302,009	$ —	$ 64,016	$ 368,471
Pooled Investments with State Treasury	—	13,802	—	—	—	13,802
Investments	—	—	60,554	—	—	60,554
Accounts Receivable	12	25,329	14,965	—	—	40,306
Due From Other Funds	—	25,654	—	—	—	25,654
Restricted Assets						
Pooled Investments with State Treasury	—	217,468	—	—	—	217,468
Other Assets	—	190	—	—	—	190
Total Assets	$ 2,062	$ 282,839	$ 377,528	$ —	$ 64,016	$ 726,445
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Other Accruals	$ 32	$ 502	$ 8,059	$ —	$ —	$ 8,593
Due to Other Funds	1	35	15,288	—	—	15,324
Contracts Payable	—	22,795	—	—	—	22,795
Other Liabilities	—	107,359	—	—	—	107,359
Total Liabilities	33	130,691	23,347	—	—	154,071
Fund Balances:						
Nonspendable	—	16,770	—	—	—	16,770
Restricted	—	94,017	354,181	—	64,016	512,214
Unrestricted						
Assigned	2,029	41,361	—	—	—	43,390
Total Fund Balances	2,029	152,148	354,181	—	64,016	572,374
Total Liabilities and Fund Balances	$ 2,062	$ 282,839	$ 377,528	$ —	$ 64,016	$ 726,445

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020
(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	$ 166,916	$ —	$ —	$ 171,175
Sales and Services	139	—	—	—	—	139
Interest and Other Investment Income	—	2,200	5,941	—	1,012	9,153
Total Revenues	139	6,459	172,857	—	1,012	180,467
Expenditures						
General Government	1,006	—	—	—	—	1,006
Transportation	—	82,884	65,820	—	12,251	160,955
Debt Service						
Principal	—	—	—	861,520	195,205	1,056,725
Interest	—	—	—	405,111	34,799	439,910
Accrued Interest on Bonds Retired in Advance	—	—	—	87	—	87
Discount on Bonds Retired in Advance	—	—	—	453	—	453
Other Debt Service Expenditures	—	—	—	38	1,475	1,513
Total Expenditures	1,006	82,884	65,820	1,267,209	243,730	1,660,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	(867)	(76,425)	107,037	(1,267,209)	(242,718)	(1,480,182)
Other Financing Sources (Uses)						
Debt Issuance - Refunding Bonds	—	—	—	35,920	285,915	321,835
Debt Issuance - GARVEE Bonds	—	—	—	—	63,850	63,850
Debt Issuance - Refunding Bonds - Premium	—	—	—	2,613	27,159	29,772
Debt Issuance - GARVEE Bonds - Premium	—	—	—	—	11,455	11,455
Payment to Refunded Bond Escrow Agent	—	—	—	(38,496)	(313,095)	(351,591)
Transfers In	—	107,992	—	1,267,172	231,214	1,606,378
Transfers Out	—	(3,016)	(56,628)	—	(34)	(59,678)
Net Other Financing Sources (Uses)	—	104,976	(56,628)	1,267,209	306,464	1,622,021
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(867)	28,551	50,409	—	63,746	141,839
Fund Balances, July 1 - Restated (Note 3)	2,896	123,597	303,772	—	270	430,535
Fund Balances, June 30	$ 2,029	$ 152,148	$ 354,181	$ —	$ 64,016	$ 572,374

STATE OF GEORGIA

CONSTITUTION

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NONMAJOR ENTERPRISE FUNDS


STATE OF GEORGIA
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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, 2020
(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	$ 172	$ 3	$ 32	$ 207
Pooled Investments with State Treasury	—	484	24,591	25,075
Investments	319,146	—	—	319,146
Accounts Receivable (Net)	—	332	9,733	10,065
Due from Other Funds	69	—	—	69
Due from Component Units	—	182,290	—	182,290
Inventories	—	—	126	126
Other Assets	—	—	30	30
Restricted Assets:				
Cash and Cash Equivalents	—	—	7,652	7,652
Pooled Investments with State Treasury	—	—	196,047	196,047
Total Current Assets	319,387	183,109	238,211	740,707
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	319,387	183,109	338,186	840,682
Deferred Outflows of Resources	—	17,989	2,612	20,601
Liabilities				
Current Liabilities:				
Accounts Payable and Other Accruals	47	—	21,148	21,195
Due to Other Funds	—	—	25,654	25,654
Notes and Loans Payable	—	—	35,000	35,000
Compensated Absences Payable	—	—	179	179
Revenue Bonds Payable	—	5,730	—	5,730
Other Current Liabilities	—	333	87,284	87,617
Current Liabilities Payable from Restricted Assets	—	—	29,671	29,671
Total current Liabilities	47	6,063	198,936	205,046
Noncurrent Liabilities:				
Compensated Absences Payable	—	—	559	559
Revenue Bonds Payable	—	194,373	34,131	228,504
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	—	194,373	272,684	467,057
Total Liabilities	47	200,436	471,620	672,103
Deferred Inflows of Resources	—	—	1,325	1,325
Net Position				
Net Investment in Capital Assets	—	—	88,992	88,992
Restricted for:				
Other Benefits	319,340	—	—	319,340
Other Purposes	—	—	42,582	42,582
Unrestricted	—	662	(263,721)	(263,059)
Total Net Position	$ 319,340	$ 662	$ (132,147)	$ 187,855

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	State Employees' Assurance Department-Active	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Operating Revenues:				
Contributions/Premiums	$ 547	$ —	$ —	$ 547
Sales and Services	—	7,961	31,337	39,298
Total Operating Revenues	547	7,961	31,337	39,845
Operating Expenses:				
Personal Services	80	—	9,932	10,012
Services and Supplies	—	10	34,833	34,843
Interest Expense	—	7,960	—	7,960
Benefits	3,588	—	—	3,588
Depreciation	—	—	11,685	11,685
Amortization	—	(553)	(291)	(844)
Other	—	667	—	667
Total Operating Expenses	3,668	8,084	56,159	67,911
Operating Income	(3,121)	(123)	(24,822)	(28,066)
Nonoperating Revenues (Expenses):				
Interest and Other Investment Income	16,651	7	2,498	19,156
Interest Expense	(67)	—	(9,947)	(10,014)
Other	—	—	(126,283)	(126,283)
Total Nonoperating Revenues (Expenses)	16,584	7	(133,732)	(117,141)
Income (Loss) Before Contributions and Transfers	13,463	(116)	(158,554)	(145,207)
Capital Contributions	—	—	84,407	84,407
Transfers:				
Transfers In	—	—	14,660	14,660
Change in Net Position	13,463	(116)	(59,487)	(46,140)
Net Position, July 1 - Restated (Note 3)	305,877	778	(72,660)	233,995
Net Position, June 30	$ 319,340	$ 662	$ (132,147)	$ 187,855

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2020
(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	$ 550	$ —	$ 31,812	$ 32,362
Cash Received from Other Funds (Internal Activity)	—	—	1,223	1,223
Cash Paid to Vendors	(3,663)	(9)	(25,837)	(29,509)
Cash Paid to Employees	—	—	(11,271)	(11,271)
Cash Paid to Other Funds (Internal Activity)	—	—	(1,223)	(1,223)
Other Operating Receipts	—	—	84,963	84,963
Net Cash Provided by Operating Activities	(3,113)	(9)	79,667	76,545
Cash Flows from Noncapital Financing Activities:				
Proceeds from Bond Issuance	—	57,032	—	57,032
Bond Issuance Costs	—	(667)	—	(667)
Refunding Deposit with Escrow Agent	—	(56,365)	—	(56,365)
Interest Paid on Bonds/Long-Term Debt	—	(7,999)	—	(7,999)
Transfers from Other Funds	—	—	8,060	8,060
Payments on Noncapital Financing Debt	—	(3,970)	—	(3,970)
Net Cash Used in Noncapital Financing Activities	—	(11,969)	8,060	(3,909)
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:				
Purchase of Investments	(13,351)	—	—	(13,351)
Interest and Dividends Received	16,584	7	2,498	19,089
Other Investing Activities	—	11,970	—	11,970
Net Cash Provided by (Used in) Investing Activities	3,233	11,977	2,498	17,708
Net Increase (Decrease) in Cash and Cash Equivalents	120	(1)	6,975	7,094
Cash and Cash Equivalents, July 1 - Restated (Note 3)	52	488	221,347	221,887
Cash and Cash Equivalents, June 30	$ 172	$ 487	$ 228,322	$ 228,981
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating Income	$ (3,121)	$ (123)	$ (24,822)	$ (28,066)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation/Amortization Expense	—	667	11,394	12,061
Other	—	(553)	—	(553)
Changes in Assets and Liabilities:				
Deferred Inflows of Resources:				
Accounts Receivable	—	39	177	216
Due from Other Funds	3	—	—	3
Other Assets	—	—	74	74
Net OPEB Asset	—	—	(402)	(402)
Deferred Outflows of Resources	—	—	170	170
Accounts Payable and Other Accruals	5	(39)	92,598	92,564
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	$ (3,113)	$ (9)	$ 79,667	$ 76,545
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
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Description of Internal Service Funds

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, 2020
(dollars in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 2,589	$ 5,245	$ 4,210
Pooled Investments with State Treasury	560	33,607	1,064
Investments	—	—	—
Accounts Receivable (Net)	46	489	3,913
Due from Other Funds	3,441	230	2,006
Due from Component Units	—	—	—
Inventories	—	606	22,063
Other Assets	—	154	1
Total Current Assets	6,636	40,331	33,257
Noncurrent Assets:			
Investments	—	—	—
Restricted Assets:			
Net OPEB Asset	277	780	872
Capital Assets:			
Construction in Progress	—	10,315	6,074
Land	—	22,359	—
Buildings and Building Improvements	—	645,988	12,923
Improvements Other Than Buildings	—	24,398	—
Machinery and Equipment	—	10,677	30,001
Software	—	—	—
Works of Art and Collections	—	1,274	—
Accumulated Depreciation	—	(339,598)	(35,861)
Total Noncurrent Assets	277	376,193	14,009
Total Assets	6,913	416,524	47,266
Deferred Outflows of Resources	1,880	3,083	4,332
Liabilities			
Current Liabilities:			
Cash Overdraft	—	—	—
Accounts Payable and Other Accruals	614	2,168	5,552
Due to Other Funds	—	791	3
Unearned Revenue	—	104	—
Notes and Loans Payable	—	—	—
Claims and Judgments Payable	—	—	—
Compensated Absences Payable	—	781	444
Capital Leases Payable	—	2,654	343
Other Current Liabilities	541	—	—
Total Current Liabilities	1,155	6,498	6,342
Noncurrent Liabilities:			
Compensated Absences Payable	—	—	1,189
Capital Leases Payable	—	17,917	—
Notes and Loans Payable	—	—	—
Net OPEB Liability	1,117	2,985	3,480
Net Pension Liability	4,753	10,647	12,235
Total Noncurrent Liabilities	5,870	31,549	16,904
Total Liabilities	7,025	38,047	23,246
Deferred Inflows of Resources	1,768	4,643	5,411
Net Position			
Net Investment in Capital Assets	—	354,841	12,795
Restricted for:			
Other Purpose	—	735	765
Unrestricted	—	21,341	9,381
Total Net Position	$ —	$ 376,917	$ 22,941

Risk Management (see combining)	Georgia Technology Authority	Total
$ —	$ 9,325	$ 21,369
43,225	66,361	144,817
8,663	—	8,663
97,842	1,797	104,087
898,574	23,321	927,572
—	38	38
—	—	22,669
—	—	155
1,048,304	100,842	1,229,370
24,319	—	24,319
127	2,073	4,129
—	—	16,389
—	13	22,372
—	13,230	672,141
—	—	24,398
—	32,905	73,583
—	55,079	55,079
—	—	1,274
—	(97,999)	(473,458)
24,446	5,301	420,226
1,072,750	106,143	1,649,596
719	6,459	16,473
2,262	—	2,262
510	37,079	45,923
—	—	794
—	—	104
—	3,942	3,942
1,039,787	—	1,039,787
—	935	2,160
—	2,064	5,061
81	154	776
1,042,640	44,174	1,100,809
—	1,729	2,918
—	2,633	20,550
—	4,721	4,721
512	5,921	14,015
1,798	21,758	51,191
2,310	36,762	93,395
1,044,950	80,936	1,194,204
779	10,086	22,687
—	(4,160)	363,476
35	1,886	3,421
27,705	23,854	82,281
$ 27,740	$ 21,580	$ 449,178

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Operating Revenues:			
Contributions/Premiums	$ 46	$ —	$ —
Rents and Royalties	—	43,875	—
Sales and Services	9,093	2,561	69,286
Other	1,379	165	69
Total Operating Revenues	10,518	46,601	69,355
Operating Expenses:			
Personal Services	3,576	10,960	13,291
Services and Supplies	8,903	19,654	46,020
Claims and Judgments	—	—	—
Depreciation	—	19,091	1,316
Total Operating Expenses	12,479	49,705	60,627
Operating Income (Loss)	(1,961)	(3,104)	8,728
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	32	604	17
Nonoperating Grants & Contributions	3,063	—	—
Other	(3,063)	(6,268)	18
Total Nonoperating Revenues (Expenses)	32	(5,664)	35
Income (Loss) Before Contributions and Transfers	(1,929)	(8,768)	8,763
Capital Contributions	—	42,581	—
Transfers:			
Transfers In	5,327	—	—
Transfers Out	—	—	—
Net Transfers	5,327	—	—
Change in Net Position	3,398	33,813	8,763
Net Position, July 1	(3,398)	343,104	14,178
Net Position, June 30	$ —	$ 376,917	$ 22,941

Risk Management (see combining)	Georgia Technology Authority	Total
$ 280,205	$ 836	$ 281,087
—	—	43,875
232	239,503	320,675
—	—	1,613
280,437	240,339	647,250
1,683	19,833	49,343
41,907	210,208	326,692
272,098	—	272,098
—	1,088	21,495
315,688	231,129	669,628
(35,251)	9,210	(22,378)
1,974	845	3,472
—	—	3,063
5,621	(2)	(3,694)
7,595	843	2,841
(27,656)	10,053	(19,537)
—	9,412	51,993
430	—	5,757
—	(9,291)	(9,291)
430	(9,291)	(3,534)
(27,226)	10,174	28,922
54,966	11,406	420,256
$ 27,740	$ 21,580	$ 449,178

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 1,719	$ 5,336	$ 12,021
Cash Received from Other Funds (Internal Activity)	6,079	41,793	57,046
Cash Paid to Vendors	(8,757)	(19,283)	(52,511)
Cash Paid to Employees	(4,693)	(12,124)	(14,825)
Cash Paid for Claims and Judgments	—	—	—
Other Operating Receipts	—	—	—
Other Operating Payments	(287)	—	—
Net Cash Provided by (Used in) Operating Activities	(5,939)	15,722	1,731
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	5,327	—	—
Transfers to Other Funds	—	—	—
Other Noncapital Receipts	3,063	—	18
Other Noncapital Payments	(3,063)	(237)	—
Net Cash Provided by (Used in) Noncapital Financing Activities	5,327	(237)	18
Cash Flows from Capital and Related Financing Activities:			
Capital Contributions	—	2,955	—
Proceeds from Sale of Capital Assets	—	39	—
Acquisition and Construction of Capital Assets	—	(4,983)	(6,606)
Principal Paid on Capital Debt	—	(13,251)	(221)
Net Cash Used in Capital and Related Financing Activities	—	(15,240)	(6,827)
Cash Flows from Investing Activities:			
Proceeds from Sales of Investments	—	—	—
Purchase of Investments	—	—	—
Interest and Dividends Received	32	604	17
Net Cash Provided by Investing Activities	32	604	17
Net Increase (Decrease) in Cash and Cash Equivalents	(580)	849	(5,061)
Cash and Cash Equivalents, July 1	3,730	38,003	10,335
Cash and Cash Equivalents, June 30	$ 3,150	$ 38,852	$ 5,274

Risk Management (see combining)	Georgia Technology Authority	Total
$ 25,174	$ 55,533	$ 99,783
150,760	203,777	459,455
(42,027)	(213,852)	(336,430)
(2,138)	(23,158)	(56,938)
(149,298)	—	(149,298)
—	150	150
—	—	(287)
(17,529)	22,450	16,435
430	—	5,757
—	(3,362)	(3,362)
5,621	—	8,702
—	(3,891)	(7,191)
6,051	(7,253)	3,906
—	9,412	12,367
—	—	39
—	(5,952)	(17,541)
—	(1,608)	(15,080)
—	1,852	(20,215)
41,603	—	41,603
(30,810)	—	(30,810)
(196)	845	1,302
10,597	845	12,095
(881)	17,894	12,221
41,844	57,792	151,704
$ 40,963	$ 75,686	$ 163,925

(continued)

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2020
(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)	$ (1,961)	$ (3,104)	$ 8,728
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:			
Depreciation Expense	—	19,091	1,316
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Accounts Receivable	720	533	1,718
Due from Other Funds	(3,441)	—	(2,006)
Due from Component Units	—	—	—
Other Assets	35	(31)	(120)
Net OPEB Asset	—	(170)	(6,917)
Deferred Outflows of Resources	58	996	218
Accounts Payable and Other Accruals	144	547	595
Due to Other Funds	—	(1)	—
Unearned Revenue	—	(4)	—
Claims and Judgments Payable	—	—	—
Compensated Absences Payable	—	48	(67)
Net OPEB Liability	(1,509)	(3,158)	(3,400)
Net Pension Liability	6	208	634
Other Liabilities	(282)	—	—
Deferred Inflows of Resources	291	767	1,032
Net Cash Provided by (Used in) Operating Activities	$ (5,939)	$ 15,722	$ 1,731
Noncash Investing, Capital, and Financing Activities:			
Donation of Capital Assets	$ —	$ 39,627	$ —
Change in Fair Value of Investments	—	—	—
Total Noncash Investing, Capital and Financing Activities:	$ —	$ 39,627	$ —

Risk Management (see combining)	Georgia Technology Authority	Total
$ (35,251)	$ 9,210	$ (22,378)
—	1,088	21,495
(7,722)	9,821	5,070
(96,780)	9,137	(93,090)
—	13	13
4	(143)	(255)
—	49	(7,038)
(41)	1,848	3,079
(91)	(3,693)	(2,498)
(185)	—	(186)
—	—	(4)
122,801	—	122,801
—	158	139
(404)	(6,214)	(14,685)
(3)	373	1,218
(22)	150	(154)
165	653	2,908
$ (17,529)	$ 22,450	$ 16,435
$ —	$ —	$ 39,627
2,289	—	2,289
$ 2,289	$ —	$ 41,916

Combining Statement of Net Position
Internal Service Funds
Risk Management
June 30, 2020
(dollars in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 81	$ 447	$ 3,063
Pooled Investments with State Treasury	635	3,507	24,010
Investments	134	740	5,032
Accounts Receivable (Net)	—	19,042	1,720
Due From Other Funds	—	201,750	—
Total Current Assets	850	225,486	33,825
Noncurrent Assets:			
Investments	376	2,076	14,128
Restricted Assets:			
Net OPEB Asset	—	39	34
Total Noncurrent Assets	376	2,115	14,162
Total Assets	1,226	227,601	47,987
Deferred Outflows of Resources	—	235	174
Liabilities			
Current Liabilities:			
Cash Overdraft	—	—	—
Accounts Payable and Other Accruals	—	196	38
Claims and Judgments Payable	—	226,563	37,236
Other Current Liabilities	51	16	5
Total Current Liabilities	51	226,775	37,279
Noncurrent Liabilities:			
Net OPEB Liability	—	157	136
Net Pension Liability	—	660	461
Total Noncurrent Liabilities	—	817	597
Total Liabilities	51	227,592	37,876
Deferred Inflows of Resources	—	244	206
Net Position			
Restricted for:			
Other Purpose	—	—	33
Unrestricted	1,175	—	10,046
Total Net Position	$ 1,175	$ —	$ 10,079

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ —	$ 207	$ 1,450	$ —	$ 5,248
2,000	1,710	11,363	—	43,225
—	361	2,396	—	8,663
—	—	173	76,907	97,842
—	—	—	696,824	898,574
2,000	2,278	15,382	773,731	1,053,552
—	1,012	6,727	—	24,319
1	—	1	52	127
1	1,012	6,728	52	24,446
2,001	3,290	22,110	773,783	1,077,998
7	—	5	298	719
395	—	—	7,115	7,510
—	—	—	276	510
1,075	20	9,387	765,506	1,039,787
—	—	—	9	81
1,470	20	9,387	772,906	1,047,888
4	—	4	211	512
16	—	14	647	1,798
20	—	18	858	2,310
1,490	20	9,405	773,764	1,050,198
6	—	6	317	779
1	—	1	—	35
511	3,270	12,703	—	27,705
$ 512	$ 3,270	$ 12,704	$ —	$ 27,740

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Risk Management
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Operating Revenues:			
Contributions/Premiums	$ 2,324	$ 86,108	$ 19,762
Sales and Services	—	—	—
Total Operating Revenues	2,324	86,108	19,762
Operating Expenses:			
Personal Services	—	409	516
Services and Supplies	1,869	5,685	19,915
Claims and Judgments	531	80,151	20,203
Total Operating Expenses	2,400	86,245	40,634
Operating Income (Loss)	(76)	(137)	(20,872)
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	26	137	1,200
Other	—	—	—
Total Nonoperating Revenues (Expenses)	26	137	1,200
Income (Loss) Before Transfers	(50)	—	(19,672)
Transfers:			
Transfers In	—	—	—
Net Transfers	—	—	—
Change in Net Position	(50)	—	(19,672)
Net Position, July 1	1,225	—	29,751
Net Position, June 30	$ 1,175	$ —	$ 10,079

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ —	$ —	$ 3,908	$ 168,103	$ 280,205
232	—	—	—	232
232	—	3,908	168,103	280,437
10	—	(2)	750	1,683
21	2	46	14,369	41,907
1,381	—	11,172	158,660	272,098
1,412	2	11,216	173,779	315,688
(1,180)	(2)	(7,308)	(5,676)	(35,251)
11	71	474	55	1,974
—	—	—	5,621	5,621
11	71	474	5,676	7,595
(1,169)	69	(6,834)	—	(27,656)
430	—	—	—	430
430	—	—	—	430
(739)	69	(6,834)	—	(27,226)
1,251	3,201	19,538	—	54,966
$ 512	$ 3,270	$ 12,704	$ —	$ 27,740

Combining Statement of Cash Flows
Internal Service Funds
Risk Management
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 225	$ 8,342	$ 1,763
Cash Received from Other Funds (Internal Activity)	2,217	41,459	17,560
Cash Paid to Vendors	(1,821)	(5,715)	(19,974)
Cash Paid to Employees	—	(614)	(611)
Cash Paid for Claims and Judgments	(531)	(36,247)	(12,128)
Net Cash Provided by (Used in) Operating Activities	90	7,225	(13,390)
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	—	—	—
Other Noncapital Receipts	—	—	—
Net Cash Provided by (Used in) Noncapital Financing Activities	—	—	—
Cash Flows from Investing Activities:			
Proceeds from Sales and Maturities of Investments	305	—	29,185
Purchase of Investments	(498)	(2,756)	(16,851)
Interest and Dividends Received	15	77	(1,109)
Net Cash Provided by (Used in) Investing Activities	(178)	(2,679)	11,225
Net Increase (Decrease) in Cash and Cash Equivalents	(88)	4,546	(2,165)
Cash and Cash Equivalents, July 1	804	(592)	29,238
Cash and Cash Equivalents, June 30	$ 716	$ 3,954	$ 27,073
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ (76)	$ (137)	$ (20,872)
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	117	4,265	(664)
Due from Other Funds	—	(40,571)	226
Net OPEB Asset	—	9	—
Deferred Outflows of Resources	—	14	—
Accounts Payable and Other Accruals	—	(32)	16
Due to Other Funds	—	—	—
Claims and Judgments Payable	—	43,904	8,076
Net OPEB Liability	—	(247)	(146)
Net Pension Liability	—	(1)	(1)
Other Liabilities	49	2	(74)
Deferred Inflows of Resources	—	19	49
Net Cash Provided by (Used in) Operating Activities	$ 90	$ 7,225	$ (13,390)
Noncash Investing Activities:			
Change in Fair Value of Investments	$ 11	$ 60	$ 2,426

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ 21	$ —	$ 362	$ 14,461	$ 25,174
211	—	3,555	85,758	150,760
(21)	(2)	(48)	(14,446)	(42,027)
(16)	—	(1)	(896)	(2,138)
(1,008)	(15)	(3,348)	(96,021)	(149,298)
(813)	(17)	520	(11,144)	(17,529)
430	—	—	—	430
—	—	—	5,621	5,621
430	—	—	5,621	6,051
—	1,621	10,492	—	41,603
—	(1,400)	(9,305)	—	(30,810)
11	99	656	55	(196)
11	320	1,843	55	10,597
(372)	303	2,363	(5,468)	(881)
1,977	1,614	10,450	(1,647)	41,844
$ 1,605	$ 1,917	$ 12,813	$ (7,115)	$ 40,963
$ (1,180)	$ (2)	$ (7,308)	$ (5,676)	$ (35,251)
—	—	9	(11,449)	(7,722)
—	—	—	(56,435)	(96,780)
—	—	—	(5)	4
(1)	—	—	(54)	(41)
—	—	—	(75)	(91)
—	—	—	(185)	(185)
374	(15)	7,823	62,639	122,801
(6)	—	(5)	—	(404)
—	—	—	(1)	(3)
—	—	—	1	(22)
—	—	1	96	165
$ (813)	$ (17)	$ 520	$ (11,144)	$ (17,529)
$ —	$ (27)	$ (181)	$ —	$ 2,289


STATE OF GEORGIA
CONSTITUTION
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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.

The **Tuition Guaranty Trust Fund** is to protect students against financial loss when a postsecondary educational institution closes without reimbursing its students and without completing its educational obligations to its students. It is funded by postsecondary education institutions who participate in the trust.

CUSTODIAL FUNDS

Custodial Funds are used to report balances and activities for deposits and investments entrusted to the State as an agent for others. The State's significant custodial 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.

Revenue Tax Collections for Local Governments Fund is used to account for the collection and disbursement of sales taxes at the Georgia Department of Revenue 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, Ad Valorem Tax, Railroad Tax, Tennessee Valley Tax, E911 Prepaid Tax, E911 non Prepaid, Fireworks Tax, and the Transportation Investment Act.

Survivor Benefit Fund 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 **Student Financial Aid and Support Fund** are accounts for activities from the state acting as an agent or in a fiduciary capacity for various governments, companies, clubs or individuals for student support and financial aid.

Other Custodial Funds include custodial funds not considered significant enough to warrant separate presentation.

External Investment Pool account for activities of a pooled investment program held by the Board of Regents for affiliate organizations external to the state reporting unit.

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2020
(dollars in thousands)

			Defined Contribution Plans		
	Defined Benefit Pension Plans (see combining)	Georgia Defined Contribution Plan	Deferred Compensation Plans		
			State of Georgia 401 (K) Plan	State of Georgia 457 Plan	Regents 457 (F) Plan
Assets					
Cash and Cash Equivalents	$ 1,701,237	$ 22,767	$ 16,213	$ 1,297	$ 233
Pooled Investments with State Treasury	—	—	—	—	—
Restricted Pooled Investments with State Treasury	581	—	—	—	—
Receivables, Net					
Interest and Dividends	210,253	425	2	5	—
Due from Brokers for Securities Sold	23,363	—	—	—	—
Other	300,311	740	4,128	664	—
Due from Other Funds	—	—	—	—	—
Investments					
Pooled Investments	14,724,520	—	—	—	—
Mutual Funds	342,349	—	1,257,659	635,687	2,645
Municipal, U.S. and Foreign Government Obligations	17,339,553	92,591	—	—	—
Corporate Bonds/Notes/Debentures	6,300,158	21,940	—	—	131
Stocks	57,307,025	—	12,048	8,640	—
Asset-backed Securities	35,439	—	—	—	—
Exchange Traded Funds	21,663	—	—	—	—
Mortgage Investments	99,532	—	—	—	—
Real Estate Investment Trusts	72,342	—	—	—	91
Capital Assets					
Land	8,883	—	—	—	—
Buildings	7,793	—	—	—	—
Software	30,663	—	—	—	—
Machinery and Equipment	5,601	—	—	—	—
Works of Art	114	—	—	—	—
Accumulated Depreciation	(36,629)	—	—	—	—
Net OPEB Asset	3,227	—	—	—	—
Other Assets	—	—	—	—	—
Total Assets	98,497,978	138,463	1,290,050	646,293	3,100
Deferred Outflows of Resources	9,635	—	—	—	—
Liabilities					
Accounts Payable and Other Accruals	36,321	507	2,959	1,327	—
Due to Other Funds	520	—	—	—	—
Due to Brokers for Securities Purchased	41,285	—	—	—	—
Benefits Payable	—	—	—	—	—
Unearned Revenue	9	—	—	—	—
Compensated Absences Payable	85	—	—	—	—
Net OPEB Liability	11,217	—	—	—	—
Net Pension Liability	28,862	—	—	—	—
Total Liabilities	118,299	507	2,959	1,327	—
Deferred Inflows of Resources	16,121	—	—	—	—
Net Position					
Restricted for:					
Pension Benefits	98,373,193	137,956	1,287,091	644,966	3,100
Other Postemployment Benefits	—	—	—	—	—
Total Net Position	$ 98,373,193	$ 137,956	$ 1,287,091	$ 644,966	$ 3,100

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
$ 12,605	$ 551	$ 188	$ 283	$ 1,755,374
—	1,182,120	442,026	—	1,624,146
—	—	—	—	581
—	4,036	1,487	—	216,208
—	1	—	—	23,364
325	7,852	22,190	—	336,210
—	2,145	870	449	3,464
—	—	—	1,256,402	15,980,922
137,932	—	—	—	2,376,272
—	—	—	—	17,432,144
—	—	—	—	6,322,229
14,982	482,033	170,432	—	57,995,160
—	—	—	—	35,439
—	—	—	—	21,663
—	—	—	—	99,532
—	—	—	—	72,433
—	—	—	—	8,883
—	—	—	—	7,793
—	—	—	—	30,663
—	—	—	—	5,601
—	—	—	—	114
—	—	—	—	(36,629)
—	—	—	—	3,227
55	—	—	—	55
165,899	1,678,738	637,193	1,257,134	104,314,848
—	—	—	—	9,635
—	361	458	416	42,349
—	—	—	—	520
—	—	—	—	41,285
5,921	10,643	25,395	—	41,959
—	213	323	—	545
—	—	—	—	85
—	—	—	—	11,217
—	—	—	—	28,862
5,921	11,217	26,176	416	166,822
—	—	—	—	16,121
—	—	—	—	100,446,306
159,978	1,667,521	611,017	1,256,718	3,695,234
$ 159,978	$ 1,667,521	$ 611,017	$ 1,256,718	$ 104,141,540

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Defined Benefit Pension Plans (see combining)	Defined Contribution Plans: Georgia Defined Contribution Plan	Deferred Compensation Plans: State of Georgia 401 (K) Plan	State of Georgia 457 Plan	Regents 457 (F) Plan
Additions:					
Contributions					
Employer	$ 3,382,892	$ —	$ 51,138	$ —	$ 799
Fees	418	—	—	25	—
Insurance Premiums	—	—	—	—	—
NonEmployer	112,115	—	—	—	—
Plan Members	852,703	14,658	129,639	20,216	—
Miscellaneous	574	—	426	—	—
Interest and Other Investment Income					
Dividends and Interest	2,100,950	2,823	883	798	181
Net Appreciation (Depreciation) in					
Investments Reported at Fair Value	2,930,324	6,323	42,324	25,677	(30)
Less: Investment Expense	(77,362)	(68)	(2,357)	(912)	(2)
Transfers from Other Funds	2,786	—	—	—	—
Total Additions	9,305,400	23,736	222,053	45,804	948
Deductions:					
Distributions					
Benefits	6,900,298	7	92,355	40,067	—
General and Administrative Expenses	31,986	913	3,816	745	—
Pool Participant Withdrawals	—	—	—	—	2,286
Refunds	85,830	10,510	—	—	—
Total Deductions	7,018,114	11,430	96,171	40,812	2,286
Net Increase (Decrease) in Fiduciary Net Position	2,287,286	12,306	125,882	4,992	(1,338)
Net Position, July 1	96,085,907	125,650	1,161,209	639,974	4,438
Net Position, June 30	$ 98,373,193	$ 137,956	$ 1,287,091	$ 644,966	$ 3,100

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
$ 102,792	$ 150,489	$ 338,177	$ —	$ 4,026,287
—	—	—	—	443
—	—	—	3,088	3,088
—	—	—	—	112,115
—	—	—	—	1,017,216
—	—	—	—	1,000
4,810	34,805	12,852	27,202	2,185,304
2,915	17,340	6,016	39,214	3,070,103
(197)	(207)	(73)	(1,168)	(82,346)
—	—	—	—	2,786
110,320	202,427	356,972	68,336	10,335,996
94,211	149,922	335,832	44,754	7,657,446
586	2,191	5,252	720	46,209
—	—	—	—	2,286
—	—	—	—	96,340
94,797	152,113	341,084	45,474	7,802,281
15,523	50,314	15,888	22,862	2,533,715
144,455	1,617,207	595,129	1,233,856	101,607,825
$ 159,978	$ 1,667,521	$ 611,017	$ 1,256,718	$ 104,141,540

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
June 30, 2020
(dollars in thousands)

	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Other Defined Benefit Plans (see combining)
Assets				
Cash and Cash Equivalents	$ 270,871	$ 55,001	$ 601	$ 15,560
Restricted Pooled Investments with State Treasury	581	—	—	—
Receivables				
Interest and Dividends	—	2,042	—	827
Due from Brokers for Securities Sold	—	1,756	—	655
Other	32,218	—	465	323
Investments				
Pooled Investments	13,216,575	—	485,633	63,594
Mutual Funds	—	254,035	—	88,314
Municipal, U.S. and Foreign Government Obligations	—	46,922	—	85,896
Corporate Bonds/Notes/Debentures	—	124,182	—	19,010
Stocks	—	299,100	—	235,636
Asset-backed Securities	—	17,984	—	3,437
Exchange Traded Funds	—	—	—	—
Mortgage Investments	—	87,805	—	649
Real Estate Investment Trusts	—	42,000	—	438
Capital Assets				
Land	4,350	85	—	—
Buildings	2,800	1,535	—	—
Software	14,345	—	—	—
Machinery and Equipment	2,241	164	—	—
Works of Art	—	114	—	—
Accumulated Depreciation	(17,168)	(817)	—	—
Net OPEB Asset	569	—	—	—
Total Assets	13,527,382	931,908	486,699	514,339
Deferred Outflow of Resources	681	—	—	—
Liabilities				
Accounts Payable and Other Accruals	19,724	2,737	759	588
Due to Other Funds	509	—	10	1
Due to Brokers for Securities Purchased	—	4,181	—	895
Unearned Revenue	—	—	—	9
Compensated Absences Payable	—	85	—	—
Net OPEB Liability	2,350	—	—	—
Net Pension Liability	—	—	—	—
Total Liabilities	22,583	7,003	769	1,493
Deferred Inflow of Resources	3,194	—	—	—
Net Position				
Restricted for Pension Benefits	$ 13,502,286	$ 924,905	$ 485,930	$ 512,846

Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Teachers Retirement System	Total
$ 30,188	$ 266	$ 1,328,750	$ 1,701,237
—	—	—	581
1,493	—	205,891	210,253
1,236	—	19,716	23,363
—	266	267,039	300,311
—	958,718	—	14,724,520
—	—	—	342,349
82,167	—	17,124,568	17,339,553
63,380	—	6,093,586	6,300,158
573,559	—	56,198,730	57,307,025
14,018	—	—	35,439
21,663	—	—	21,663
11,078	—	—	99,532
29,904	—	—	72,342
98	—	4,350	8,883
658	—	2,800	7,793
1,338	—	14,980	30,663
193	—	3,003	5,601
—	—	—	114
(481)	—	(18,163)	(36,629)
—	—	2,658	3,227
830,492	959,250	81,247,908	98,497,978
—	—	8,954	9,635
891	1,002	10,620	36,321
—	—	—	520
2,181	—	34,028	41,285
—	—	—	9
—	—	—	85
—	—	8,867	11,217
—	—	28,862	28,862
3,072	1,002	82,377	118,299
—	—	12,927	16,121
$ 827,420	$ 958,248	$ 81,161,558	$ 98,373,193

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, 2020
(dollars in thousands)

	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Other Defined Benefit Plans (see combining)
Additions:				
Contributions/Assessments				
Employer	$ 634,108	$ —	$ 4,022	$ 11,837
Fees	10	404	—	4
NonEmployer	9,749	40,575	2,442	8,103
Plan Members	35,837	4,104	5,005	914
Miscellaneous	—	313	—	—
Interest and Other Investment Income				
Dividends and Interest	294,448	19,741	10,579	5,490
Net Appreciation (Depreciation) in				
Investments Reported at Fair Value	424,454	(13,192)	15,250	24,358
Less: Investment Expense	(15,062)	(4,394)	(414)	(2,600)
Transfers from Other Funds	—	—	—	2,622
Total Additions	1,383,544	47,551	36,884	50,728
Deductions:				
Distributions				
Benefits	1,484,445	53,786	29,263	35,163
General and Administrative Expenses	7,641	2,200	850	1,158
Refunds	6,644	1,012	213	72
Total Deductions	1,498,730	56,998	30,326	36,393
Net Increase (Decrease) in Fiduciary Net Position	(115,186)	(9,447)	6,558	14,335
Net Position, July 1	13,617,472	934,352	479,372	498,511
Net Position, June 30	$ 13,502,286	$ 924,905	$ 485,930	$ 512,846

Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Teachers Retirement System	Total
$ —	$ —	$ 2,732,925	$ 3,382,892
—	—	—	418
13,021	32,496	5,729	112,115
3,641	2,338	800,864	852,703
261	—	—	574
18,049	20,785	1,731,858	2,100,950
11,319	29,963	2,438,172	2,930,324
(3,636)	(835)	(50,421)	(77,362)
—	—	164	2,786
42,655	84,747	7,659,291	9,305,400
39,268	66,090	5,192,283	6,900,298
1,301	1,425	17,411	31,986
341	572	76,976	85,830
40,910	68,087	5,286,670	7,018,114
1,745	16,660	2,372,621	2,287,286
825,675	941,588	78,788,937	96,085,907
$ 827,420	$ 958,248	$ 81,161,558	$ 98,373,193

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
Other Defined Benefit Pension Plans
June 30, 2020
(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	$ 5,893	$ 3,398	$ 80	$ 935
Receivables, Net					
Interest and Dividends	—	—	298	—	105
Due from Brokers for Securities Sold	—	—	598	—	—
Other	—	—	—	—	—
Investments					
Pooled Investments	—	—	—	34,599	—
Mutual Funds	—	64,583	—	—	—
Municipal, U.S. and Foreign Government Obligations	—	—	11,292	—	5,528
Corporate Bonds/Notes/Debentures	—	—	7,707	—	4,857
Stocks	—	34,667	70,779	—	19,378
Asset-backed Securities	—	—	3,437	—	—
Mortgage Investments	—	—	—	—	649
Real Estate Investment Trusts	—	—	—	—	438
Total Assets	2	105,143	97,509	34,679	31,890
Liabilities					
Accounts Payable and Other Accruals	—	—	59	110	4
Due to Other Funds	—	—	—	1	—
Due to Brokers for Securities Purchased	—	—	801	—	—
Unearned Revenue	—	—	—	—	—
Total Liabilities	—	—	860	111	4
Net Position					
Restricted for Pension Benefits	$ 2	$ 105,143	$ 96,649	$ 34,568	$ 31,886

Georgia Military Pension Fund		Sheriffs' Retirement Fund		Superior Court Clerks' Retirement Fund		Superior Court Judges Retirement Fund		Total	
$	48	$	3,179	$	2,015	$	10	$	15,560
	—		—		424		—		827
	—		—		57		—		655
	—		—		323		—		323
	28,995		—		—		—		63,594
	—		23,731		—		—		88,314
	—		9,328		59,748		—		85,896
	—		6,446		—		—		19,010
	—		52,251		58,561		—		235,636
	—		—		—		—		3,437
	—		—		—		—		649
	—		—		—		—		438
	29,043		94,935		121,128		10		514,339
	76		216		119		4		588
	—		—		—		—		1
	—		—		94		—		895
	—		7		2		—		9
	76		223		215		4		1,493
$	28,967	$	94,712	$	120,913	$	6	$	512,846

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, 2020
(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/Assessments					
Employer	$ 34	$ 11,474	$ —	$ —	$ —
Fees	2	—	—	—	—
NonEmployer	—	—	1,453	—	1,631
Plan Members	—	—	196	325	187
Interest and Other Investment Income					
Dividends and Interest	—	546	1,841	760	596
Net Appreciation (Depreciation) in Investments Reported at Fair Value	—	2,161	7,376	1,096	2,350
Less: Investment Expense	—	(167)	(764)	(32)	(423)
Transfers from Other Funds	—	—	—	—	—
Total Additions	36	14,014	10,102	2,149	4,341
Deductions:					
Distributions					
Benefits	34	14,247	4,456	1,795	396
General and Administrative Expenses	2	—	107	305	72
Refunds	—	—	—	21	33
Total Deductions	36	14,247	4,563	2,121	501
Net Increase (Decrease) in Fiduciary Net Position	—	(233)	5,539	28	3,840
Net Position, July 1	2	105,376	91,110	34,540	28,046
Net Position, June 30	$ 2	$ 105,143	$ 96,649	$ 34,568	$ 31,886

Georgia Military Pension Fund	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Total
$ (11)	$ —	$ —	$ 340	$ 11,837
—	—	—	2	4
—	1,828	3,191	—	8,103
—	80	126	—	914
616	1,131	—	—	5,490
888	2,229	8,258	—	24,358
(19)	(648)	(547)	—	(2,600)
2,622	—	—	—	2,622
4,096	4,620	11,028	342	50,728
1,297	6,426	6,172	340	35,163
249	257	164	2	1,158
—	12	6	—	72
1,546	6,695	6,342	342	36,393
2,550	(2,075)	4,686	—	14,335
26,417	96,787	116,227	6	498,511
$ 28,967	$ 94,712	$ 120,913	$ 6	$ 512,846

Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2020
(dollars in thousands)

	Georgia Fund 1	Georgia Fund 1 Plus	Total
Assets			
Pooled Investments with State Treasury	$ 11,054,973	$ —	$ 11,054,973
Interest Receivable	160	—	160
Total Assets	11,055,133	—	11,055,133
Liabilities			
Accounts Payable and Other Accruals	—	—	—
Total Liabilities	—	—	—
Net Position			
Restricted for Pool Participants	$ 11,055,133	$ —	$ 11,055,133

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Georgia Fund 1	Georgia Fund 1 Plus	Total
Additions:			
Contributions/Assessments			
Pool Participant Deposits	$ 15,108,806	$ 50,000	$ 15,158,806
Interest and Other Investment Income			
Dividends and Interest	151,187	2,591	153,778
Net Appreciation (Depreciation) in Investments			
Reported at Fair Value	—	59	59
Less: Investment Expense	(5,161)	(59)	(5,220)
Total Additions	15,254,832	52,591	15,307,423
Deductions:			
Distributions			
Pool Participant Withdrawals	13,344,444	205,103	13,549,547
Change in Net Position Restricted for Pool Participants	1,910,388	(152,512)	1,757,876
Net Position, July 1	9,144,745	152,512	9,297,257
Net Position, June 30	$ 11,055,133	$ —	$ 11,055,133

Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2020
(dollars in thousands)

	Auctioneers Education, Research and Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Tuition Guaranty Trust Fund	Total
Assets					
Cash and Cash Equivalents	$ 143	$ —	$ —	$ 1,439	$ 1,582
Pooled Investments with State Treasury	576	2,344	352,552	2,904	358,376
Receivables, Net					
Other	—	—	32,298	—	32,298
Capital Assets					
Buildings	—	—	826	—	826
Machinery and Equipment	—	—	94	—	94
Accumulated Depreciation	—	—	(754)	—	(754)
Net OPEB Asset	—	—	126	—	126
Other Assets	—	10	—	—	10
Total Assets	719	2,354	385,142	4,343	392,558
Deferred Outflows of Resources	—	—	314	—	314
Liabilities					
Cash Overdraft	—	553	20,880	—	21,433
Compensated Absences Payable	—	—	68	—	68
Net OPEB Liability	—	—	305	—	305
Net Pension Liability	—	—	1,156	—	1,156
Other Liabilities	—	—	332	—	332
Total Liabilities	—	553	22,741	—	23,294
Deferred Inflows of Resources	—	—	602	—	602
Net Position					
Restricted for:					
Other Purposes	719	1,801	362,113	4,343	368,976
Total Net Position	$ 719	$ 1,801	$ 362,113	$ 4,343	$ 368,976

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Auctioneers Education, Research and Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Tuition Guaranty Trust Fund	Total
Additions:					
Contributions/Assessments					
Plan Members/Participants	$ 8	$ 182	$ 78,094	$ 562	$ 78,846
Interest and Other Investment Income					
Dividends and Interest	9	35	4,934	40	5,018
Total Additions	17	217	83,028	602	83,864
Deductions:					
Distributions					
Benefits	—	—	22,139	—	22,139
General and Administrative Expenses	—	68	1,490	15	1,573
Refunds	—	—	—	62	62
Transfers to Other Funds	—	3	—	—	3
Total Deductions	—	71	23,629	77	23,777
Net Increase (Decrease) in Fiduciary Net Position	17	146	59,399	525	60,087
Net Position, July 1 (restated)	702	1,655	302,714	3,818	308,889
Net Position, June 30	$ 719	$ 1,801	$ 362,113	$ 4,343	$ 368,976

Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2020
(dollars in thousands)

	Child Support Recovery Program	Detainees' Accounts	Flexible Benefits Program	Insurance Premium Tax Collections for Local Governments
Assets				
Cash and Cash Equivalents	$ 68,485	$ 61,503	$ 3,097	$ —
Pooled Investments with State Treasury	—	—	11,551	—
Accounts Receivable, Net	—	—	—	—
Investments, at Fair Value				
Certificates of Deposits	—	—	—	—
Pooled Investments	—	—	—	—
Mutual Funds	—	—	—	—
Municipal, U.S. and Foreign Government Obligations	—	—	—	—
Mortgage Investments	—	—	—	—
Stocks	—	—	—	—
Other Assets	—	—	—	—
Due from Other Funds (Within PG & FID)	—	—	—	—
Total Assets	68,485	61,503	14,648	—
Liabilities				
Accounts Payable and Other Accruals	25	—	1,263	—
Cash Overdraft	—	—	—	—
Salaries Payable	—	—	—	—
Due to Local Governments	—	—	—	—
Unearned Revenue	—	—	—	—
Other Liabilities	—	—	—	—
Total Liabilities	25	—	1,263	—
Net Position				
Restricted for:				
Pool Participants	—	—	—	—
Individuals, Organizations, and Other Governments	68,460	61,503	13,385	—
Total Net Position	$ 68,460	$ 61,503	$ 13,385	$ —

Revenue Tax Collections for Local Governments	Survivor's Benefit Fund	Student Financial Aid and Support	Other Custodial Funds	Total	External Investment Pool
$ 8,135	$ 86	$ —	$ 18,351	$ 159,657	$ 1,660
47,164	—	—	16,384	75,099	—
4,989	—	90,201	151	95,341	—
—	—	—	1,252	1,252	—
—	167,359	—	222	167,581	—
—	—	—	7,459	7,459	50,215
—	—	—	15,895	15,895	—
—	—	—	8,464	8,464	—
—	—	—	—	—	14,253
—	—	—	4	4	—
782,849	—	—	—	782,849	—
843,137	167,445	90,201	68,182	1,313,601	66,128
—	—	4,295	2,973	8,556	—
—	—	69,131	—	69,131	—
—	—	—	29	29	—
843,137	—	—	—	843,137	—
—	—	3,653	—	3,653	—
—	—	470	—	470	—
843,137	—	77,549	3,002	924,976	—
—	—	—	—	—	66,128
—	167,445	12,652	65,180	388,625	—
$ —	$ 167,445	$ 12,652	$ 65,180	$ 388,625	$ 66,128

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Child Support Recovery Program	Detainees' Accounts	Flexible Benefits Program	Insurance Premium Tax Collections for Local Governments
Additions:				
Contributions/Assessments				
Child Support Recovery Program	$ 898,830	$ —	$ —	$ —
Collections for Local Governments	—	—	—	699,726
Detainees' Accounts	—	153,647	—	—
Plan Members/Participants	—	—	157,159	—
Pool Participant Deposits	—	—	—	—
Student Financial Aid	—	—	—	—
Student Support	—	—	—	—
Miscellaneous	—	—	—	—
Interest and Other Investment Income				
Dividends and Interest	—	—	200	—
Net Appreciation (Depreciation) in				
Investments Reported at Fair Value	—	—	—	—
Less: Investment Expense	—	—	—	—
Total Additions	898,830	153,647	157,359	699,726
Deductions:				
Distributions				
Benefits	—	—	150,916	—
Child Support Recovery Program	866,704	—	—	—
Detainees' Accounts	—	146,792	—	—
Distributions to Local Governments	—	—	—	699,726
Pool Participant Withdrawals	—	—	—	—
Student Financial Aid	—	—	—	—
Student Support	—	—	—	—
Miscellaneous	—	—	1	—
Transfers to Other Funds	—	—	5,327	—
Total Deductions	866,704	146,792	156,244	699,726
Net Increase (Decrease) in Fiduciary Net Position	32,126	6,855	1,115	—
Net Position, July 1 (restated)	36,334	54,648	12,270	—
Net Position, June 30	$ 68,460	$ 61,503	$ 13,385	$ —

Revenue Tax Collections for Local Governments	Survivor's Benefit Fund	Student Financial Aid and Support	Other Custodial Funds	Total	External Investment Pool
$ —	$ —	$ —	$ —	$ 898,830	$ —
6,822,465	—	—	—	7,522,191	—
—	—	—	—	153,647	—
—	—	—	—	157,159	—
—	—	—	—	—	7,595
—	—	2,331,419	—	2,331,419	—
—	—	78,462	—	78,462	—
—	—	1,835	80,591	82,426	—
—	8,701	2	731	9,634	1,331
—	—	—	4	4	(821)
—	—	—	(43)	(43)	(83)
6,822,465	8,701	2,411,718	81,283	11,233,729	8,022
—	—	—	—	150,916	—
—	—	—	—	866,704	—
—	—	—	—	146,792	—
6,822,465	—	—	—	7,522,191	—
—	—	—	—	—	2,965
—	—	2,334,095	—	2,334,095	—
—	—	85,902	—	85,902	—
—	—	1,148	85,890	87,039	—
—	—	—	—	5,327	—
6,822,465	—	2,421,145	85,890	11,198,966	2,965
—	8,701	(9,427)	(4,607)	34,763	5,057
—	158,744	22,079	69,787	353,862	61,071
$ —	$ 167,445	$ 12,652	$ 65,180	$ 388,625	$ 66,128


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

NONMAJOR COMPONENT UNITS


STATE OF GEORGIA
CONSTITUTION
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1776

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 **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 **Savannah Georgia Convention Center Authority** a state Authority, effective July 1, 2019, formally 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 11 members; 6 members appointed by the Governor; 3 members appointed by the members of the Georgia General Assembly representing Chatham County; the President of the Savannah Area Convention and Visitors' Bureau; and the President of the Savannah Economic Development Authority.

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.

Combining Statement of Net Position
Nonmajor Component Units
June 30, 2020
(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	$ 19,661	$ 8,298	$ 495,747	$ 18,168	$ 2,457
Pooled Investments with State Treasury	146,409	15,827	279	—	—
Investments	—	—	79,937	—	14,090
Receivables					
Accounts (Net)	231	—	339,590	6,484	1,727
Capital Leases from Primary Government	—	—	92,559	—	—
Interest and Dividends	2,670	—	—	—	—
Notes and Loans (Net)	16,005	—	2	—	—
Taxes	468	—	—	—	—
Due from Primary Government	20,000	129	6,792	—	—
Due from Component Units	—	—	—	—	—
Intergovernmental Receivables	20	222	—	—	—
Inventory	1,594	—	24,103	2,034	—
Other Current Assets	101	—	38,408	6	—
Restricted Assets					
Cash and Cash Equivalents	—	—	89,306	—	—
Investments	—	—	215,971	—	—
Other	—	—	53,395	—	—
Total Current Assets	207,159	24,476	1,436,089	26,692	18,274
Noncurrent Assets:					
Investments	—	—	476,478	—	—
Receivables					
Capital Leases from Primary Government	—	—	2,115,137	—	—
Notes and Loans	179,440	—	—	—	—
Other (Net)	—	—	128,397	—	—
Restricted Assets					
Cash and Cash Equivalents	11	—	219,341	—	—
Investments	—	—	1,707,385	—	—
Net OPEB Asset	—	—	—	39	552
Receivables					
Loans (Net)	—	—	15	—	—
Other	—	—	59,545	—	—
Non-depreciable Capital Assets	9,684	—	252,720	1,352	1,479
Depreciable Capital Assets (Net)	2,916	—	870,917	89,374	5,083
Other Noncurrent Assets	—	—	49,198	—	—
Total Noncurrent Assets	192,051	—	5,879,133	90,765	7,114
Total Assets	399,210	24,476	7,315,222	117,457	25,388
Deferred Outflows of Resources	—	—	52,731	20,186	3,871

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
$ 27	$ 21,147	$ 16	$ 24,401	$ 11,648	$ 25,578	$ 627,148
—	2,403	3	20,057	—	7,648	192,626
37,013	418	—	—	—	—	131,458
—	1,558	—	—	1,822	4,451	355,863
—	—	—	—	—	—	92,559
—	—	—	1,244	—	—	3,914
—	—	—	164,198	—	—	180,205
—	—	—	—	—	—	468
—	—	—	968	—	—	27,889
—	—	—	24,394	—	—	24,394
—	9,770	10,594	—	—	—	20,606
—	1,932	—	—	—	1,139	30,802
—	471	—	216	151	1,646	40,999
62	—	—	—	8,717	—	98,085
—	—	—	—	—	—	215,971
—	—	—	—	—	—	53,395
37,102	37,699	10,613	235,478	22,338	40,462	2,096,382
—	—	—	—	—	—	476,478
	—	—	—	—	—	2,115,137
—	—	—	—	—	—	179,440
—	—	—	—	—	—	128,397
—	—	—	—	—	—	219,352
—	—	—	—	—	—	1,707,385
—	70	—	—	139	662	1,462
—	—	—	—	—	—	15
—	—	—	—	—	—	59,545
	497	—	586	—	23,230	289,548
—	4,568	—	996	2,693	216,171	1,192,718
—	—	—	—	—	—	49,198
—	5,135	—	1,582	2,832	240,063	6,418,675
37,102	42,834	10,613	237,060	25,170	280,525	8,515,057
—	35,407	—	—	305	3,409	115,909

(continued)

Combining Statement of Net Position
Nonmajor Component Units
June 30, 2020
(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	10,519	144	150,635	3,181	576
Due to Primary Government	—	—	463,448	—	—
Due to Component Units	—	136	—	—	—
Funds Held for Others	—	—	57,202	—	—
Unearned Revenue	—	—	180,783	3,877	1,635
Notes and Loans Payable	—	—	17,296	218	—
Revenue/Mortgage Bonds Payable	—	—	171,818	—	—
Other Current Liabilities	2,351	34	53,017	703	377
Current Liabilities Payable from Restricted Assets:					
Other	—	—	—	—	—
Total Current Liabilities	12,870	314	1,094,199	7,979	2,588
Noncurrent Liabilities:					
Unearned Revenue	—	—	13,987	—	—
Notes and Loans Payable	—	—	131,132	1,925	—
Revenue/Mortgage Bonds Payable	—	—	2,773,715	—	—
Derivative Instrument Payable	—	—	43,945	—	—
Net OPEB Liability	—	—	6,641	27,649	11,355
Net Pension Liability	—	—	—	39,961	12,950
Other Noncurrent Liabilities	55,388	1,492	112,516	—	699
Total Noncurrent Liabilities	55,388	1,492	3,081,936	69,535	25,004
Total Liabilities	68,258	1,806	4,176,135	77,514	27,592
Deferred Inflows of Resources	—	—	17,231	8,324	3,369
Net Position					
Net Investment in Capital Assets,	12,599	—	357,559	88,583	6,562
Restricted for:					
Bond Covenants/Debt Service	—	—	13,168	—	—
Capital Projects	—	—	224,213	—	—
Permanent Trust Expendable	—	—	604,891	—	—
Other Purposes	82,040	—	104,937	—	—
Nonexpendable:					
Permanent Trust	—	—	1,029,602	—	—
Other Purposes	—	—	48,350	—	—
Unrestricted	236,313	22,670	791,867	(36,778)	(8,264)
Total Net Position	$ 330,952	$ 22,670	$ 3,174,587	$ 51,805	$ (1,702)

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
—	8,027	10,594	446	5,637	2,938	192,697
—	1	—	—	—	7	463,456
24,258	—	—	—	—	—	24,394
—	—	—	—	—	—	57,202
—	310	—	548	—	2,763	189,916
—	—	—	—	—	1,122	18,636
—	505	—	—	—	546	172,869
—	87	1	4	—	417	56,991
—	—	—	—	3,868	—	3,868
24,258	8,930	10,595	998	9,505	7,793	1,180,029
—	—	—	—	—	—	13,987
—	—	—	—	—	6,087	139,144
—	525	—	—	—	4,739	2,778,979
—	—	—	—	—	—	43,945
—	52,139	—	—	315	996	99,095
—	81,197	—	—	1,192	13,612	148,912
—	159	—	3,425	—	772	174,451
—	134,020	—	3,425	1,507	26,206	3,398,513
24,258	142,950	10,595	4,423	11,012	33,999	4,578,542
—	24,173	1	—	585	1,985	55,668
—	4,338	—	1,578	2,693	233,987	707,899
—	—	—	—	—	—	13,168
—	—	—	—	—	—	224,213
—	—	—	—	—	—	604,891
12,817	67	—	196,199	—	3,968	400,028
—	—	—	—	—	—	1,029,602
—	—	—	—	—	—	48,350
27	(93,287)	17	34,860	11,185	9,995	968,605
$ 12,844	$ (88,882)	$ 17	$ 232,637	$ 13,878	$ 247,950	$ 3,996,756

Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended June 30, 2020
(dollars in thousands)

	Economic Development Organizations	Georgia Higher Education Assistance Corporation	Higher Education Foundations	Georgia Military College	Georgia Public Telecommunications Commission
Expenses	$ 41,646	$ 1,550	$ 3,014,324	$ 85,511	$ 36,033
Program Revenues:					
Sales and Charges for Services	10,387	2,808	1,383,245	36,772	6,080
Operating Grants and Contributions	2,503	237	1,559,217	48,975	15,309
Capital Grants and Contributions	6,877	—	21,258	14,812	3,248
Total Program Revenues	19,767	3,045	2,963,720	100,559	24,637
Net (Expenses) Revenue	(21,879)	1,495	(50,604)	15,048	(11,396)
General Revenues:					
Taxes	3,373	—	—	—	—
Unrestricted Investment Income	767	—	30,591	—	—
Payments from the Primary Government	20,000	—	32,501	—	14,705
Contributions to Permanent Endowments	—	—	49,560	—	—
Total General Revenues	24,140	—	112,652	—	14,705
Change in Net Position	2,261	1,495	62,048	15,048	3,309
Net Position, July 1 - Restated (Note 3)	328,691	21,175	3,112,539	36,757	(5,011)
Net Position, June 30	$ 330,952	$ 22,670	$ 3,174,587	$ 51,805	$ (1,702)

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
$ 814	$ 108,055	$ 34,878	$ 47,982	$ 18,161	$ 64,557	$ 3,453,511
—	21,957	—	37,825	20,616	55,256	1,574,946
2,821	83,955	22,068	26,000	149	1,942	1,763,176
—	—	—	—	—	6,332	52,527
2,821	105,912	22,068	63,825	20,765	63,530	3,390,649
2,007	(2,143)	(12,810)	15,843	2,604	(1,027)	(62,862)
—	—	—	—	—	2,113	5,486
400	—	—	—	—	—	31,758
—	—	12,809	—	—	960	80,975
—	—	—	—	—	—	49,560
400	—	12,809	—	—	3,073	167,779
2,407	(2,143)	(1)	15,843	2,604	2,046	104,917
10,437	(86,739)	18	216,794	11,274	245,904	3,891,839
$ 12,844	$ (88,882)	$ 17	$ 232,637	$ 13,878	$ 247,950	$ 3,996,756


STATE OF GEORGIA
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1776

STATISTICAL SECTION

Amicolola Falls State Park
Dawsonville, Georgia
Submitted by State Accounting Office

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)

	2020	2019	2018	2017
Governmental Activities [(1) (3)]				
Net Investment in Capital Assets	$ 21,408,838	$ 20,361,680	$ 19,542,361	$ 18,575,368
Restricted	6,342,472	6,275,129	5,792,152	5,013,504
Unrestricted	(7,609,857)	(7,660,565)	(8,506,350)	(5,210,957)
Total Governmental Activities Net Position	$ 20,141,453	$ 18,976,244	$ 16,828,163	$ 18,377,915
Business-type Activities [(1) (2)]				
Net Investment in Capital Assets	$ 8,529,759	$ 8,429,136	$ 7,849,961	$ 7,773,009
Restricted	1,872,318	3,349,557	2,955,296	2,639,561
Unrestricted	(6,344,267)	(6,201,340)	(6,250,035)	(4,484,701)
Total Business-type Activities Net Position	$ 4,057,810	$ 5,577,353	$ 4,555,222	$ 5,927,869
Total Primary Government [(1) (2) (3)]				
Net Investment in Capital Assets	$ 26,614,216	$ 25,566,212	$ 24,372,160	$ 23,502,948
Restricted	8,214,790	9,624,686	8,747,448	7,653,065
Unrestricted	(10,629,743)	(10,637,301)	(11,736,223)	(6,850,229)
Total Primary Government Net Position	$ 24,199,263	$ 24,553,597	$ 21,383,385	$ 24,305,784

(1) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit were 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					
2016	2015	2014	2013	2012	2011
$ 17,213,380	$ 16,562,899	$ 13,186,605	$ 13,737,276	$ 13,355,209	$ 12,880,313
4,499,014	3,668,030	3,653,903	3,301,316	3,968,493	4,031,347
(5,745,504)	(6,914,616)	(1,644,265)	(1,781,096)	(2,456,411)	(2,106,699)
$ 15,966,890	$ 13,316,313	$ 15,196,243	$ 15,257,496	$ 14,867,291	$ 14,804,961
$ 7,529,660	$ 7,344,726	$ 6,575,166	$ 6,502,029	$ 6,257,436	$ 5,952,035
1,837,521	1,546,723	1,367,598	816,428	457,265	489,736
(3,857,184)	(3,957,761)	(820,616)	(1,063,406)	(1,293,130)	(1,069,413)
$ 5,509,997	$ 4,933,688	$ 7,122,148	$ 6,255,051	$ 5,421,571	$ 5,372,358
$ 21,892,080	$ 20,926,469	$ 19,761,771	$ 20,239,305	$ 19,612,645	$ 18,832,348
6,336,535	5,214,753	5,021,501	4,117,744	4,425,758	4,521,083
(6,751,728)	(7,891,221)	(2,464,881)	(2,844,502)	(3,749,541)	(3,176,112)
$ 21,476,887	$ 18,250,001	$ 22,318,391	$ 21,512,547	$ 20,288,862	$ 20,177,319

State of Georgia

Schedule 2
Changes in Net Position
For the Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	2020	2019	2018	2017
Expenses				
Governmental Activities				
General Government	$ 1,580,323	$ 1,262,837	$ 1,380,132	$ 1,229,891
Education	14,744,905	13,892,451	13,266,545	12,655,824
Health and Welfare	19,182,338	18,015,041	18,082,536	17,238,499
Transportation [1]	2,831,753	2,668,539	2,400,875	1,964,380
Public Safety	2,557,268	2,605,402	2,525,521	2,628,645
Economic Development and Assistance	414,177	465,465	524,516	645,604
Culture and Recreation	291,934	309,863	308,917	279,375
Conservation	59,402	54,758	72,135	60,603
Interest and Other Charges on Long-Term Debt [1]	309,200	381,895	379,211	394,388
Total Governmental Activities	41,971,300	39,656,251	38,940,388	37,097,209
Business-type Activities				
Higher Education Fund [2]	10,355,168	9,739,025	9,300,291	9,063,716
State Health Benefit Plan	2,735,542	2,613,192	2,882,954	2,296,062
Unemployment Compensation Fund	10,229,884	319,367	325,523	328,266
Nonmajor Enterprise Funds [1] [2]	204,559	205,638	207,054	194,402
Total Business-type Activities	23,525,153	12,877,222	12,715,822	11,882,446
Total Primary Government Expenses	$ 65,496,453	$ 52,533,473	$ 51,656,210	$ 48,979,655
Program Revenues				
Governmental Activities [1] [2] [3]				
Sales and Charges for Services				
General Government	$ 759,685	$ 761,015	$ 724,539	$ 698,096
Health and Welfare	70,209	75,300	78,995	292,832
Public Safety	166,570	187,020	184,472	186,972
Other Sales and Charges for Services	295,692	277,008	273,257	236,843
Operating Grants and Contributions	17,728,046	16,236,248	16,277,251	15,611,324
Capital Grants and Contributions	1,730,727	1,614,685	1,560,745	1,608,086
Total Governmental Activities	20,750,929	19,151,276	19,099,259	18,634,153
Business-type Activities [1]				
Sales and Charges for Services				
Higher Education Fund [2]	3,583,317	3,730,124	3,578,611	3,552,863
State Health Benefit Plan [4]	2,827,312	2,523,714	2,965,082	2,188,034
Unemployment Compensation Fund [4]	633,361	592,707	649,655	709,830
Nonmajor Enterprise Funds [1] [2]	39,844	40,566	43,124	30,181
Operating Grants and Contributions	11,723,271	3,354,730	3,031,969	2,788,516
Capital Grants and Contributions	103,004	109,838	107,167	79,085
Total Business-type Activities	18,910,109	10,351,679	10,375,608	9,348,509
Total Primary Government Program Revenues	$ 39,661,038	$ 29,502,955	$ 29,474,867	$ 27,982,662
Net (Expense) Revenue				
Governmental Activities [1]	$ (21,220,371)	$ (20,504,975)	$ (19,841,129)	$ (18,463,056)
Business-type Activities [2] [3] [4]	(4,615,044)	(2,525,543)	(2,340,214)	(2,533,937)
Total Primary Government	$ (25,835,415)	$ (23,030,518)	$ (22,181,343)	$ (20,996,993)

Fiscal Year

2016	2015	2014	2013	2012	2011
$ 1,385,643	$ 1,735,174	$ 1,658,846	$ 1,606,626	$ 1,326,657	$ 1,222,954
12,024,645	11,408,408	10,788,262	10,770,532	10,100,155	10,002,351
16,795,986	16,589,708	16,107,840	16,033,221	15,657,704	14,745,268
1,917,223	1,904,464	1,845,850	1,656,662	1,519,707	1,517,213
2,145,769	1,994,413	2,002,615	2,012,501	1,912,814	1,974,964
509,074	590,676	510,338	515,874	783,308	843,912
279,772	236,922	247,170	240,018	233,043	233,608
59,409	54,280	37,002	51,038	50,334	59,159
424,595	678,888	592,668	616,328	638,775	462,602
35,542,116	35,192,933	33,790,591	33,502,800	32,222,497	31,062,031
8,576,540	8,323,884	7,984,962	7,931,918	7,916,281	7,622,542
2,153,073	2,025,638	2,032,910	2,193,829	2,362,677	2,224,280
379,714	458,112	1,152,763	1,858,989	2,240,295	2,954,208
11,587	158,809	229,630	191,949	35,735	26,613
11,120,914	10,966,443	11,400,265	12,176,685	12,554,988	12,827,643
$ 46,663,030	$ 46,159,376	$ 45,190,856	$ 45,679,485	$ 44,777,485	$ 43,889,674
$ 799,281	$ 621,448	$ 2,770,681	$ 2,205,860	$ 1,912,183	$ 1,887,736
91,838	134,140	562,606	576,110	489,289	473,934
167,297	157,056	154,324	161,190	162,970	160,161
275,045	260,346	236,035	235,067	264,309	248,385
15,372,385	15,758,799	14,780,822	15,317,258	14,764,360	14,029,675
1,377,654	1,182,723	1,239,876	1,310,696	1,142,924	1,473,052
18,083,500	18,114,512	19,744,344	19,806,181	18,736,035	18,272,943
3,509,384	3,241,333	2,993,298	2,992,037	2,922,710	2,647,604
2,121,100	2,363,917	—	—	—	—
785,392	849,070	—	—	—	—
11,640	95,020	146,407	114,152	38,716	35,476
2,636,285	2,611,058	6,695,670	7,251,162	7,245,740	7,557,366
60,543	102,216	36,664	90,665	36,157	106,217
9,124,344	9,262,614	9,872,039	10,448,016	10,243,323	10,346,663
$ 27,207,844	$ 27,377,126	$ 29,616,383	$ 30,254,197	$ 28,979,358	$ 28,619,606
$ (17,458,616)	$ (17,078,421)	$ (14,046,247)	$ (13,696,619)	$ (13,486,462)	$ (12,789,088)
(1,996,570)	(1,703,829)	(1,528,226)	(1,728,669)	(2,311,665)	(2,480,980)
$ (19,455,186)	$ (18,782,250)	$ (15,574,473)	$ (15,425,288)	$ (15,798,127)	$ (15,270,068)

(continued)

Schedule 2
Changes in Net Position
For the Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	2020	2019	2018	2017
General Revenues and Other Changes in Net Position				
Governmental Activities [1] [2]				
General Revenues				
Taxes				
Individual Income	$ 12,529,857	$ 12,255,424	$ 11,109,361	$ 11,318,052
Sales - General	6,212,812	6,226,817	5,905,929	5,798,400
Motor Fuel Tax	1,872,628	1,836,890	1,800,191	1,741,413
Motor Vehicle License and Title Ad Valorem Taxes[4]	1,041,107	1,253,113	1,314,354	1,347,626
Corporate Tax	1,214,809	1,272,157	1,004,524	955,791
Other Taxes	1,069,632	939,419	1,124,370	607,929
Lottery for Education - Lottery Proceeds[4]	1,237,345	1,207,369	1,143,515	1,101,062
Nursing Home and Hospital Provider Fees[4]	513,666	488,218	465,595	442,576
Tobacco Settlement Funds[4]	157,009	163,851	168,926	140,938
Unrestricted Investment Income	148,822	205,072	104,230	50,631
Unclaimed Property	141,925	144,841	151,462	143,683
Other	185,350	221,221	184,240	196,046
Special Items	—	—	—	—
Transfers	(3,035,910)	(3,485,850)	(2,993,509)	(2,803,960)
Total Governmental Activities	23,289,052	22,728,542	21,483,188	21,040,187
Business-type Activities [1] [2]				
General Revenues				
Contributions to Permanent Endowments	964	1,300	345	833
Transfers	3,035,910	3,485,850	2,993,509	2,803,960
Total Business-type Activities	3,036,874	3,487,150	2,993,854	2,804,793
Total Primary Government General Revenues and Other Changes in Net Position	$ 26,325,926	$ 26,215,692	$ 24,477,042	$ 23,844,980
Changes in Net Position				
Governmental Activities [1] [2]	$ 2,068,681	$ 2,223,567	$ 1,642,059	$ 2,577,131
Business-type Activities [1] [2] [3]	(1,578,170)	961,607	653,640	270,856
Total Primary Government	$ 490,511	$ 3,185,174	$ 2,295,699	$ 2,847,987

(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

2016	2015	2014	2013	2012	2011
$ 9,799,035	$ 9,769,658	$ 8,976,720	$ 8,854,916	$ 8,196,187	$ 7,797,739
5,730,560	5,235,481	4,988,620	5,082,342	5,141,871	5,133,404
1,668,568	1,210,079	1,196,154	1,149,110	1,201,532	931,443
1,307,054	1,167,421	—	—	—	—
981,475	1,014,290	949,815	806,881	658,303	582,039
1,515,674	774,605	801,605	752,103	776,813	816,856
1,097,823	980,653	—	—	—	—
434,126	454,372	—	—	—	—
137,035	138,385	—	—	—	—
33,936	9,103	4,995	323	6,183	(3,066)
153,257	156,360	148,129	138,832	83,215	98,098
12,916	9,646	12,112	126,862	12,909	30,285
—	—	—	—	—	288,000
(2,639,131)	(2,657,978)	(2,308,895)	(2,377,595)	(2,346,986)	(2,532,118)
20,232,328	18,262,075	14,769,255	14,533,774	13,730,027	13,142,680
137	—	7,522	1,231	—	—
2,639,131	2,657,978	2,308,895	2,377,595	2,346,986	2,532,118
2,639,268	2,657,978	2,316,417	2,378,826	2,346,986	2,532,118
$ 22,871,596	$ 20,920,053	$ 17,085,672	$ 16,912,600	$ 16,077,013	$ 15,674,798
$ 2,773,712	$ 1,183,654	$ 723,008	$ 837,155	$ 243,565	$ 353,592
642,698	954,149	788,191	650,157	35,321	51,138
$ 3,416,410	$ 2,137,803	$ 1,511,199	$ 1,487,312	$ 278,886	$ 404,730

(3) 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.

(4) 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.

Source: 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)

	2020	2019	2018	2017	2016
General Fund					
Nonspendable	$ 39,561	$ 20,780	$ 35,375	$ 82,570	$ 66,744
Restricted	5,440,832	5,438,608	5,118,497	4,652,244	4,112,561
Unrestricted					
Committed	17,372	9,385	11,753	10,921	9,287
Assigned	494,586	522,273	437,737	418,815	345,667
Unassigned	2,414,540	2,833,072	2,506,449	2,211,442	1,795,230
Total General Fund	$ 8,406,891	$ 8,824,118	$ 8,109,811	$ 7,375,992	$ 6,329,489
All Other Governmental Funds [(1) (2)]					
Nonspendable	$ 16,770	$ 16,770	$ 16,770	$ 15,289	$ 136
Restricted	1,781,860	1,916,578	1,475,928	1,310,861	1,242,119
Unrestricted					
Assigned	54,949	72,796	84,912	74,100	69,288
Total All Other Governmental Funds	$ 1,853,579	$ 2,006,144	$ 1,577,610	$ 1,400,250	$ 1,311,543

(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				
2015	2014	2013	2012	2011
$ 50,979	$ 54,972	$ 56,937	$ 74,206	$ 94,810
3,284,676	3,371,495	3,177,010	3,004,697	2,951,729
7,713	3,232	4,954	7,695	9,403
444,077	325,552	365,985	298,557	256,676
1,282,974	1,073,662	798,630	334,655	401,414
$ 5,070,419	$ 4,828,913	$ 4,403,516	$ 3,719,810	$ 3,714,032
$ 257	$ 14	$ 14	$ 8,398	$ 68
1,074,877	1,216,195	1,065,153	963,782	1,079,604
60,062	74,489	55,061	18,227	20,442
$ 1,135,196	$ 1,290,698	$ 1,120,228	$ 990,407	$ 1,100,114

Schedule 4
Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	2020	2019	2018	2017	2016
Revenues [1]					
Taxes					
Individual Income	$ 12,545,944	$ 12,202,473	$ 11,644,160	$ 11,023,806	$ 10,078,312
Sales - General	6,230,249	6,286,292	6,019,297	5,781,149	5,473,282
Motor Fuel Tax	1,872,628	1,836,890	1,800,191	1,741,414	1,668,568
Motor Vehicle License and Title ad valorem Taxes[3]	1,041,107	1,253,113	1,314,354	1,347,626	1,307,054
Corporate Tax	1,214,809	1,272,157	1,004,524	955,790	981,475
Other Taxes	1,125,499	851,105	1,057,108	977,494	1,186,308
Licenses and Permits	411,368	406,811	423,796	392,102	499,313
Intergovernmental - Federal	18,280,850	16,930,680	16,926,361	16,543,931	15,946,548
Intergovernmental - Other	618,597	663,598	637,053	519,077	547,897
Sales and Services	444,394	429,050	426,328	608,204	403,849
Fines and Forfeits	482,952	523,033	475,711	475,421	464,064
Interest and Other Investment Income	208,359	285,225	142,282	68,780	50,219
Unclaimed Property	141,925	144,841	151,462	143,683	153,257
Lottery Proceeds	1,237,345	1,207,369	1,143,515	1,101,062	1,097,823
Nursing Home Provider Fees	168,453	154,263	161,575	156,746	163,524
Hospital Provider Payments	345,213	333,955	304,020	285,830	270,602
Other	380,507	328,212	308,655	288,396	130,774
Total Revenues	46,750,199	45,109,067	43,940,392	42,410,511	40,422,869
Expenditures [1]					
Current					
General Government	1,200,665	1,018,790	963,123	915,149	1,021,257
Education	14,693,652	13,859,041	13,271,141	12,605,566	12,010,308
Health and Welfare	19,231,330	18,192,601	18,205,579	17,225,344	16,872,312
Transportation	3,450,047	3,239,744	2,882,072	2,901,428	2,181,785
Public Safety	2,597,921	2,697,770	2,607,044	2,540,030	2,193,494
Economic Development and Assistance	414,221	525,126	565,462	692,393	600,031
Culture and Recreation	292,628	311,170	302,262	301,768	304,703
Conservation	58,921	62,549	85,328	58,888	56,514
Capital Outlay	959,817	890,631	902,083	889,793	765,976
Debt Service					
Principal	1,056,725	1,029,075	1,068,590	1,042,625	988,145
Interest	440,086	436,216	430,077	419,177	449,666
Other Charges	22,676	23,765	27,036	26,541	25,848
Intergovernmental	276,081	178,421	246,015	175,136	200,373
Total Expenditures	44,694,770	42,464,899	41,555,812	39,793,838	37,670,412
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,055,429	2,644,168	2,384,580	2,616,673	2,752,457

Fiscal Year				
2015	2014	2013	2012	2011
$ 9,714,090	$ 8,976,720	$ 8,854,916	$ 8,196,187	$ 7,797,739
5,263,011	4,988,620	5,082,342	5,141,871	5,133,404
1,210,079	1,196,154	1,149,110	1,201,532	931,443
1,167,421	—	—	—	—
1,014,290	949,815	806,881	658,303	582,039
871,158	801,605	752,103	776,813	816,856
328,028	1,387,113	753,517	593,541	581,994
16,056,116	15,359,809	15,935,839	15,294,531	14,709,708
646,442	590,000	626,723	505,974	652,244
439,342	449,697	483,606	440,951	471,236
444,301	446,646	607,862	450,457	458,341
26,243	23,365	7,244	18,580	12,930
156,360	148,129	138,832	83,215	98,098
980,653	945,097	927,479	901,329	846,106
175,414	169,521	176,864	132,393	128,771
278,958	237,978	232,080	225,260	215,080
129,092	68,375	75,148	72,657	94,327
38,900,998	36,738,644	36,610,546	34,693,594	33,530,316
1,059,255	1,119,722	1,045,120	920,513	873,658
11,435,031	10,787,182	10,768,786	10,099,224	9,981,903
16,713,851	16,106,379	16,031,121	15,668,820	14,721,528
2,095,554	1,847,149	1,879,877	1,664,812	1,699,712
2,122,905	1,969,468	2,033,814	1,921,717	1,874,257
610,472	512,286	494,016	782,055	836,341
263,263	257,416	263,636	258,472	275,974
53,394	47,471	51,314	54,694	51,573
1,010,110	699,126	600,128	674,905	882,731
966,445	850,290	774,855	803,600	845,300
460,214	466,787	461,432	475,208	493,845
27,284	75,372	155,290	98,368	57,923
223,531	209,097	138,161	239,879	153,190
37,041,309	34,947,745	34,697,550	33,662,267	32,747,935
1,859,689	1,790,899	1,912,996	1,031,327	782,381

(continued)

Schedule 4
Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	2020	2019	2018	2017	2016
Other Financing Sources (Uses) (1)					
General Obligation Bonds Issuance	914,675	1,228,625	1,041,015	920,035	1,008,355
Refunding Bonds Issuance	321,835	285,915	634,545	1,340,265	275,985
Revenue Bond Issuance	—	—	—	—	—
Debt Issuance - Other	63,850	63,850	63,850	52,720	20,926
Premium on General Obligation Bonds Sold	85,090	95,163	119,498	111,054	94,194
Premium on Refunding Bonds Sold	29,772	27,159	91,178	283,301	—
Premium on GARVEE Bonds Sold	11,455	11,455	11,455	—	—
Payment to Refunded Bond Escrow Agent	(351,591)	(313,095)	(724,870)	(1,620,595)	(302,322)
Capital Leases	13,300	16,304	9,625	35,155	27,617
Transfers In	1,758,836	1,653,039	1,705,963	1,594,219	1,718,186
Transfers Out	(4,630,778)	(4,477,445)	(4,425,660)	(4,165,721)	(4,081,733)
Net Other Financing Sources (Uses)	(1,783,556)	(1,409,030)	(1,473,401)	(1,449,567)	(1,238,792)
Special Item	—	—	—	—	—
Net Change in Fund Balance	$ 271,873	$ 1,235,138	$ 911,179	$ 1,167,106	$ 1,513,665
Debt Service Expenditures as a Percentage of Noncapital Expenditures (2)	3.54 %	3.60 %	3.77 %	3.90 %	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				
2015	2014	2013	2012	2011
823,555	857,670	834,870	803,615	653,925
159,350	—	486,825	719,465	344,420
11,057	32,718	—	—	—
—	—	—	—	—
78,602	62,075	124,742	78,781	32,170
13,819	—	102,681	86,523	55,821
—	—	—	—	—
(173,032)	—	(587,396)	(805,945)	(398,339)
12,825	8,207	5,847	11,179	25,851
1,609,361	1,550,566	1,424,420	1,414,093	1,467,443
(3,882,868)	(3,706,268)	(3,481,263)	(3,409,603)	(3,532,786)
(1,347,331)	(1,195,032)	(1,089,274)	(1,101,892)	(1,351,495)
—	—	—	—	288,000
$ 512,358	$ 595,867	$ 823,722	$ (70,565)	$ (281,114)
3.98 %	3.91 %	3.67 %	3.95 %	4.27 %

Schedule 5
Revenue Base - Personal Income by Industry
For the Last Ten Calendar Years
(dollars in millions)

	2019	2018	2017	2016
Accommodation and Food Services	$ 11,904	$ 10,980	$ 10,507	$ 10,209
Administrative and Waste Management Services	18,895	17,805	16,932	15,610
Arts, Entertainment and Recreation	2,777	2,527	2,483	2,171
Construction	21,712	21,267	18,941	17,604
Educational Services	5,658	5,362	5,120	4,849
Farm Earnings	1,907	2,649	1,946	1,814
Federal Government - Civilian	12,262	11,313	11,183	10,806
Federal Government - Military	7,212	6,838	6,579	6,446
Finance and Insurance	23,368	22,063	21,193	19,269
Forestry, Fishing and Related Activities	1,125	1,000	973	1,045
Health Care and Social Assistance	37,057	34,561	32,850	31,688
Information	21,721	21,089	21,069	18,669
Management of Companies and Enterprises	14,117	10,529	9,189	8,443
Manufacturing	31,096	31,805	30,423	29,125
Mining	994	862	783	787
Other Services, Except Public Administration	12,130	11,361	10,875	10,528
Professional, Scientific and Technical Services	36,339	34,522	32,809	31,180
Real Estate, Rental and Leasing	9,354	7,766	7,335	6,262
Retail Trade	21,203	20,738	20,097	19,375
State and Local Government	39,087	37,692	37,087	35,643
Transportation and Warehousing	17,170	17,980	17,013	16,172
Utilities	3,467	3,012	2,935	2,902
Wholesale Trade	22,951	20,846	21,385	21,150
Other	138,238	126,646	120,696	112,931
Total Personal Income	$ 511,744	$ 481,213	$ 460,403	$ 434,678
Average Effective Rate [1]	2.4 %	2.4 %	2.4 %	2.3 %

(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

2015	2014	2013	2012	2011	2010
$ 9,838	$ 9,551	$ 8,969	$ 8,595	$ 8,040	$ 7,625
15,166	14,828	13,744	12,873	12,418	11,618
2,231	2,379	2,277	2,162	2,066	1,995
15,391	14,766	13,365	12,471	12,113	12,274
4,705	4,638	4,391	4,318	4,134	3,980
2,476	3,230	3,640	3,429	1,982	1,749
10,421	9,824	9,796	10,076	10,303	10,043
6,825	6,833	7,048	7,229	7,500	7,529
18,663	18,200	17,386	16,492	15,364	15,007
1,010	1,010	872	847	761	778
29,914	28,658	27,487	26,127	25,083	24,282
15,118	12,225	11,414	10,922	10,239	9,974
8,179	7,776	7,009	6,626	5,974	5,471
27,921	26,822	25,876	24,977	24,267	22,969
560	592	558	524	505	412
10,309	10,460	10,055	9,619	9,095	8,807
30,183	28,908	26,708	25,972	24,313	22,853
5,784	6,454	6,135	5,740	4,780	3,852
19,046	18,127	17,303	16,415	15,985	15,472
33,051	32,454	32,139	32,100	31,825	31,814
14,838	13,881	13,143	12,498	11,945	11,092
2,657	2,435	2,401	2,294	2,422	2,161
20,493	19,539	18,709	17,917	17,238	16,700
106,943	101,183	97,731	98,926	98,954	85,102
$ 411,722	$ 394,773	$ 378,156	$ 369,149	$ 357,306	$ 333,559
2.4 %	2.3 %	2.3 %	2.2 %	2.2 %	2.1 %

Schedule 6
Individual Income Tax Rates by Filing Status and Income Level
For the Last Ten Calendar Years

Filing Status

Income Level	Georgia Taxable Net Income Level 2020 - 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 § 48-7-20, Paragraph (b)(1)

Schedule 7
Individual Income Tax Filers and Liability by Income Level
For Calendar Years 2018(1) and 2009

(dollars, except income level, are in thousands)

2018(1)

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$1,000 and under (2)	878,761	18.9 %	$ 876,435	7.2 %
$1,001 to $5,000	211,479	4.6 %	1	0.0 %
$5,001 to $10,000	291,888	6.3 %	2,188	— %
$10,001 to $15,000	356,868	7.7 %	27,649	0.2 %
$15,001 to $20,000	310,667	6.7 %	74,174	0.6 %
$20,001 to $25,000	271,802	5.9 %	129,831	1.1 %
$25,001 to $30,000	246,777	5.3 %	182,028	1.5 %
$30,001 to $50,000	697,362	15.0 %	947,489	7.7 %
$50,001 to $100,000	763,534	16.4 %	2,307,918	18.8 %
$100,001 to $500,000	576,633	12.4 %	4,984,691	40.7 %
$500,001 to $1,000,000	25,152	0.5 %	894,414	7.3 %
$1,000,001 and higher	11,810	0.3 %	1,830,224	14.9 %
Totals	4,642,733	100.0 %	$ 12,257,042	100.0 %

2009

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$1,000 and under (2)	675,065	16.2 %	$ 374,507	5.3 %
$1,001 to $5,000	223,188	5.4 %	—	0.0 %
$5,001 to $10,000	348,296	8.4 %	9,680	0.1 %
$10,001 to $15,000	364,536	8.7 %	44,639	0.6 %
$15,001 to $20,000	324,943	7.8 %	96,325	1.4 %
$20,001 to $25,000	285,204	6.8 %	142,532	2.0 %
$25,001 to $30,000	241,483	5.8 %	173,445	2.5 %
$30,001 to $50,000	626,357	15.0 %	768,363	10.9 %
$50,001 to $100,000	681,045	16.3 %	1,791,559	25.3 %
$100,001 to $500,000	380,045	9.1 %	2,682,564	37.9 %
$500,001 to $1,000,000	11,528	0.3 %	387,880	5.5 %
$1,000,001 and higher	4,808	0.1 %	607,521	8.6 %
Totals	4,166,498	99.9 %	$ 7,079,015	100 %

(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
2020	$ 10,351,636	$ 613,770	$ 212,709	$ 62,364
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

(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 2020, the State collected $1.8 billion of motor fuel tax funds. The principal and interest on the revenue bonds for fiscal year 2020 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]
$ 234,234	$ 2,810,668	$ 267,240	$ 14,552,621	2.8 %	$ 1,371
242,003	2,856,209	269,459	14,612,268	3.0 %	1,389
266,150	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

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]
2020	$ 10,449,792	2.04%	$ 984.21
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

(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*


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Schedule 10
Computation of Legal Debt Margin
For the Last Ten Fiscal Years
(in whole dollars)

	2020 [3]	2019	2018	2017	2016
Revenue Base:					
Treasury Receipts for the Preceding Fiscal Year (1)	$22,748,258,000	$25,649,499,261	$24,519,402,190	$23,476,964,889	$21,557,498,541
Debt Limit Amount:					
Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above)	$ 2,274,825,800	$ 2,564,949,926	$2,451,940,219	$2,347,696,489	$2,155,749,854
Debt Applicable to the Limit:					
Highest Total Annual Commitments in Current or any Subsequent Fiscal Year (2)	1,452,097,870	1,432,215,164	1,398,096,186	1,405,379,184	1,311,486,764
Legal Debt Margin	$ 822,727,930	$ 1,132,734,762	$1,053,844,033	$ 942,317,305	$ 844,263,090
Total Debt Applicable to the Limit as Percentage of Debt Limit Amount	63.8 %	55.8 %	57.0 %	59.9 %	60.8 %

(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.

(3) The 2020 treasury receipts, debt limit amount and debt applicable to the limit is based on unaudited, preliminary data due to the timing of the series 2020AB bonds issuance in August (fiscal year 2021) and pandemic related impacts on state revenues. Final fiscal year 2020 data was not available as of the date of the 2020AB Official Statement. The unaudited, preliminary treasury receipts used for the legal debt margin calculation includes only those revenues received by the Department of Revenue through July 6, 2020. It does not include receipts of various other state revenues collected by other state agencies which were not available as of the time of the 2020AB Official Statement. Additionally, no provision was made for state individual or corporate income taxes collected in July due to the State's decision to align its tax payment deadlines to coincide with the extended federal income tax payment deadline of July 15, 2020 for calendar year 2019 and the first and second quarters of 2020. The legal debt margin calculation follows the provisions set forward in the State Constitution.

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				
2015	2014	2013	2012	2011
$ 20,256,765,494	$ 19,539,691,058	$ 18,316,797,048	$ 17,546,376,094	$ 16,251,244,423
$ 2,025,676,549	$ 1,953,969,106	$ 1,831,679,705	$ 1,754,637,609	$ 1,625,124,442
1,305,012,971	1,320,929,740	1,289,411,544	1,310,228,303	1,328,679,199
$ 720,663,578	$ 633,039,366	$ 542,268,161	$ 444,409,306	$ 296,445,243
64.4 %	67.6 %	70.4 %	74.7 %	81.8 %

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
2019	10,617,423	$ 511,744	$ 48,236	1,760,739	3.5%
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%

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 2020 and Nine Years Previous (2011)

2020 Employers	**2011 Employers**
Amazon.Com Services, Inc	Delta Air Lines, Inc.
Children's Healthcare	Emory Health Care
Delta Air Lines, Inc.	Emory University
Emory Healthcare, Inc.	Georgia Power Company
Emory University	GMRI, Inc.
G4 Secure Solutions USA, Inc	Lockheed Martin Inc.
The Home Depot, Inc.	Lowe's Home Centers
The Kroger Company	Mohawk Carpet
Lowe's Home Center, Inc.	Publix Supermarkets, Inc.
McDonalds	Shaw Industries, Inc.
Northside Forsyth	Target
Publix Super Markets, Inc.	The Home Depot, Inc.
Shaw Industries Group, Inc.	The Kroger Company
United Parcel Service, Inc	United Parcel Service, Inc.
Waffle House	Wal-Mart Stores, Inc.
Wal-Mart Stores, Inc	Wellstar Health System
Wellstar Health System, Inc.	

To protect employer confidentiality, OCGA § 34-8-121(b)(3) prohibits the release of employee numbers by employer.

Sources: 2020 - Georgia Department of Labor (1st quarter 2020)
2011 - Comprehensive Annual Financial Report - Fiscal Year Ended June 30, 2011

Schedule 13
State Government Employment by Function
For the Last Ten Fiscal Years (1)

	2020	2019	2018	2017	2016
Governmental Activities					
General Government	8,118	8,619	8,408	8,432	8,722
Education	2,466	2,513	2,342	2,152	2,184
Health and Welfare	21,013	20,922	21,203	21,845	21,073
Transportation	4,618	4,883	4,863	4,872	5,023
Public Safety	24,991	26,789	28,686	27,780	25,728
Economic Development and Assistance	2,026	2,092	2,258	2,421	2,487
Culture and Recreation	3,097	3,227	3,112	3,080	2,982
Conservation	766	808	818	852	820
	67,095	69,853	71,690	71,434	69,019
Business-Type Activities (2) (5)					
State Road and Tollway Authority (3)	132	129	116	107	—
Higher Education Fund (4)	85,707	82,525	80,237	79,456	80,004
	85,839	82,654	80,353	79,563	80,004
Total Employment	152,934	152,507	152,043	150,997	149,023

(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

2015	2014	2013	2012	2011
8,402	7,848	8,194	7,729	9,658
1,836	1,419	1,422	1,371	1,213
22,102	18,868	20,463	18,007	18,616
5,102	4,379	4,385	4,577	5,273
25,513	23,430	21,418	20,449	21,997
2,760	2,757	2,459	4,802	5,144
2,838	2,284	2,403	3,169	2,548
837	638	647	664	686
69,390	61,623	61,391	60,768	65,135
—	70	79	71	52
76,972	76,594	74,503	82,109	79,174
76,972	76,664	74,582	82,180	79,226
146,362	138,287	135,973	142,948	144,361

Schedule 14
Operating Indicators and Capital Assets by Function
For the Last Ten Years (1)

	2020	2019	2018	2017
General Government				
Department of Revenue				
Number of Personal Income Tax Filers	NCA	NCA	NCA	4,532,560
Education				
Department of Education				
Public School Enrollment (March FTE Count)				
Pre Kindergarten through Grade 5	833,266	841,190	850,534	856,077
Grades 6 through 8	415,766	409,008	400,469	394,565
Grades 9 through 12	511,707	509,640	510,469	506,901
Board of Regents of the University System of Georgia				
Number of Separate Institutions	26	26	29	29
Number of Active Educators	15,242	15,197	15,161	15,012
Number of Students	333,507	328,712	325,203	321,551
Health and Welfare				
Department of Human Services				
Food Stamp Recipients	1,396,889	1,379,463	1,564,906	1,654,152
Temporary Assistance for Needy Families Recipients	15,852	18,968	21,993	21,876
Transportation				
Department of Transportation				
Miles of State Highway	17,953	17,943	17,959	17,912
Public Safety				
Department of Corrections				
Number of Inmates	51,219	54,757	54,758	54,636
Number of Probationers	NCA	NCA	NCA	165,635
Number of Offenders	223,635	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	NCA	$ 27,902	$ 26,483
Domestic Travel-generated State Tax Revenues	NCA	NCA	$ 1,421	$ 1,356
Culture and Recreation:				
Department of Natural Resources				
Number of State Parks	51	50	49	49
Number of Historic Sites	15	15	15	15
Acreage of State Parks and Historic Sites (in acres)	83,184	79,216	85,490	85,430
Number of Daily Park Passes Sold	962,076	871,566	875,817	905,504
Number of Annual Park Passes Sold	46,300	26,981	15,498	11,954
Number of Hunting and Fishing Licenses Sold	1,584,133	1,443,657	1,196,097	1,335,703
Number of Registered Boats	367,762	368,094	338,210	134,095
Conservation				
Forestry Commission				
Economic Impact of Forestry Industry				
Output (in millions)	NCA	NCA	$ 21,500	$ 21,300
Employment	NCA	NCA	55,089	53,933
Compensation (in millions)	NCA	NCA	$ 4,000	$ 3,840

(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

2016	2015	2014	2013	2012	2011
4,389,981	4,423,664	4,471,307	4,319,711	4,226,144	4,265,347
856,413	854,352	846,364	836,627	829,900	828,005
392,095	392,433	392,381	388,542	383,553	376,315
500,808	489,631	478,160	468,205	460,287	461,237
29	30	31	31	35	35
14,606	14,478	14,309	13,903	13,855	13,311
318,164	312,936	309,469	314,365	318,027	311,442
1,745,876	1,825,606	1,823,017	1,957,886	1,875,000	1,737,545
26,635	27,219	31,598	35,185	35,887	36,534
17,902	17,907	17,912	17,967	17,985	17,985
53,852	51,002	51,216	53,168	54,336	55,162
168,088	165,926	165,560	164,051	163,265	156,630
—	—	—	—	—	—
$ 25,558	$ 24,526	$ 23,707	$ 22,354	$ 21,489	$ 20,537
$ 1,307	$ 1,170	$ 1,059	$ 989	$ 949	$ 919
49	49	49	49	48	48
15	15	15	15	18	18
85,430	85,647	92,880	92,880	86,000+	86,000+
802,267	790,020	659,391	650,651	659,860	679,838
9,444	7,852	6,187	5,595	8,042	10,792
1,346,360	1,346,360	1,025,782	955,340	1,004,771	997,651
143,587	144,979	147,854	125,280	124,610	132,832
$ 20,800	$ 19,200	$ 16,800	$ 16,900	$ 16,313	$ 15,100
51,900	50,385	48,740	50,110	49,516	46,378
$ 3,740	$ 3,550	$ 3,030	$ 3,100	$ 3,078	$ 2,900

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APPENDIX C

STATISTICAL INFORMATION

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SELECTED EMPLOYMENT AND POPULATION DATA

The following tables under this heading set forth certain categories of employment and population data for the State of Georgia.

State of Georgia
(Annual Averages)

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2016	4,921,491	4,658,053	263,438	5.4%
2017	5,058,960	4,822,263	236,697	4.7
2018	5,107,656	4,906,411	201,245	3.9
2019	5,109,085	4,913,477	195,608	3.8
2020	5,068,407	4,713,747	329,661	6.6
2021(a)	5,172,407	4,951,267	221,140	4.3

(a) Amounts shown are for the month of April 2021, not the annual average, and are seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics

State Employees
(As of June 30)

Year	Total Employees	Part Time	Full Time
2016	61,729	56	61,673
2017	63,031	63	62,968
2018	63,125	54	63,071
2019	66,659	126	66,533
2020	64,479	116	64,595

Source: State Personnel Administration

Major Nongovernmental Employers

Amazon Wvcs, LLC
AT&T Services, Inc.
Children's Healthcare of Atlanta
Delta Air Lines, Inc.
Dollar General
Emory Healthcare, Inc.
Financial Management Holdings
Emory University
FedEx Ground Pkg System, Inc.
G4s Secure Solutions USA, Inc.
GEICO
Georgia Power Company
Gold Kist Inc.
The Home Depot
Ingles Markets, Inc.
The Kroger Company
Lowe's Home Centers, Inc.
McDonalds
Mohawk Esv, Inc.
Northside Forsyth (Hospital)
Olive Garden
Publix Super Markets, Inc.
Security Forces, LLC
Shaw Industries Group, Incorporated
State Farm Mutual Auto Insurance Company
Target
Truist Bank
Turner Sports
United Parcel Service
Waffle House, Inc.
WalMart
Wellstar Health System

Source: Georgia Department of Labor (3th quarter 2020)

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Employment in Non-Agricultural Establishments by Sector in Georgia
(Annual Average in thousands)

Sector	2016	2017	2018	2019	2020	April 2021
Mining and logging	9.5	9.5	9.5	9.5	9.5	9.8
Construction	179.8	186.7	196.2	204.7	201.3	204.6
Manufacturing	391.6	400.3	408.0	406.8	385.1	389.3
Total – Goods Producing	580.9	596.5	613.7	630.4	NA	603.7
Trade, transportation and utilities	913.4	926.7	943.0	944.1	923.9	945.5
Information	113.4	118.5	114.6	118.1	109.3	114.7
Financial activities	238.7	243.3	248.2	249.9	250.6	250.4
Professional & business services	658.6	675.0	692.4	720.7	692.9	714.7
Education and health services	560.6	569.5	584.5	605.8	586.9	599.2
Leisure and hospitality	466.6	478.6	490.6	498.0	414.7	423.6
Other services	157.3	158.3	159.3	165.8	150.3	151.4
Government	682.9	687.5	693.8	688.9	680.2	670.48
Total – Service Producing	3,791.5	3,857.4	3,926.4	3,986.1	NA	3,869.9
Total Non-Farm Employment	4,372.3	4,453.9	4,540.0	4,610.1	4,404.7	4,473.6

2016 – 2018 data are annual averages; 2019 and 2020 data are June amounts and are seasonally adjusted. NA indicates data for sector was not available.

(Note: Amounts may not add precisely due to rounding.)

Source: U. S. Department of Labor, Bureau of Labor Statistics.

Average Hourly Earnings in Manufacturing

Year	United States	Southeast	Georgia	Georgia as % of U.S.	Georgia as % of Southeast
2016	$20.44	$19.47	$18.17	88.9%	93.3%
2017	20.89	19.77	18.44	88.3	93.3
2018	21.53	20.12	18.92	87.9	94.0
2019	22.14	20.54	19.59	88.5	95.4
2020	22.79	21.61	21.81	92.2	97.2

Source: U.S. Department of Labor, Bureau of Labor Statistics

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Average Annual Growth Rates in Hourly Earnings

Years	U.S.	Southeast (a)	Georgia
2010-2015	1.4%	2.9%	1.6%
2015-2020	2.7%	2.7%	3.1%

(a) Southeast refers to the twelve state region made up of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

Source: U.S. Bureau of Labor Statistics, Employment and Earnings (Southeast calculated as weighted average of each state's average hourly earnings of production workers. Weight is based on number of employees on manufacturing payrolls.)

Population Trends

	1980	1990	2000	2010	2020
State Total	5,464,265	6,478,000	8,186,453	9,687,653	10,711,908
Percent Urban	62.4%	65.0%	71.6%	75.1%	NA
Percent Rural	37.6%	35.0%	28.4%	24.9%	NA
Median Age	28.6 years	31.5 years	33.4 years	35.3 years	NA

Source: U.S. Bureau of Census; NA: Not Available

Georgia Public School Enrollment (Pre-K –12)

Year	Annual Enrollment (a)
2016-2017	1,764,215
2017-2018	1,768,642
2018-2019	1,767,178
2019-2020	1,769,621
2020-2021	1,729,966

(a) Enrollment as of October, yearly.

Source: Georgia Department of Education

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Per Capita Income

Year	U.S.	Southeast (a)	Georgia Income	Georgia % of U.S.	Georgia % of Southeast
2016	$49,890	$43,658	$42,705	85.6%	97.8%
2017	51,910	45,331	44,548	85.8	98.3
2018	54,526	47,392	46,519	85.3	98.2
2019	56,663	49,145	48,199	85.1	98.1
2020	59,729	51,796	51,165	85.7	98.8

(a) Southeast refers to the twelve state region made up of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Average Annual Growth Rates in Per Capita Income

Years	U.S.	Southeast (a)	Georgia
2010 - 2015	3.9%	3.3%	3.3%
2015 - 2020	4.2%	4.0%	4.4%

(a) Southeast refers to the twelve state region made up of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Median Household Income
($2018 per Household)

Year	U.S.	Georgia	Georgia % of U.S.
2015	$59,901	$53,809	89.8%
2016	61,779	56,011	90.7
2017	62,626	59,398	94.8
2018	63,179	55,821	88.4
2019	61,725	57,656	93.4

Source: U.S. Bureau of Census – Current Population Survey Money Income of Households

Real Per Capita Gross State Product
(Chained $2012 per Capita)

Year	United States	Southeast (a)	Georgia
2016	$54,774	$44,496	$48,367
2017	55,720	45,148	49,623
2018	57,052	45,975	50,327
2019	58,107	46,640	50,816
2020	55,924	45,051	49,819

(a) Southeast refers to the twelve state region made up of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Georgia Revenues and Personal Income

	Georgia Revenues [(a)]		State Personal Income		
Fiscal Year	$Billions	Annual % Change Over 5-year Period	$Billions	Annual % Change Over 5-year Period	Georgia Revenues as a % of State Personal Income
2016(b)	$22.237	8.8%	$439.943	4.8%	5.2%
2017(b)	23.270	6.7	463.756	4.5	5.2
2018(c)	24.320	6.0	488.964	4.5	5.2
2019(c)	25.571	5.8	512.138	5.0	5.0
2020(c)	25.479	4.5	547.876	5.2	4.7

(a) Amounts derived from the table "GEORGIA REVENUES" under line-item "Total State General Funds" in APPENDIX A.
(b) Annual growth for Georgia Revenues computed from 2010 ($15.216 billion).
(c) Annual growth for Georgia Revenues computed from 2015 ($20.436 billion).

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; *Budgetary Compliance Report*, FY 2016, FY 2017, FY 2017, FY 2018, FY 2019, and FY 2020.

EARNINGS BY MAJOR INDUSTRY: 2020 Annual Average
($ in Billions, Seasonally Adjusted Annual Rate)

	Construction	Manufacturing	Wholesale Trade	Finance and Insurance Services	Government
United States	$829.193	$1,157.984	$599.030	$942.419	$2,046.341
Southeast	190.183	243.840	134.570	175.131	471.884
Georgia	23.232	30.848	21.559	24.605	57.844

Source: U.S. Department of Commerce, Bureau of Economic Analysis

SELECTED AGRICULTURAL DATA

Georgia Cash Receipts by Selected Commodities 2015-2019 ($ in Millions)

Year	Crops	Animals & Products[(a)]	Poultry & Eggs	Vegetables & Melons	Total Receipts[(a)]
2015	$3,095.6	$6,068.9	$5,081.4	$498.2	$9,164.5
2016	3,188.9	5,356.9	4,521.3	446.5	8,845.8
2017	3,126.8	5,869.5	4,984.6	440.2	8,996.3
2018	3,038.4	6,042.4	5,242.1	448.8	9,080.7
2019	2,949.8	5,437.3	4,627.7	488.7	8,387.2

[(a)] Formerly "Livestock & Dairy Products"; Total Receipts is the sum of Crops and Animals & Products.

Note: Amounts may not add precisely due to rounding; Data as of February 5, 2021.

Source: U.S. Department of Agriculture, Economic Research Service

2019 Farm Cash Receipts ($ in Millions)

	Georgia	United States
Crops		
Food Grains	$ 13.310	$ 11,516.423
Feed Crops	278.920	58,923.133
Cotton	788.335	7,181.857
Tobacco	40.872	1,003.929
Oil Crops	552.248	36,375.048
Vegetables & Melons	488.661	18,895.276
Fruit & Nuts	308.074	28,768.747
All Other Crops	479.406	30,663.281
Total Crops	2,949.826	193,327.694
Animals and Products		
Meat Animals	337.639	88,254.232
Dairy Products, Milk	352.600	40,498.398
Poultry and Eggs	4,627.749	40,359.695
Miscellaneous Animals and Products	119.357	6,881.138
Total Animals and Products	5,437.345	175,993.463
Total Farm Cash Crops	$8,387.171	$369,321.157

Note: Amounts may not add precisely due to rounding.
Data as of February 5, 2021.

Source: U.S. Department of Agriculture, Economic Research Service

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CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the State of Georgia acting by and through the Georgia State Financing and Investment Commission (the "Issuer") in connection with the issuance of $769,905,000 aggregate principal amount of State of Georgia General Obligation Bonds 2021A and $326,725,000 aggregate principal amount of State of Georgia General Obligation Bonds 2021B (Federally Taxable) (collectively, the "Bonds"). The Bonds are being issued pursuant to resolutions adopted by the Georgia State Financing and Investment Commission on April 28, 2021 and June 9, 2021 (collectively, the "Bond Resolutions"). The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Beneficial Owners (as hereinafter defined) of the Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with Rule 15c2-12 (as hereinafter defined).

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolutions which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Filing" shall mean any annual report provided by the Issuer pursuant to Rule 15c2-12 and this Disclosure Agreement.

"Annual Filing Date" shall mean the date set forth in Section 4(a) and Section 4(c) hereof, by which the Annual Filing is to be filed with the MSRB.

"Audited Financial Statements" shall mean the Issuer's basic financial statements for the preceding Fiscal Year, which shall be prepared in accordance with generally accepted accounting principles, as in effect from time to time (except for any departures from generally accepted accounting principles that result in the Issuer's inability to conform to future changes in generally accepted accounting principles), and which shall be accompanied by an audit report resulting from an audit conducted by (a) the State of Georgia Department of Audits and Accounts or (b) an independent certified public accountant or firm of independent certified public accountants, in conformity with generally accepted auditing standards (except for departures from generally accepted auditing standards disclosed from time to time in the audit report).

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Effective Date" shall mean the date of original issuance and delivery of the Bonds.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of Rule 15c2-12.

"Filing" shall mean, as applicable, any Annual Filing or Listed Event Filing or any other notice or report made public under this Disclosure Agreement and made to the MSRB in such form as shall be prescribed by the MSRB. As of the date hereof, all such filings shall be made in accordance with EMMA.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with Rule 15c2-12.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year.

"Issuer" shall mean the State of Georgia acting by and through the Georgia State Financing and Investment Commission.

"Listed Events" shall mean any of the events listed in Section 7(a) hereof.

"Listed Event Filing" shall have the meaning specified in Section 7(c) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of Rule 15c2-12. Currently, MSRB's address, phone number, and fax number for purposes of Rule 15c2-12 are:

MSRB
c/o CDINet
1900 Duke Street
Suite 600
Alexandria, VA 22314
Phone: (703) 797-6000
Fax: (703) 683-1930

"Official Statement" shall mean the Official Statement of the Issuer dated June 9, 2021 with respect to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with Rule 15c2-12 in connection with the offering of the Bonds.

"Rule 15c2-12" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Securities and Exchange Commission" shall mean the United States Securities and Exchange Commission.

"Third Party Beneficiary" shall have the meaning specified in Section 12 hereof.

"Voluntary Filing" means the information provided to the MSRB by the Issuer pursuant to Section 6 hereof.

Section 3. Actions of the Issuer. The Secretary and Treasurer of the Georgia State Financing and Investment Commission (the "Secretary") (or the Secretary's authorized designee) shall be the individual person authorized to be responsible for taking all actions described in this Disclosure Agreement.

Section 4. Provision of Annual Filings.

(a) Not later than one year after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, the Issuer shall provide to the MSRB the Annual Filing which is consistent with the requirements of Section 5 hereof. In each case, the Annual Filing may be submitted as a single document or as separate documents comprising a package, and may cross reference other information as provided in Section 5 hereof. Notwithstanding the foregoing, the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Filing when such Audited Financial Statements are available. If the Audited Financial Statements are not submitted as part of the Annual Filing to the MSRB pursuant to this Section 4(a), the Issuer shall provide unaudited financial statements to the MSRB with such Annual Filing and file the Audited Financial Statements with the MSRB when they are available to the Issuer.

(b) If the Annual Filing is not filed with the MSRB by the Annual Filing Date, the Issuer shall in a timely manner send a notice of such failure to the MSRB.

(c) The Issuer shall promptly file a notice of any change in its Fiscal Year and the new Annual Filing Date with the MSRB.

Section 5. Contents of Annual Filings. Each Annual Filing shall contain or incorporate by reference the following:

(a) the Audited Financial Statements;

(b) if generally accepted accounting principles have changed since the last Annual Filing was submitted pursuant to Section 4(a) hereof and if such changes are material to the Issuer, a narrative explanation describing the impact of such changes on the Issuer; and

(c) information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the Issuer: (i) authorized indebtedness, (ii) state treasury receipts, legal debt margin and debt ratios, (iii) revenue shortfall reserve, (iv) state revenues, (v) analysis of general fund receipts, (vi) summary of appropriation allotments, (vii) monthly cash investments, and (viii) purchases for cancellation of state general obligation debt and state guaranteed revenue debt.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by Rule15c2-12), which have been submitted to the MSRB or the Securities and Exchange Commission. Any document incorporated by reference must be available to the public on the MSRB's Internet Website or be filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 6. Voluntary Filings.

(a) The Issuer may file information with the MSRB from time to time (a "Voluntary Filing").

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Filing, Annual Financial Statement, Voluntary Filing or Listed Event Filing, in addition to that specifically required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Filing, Annual Financial Statement, Voluntary Filing or Listed Event Filing in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Filing, Annual Financial Statement, Voluntary Filing or Listed Event Filing.

(c) Notwithstanding the foregoing provisions of this Section 6, the Issuer is under no obligation to provide any Voluntary Filing.

Section 7. Reporting of Significant Events.

(a) The occurrence of any of the following events with respect to a particular series of the Bonds constitutes a "Listed Event" only with respect to such series of the Bonds:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults, if material.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers or their failure to perform.

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

(vii) Modifications to rights of Beneficial Owners, if material.

(viii) Bond calls, if material, and tender offers.

(ix) Defeasances.

(x) Release, substitution, or sale of property securing repayment, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership, or similar event of the Issuer.

(xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) For the purposes of the event identified in Section 7(a)(xii) hereof, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(c) The Issuer shall in a timely manner and not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB (each a "Listed Event Filing"). Notice of Listed Events described in subsections (a)(viii) and (ix) above shall be disseminated automatically and need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owners of affected Bonds pursuant to the Bond Resolutions.

Section 8. **Termination of Reporting Obligation**. The Issuer's obligations under this Disclosure Agreement shall terminate as to a particular series of the Bonds upon the legal defeasance, prior redemption, or payment in full of the affected series of Bonds. If such termination occurs prior to the final maturity of the affected series of Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 7(c) hereof.

Section 9. **Dissemination Agent**. The Issuer may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Agreement, and the Issuer may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Issuer shall be the dissemination agent.

Section 10. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted by the Issuer;

(b) such amendment or waiver does not materially impair the interests of the Beneficial Owners, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the Issuer or by the approving vote of the Beneficial Owners owning more than two-thirds in aggregate principal amount of the Bonds outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate Rule 15c2-12 if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of Rule 15c2-12, as well as any change in circumstances.

If any provision of Section 5 hereof is amended or waived, the first Annual Filing containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

If the provisions of Section 5 hereof specifying the accounting principles to be followed in preparing the Issuer's financial statements are amended or waived, the Annual Filing for the Fiscal Year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to the Beneficial Owners to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. The Issuer shall file a notice of the change in the accounting principles in the same manner as for a Listed Event under Section 7(c) hereof on or before the effective date of any such amendment or waiver.

Section 11. **Default**. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Third-Party Beneficiary may take such actions as may be necessary or appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a "default" or an "event of default" under the Bond Resolutions, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance. The cost to the Issuer of performing its obligations under the provisions hereof shall be paid solely from funds lawfully available for such purpose. Nothing contained in the Bond Resolutions or in this Disclosure Agreement shall obligate the levy of any tax for the Issuer's obligations set forth herein.

Section 12. **Beneficiaries**. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Neither this Disclosure Agreement, nor the performance by the Issuer of its obligations hereunder, shall create any third party beneficiary rights, shall be directly enforceable by any third party, or shall constitute a basis for a claim by any person except as expressly provided herein and except as required by law, including, without limitation, Rule 15c2-12; provided, however, the Participating Underwriters and the Beneficial Owners are hereby made third party beneficiaries hereof (collectively, and each respectively, a "Third Party Beneficiary") and shall have the right to enforce the obligations of the parties hereunder pursuant to Section 11 hereof.

Section 13. **Intermediaries; Expenses**. The Dissemination Agent appointed hereunder, if any, is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney's fees).

Section 14. **Counterparts**. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. **Governing Law**. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, excluding choice of law provisions, and applicable federal law.

Section 16. **Severability**. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

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SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT

FOR

STATE OF GEORGIA GENERAL OBLIGATION BONDS 2021A

STATE OF GEORGIA GENERAL OBLIGATION BONDS 2021B (FEDERALLY TAXABLE)

This Continuing Disclosure Agreement is hereby executed and delivered by a duly authorized official of the Issuer, to be effective as of the Effective Date.

STATE OF GEORGIA

By: /s/ *Greg S. Griffin*

GREG S. GRIFFIN
Secretary and Treasurer, Georgia State Financing and Investment Commission

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

2021A BONDS

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GRAY PANNELL & WOODWARD LLP
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One Ninety One Peachtree Tower
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Atlanta, GA 30303
(404) 480-8899

gpwlawfirm.com

[Date of Closing]

Georgia State Financing and Investment Commission
State Capitol
Atlanta, Georgia

Re: $769,905,000 STATE OF GEORGIA GENERAL OBLIGATION BONDS 2021A

To the Addressee:

We have acted as bond counsel to the State of Georgia (the "State") and the Georgia State Financing and Investment Commission (the "Commission") in connection with the issuance by the State of its $769,905,000 STATE OF GEORGIA GENERAL OBLIGATION BONDS 2021A (the "2021A Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including the resolution of the Commission adopted on April 28, 2021, as supplemented and amended on June 9, 2021 (together, the "Resolution") authorizing the issuance of the 2021A Bonds.

As to questions of fact material to our opinion, we have relied upon certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The 2021A Bonds have been duly authorized and executed by the State, and are valid and binding general obligations of the State in accordance with their terms.

2. Under the Constitution of the State of Georgia (the "State Constitution"), the General Assembly of the State is required to raise by taxation and to appropriate to a special trust fund designated STATE OF GEORGIA GENERAL OBLIGATION DEBT SINKING FUND (the "Sinking Fund") in each fiscal year such amounts as are necessary to pay the debt service requirements in such fiscal year on all general obligation bonds issued pursuant to the State Constitution. The State Constitution also provides that if for any reason the monies in the Sinking Fund are insufficient to make, when due, all payments required with respect to general obligation bonds, the first revenues thereafter received in the general fund of the State shall be set aside to the extent necessary to cure the deficiency and deposited into the Sinking Fund; provided, however, the obligation to make such Sinking Fund deposits shall be subordinate to the obligation imposed

upon the fiscal officers of the State pursuant to the provisions of Article VII, Section IV, Paragraph III of the State Constitution with respect to contracts of the State securing outstanding obligations of various State authorities. The State Constitution now provides that the State and all State institutions, departments, and agencies of the State are prohibited from entering into any contract (except contracts pertaining to guaranteed revenue debt) intended to secure any bonds or other obligations of any public agency, public corporation, authority, or similar entity.

3. The full faith, credit, and taxing power of the State are pledged to the payment of the principal of and interest on the 2021A Bonds.

4. Interest on the 2021A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the State and the Commission comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the 2021A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The State and the Commission have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2021A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2021A Bonds. We express no opinion regarding other federal income tax consequences caused by the receipt or accrual of interest on the 2021A Bonds.

5. The interest on the 2021A Bonds is exempt from present State of Georgia income taxation.

6. Under existing law, registration of the 2021A Bonds with the Securities and Exchange Commission is not required under the Securities Act of 1933, as amended, in connection with the offering and sale of the 2021A Bonds and the Resolution is not required to be qualified under the Trust Indenture Act of 1939.

7. The 2021A Bonds are exempt from the registration provisions of the Georgia Uniform Securities Act of 2008 by virtue of O.C.G.A. § 10-5-10(1) thereof.

The rights of the owners of the 2021A Bonds and the enforceability of the 2021A Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement, dated June 9, 2021, relating to the 2021A Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2021A Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

GRAY PANNELL & WOODWARD LLP

By: ________________________________
A Partner

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APPENDIX F

FORM OF OPINION OF BOND COUNSEL

2021B BONDS

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GRAY PANNELL & WOODWARD LLP
Attorneys at Law

[Date of Closing]

Georgia State Financing and Investment Commission
State Capitol
Atlanta, Georgia

Re: $326,725,000 STATE OF GEORGIA GENERAL OBLIGATION BONDS 2021B (FEDERALLY TAXABLE)

To the Addressee:

We have acted as bond counsel to the State of Georgia (the "State") and the Georgia State Financing and Investment Commission (the "Commission") in connection with the issuance by the State of its $326,725,000 STATE OF GEORGIA GENERAL OBLIGATION BONDS 2021B (FEDERALLY TAXABLE) (the "2021B Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including the resolution of the Commission adopted on April 28, 2021, as supplemented and amended on June 9, 2021 (together, the "Resolution") authorizing the issuance of the 2021B Bonds.

As to questions of fact material to our opinion, we have relied upon certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The 2021B Bonds have been duly authorized and executed by the State, and are valid and binding general obligations of the State in accordance with their terms.

2. Under the Constitution of the State of Georgia (the "State Constitution"), the General Assembly of the State is required to raise by taxation and to appropriate to a special trust fund designated STATE OF GEORGIA GENERAL OBLIGATION DEBT SINKING FUND (the "Sinking Fund") in each fiscal year such amounts as are necessary to pay the debt service requirements in such fiscal year on all general obligation bonds issued pursuant to the State Constitution. The State Constitution also provides that if for any reason the monies in the Sinking Fund are insufficient to make, when due, all payments required with respect to general obligation bonds, the first revenues thereafter received in the general fund of the State shall be set aside to the extent necessary to cure the deficiency and deposited into the Sinking Fund; provided, however, the obligation to make such Sinking Fund deposits shall be subordinate to the obligation imposed upon the fiscal officers of the State pursuant to the provisions of Article VII, Section IV, Paragraph III of the State Constitution with respect to contracts of the State securing outstanding obligations of various State authorities. The State Constitution now provides that the State and

all State institutions, departments, and agencies of the State are prohibited from entering into any contract (except contracts pertaining to guaranteed revenue debt) intended to secure any bonds or other obligations of any public agency, public corporation, authority, or similar entity.

3. The full faith, credit, and taxing power of the State are pledged to the payment of the principal of and interest on the 2021B Bonds.

4. The interest on the 2021B Bonds is not excludable from gross income for federal income tax purposes. The interest on the 2021B Bonds is exempt from present State of Georgia income taxation.

5. Under existing law, registration of the 2021B Bonds with the Securities and Exchange Commission is not required under the Securities Act of 1933, as amended, in connection with the offering and sale of the 2021B Bonds and the Resolution is not required to be qualified under the Trust Indenture Act of 1939.

6. The 2021B Bonds are exempt from the registration provisions of the Georgia Uniform Securities Act of 2008 by virtue of O.C.G.A. § 10-5-10(1) thereof.

The rights of the owners of the 2021B Bonds and the enforceability of the 2021B Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement, dated June 9, 2021, relating to the 2021B Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2021B Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

GRAY PANNELL & WOODWARD LLP

By: ________________________________
A Partner

STATE OF GEORGIA • General Obligation Bonds 2021A and 2021B (Federally Taxable)

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USA

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